

HOSSEIN PASHANG

PROCESSES OF ACCOUNTABILITY

Experience from the operative level in
Swedish local government

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Abstract

This study is about social and institutional practices of accountability. Firstly, the study develops a framework of *accounts*. Based on this framework it is argued that accountability arises from practices of using accounts in sequential format in order to influence other's evaluation. Processes of accountability involves in two sequences – sequence of account initiation and sequence of account resolution. By sequence of initiation the emphasis is given to the symbolic power of accounts in calling another to respond on the basis of *accusations, criticisms, failure* and *questions*. By sequence of resolution, individuals outline the responses in order to accounts *justification, excuses, refusals, or defence*.

This concern for sequential practices entails a move beyond the ordinary contexts of action and organization to include institution as a constitutive element. Accounts are categorized in terms of their workings characteristics. Categories of *vertical, horizontal, responsive, functional, face-saving* and *relational* accounts were presented. The framework developed and employed is that of the theoretical performance. It can be applied to any concrete social establishment – be it private or public organization.

The empirical parts of the study focus on the reform of accountability at the operational level by management accounting (termed as vertical accounts). The study shows how individuals in ordinary work situations discuss about their activities, their organizational plan and reporting systems, the ways in which they guide and control accountability by accounts. It reveals the sequential effect by showing how account-givers use a certain category of accounts and avoids the use of other categories. It is concluded that due to influence of accounting, accountability moved from the basis of *relational accounts* towards the basis of *vertical accounts*.

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Chapter One

Background, problem discussion and objectives of the study

1.1 Introduction

This study examines how the doctrine of NPFM (New Public Financial Management) affects processes of accountability at the operational level of local government. It provides insight concerning the practice of NPFM systems, their capacity and operational merit with a view to changing the traditional structure of public accountability.

1.2 Framework of the chapter

The tradition of self-governance and community-based models of accountabilities are vital elements of Swedish local governments. These governments provide a range of services - education, welfare, housing and childcare to name but a few - which are central to the social and economic well-being of Swedish communities. They are major sources, both directly and indirectly, of employment. They are closest to the citizens, representing the concerns and views of locality. In these governments the processes of accountability play a vital communicative role, in relation to which the local politicians decide about service provisions, and the local managers plan and carry out operational activities.

The Swedish local governments are large-scale spenders of public taxes due to the expanded size and scope of local services. Olson & Sahlin-Andersson (1998, p. 263) have argued that "Sweden has over the years constructed the largest welfare state in the world and local governments, especially municipalities, have been given the responsibility to implement and operate the main part of welfare reform".

During the course of time, relationships between the local taxes and management of service delivery have provided a vital 'site' for the establishment of the community-based methods of accountability. Swedish local governments have a lengthy tradition for local self-

organizing. The Swedish culture places a strong emphasize on the democratic model of political decision-making, on the self-organizing of local services, and on the structuring of accountability relevant to the context of each particular community.

In recent years, however, the transfer of accountability knowledge and governance structures from the private sector generated the process of replacing the culture of local accountability and the tradition of self-governance. The theme of this study focuses on the change processes of local government accountability by the involvement of the NPFM reform.

This chapter is devoted to the presentation of the background, problems and objectives of this study. When presenting the background, I will discuss accountability in the context of local management and political decision-making. I will also focus on the historical relationships between local accounting and traditional practices of accountability within the local governments. Through presentation of a few concepts such as discretionary responsibility, vertical and horizontal accountability, the key concepts needed for studying the change processes of accountability will be defined. Then, the problems and issues related to the rise of NPFM reform will be addressed. With the presentation of the NPFM reform, and comparison of this reform with Program Budgeting, it will be argued that in the relationship between professional management accounting attached to the doctrine of NPFM and traditional governmental accountability that much more is at stake than just compliance with formalized programs or budgets. By reviewing the international research experiences reflected in Olson *et al.* (1998) it will be problematized that, in order to appreciate the role of NPFM reform, we need to attend to the wider perspective of the language effect that professional management accounting may bring into the processes of accountability. This means that, through this reform, the professional accounting language may be mobilized in judging proposals, for the operational activities, or for the conduction of new processes for practicing accountability.

In the final sections, the research questions will be raised and the objective of the study will be described. In sum this chapter is a framework that guides the studying of the effect of NPFM reform on the processes of traditional accountability.

1.3 Background of the study

According to the tradition of Swedish local government administration, accountability was considered central to the ways the local managers understood their service activities. Simply put, accountability entailed a relationship in which the local managers took responsibility for their actions, judged upon the outcomes and consequences, and accounted for them (Olson 1990). They were called to account by an expanding and increasingly varied set of interest groups. Since service actions varied and concerned different interest groups, the local managers needed to enmesh in an elaborating web of accountability. They felt accountable to the politicians, to the community, organizational participants, local forums and, more generally, the public (Brunsson & Rombach 1982; Brorström 1982; Rombach 1991; Olson 1990).

Over several decades, however, traditional accountability was exposed to various types of central reforms. Czarniawska-Joerges & Jacobsson (1989, p. 35) has argued that there was a continuing desire on the part of centrally imposed reform to locate local government accountability in enduring structures. They have further emphasized: “Over the years, we have witnessed several attempts at changing the activities that are carried out in the budget processes in the state administration. It seems as if a budgetary reform regularly recurs at intervals of 8-10 years, and surprisingly seems to be the same reform that pops up every time. Rationalistic and goal-oriented ideas have been dusted off and proposed in a slightly different form over and over again”.

It should be said that the major reform attempt in Sweden focused on the implementation of Program Budgeting (Olson 1996; 1990). By application of Program Budgeting the intention was to assure that those who use public resources provide an account for the use of those resources in terms of compliance, efficiency and effectiveness (see Wildavsky 1979). There was also an attempt at reform level to label certain public activities by formulating visions, objectives, and values of private management (Bergevörn & Olson 1987). But, labelling a few planning activities as a 'management plan' could not give legitimate reasons to the individuals at the operational level to spend their time on them. In the end, neither the implementation of

various management plans nor Program Budgeting produced any substantial effect on accountability at an operational level. As argued by Jönsson (1998) up until the beginning of 1990's, the Swedish model of local accountability kept its tradition sharply distinct from the private sector's tradition and the impact of Program Budgeting.

According to Olson & Sahlin-Andersson (1998), the power of maintaining traditional accountability and resisting reforms must be found in the historical relationships between local political self-governance, culture of local management, and features of local accounting. Sweden has had a long tradition of local self-governance. Thus this has a profound effect on the culture of local management, and specifically, the ways in which they used accounting to process accountability. An important concept that explains this relationship is '*discretionary responsibility*' (see Olson *et al.* 1998, Chapter 16) to which this study will many times refer. Therefore, in the following sections, this concept will be defined. Furthermore, a description will be given of how discretionary responsibility is related to local accounting.

1.3.1 Accounting-based definition of discretionary responsibility

Anthony & Govindarajan (1998) focused on the concept of 'discretionary expense centers' to describe aspects of management responsibility in relation to strategic planning and management control systems. By 'discretionary expense centers' they, in fact, attempted to explain the control behavior of the managers in an "expense center" where the measure of the inputs and outputs were ambiguous. According to their description, both private and public organizations are structured in the hierarchic chain by a number of responsibility centers (organizational units). These responsibility centers are varied, and the nature of relationships between the inputs and outputs of each center determine how managers should plan and control the centers. "The planning and control systems for responsibility centers differ depending on whether they are revenue centers, expense centers, profit centers, or investment centers" (Anthony & Govindarajan 1998, p. 112)

These four accounting concepts, specified in above quotation, describe the characteristics of each responsibility center, and the manners in which managers must use different accounting rules to

process accountability. According to Anthony & Govindarajan (1998), the manager's responsibility is to obtain the optimum relationships between the inputs and outputs of each responsibility center.

However, in certain responsibility centers (or organizational units) the amount (or resources) that should be expended as the input, in order to increase the output is indeterminable. In this circumstance costs must be incurred on the basis of managers' judgment. By definition, this type of responsibility center is called the 'discretionary expense center'. A number of organizational units in the private sectors, such as R&D and marketing division, are often defined in terms of this 'center' (see Anthony & Govindarajan)

Thus, the basic argument for the definition of 'discretionary expense centers' may be drawn from the fact that outputs of the expense centers cannot be measured in monetary or physical terms. Further, discretionary costs (also called 'managed costs') depend on management's judgment about the amount that is appropriate under the circumstances (Anthony & Govindarajan 1998, p. 112). According to Anthony & Govindarajan (p. 117) "due to the lack of output measurement in discretionary expense centers profit cannot be established. Further, it is not possible to set cost standards and measure financial performance against these standards. Finally, in discretionary expense centers a budget variance cannot be interpreted as representing either efficient or inefficient performance."

However, the concept of 'discretionary expense center' has a broader view in relation to which the quality of the Swedish local management was articulated. Drawing on Olson (1990), this concept has a judgmental aspect linked to personal, professional, and political qualifications and competences. It is a lengthy tradition of local Swedish management that due to ambiguity of the local service outputs, the local politicians made decisions concerning budget or resources by consideration of 'discretionary expense centers'.

The term 'discretionary' does not implicate that local managers lack financial effectiveness or are capricious. On the contrary, it means that they are *trusted* by politicians and can decide on certain policies that governed the operational activities and maintained accounts for them: whether to match, exceed, or spend less than the budget; to reach the level of service quality that politicians specified the

appropriate amount of spending needed in satisfaction of a particular need, and many other activities. For example, one childcare organizational unit needed extra pedagogical resources, another unit with the same size needed new playing facilities. The local managers judged and convinced that they had made a right decision, e.g., on the staff size, and accounted for their responsibility. Thus, the local managers' view about the proper level of expense was subject to change depending on the nature of the information that was directly drawn from the units' activities (see Jönsson, 1997).

By focusing on the Swedish tradition of local management, Olson *et al.* (2000) examined Anthony's (1965) definition of the 'discretionary responsibility' and argued that he had failed to notice the significant distinctions between *accountability* and *responsibility*, in the sense that the former concept is related to the subject matters of the textual practices while the latter is related to the realm of action. On the basis of this distinction, Olson *et al.* (2000) criticized how Anthony tried to present the term of 'discretionary responsibility'. They argued that Anthony essentially focused on the 'accountability' not 'responsibility'.

1.3.2 From discretionary responsibility in action to formal accountability in text

In the research report carried out by Olson *et al.* (1998, Chapter 16) a particular focus is given to the concept of 'responsibility' and its relationship to traditional accountability. However, of more significance is the discussion over how definition of responsibility was confused with accountability. Thus, to discuss this relationship, and to remove the confusion Olson *et al.* (1998, Chapter 16, p. 445-6) focused on the term accountability and its meaning differences: "In a number of countries there was no such word as 'accountability' in the national language - frequently the closest term was 'responsibility'... thus, in Swedish, the word 'redovisningsskyldig' is translated into English as "an obligation to render accounts' and is primarily used in formal accounting... the more socially significant term is 'ansvar', which means responsibility".

The discussion of the terminology led to the conclusion that there are differences between 'accountability' and 'responsibility' and whether a government is 'accountable to' or 'responsible for' the people. The conclusion was that in countries in which the focus is more on the

capacity of the government for the service provision (with paternalistic conception of government) the term 'responsible for' is emphasized, where in the countries in which the 'opinion of the political clientele' is significant 'accountable to' is emphasized.

Finally, Olson *et al.* (p. 446) drew on the differences between the two terms with regard to the two different traditions of public service activities. "Responsibility is a term which is coupled with action and is essentially carried out in the present. As actors (public service providers) are responsible for their action, instrumental knowledge and moral knowledge are both important to act properly... In contrast accountability is the talk and text about action, either in the future or the past but almost never in the present". Thus, the differences between the two terms are related to the matters of time and space. This means that those who are responsible for action may not report for accountability, and those who report may not be responsible for action. By means of these terms Olson *et al.* hypothesized that NPFM reforms move the public sectors from the basis of 'discretionary responsibility' towards the basis of formal-textual accountability (see problem formulation).

1.3.3 Political definition of discretionary responsibility

In research reports concerning Swedish local management, meanings of 'discretionary responsibility' point toward a broad spectrum of qualification and competence. It is nearly impossible to offer a comprehensive description due to variations in nuances. In the case studies presented in Chapters 4 and 5, this concept is presented in detail. Here, there can only be provided an idea of the shared direction in which the local managers practiced 'discretionary responsibility' in a *trustful* way.

There are two major themes in which meaning structures of 'discretionary responsibility' are defined. One theme is related to the processes of accountability by local accounting (see Bergevärn & Olson 1987; Jönsson 1997). This theme will be discussed in two different sections under the titles of 'Accountability and Traditional Accounting' and 'Challenging Accountability by Doctrine of NPFM Reform'.

Another theme is related to the political tradition of self-governance that built its administrative values on the basis of *trust* in the local

managers'. It focuses on the capability, competences and capacity to act by responsibility and account poly-vocally. This theme will be described here.

According to Olson & Sahlin-Andersson (1998, p. 263), "municipalities are much more operative in public service tasks than central government and view themselves as distinct organizations. Each municipality is seen as an independent unit, controlled not by central government but by its own voters and leaders. Each municipality displays an identity of its own and forms a hierarchy of its own".

The above quotation calls for an understanding of the key relationships between the local managers' discretionary responsibility and self-governance. There must be cooperation between the administrative parts on the one hand, and the political parts on the other, when maintaining tradition of self-governance in each local government (Olson, 1990). In fact, discretionary responsibility points to the cooperative interest for the greater 'political goal unity' shared by politicians in the role of goal-makers and local managers in the role of responsible agents. Since, politicians have different ideologies, there are several goals that the local management must coordinate and this needs political competences. Thus, in a wider view, discretionary responsibility may be defined in terms of *trust*: as a set of professional competences ranging from the know-how of cooperation with politicians, readiness in applying policy objectives, creating and allocating resources for preparation and implementation of policy, to controlling the outcomes and valuing the consequences.

The definition given to discretionary responsibility must also capture the diverse directions that the particular context of each local government provided. In many cases the context of the local governments determined the qualifications and merits needed for the operational activities. Thus, the local government personnel represent a very wide variety of occupations and educational qualifications. Olson & Sahlin-Andersson (1998) have argued that in local government organizations, the personnel professional competences were varied and uniquely developed to match the context of each particular local government. Therefore, professional competences varied from organization to organization. By means of the internal training, a great deal of competence needed in each local government, in addition to formal education, was achieved (see Amnå, 1981). The locally elected politicians needed such types of

competence and readiness for achieving the greater degree of interaction between public services and community needs (see even Borgenhammar 1979; Schartau 1993).

1.4 Definitions of accountability

The study of literature points at the fact that in the public sector the concept of accountability means different things. Different assumptions of accountability have influenced the public sector due to variations in language practices, emerging from the national political culture of each nation and rhetoric of the reforms (see Olson *et al.*, 1998). Further, at different times there were different types of accountability perceptions that dominated these assumptions. For example, in Britain and Australia the commercial (market oriented) and the managerial (result oriented) models of accountability respectively dominated the definition (see Guthrie & Parker, 1998), while in countries such as France, the emphasis was on bureaucratic control at a central level, and the management control on local levels (see Hagland, 1998). In Japan and Germany compliance with the central budget is the main factor behind the various definitions (see e.g. Kokubu *et a*, 1998; Luder, 1998).

In the following sections, a brief presentation of the most dominating discourses that support accountability definitions will be carried out. In a separate section, an attempt will be made to define accountability with regard to the dynamic dimensions of language practices.

1.4.1 Political accountability

In essence, accountability is a fundamental political concept. The political meaning of accountability can be traced back to earliest times and stems from Athenian democratic. Sinclair (1984) relates the origin of the concept to the notion of Aristotle in *the Politics*. By the conception of accountability in political context, it can be said that a particular aspect of the meaning of public accountability is recognized. Aristotle (cited by Glynn, 1987, p. 12) has reminded us of the usefulness of accountability in operation in political life by outlining the following statement:

"To protect the treasury from being defrauded, let all public money be issued openly in front of the Whole City, and let copies of the accounts be deposited in the various wards".

In this definition, public accountability is exercised in terms of political responsibility. Glynn (1987) has pointed out that historically, the emphasis has been almost exclusively on procedures which would enable the elected politicians (parliament) to exercise a *post facto* check on the manner in which moneys had been spent for the purposes approved by (but not proposed by) decision making organs.

Due to the existence of local self-governance as a basis to the democracy of welfare societies, the concept of political accountability was focused on in two ways; either by its 'outward' or by its 'upward' dimensions. Regarding the Swedish context, writers like Jönsson & Solli (1995), Olson (1990), and Brunsson & Jönsson (1979) have provided the types of definitions that commonly point at the 'outward' dimensions of the political accountability. They have emphasized on qualifications such as face-to-face communication and direct political accountability to community, whereas writers such as Stewart (1988) and Glynn (1987) have referred to political accountability as an 'upward' chain or line of accountability with parliamentary connotation. A parliamentary model emphasizes a straight-line relationship of political accountability in that public servants are considered to be accountable in relationships with ministers, cabinet or parliament (see concept of public accountability).

1.4.2 Administrative accountability

Olson (1990) has argued that administrative accountability differs from political accountability in that the former focuses on the actions, and the latter on the political decisions. According to Solli & Jönsson (1997) public accountability is structured on the basis of the responsibility of the administrators to act, and to provide accounts in a legitimate way. The notion of legitimate accounts implicates that there are close relationships between discretionary responsibility, political objectives, and structure of the accounts for producing meanings. As discussed in the previous sections administrative accountability in Sweden is primarily maintained through trust or political emphasize on the 'discretionary responsibility' of the local management. According to Solli & Jönsson (1997) administrative accountability points at two ranges of local management competence. One range points at a set of competences for actions and

responsibility while the other stresses the competences needed in communication or maintaining accounts in the relevant and legitimate language (see Chapter 3 for the expanded definitions of accounts)

1.4.3 Public accountability

The concept of public accountability is central to the understanding of all other types of accountability. However, in some literature the definition of public accountability has been reduced and considered synonym with political accountability (see Batley & Stoker, 1991). Public accountability is also used to denote administrative accountability (see Jones & Stewart, 1983).

It seems that assumptions of how public accountability is to be defined may vary in accordance with the country concerned. In research reports that have been presented by Glynn (1977) and Walsh (1995) the managerial model of accountability is making a strong claim to represent public accountability. But, in a report presented by Luder (1998), public accountability is politically defined in terms of the three levels of government, consisting of federal, state and local. Luder has further argued that the key language of accountability is budget; "by legal principles, the formal compliance between budget and expenditures is ensured (p. 115-118)".

Generally speaking, in the research reports presented in Olson *et al.* (1998), there is an indication that depending on the political and administrative characteristics of governments, national traditions, and political culture concepts of public accountability must carry the risk of being too narrow or too broad.

However, a common view of the Swedish literature reflects a focus on the ideals, i.e., democratic involvement, local democratic movements, and politically determined bureaucratic structure, which characterize the public accountability. Generally, the public accountability is often interpreted as a kind of vocal expression that interrelate the communities with the local politicians. What was explicated from the study of works done by authors such as Borgenhammar (1979); Olson (1993); Olson-Sahlin-Andersson (1998); Bergevärn *et al.* (1995); Amnå (1981); and Sandin (1991) was indication of the notion that public accountability is to be understood by three orientations; the *bureaucratic or legal*, the

administrative, and the *political*. According to Jönsson (1988), the bureaucratic or legal accountability is structured by interpretation of Municipal Law and principles of local budgeting. Administrative accountability is established through the adoption of professionally defined organizations, and skill in service provisions (see Amnå, 1981). Whereas, political accountability is maintained by the administration of trust and consideration of information drawn from the context of each particular local government (see Olson & Sahlin-Andersson, 1998; Jönsson 1997).

Batley and Stoker (1991) who studied various European local governments pointed at public accountability by revealing three corresponding models of relationships between the central and local governments.

1- The Relative Autonomy Model. This model is defined on the basis of Scandinavian studies (works of Agne Gustafsson, Sweden; Ove Nilssen, Denmark; and Petter Lodden, Norway). The emphasis is on giving freedom of action to local authorities within a defined framework of powers and duties. Definition of accountability is both legally and professionally emphasized.

2- The Agency Model: This is the model in which local authorities are seen mainly as agencies for carrying out central government policy. Definition of accountability is emphasized by the bureaucratic view of financial and legal regulations. Germany was exemplified as having an agency model in relation to which accounting and budgeting systems were harmonized at the level of federal, state and local government (see even Luder, 1998).

3- The Interaction Model: In this model the emphasis is on mutual influences. The language employed for definition of accountability implicates a shared view of accountability between the central and local governments. Accountability is often politically emphasized and local managers required matching the central program into their activities, tasks, and performances, and reporting for the gaps. According to Batley & Stoker, the English model of accountability, with an emphasis on the principles of management, should be considered as an interaction model.

In a similar way - Stoker & Mossberger (in Stewart and Stoker, 1995, p. 210) who theorized the trend of change in European local

governments - suggested that at the local levels, public accountability “is influenced by the attempt at a 'vertical' imposition of change by central government”. Therefore, for gaining a theoretical agreement the delegated authority must be accepted as the basic criteria of public accountability definitions.

Why should public accountability be confined by jurisdiction of the type of knowledge that is used at the central level? First, a number of writers like Walsh (1995), Batley & Stoker (1991) and Glynn (1987) have entirely neglected that any definitions must bear at least some features of the local contexts, not just features of law, norms and procedures that are developed for the central government.

Secondly, in the definition context of language practices in relation to which different discourses of accountability are produced may not be excluded. This means that when accountability is located in a subordinate position with authority, rational procedure, institution or hierarchy, the discursive effects of the legitimate language have significance for the practices of accountability (see Roberts 1991). In the definition that will be presented, an initial attempt is made to provide a general framework for the understanding of accountability in terms of its discursive roles.

1.5 A new definition - vertical and horizontal accountability

In order to avoid confusion in the definition of accountability, this study intends to propose that “context of accountability” be used when defining accountability. Mechanisms of communication, sources of information, culture of language practices, trust, responsibility, law, and contexts of the locals etc., are important factors that should be included in definitions of accountability. Certain categories of accountability are externally communicated and have practical outcomes and consequences. Depending on the type of language practices, accountability may be organized, for example, rationally (arguing for a clear set of rules) or hierarchical (arguing for the top position of decision-makers). The type of legitimated language is closely linked to the source of power in the sense that it is able to reproduce commonsense understanding of reality (Berger & Luckmann, 1967). If language of law, political budget, or bureaucratic regulation is used, its respective discursive effects have implications for the practices of accountability (see Olson *et al.*

1998). This means that the types of accountability that insist on the standpoint of a delegated authority or are controlled by particular standards of articulation, forms or specifications communicate meaning into the practice. In Figure 1.1, these categories of accountability are termed under the key concept of *vertical accountability* (for further descriptions see Chapter Three).

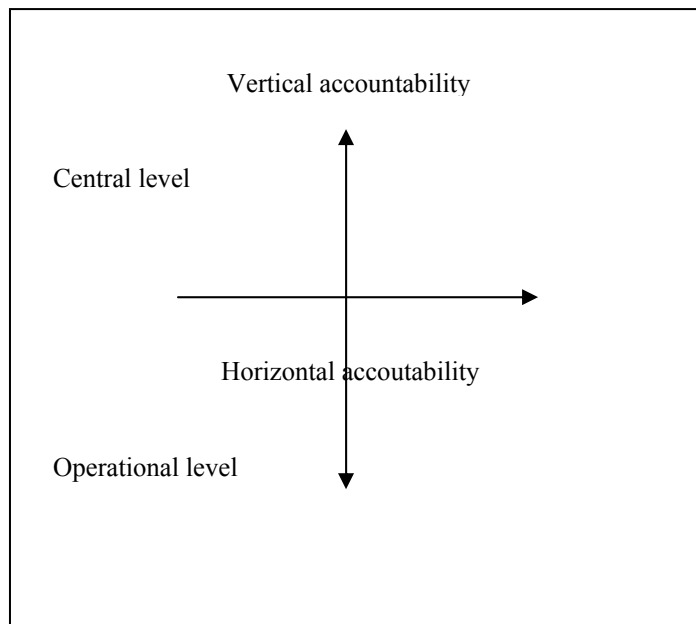


Figure 1.1: Demonstration of the inter-textual effect between the vertical and horizontal accountability

Figure 1.1 illustrates how the vertical accountability is inter-textually involved to construct public accountability at the central and operational level. The concept of horizontal accountability denotes that while at the operational level, meaning of accountability by vertical approach is often obscured or that vertical conception may be inconsistent with real practices thus a new concept is needed. Horizontal accountability implicates a non-discursive or as emphasized by Olson & Sahlin-Andersson (1998), a primordial circumstance in relation to which accountability is practiced. This definition is relevant for reflecting on the processes of traditional Swedish accountability qualified by factors of self-governance, horizontal organizations of service delivery and the political trust in discretionary responsibility.

1.6 Accountability process

In order to add an additional dimension to the discursive (see Chapter Three for a definition of the discourse) role of vertical accountability,

the concept of the *accountability process* will be used. This concept addresses language-related change relationships emerging from the interaction between horizontal and vertical accountability. Concept of process allows one to define the accountability in terms of situated and ongoing accomplishments. Conceiving of accountability as a process or ongoing accomplishment means we must locate its emergence in social arrangement (vertical accountability), rather than within the individual or some vaguely defined set of role expectations. The term process indicates to the notion that organizational participants know their actions and responsibilities are accountable, and therefore, they account for them in relation to how they might be evaluated by others (see Chapter Three for the definition of accountability process).

In this study, the view of process focuses on the situated accomplishment of the NPFM reform as vertical accountability to change the horizontal accountability at the operational level. The accomplishment of the NPFM reform at the operational level assumed providing others with ever-available resource for interpreting the actions and responsibility. Furthermore, the term process will be used to reflect on the linguistic elements of the NPFM reform and to describe their working capacity. It indicates the moments that local managers, as individual actors constitute themselves by drawing, consciously or unconsciously, on the language of NPFM and the meaning offered by it. It, in fact, implicates a dynamic situation of accountability that apart from ensuring a certain regulatory as well as a certain permanence in the meaning of accountability, also denotes the course of human engagement in terms of tension or struggles to breakdown and reshape its performance (For further remarks on concept of accountability process see Chapters Three and Six).

1.7 Accountability and traditional accounting systems (a historical perspective)

The language characteristics of accounting play a decisive role in manifestation of accountability (see Olson *et al.*, 1998). Accounting is a widely accepted language for the resolution of accountability. Consequently, within the definition of accountability one includes accounting, and its ability to produce different meanings, seriously.

In Swedish local governments the characteristics of local accounting

were varied in order to match different policies within the framework of the self-governance. There was no need for local accounting to be harmonized at the levels of the local and central sectors (see Figure 1.2). Therefore, for a long period of time, accountability was practiced in close relationship to the primordial types of accountings.

In order to understand the Swedish tradition of accountability, we must look at the crucial links that can be drawn between the central and local government sectors, and to find the manner in which these sectors are organized. Olson & Sahlin-Andersson (1998) have presented the following figure to demonstrate how the Swedish public sectors were organized, and the extent to which responsibility for the administrative works between the local and central government sectors were divided.

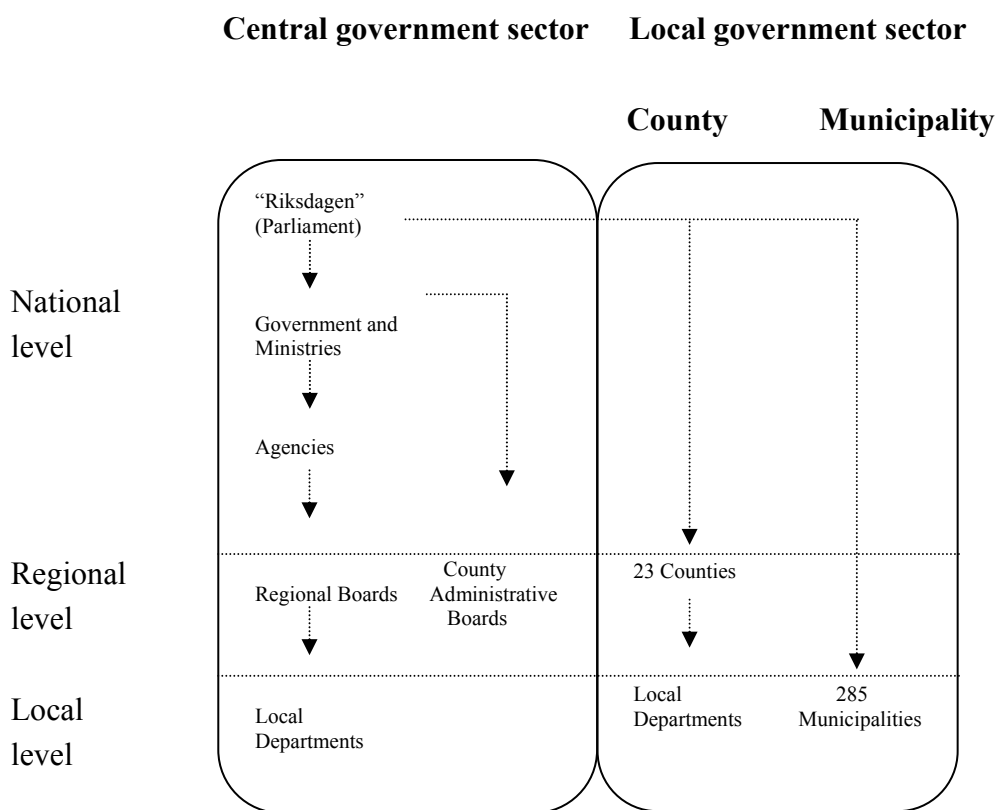


Figure 1.2: Illustration of the structure of the Swedish public sector (Olson & Sahlin-Andersson, 1998)

According to the above figure, the public sector operates at national, regional and local levels. It is at the national level that general policies are debated, welfare objective specified and finance coordinated. Agencies are independent bodies that carry out specific policy, formulate administrative goals, and support the local

municipal units with practical instructions. Agencies are quite independent of the ministries and focus on the administrative work for the policies of the ministries. County Administrative Boards represent government at the regional level, and are directly responsible for programs and activities the scope of which needs administrative co-ordination at the regional level.

The sector of Swedish local governments has a great degree of political and administrative autonomy (Olson & Sahlin-Andersson, 1998). In the literature, administrative competences and qualifications, as well as the power of decision making on the taxes and charges, have been commonly considered as the most important factors for maintaining self-governance (see for example, Bergevärn and Olson, 1987; Jönsson, 1988; Czarniawska-Joerges, 1988; Amnå, 1981; Bokenstand, *et al.* 1989, and Brorström, 1995). Olson & Sahlin-Andersson (1998) have identified three accounting phases in relation to which accountability of the various sectors was practiced. By presentation of these accounting phases they, in fact, present a set of ideas and practices, which conditioned the change characteristics of the accountability.

1.7.1 Three accounting phases during construction, consolidation and crisis of the welfare state

An overall view on the three accounting phases during construction, consolidation and the crisis of the welfare state, implicates the emergence of different accounting practices and the ways they operated. The first phase ends in the early 1950s when the basic construction of the welfare state had been set. The second phase lasted up until the early 1980s when the welfare state was developed and consolidated. The third phase starts from the early 1980s when the size, quality and efficiency of the public sector were questioned.

Accounting during construction phase: According to Olson & Sahlin-Andersson (1998) both the central and local government sectors grew during the construction of welfare state. Parallel with this, industries were established and expanded in size and dimension. Responsibility for the development of welfare was placed under the jurisdiction of the local governments. In this phase different models of accounting were developed to serve the needs of each community. The central government, the counties, and the municipalities had adopted different characteristics to structure their accounting

systems. Accounting characteristics of one local government was different from another local governments depending on the local environment. Thus, before 1950's there were no standardized procedures for local government accounting (see Bergevärn and Olson, 1987). Therefore, there was no need to expand the processes of accountability beyond its local environment. Politicians trusted the capability of different professionals who were involved in service delivery accounting for their responsibility.

Accounting during consolidation phase: The consolidation phase lasted from early 1950s until the early 1980s. At this period, new reform put pressure for coordination of accounting practices within each sector (see Figure 1.2) without producing effect on the regulation of accounting communication between the sectors. No pressure was applied that different sectors should be coordinated in relationship to one another. However, one basic form of pressure came on the part of parliament who wished for the principle of measuring 'wealth' to be followed-up by local governments. How such a wealth should be measured was left to the local government associations to decide. The technical procedures for measuring the 'wealth' adopted from the basis of Capital and Drift-budgets, which were developed by the central government.

Bergevärn and Olson (1987) have argued that accounting recommendation for measuring 'wealth' were emphasized in 1956, the focus of which was on accrual accounting, and no consideration was given to income statements. By a recommendation of 1962 processes of full costing were introduced into the public sector, and for the first time local accounting started to move towards a general structure. According to full costing recommendation, depreciation, interest on the fixed assets and indirect costs were included in the calculations. It is worth noting that besides these there are two additional factors that facilitated adopting of a general structure:

a) Academic participation: For the wealth measurement and cost accounting academic expertise was needed. The Association of Local Authorities and the economic sections of the local governments started to employ experts from the 'management schools' and universities to participate in the process.

b) Merging of municipalities: Reduction in the number of municipalities was another factor that facilitated processes of

accounting homogeneity. In 1862 there were 2500 municipalities (see Swedner, 1982). The merging process started in the 1950's and ended in 1970's. For the time being (year 1998), there are 23 counties and nearly 285 municipalities. The numbers of politicians have been reduced from 200 000 to 80 000.

Accounting during the questioned welfare state: At the beginning of 1980's, the Swedish public sector was increasingly criticized for its ineffectiveness and size. A debate for reform began to focus on the key issue of the "free-commune-experiment" that was reflected in concepts such as decentralized local governments and decentralized personnel management. According to Olson and Sahlin-Andersson (1998, p. 253), in order to be liberated from burdensome rules and regulations "a new Ministry of Public Administration was duly established in 1982, and one of its main tasks was to implement a reform in which municipalities were allowed to make organizational experiments". The rhetoric of the 'free commune experiment' that originated from OECD countries (see Olson and Sahlin-Andersson, p. 252) was apparently promoted to improve the democratic political process. But, in practice it has weakened the traditional Swedish experiences by challenging its values and achievements. According to Hood (1995) the idea of decentralization and 'free commune' was part of a broader shift to remove differences between private and public accountability. Decentralization in Sweden resulted in the adoption of a new model of financial accounting. The recommendations issued in 1987, 1992 and 1997, and were supported by the Local Communities Act which was based on the corporate model of accounting.

1.7.2 Accountability and budgeting reforms

The concept of public budgeting plays a key role in the determination of accountability (Wildavsky, 1979). It provides social roles for practicing legal/political accountability (Jönsson & Lundin, 1979). In countries, i.e. Japan, in which the pressure for public expenditures is not so strong, the budget provides a bureaucratic emphasize to process accountability (Hood 1995). Kokubu *et al.* (1998, p. 142) has argued that in Japan, the budgetary control plays a key role in structuring accountability. "During the budget formation process, the guidelines determined by the cabinet at the end of July play a critical role in controlling the plans of government departments. These guidelines contain budget request limits (a certain percentage of the

previous year's budget) setting the upper constraint for expenditure requests (referred to as 'ceilings'). Kokubu *et al.* (1998) has further stressed that, in times of financial pressure, law in principle prohibits the excess payment beyond the amount of budget. Under the new regulation, if payment does not reach the level of the budget, a written *apology* is requested. Thus, the practice of accountability is, to a great extent, dependent on the culture of budgeting that each country may pursue.

Almost four decades ago, writers like Schick and Anthony pointed out that a public budget had an economic implication for practicing public accountability. Inspired by private management, they outlined a new accountability by presenting the public budget in terms of *planning*, *managerial* and *financial* control orientations. Wildavsky (1969) opposed these distinctions and argued that the context of budgeting is wider, and above all, it should be perceived as a political and legal instrument.

In the background of this political idea in the USA, i.e., that the budgeting approach received contextual variations. In the 1970s the trend was *prioritisation*, developed in response to tax limitation movements (Rubin, 1996). It was in response to this tax limitation movement that the emphasis seems to have turned towards the managerial model of *accountability*.

According to Borgenhammar (1979), a central effort was carried out in Sweden in order to change accountability through application of Program Budgeting. As argued by Anell (1991) the discussion of Program Budgeting initiated particularly in late 1950's with regards to the activities of healthcare. But, up until the 1970's, Program Budgeting was rarely used in descriptions of horizontal accountability.

As reported by Holmberg (in Edebalk & Holmberg, 1980), it was in late 1970's that the local government of Lund attempted to demonstrate its childcare organizations by Program Plan. At that time, childcare was coordinated within the framework of social services. Holmberg illustrated administration of the childcare centres in the following model.

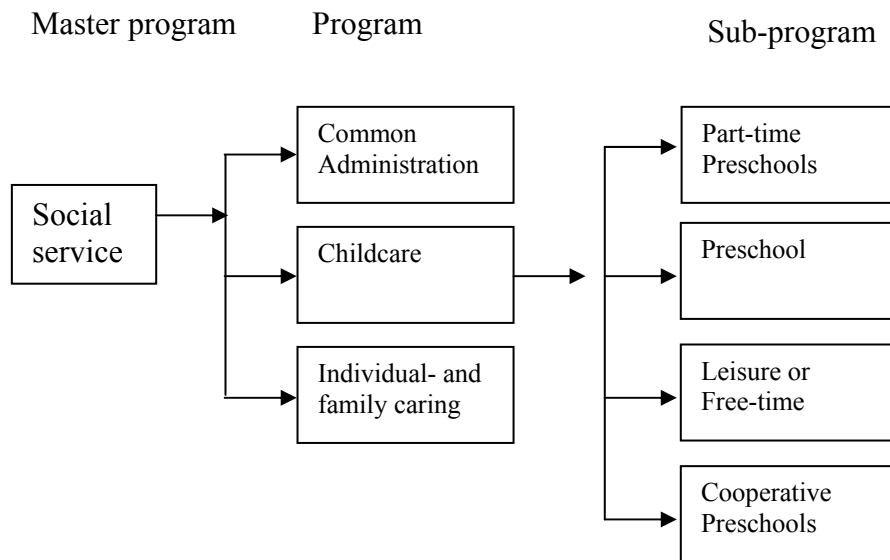


Figure 1.3: A schematic picture of program divisions (Holmberg, 1980)

In above model the use of Program Budgeting was only limited to the demonstration of Planning. Program Budgeting is in fact used as a different planning method. It envisaged different activities separated from one another. But it was not used for the evaluation and disintegration of the 'operative activities' by building measurable performance evaluation and individualized units.

Among several attempts, Olson's (1990) research has exclusively focused on the linguistic effect of Program Budgeting and emphasized that both, at the political and administrative levels, a few concepts influenced the public sectors. By focusing on the metaphors of principal and agent, he has argued that "PPB was used for overall legitimisation of the municipality, but the ambiguity of these concepts makes it impossible to transform the budget to the action (p. 13)". He has proposed that ambiguity allows the PPB system to be perceived as a rhetorical phenomenon. In local governments politicians are considered as the principals, but they are also the agents of the citizens by whom they have been elected, and are accountable to central government. He concluded that the program concept poses a contradictory problem for understanding of accountability in action.

Comparatively very little interest seems to have been shown in budgetary literature in the analysis of the result of childcare

organization by numerical performance indicators. So far, one budgetary study focused on the childcare, entitled 'Economic Self-evaluation in Child Caring and Free-Times'. This study was carried out in Tynnered (a local self-government in Göteborg) by Wickström (1981). It examined the personal experiences of the local managers in working with economy and planning. This study, like several other studies, did not focus on the result and performance evaluation of the care organization by measurable tools.

We may draw the conclusions that in many countries different types of budgeting played a key role in the construction of accountability. In Sweden processes of trial and error with PPB implementation became a routine for reforming accountability. But it lacked sufficient capacity to change accountability at the operational level (see Jönsson, 1988). In the 1970's a number of municipalities tried to imitate this method. But, they very soon found that their achievement was not worth the effort, and therefore turned back to their traditional budgeting and accounting systems (see even Brorström, 1982, p. 15).

1.8 Challenging accountability by doctrine of NPFM reform

In the previous section, it was argued that in Sweden the culture of discretionary responsibility and related accountability was strong, and that Program Budgeting could not cater to the unpredictability of the complex work accomplished by local governments. However, one reform strategy that challenged accountability began to form in 1980's. This reform classified by Hood (1995) as 'New Public Management' in that market oriented management emphasized and policy of restraint on public spending promoted. Basically, the idea of 'New Public Management' was grounded on the assumptions of decentralized organization and promotion of private style of management.

Later on, however, the characteristics of this reform were identified in a new light. In a work titled to Global Warning, Olson *et al.* (1998) revealed that attempts for lessening or removing differences between the public and private sector, and shifting traditional accountability, is to be related to the function of accounting. In fact, Olson *et al.*'s (1998) view of accountability reform added an accounting dimension. They argued that a typical justification for implementation of professional management control in the public

sector should be primarily related to the relationship between accountability and professional accounting rules (see Chapter 1 and Chapter 16). Accountability reform is thus related to the reform movement which “is highly professionalized, put forward and carried out by the ‘epistemic community’ of accounting and management professionals (Olson *et al.*, p. 8)”.

Therefore, the focus of management accounting introduced by Olson *et al.*, provided a new way for interpreting public accountability. It disclosed the role of accounting knowledge to structuring a disciplinary culture for changing traditional accountability. The definition presented by Hood did not focus on the disciplinary aspect which is specific for the work of accounting.

By means of a series of international studies Olson *et al.* explored that traditional local government accountability is highly sensitive to professional accounting. In examining this first the concept of New Public Financial Management (NPFM) was presented. Against this concept, the central ideas of the public reform, in terms of accounting-led professional management, were presented. Thus, NPFM approach to reform is to be considered differently from all other types of approach, in the sense that it assigns management accounting rules and standards as the point of departure. Olson *et al.* (1998, p. 19) have emphasized that "without financial management reforms, 'New Public Management' would be a far less significant". They further argued that one of the main points for choosing to focus on the concept of New Public Financial Management (NPFM) is the lack of knowledge of the practice of accounting and its capacity to change public services. In fact, in the earlier definition of reform the role of accounting, as a new language of evaluation, i.e., to encourage, monitor, judge, evaluate and control organizational activities was not identified.

*Global Warning is the title of the book written by Olov Olson, James Guthrie and Christopher Humphrey (1998). This book is about the rise and impact of a social movement trying to reform public management around the world along rationalistic lines. This book consists of 16 chapters that debate international developments in New Public Financial Management (NPFM). The first chapter written by Olson *et al.* discusses conceptualisation of NPFM. From chapter 2 to chapter 12 the empirical studies and experiences of NPFM reform in different countries are presented. In chapter 13 Richard Laughlin and June Pallot discuss trends, patterns and influencing factors in NPFM reform implementation. In chapter 14 Mary Bowerman draw on confusion, tensions and paradoxes in NPFM reform. In chapter 15, Jane Broadbent analyses the future of political decision-making. In chapter 16 Olson *et al.* draw on the final analysis of NPFM effects and consequences. In this study references to the

various writers were specified either by year or by the specific chapter numbers.

Second, based on the empirical insight, Olson *et al.* suggested that since NPFM values are connected to private management accounting thereby as reference to the public policy, legal procedures, norms of the traditional budgeting, and political accountability, the recent public reform cannot be explained (Broadbent, 1998; Laughlin & Pallot, 1998). For example, Laughlin & Pallot (p. 375) have argued that in contrast to other types of reform, the NPFM emphasizes the involvement of accounting in order:

- to lessen or remove the differences between the public and private sector;
- to shift in emphasizes from process accountability to accountability in terms of results.

Third, Olson *et al.* (Chapter 16, and 9) have argued that NPFM reform movement is deeply related to the measurable control method based on the reporting. It implicates the influence of professional accounting in establishing a rationalistic routine at an operational level.

Fourth, they noticed that NPFM reform was capable of enforcing a variety of other regulatory mechanisms for changing the traditional state bureaucracy. For example, they found out that NPFM reform influenced pricing and charging in public services (internal privatisation), caused development of contract - the focus on buying in of services from the private providers.

Fifth, and more important, they explored that the key to success of NPFM reform is to be seen in the demand for professional managerial skill; the notion that government officials should be an educated elite, and should be superior to the public, law and local tradition.

With a major focus on NPFM reform, in terms of strengthening managerial behaviour, Olson *et al.* have identified that managerial association is different from the governmental association. The latter seeks accountability in terms of constitutional and local-political values, whereas the former seeks accountability in methods of rational and formal/textual communication. Based on the distinctions between two modes of accountability conduction, they have suggested that these lines of associations provide a new context for analysing how traditional processes of local government account-

ability will react to the NPFM reform. How actors at the operational levels may enact elements of the NPFM in their daily accountability practices.

1.9 Problem formulation

In much of the earlier research on the public sector the concept of accountability was perceived as a political process designed to regulate the activities of organizational participants. As a consequence, much of our understanding of accountability has come from the investigating mechanisms that focused on the political budget that emerged from the context of democratic governance. However, this focus prevented the researchers from directing attention to the discursive role of professional management accounting as a regulatory device.

The problems that will be discussed in this section points out the importance of examining the dominant strategy of the NPFM reform discourses with a view of improving our understanding of the successes or failures in changing the horizontal accountability. Figure 1.4 illustrates how NPFM reform has generated the process of changing horizontal accountability by implementation of professional accounting. NPFM aimed at reducing the relevance of “discretionary responsibility” that traditionally structured around trust between the local managers and the local politicians.

As mentioned in previous sections, for a long period of time, horizontal accountability maintained a sharp distinct from the influence of vertical accountability. For example, interest for vertical reform by Program Budgeting was limited at the central levels. At the beginning of 1990's a new change strategy based on the elements of NPFM reform was introduced. A huge amount of resources - legislative and administrative time and consultation expertise - has been devoted to the implementation of this reform.

There is some question, however, as to the effectiveness of this strategy and also about the consequences that may arise from the implementation. There were concerns that implementation of NPFM reform may create the potential for a clash between horizontal and vertical accountability. The first one is based on discretionary responsibility, and the second one on rational-professional rules of the accounting. NPFM reform has linguistic implications beyond a

simple compliance with the financial plan or programs. It may produce surprising consequences such as mistrust, non-commitment or passive behaviours among the local managers. It may ignore the potential role that local managers play on the basis of their political competences. It may ignore the capacity of these managers in dealing with the complex environment of service delivery.

A number of accountability problems are related to the language-related effects of vertical accountability. First, the language of local accounting is simple and it is not quite homogenous among different local governments. This means that the local managers are not held accountable by accounting procedures that are straightforward or rationally organized. Second, implementation of NPFM at the operational levels requires goal shifting. The local management may be subjected to the pressure of professional accounting to shift its goal from commitment to community towards commitment to financial performance. Third, complexity of service delivery may create mismatch between what is practiced and what is reported. Forth, a shift towards professional accounting rules means assignment of clear responsibility at the operational level. This, in return, demands separation between units for establishment of result performance, and this may hinder the cooperation between different units and create confusion in an understanding of the unit dependencies. Fifth, the vital role of discretionary responsibility may be reduced and as a consequence of this the natural information flow between local organizations and community will be interrupted.

A number of problems are related to matters of personal and political competences reflected in discretionary responsibility. The local managers in the public sector have been trained to perform complex tasks independently. They are socialized according to a political model of control. They are also socialized to maintain accountability by trust, obligation, and professional moral codes. These are potential sources for both 'personal' and 'group' tensions in facing NPFM reform.

Finally, the key problems should be related to the linguistic effects of the NPFM reform. The NPFM reform is understood as visionary, idealistic and rhetorical (see Olson *et al.*, 1998). It has thus linguistic consequences, in terms of what the local managers produce as useful, necessary, desirable or self-evident. It may involve the actors, in language practices, e.g., to move service evaluations in a certain

direction or to exclude alternative options in manifestation of accountability.

In sum, by consideration of accountability definitions, and the needs for understanding of accountability change the following key hypothesis will be presented. This key hypothesis is drawn from the work of Olson *et al.* (1998, Chapter 16). It directly points at NPFM reform as a source of vertical accountability. NPFM reform may shift characteristics of the horizontal accountability “from discretionary responsibility in action to formal accountability in text”. As it is depicted in Figure 1.4, the emphasis is on how the vertical accountability influences accounting-led regulatory structures into the operational level.

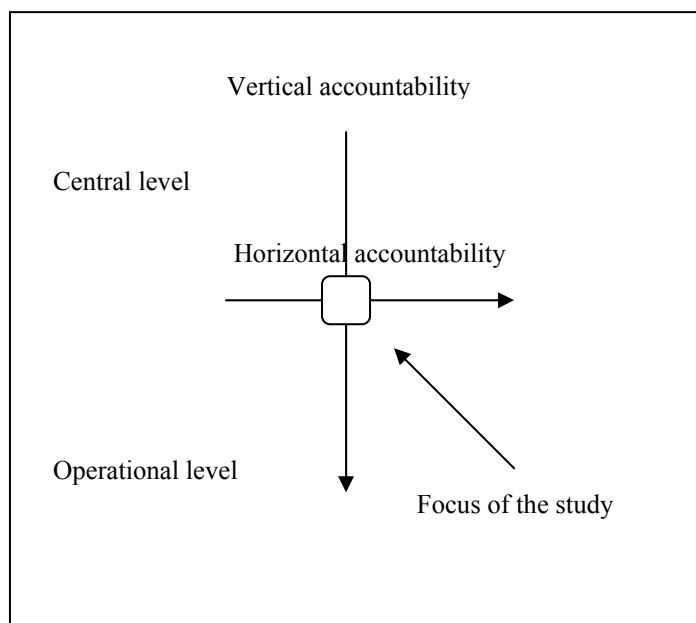


Figure 1.4: Demonstration of the NPFM reform influence on the horizontal accountability on the operational level

1.9.1 Objectives of the study

The overall objective of the study is to understand the effects of NPFM on the processes of accountability at the operational level.

The first objective is to provide a theoretical framework for understanding of accountability from the viewpoint of accountability process (see Chapter Three).

The second objective is that by using the theoretical framework to specify the forms and procedures of the types of accountability that

at the operational levels each local government under the study adopt. The focus of accountability process – presented in Chapter Three helps clarifying how vertical accountabilities are sequentially involved.

The last objective is by means of the empirical materials to present a new accountability framework for definition and validation of the effect of NPFM strategy in changing the traditional accountability (see Model II and Model III in Chapter Six).

In sum, the study will achieve both structure and integration in presentation of the effect of NPFM reform to change the traditional processes of local government accountability at the operational levels.

1.9.2 Empirical sites

In this study accountability changes will be studied with regard to management of the childcare units in two local governments. In Sweden, the childcare organizations are small units. These units are geographically scattered throughout the municipalities.

The local governments on which this study is based are Alingsås and the District of Tynnered in Göteborg. Alingsås is situated in the west of Sweden. Geographically, Alingsås is 45 km north east of Göteborg. The town lies in the intersection between many large transportation routes and the shores of Lake Mjörn. The municipality of Alingsås has 34 777 (2001) inhabitants and provides job opportunities for 12 350 persons (see Swedish Trade & Industry index). Tynnered is, in fact, the largest district government in Göteborg considering volume of service delivery for childcare, schools and activities for youth. Tynnered is in the western part of the city of Göteborg and has population of nearly 30 000.

Considering the general features such as size, type of service administration, national political objectives, tradition of self-governance, budget etc. the district of Tynnered is comparable with Alingsås. For the sake of simplicity, in the proceeding chapters the concept of local government will be applied to address both the district government of Tynnered and the city government of Alingsås. While considering their specific features, the ways in which care services are accomplished may be varied between the two units as well as between the

two local governments. Variations in the ways in which services were provided and delivered depend on the political culture, financial situations, and ambition of each local government for improving the welfare (Olson & Sahlin-Andersson, 1998; Solli & Jönsson, 1991). Thus, as empirical sites, these two different local governments will provide information about the specific way they approached NPFM reform.

1.9.3 Delimitation

The processes of accountability will be examined through the focus on the practices of using the professional management models in accountability. In this work, particular attention is given to characterize the ways (contextual effects) in which each local government interprets the NPFM reform, and the unique ways that these governments assign the guidelines of the NPFM reform in their accountability manifestations. That is to say, I focus on the workings of the NPFM models from a practical viewpoint (situational accomplishment) without consideration of *a priori* claims on the merits of NPFM models.

Throughout this report, a particular emphasize is paid on the concepts of 'account' 'process', 'context' and 'discursive effects' characterized by various types of the workings of the NPFM 'accounts' (see Chapters Two and Three). By focusing on these terms, this study will present the processes of local government accountability as phenomena of human communication.

1.9.4 Overview of the study

The issues that have discussed so far- in different sections- have concurrently pointed out the importance of studying the effect of NPFM on the processes of local government accountability. In Chapter One, the problems, questions and objective of the research are presented.

In Chapter Two the methodological perspective that will guide the study is presented. Here, a distinction is made between the concept of methodology and method. In terms of methodology the focus of attention is paid on the links between vertical accounts and actions of actors. In this way, actions are linked to a larger social structure. It is also stated that questions of methods are of two kinds; what is the

perspective used (methodology) and what are the methods applied in data collection. It is also argued that methods of data collection will be changed to follow up the contexts of the empirical field. Thus, the methods are presented in the beginning of the respective case studies. In the final part a model is presented that interrelated the theoretical framework to the empirical field.

Chapter Three is focused on the theoretical framework. The methodological perspective provides a passage that links these perspectives into the theoretical framework. In Chapter Three, a number of concepts are defined and an a priori model for illustration of the accountability process is outlined. The concepts are used throughout the whole process of study.

Chapter Four presents the case study of Alingsås. It examines the effect of NPFM reform on accountability, analyses its impact and draw conclusions. Chapter Five focuses on the case study of Tynnered examining how NPFM reform shaped the accountability process. Each case study comes to an end by presentation of an analysis that explains how the horizontal processes of accountability are transformed.

In the final chapter, by making distinctions between different interpretations of accountability concept of accountability process will be further sharpened. Additionally by means of two accountability models analysis of the effect of NPFM reform will be further emphasized.

Chapter Two

Methodological discussion

2.1 Introduction

A methodological perspective that is presented in this chapter is to be considered as a passage to the outline of the theoretical framework which is presented in Chapter Three. It will also cast a light on how the empirical materials are analysed. The methods used for data collection are not included in this chapter. The circumstances of each local government required a different approach (see Section 2.7) therefore the methods of data collection are presented in the beginning of each case study.

Thus, this chapter contains a basic discussion about the key methodological perspective used to conduct this study. The methodological ideas are primarily debated through the use of interpretive (hermeneutic) framework. In Section 2.3, the interpretive methodology assumed relevant for the studying of accounting influences are presented. Here accounting is defined as a system of a signifier that has a symbolic effect and conveys principles, rules, and values from one system to another. In Section 2.4 the interpretive implication of accounting was further introduced. Here, by making distinctions between pre-textual, textual, and contextual ideas the discursive characteristics of accounting as a communicative text was presented. In Section 2.5 the type of discursive method that this study will apply is discussed. It was argued that for identification of NPFM reform as a discourse, the interpretive device of 'articulation-making factors' such as boundary contrast, qualitative homogeneity etc. would be employed.

In this chapter a distinction is also made between the concepts of methodology (perspective used in interpretation) and method (techniques used in data collection). In the final sections, however, the method of case study and its implication for collection of materials is focused. This chapter will be concluded by presentation of a model that illustrates how theoretical and methodological views are linked to the case studies. This model exhibits that two case studies were carried out. At the beginning of Chapters Four and Five, a particular attention is paid to introduce the characteristics of each case study in their own ways.

2.2 Key methodological concepts

Methodological assumptions are drawn from a number of philosophical views that are usually classified under two central concepts, positivism and hermeneutics. These concepts may adopt different definitions depending on the context in which they are employed. In general, they often communicate contrasting views.

For further understanding of the meanings of positivism and hermeneutics in regards to research, researchers have referred to two additional concepts; ontology and epistemology. Burrell and Morgan (1979) have attempted to relate these two concepts to the various interpretations drawn from studies of society. More specifically, they have argued that ontology deals with assumptions that describe the nature of (a) society, while epistemology treats the nature of the science of that society. They have introduced two extreme pairs of "reality" that encircle the content in which concepts of ontology and epistemology act. They have argued that either the ontological nature of reality or the nature of social being is assumed objective and tangible or, these are assumed socially constructed, contextual, and based on the understanding of meaning variations. They have further stressed that on the one hand a deterministic and fragmented knowledge is constructed (positivism) where on the other, a subjective assumption of individuals and society based on a voluntary view are presented (hermeneutics).

Writers like Kuhn (1970), Gioia & Pitre (1990), Burrell & Morgan (1979) have critically examined the values of the key concepts of ontology and epistemology in regards to hermeneutic and positivistic worldviews. They have commonly argued that, community of the researchers reacts to the ways in which these key concepts are interpreted, interrogated, and applied to practice the academic research.

Thus, in academic research, disclosure of the methodological views has successively become common practice. According to Arbnor & Bjerke (1978) the academic approach is different from all other forms of research in two ways. First, through methodological disclosure one must convince the community of the researchers that their investigation is supported by some kind of empirical observation. Second, one must account for some of the most important characteristics of the applied perspective and operating

method to demonstrate that these are consciously adopted.

Indeed, disclosure of the methodological perspective serves several key purposes. For example, Chua (1995) says that by disclosing the methodological ideas one interprets the values that control the processes of fact-finding and knowledge-formation. Writers like Boland (1985) and Morgan & Smircich (1980) relate the importance of methodological disclosure to the notion of validity. They argue that the applied perspective is a crucial factor for interpretation of the empirical materials, analysis of the result, and above all, validity of the research.

2.3 Accounting and interpretative methodology

Palmer (1969) discussed that philosophers' attempts to develop the concepts of ontology and epistemology was to deal with problems of interpretation. Individuals may face problems when they attempt to interpret the signs, ideas, activities, events and accounts of different forms and species. In essence, the major philosophical objectives by bringing forward these concepts are to reopen the question of interpretation on a philosophical level prior to the considerations of techniques such as language and signs. Thus, these two concepts ontology and epistemology help describing processes of interpretation, on a philosophical level prior to all considerations (see Palmer, 1969).

In the area of management accounting, there were two prescriptive ideas that existed side by side, and until recently dominated the research agenda. The first idea was based on a deductive perspective. Epistemologically, means that deduction can improve accounting knowledge without reference to its practical and organizational contexts.

The second idea challenged this theoretical view and argued in favour of empirical research based on the 'fateful' representation of practice. This view ignored the linguistic role of pre-text and the influential presence of the deductive rules in determination of practice. According to Llewellyn (1993) both views are to be considered as positivism. A focus on the ontological and epistemological elements (particularly those concerning the relationship between subject and object) implicates that it is typical for a positivist's worldview that the relationship between practice or

subject and accounting norm systems or object be defined independent of one another (Chua, 1994).

Parallel with this, an emerging interpretive research agenda has developed that was based on different ontological and epistemological assumptions. Through this the positivist research agenda with 'mirror-like' representations of objective reality were increasingly questioned (Morgan & Willmott, 1993). According to Hopwood & Miller (1994), beyond the context of practice and procedures, accounting has a social and institutional paradigm. This means that meanings that are given to accounting are not just linked to accounting techniques, procedures and particular settings of practices. From a hermeneutic viewpoint, meanings of accounting are rather linked more to the regulatory rules, principles or social orders, prior to consideration of techniques and procedures that guide the accounting.

Thus, the interpretive research agenda have thoroughly dispelled the idea that accounting constructs such as cost and profit are neutral, objective, and reflect, measure or signify a reality external to accounting discourse (Burchell *et al.*, 1980; Cooper *et al.*, 1984). When we analyse a budgetary document, an account, an individual action, or even when we listen to a conversation, we face the problem of interpretation. Through our interpretation we participate in the accounting discourse in which these economic terms are expressed. Through the interpretation we modify, contest, or dispel the homogenous and general role of accounting. We also use the accounting as a system of signifier to explain the situations that favor our causes, those in which we are placed, and those that best legitimise our actions (Boland & Pondy, 1986).

The development of interpretive paradigm in accounting research helped crystallization of several new themes. One of these themes focuses on the ambiguous characteristics of accounting in relationship with the operational activities. For example, researchers like Chua (1994) and Czarniawska-Joerges (1996) argued that although accounting signs are stable, meanings of them are ambiguous. Olson *et al.* (1998) focused on the power of accounting transformation and argued that accounting signs and symbols are capable of conveying principles, rules, new economic relationships and values of one discourse to the another discourse, and from one field of practice to another. Czarniawska-Joerges & Savon (1996)

focused on the same theme but by using the concept of “translation”. They argued that accounting standards might be translated (imitated) from one sector to another, and from one organization to another.

By referring to the structural linguistic philosophy of Saussure (Course in General Linguistics 1916), Potter & Wetherell (1987) have developed an argument that interpretation of text is a discursive endeavour. This also implies that accounting texts, signs, statements, or accounts are symbolic acts, organized in the framework of a particular discourse to create a connection between the objects and the subjects, between meanings and practices.

In sum, it can be concluded that interpretation problems of accounting are basically textual. The interpretive methodology assists the accounting researchers to understand those textual problems that are varied and related to the processes of interpretation.

2.4 The textual implications of the accounting

It was argued that in the framework of hermeneutics' philosophical viewpoints accounting, gains a new terrain. By avoiding the dualism between subject and object, a hermeneutic approach focuses on active relationships between the realm of idea (social object) and that of practice (subject). This means that hermeneutics is not just concerned with the subjective explications. In fact, the presence of structural conditions and social constraints invokes the need for explanation of the external effects, as well as the subjective description of the outcomes and consequences.

Ricoeur (1992) develops one of the key philosophical reasons for this view. Ricoeur means that all signs and statements are textual artefacts; the textual artefacts of any species are related to the prior processes of interpretation due to the existence of pre-text, i.e., there must be some prior ideas (or pre-text) about why individuals provide a communicative text in the first place (for example, a particular accounting text) and there must be some ideas about the context against which such a text is provided (for example, for changing a particular practice). Ricoeur used the concepts of pretext, text, and context to describe the discursive performances of the statements and signs. These concepts have also implications for the adoption of methodology in this research.

Based on the Ricoeur's approach, we can say that elements of NPFM have a pre-textual signification. These elements are involved between our grasp of action, responsibility, and the language or textual rules available to conceptualise them. Our texts are, to a great extent, concept-dependent of the social reality we encounter (Boland, 1985). How elements of NPFM are interpreted and assigned for the organization of accountability in local governments is thus a matter of pre-textual assertion.

Any textual approach such as accountability responses engages in interpretation. By interpretation one examines the active relationships occurring between those which are 'foreign' or external and those which are contextual or local. According to Boland & Hoffman (1983) the search for meaning from an alien text that is foreign to us, is a common concern for the researchers who use hermeneutics as a point of departure.

Thus, NPFM reform is looked upon as a pre-text that is foreign, incomplete, unclear and cloudy or visionary from the vantage point of an interpreter (see Olson *et al.*, 1998). Palmer (1969) has argued that any text we encounter is in some degree "alien" to us, and requires an interpretive effort in order to make it meaningful for ourselves (Palmer). How the elements of NPFM, as a set of foreign and external accounts subjectively interpreted are questions relevant for textual and contextual examinations. Empirical studies presented in Chapters Four and Five will examine the contextual effects of the NPFM reform as a set of pre-textual ideas.

2.5 The adopted methodology of discursive analysis

In searching after the pre-textual meaning influences of NPFM reform, a discursive device called 'sortal persistence qualification' will be used. This is a kind of interpretive strategy for analyzing the various types of accounts in relation to their courses of penetration, expansion, and consequences rather than just their types and structure of appearances. The use of this method is related to this notion that the effect of NPFM accounts is more than just changing the budgeting and accounting systems, and shifting the emphasize from input to the output. Rather, they involve in the construction of accountability by consideration of enforcement, orientation, evaluation and change of identity (Foucault used the perspective of "enunciative function" and "enunciating subject" to describe these

effects in terms of the discursive procedures). The empirical materials presented in Olson *et al.* (1998) showed that beyond the technical impact, implementation of the NPFM accounts had intended and non-intended consequences. This means that the effect of vertical accounts goes beyond the observable consideration to include the moral, evaluative judgment, and identity.

The concept of ‘sortal persistence qualification’ is developed by Hirsch (1982) to be used as an interpretive device, for judging the influence of social objects (rules) in changing identity. As an interpretive device the ‘sortal persistence qualification’ operates essentially at the most straightforward observable and evaluative levels implicating how actors assign structure of the external text in their articulation. Concept of articulation means, e.g., how vertical accounts as a unified standard object receive various degrees of expressions at the responsive level; (a) through articulation-making factors and (b) through factors of space and time (spatial and temporal factors). In fact, an analysis of accounts by the interpretive device of the ‘sortal persistence qualification’ emphasizes both the cognitive and the communicative processes of the vertical influences.

2.5.1 The use of articulation-making factors in tracing the influence of vertical accounts

As an interpretive device, the articulation-making factors help the identification of the vertical account influences and its enforcement patterns in depth and breadth. According to Hirsch (1982, p. 82-113) articulation-making factors consisted of *boundary contrast, qualitative homogeneity, 'separate move-ability, dynamic cohesiveness, regulatory of shape, and joint formation*. These terms provide a number of focal points in relation to which different instances of the vertical accounts influences can be addressed. Hirsch argued that since the effect of social objects is varied, their impacts should be identified by qualifications such as 'sorts' and 'persistence'. The concept of ‘sort’ and ‘persistence’ address the procedural effects of the vertical accounts in terms of enforcement, expansion and maintenance. In general terms, by ‘sortal’ analysis one can focus on the procedural expansion of a particular ‘genre’ of accounts that are textually involved to control the accountability. Meanwhile, by “persistence” analysis one can focus on the degree of cohesiveness, permanence and evaluative effect. This latter effect may be considered as cognitive. Thus, the articulation making factors can be

used as a method of analysis to address both the 'sortal' (which types of accounts are involved) and the 'persistence' qualifications (how expanded and activated) of the vertical accounts as the social objects. Against these factors, the structuring and evaluating elements of the vertical accountability can be traced and presented.

In terms of *boundary contrast*, the vertical accounts may impress themselves upon the individuals as a unit insofar as it is segregated and bound-off from its surrounding accounts (horizontal accounts). Creation of *boundary contrast* by vertical accounts may thus have two types of effect. One is organizational and another textual. First, it may provide a new structure for the local organizations. According to Humphrey *et al.* (1998, p. 305) "... idea of financial management ... depended on the range of devices for intervening and acting on individuals and organizations". Another effect is communicative in the sense that the individuals may refrain from communication through relational accounts - accounts used for communication of information in context. The effect of *boundary contrast* is evident in the notion of 'self control units', in relation to which "state, counties, and municipalities have all turned to the same models of how private companies are supposed to work, and they all seek to follow similar standards of how to organize and control in an effective way" (Olson & Sahlin-Andersson, 1998, p. 269). Adoption of the standard control model of the self-control units may create *boundary contrast* with the traditional and organic model of care organization.

Qualitative homogeneity implicates enhancement of the persistence of the vertical accounts to form the horizontal accounts in a vertical direction. The notion of qualitative homogeneity can be related to the processes of reproduction of accounts, which needs the homogenization of accountability. In regards to the implementation of NPFM reform, Humphrey *et al.* (1998, p. 305) argued that "the idea of financial management which outlined as early 1960s, has been formulated and reformulated across a twenty year period". Qualitative homogeneity can be also related to the processes of systematization. Homogenization occurs often through repeatedly providing guidelines of systematization. Pressure for attainment of the *qualitative homogeneity* can lead to the establishment of a new *boundary contrast*, i.e., through reproduction of the vertical accounts, and emphasize of homogenization guideline those accounts that were previously rejected may be adopted. Through requirement of further systematization a new *boundary contrast* between different methods

and stages of processing the accounts (statements) can be created (see Foucault, 1972). In sum, search for qualitative homogeneity has a key frontal effect on the relational accounts in seeking grammatical homogeneity with the vertical accounts.

Factor of *separate move-ability* implicates the degree in which the vertical accounts move towards the operational activities and involves in the responsive utterances, e.g., as the analytical devices, modes of reasoning, evaluation or guideline of action. It indicates to the degree of strait-down influences and assignment in regards to the depth and expansion in organization. Certain types of vertical accounts are merely ritualistic and are used at management level (see Brunsson, 1985) without implication for operational activities. Others may move further to the lower levels.

A closely related factor to *separate move-ability* is the factor of *dynamic cohesiveness*. This implicates to the capacity of NPFM accounts (again as a matter of degree) to keep together (persist) at the operational level when subjected to various contrasts such as tension, paradoxes etc. NPFM accounts often works in close relationship with other types of accounts, which are not vertical. The concept of dynamic cohesiveness thus emphasizes the persistence of the vertical accounts to be accepted and applied on a routine base.

Another important articulation-factor is the power of *regulatory of shape*. This condition is not easily defined. A possible example is how a procedure of management accounting is used and the degree to which its grammatical rules were applied. The factor of *regulatory of shape* focuses on the adopted procedures (standards and rules used to design the responsive accounts), which individuals are exposed to or adopt, as a distinctive method of account designation and accountability proclamation. For example, to produce accounting information for external purposes we may use different regulatory of shape comparing with accounting information for management decisions. By using the general models of adoption the actors lose the capacity of designing the accounts on their own conditions by losing control over shifting the structures, focus, and vocabularies needed to produce the accounts. The *regulatory of shape* reduce the poly-vocal capacity of the accounts.

Finally, factor of *joint formation* denotes the institutionalization of the regulatory procedures as ‘forms of joint’. At this level accounts

may appear to individuals as lacking the boundary contrast. For example, individuals in the public sector may adopt certain accounts, practicing by these accounts for a period of time, without perceiving that these accounts are problematic, or in contradiction with their responsibility and missions of the organization that they are serving. Berger & Luckmann referred to this factor, as moment of 'habitualization'. The problem of '*joint formation*' is more obvious when through the role-making capacity of the vertical accounts the individuals orient themselves towards acting and communicating by these accounts. This orientation is likely to depend on the extent to which a local manager is prepared to give up some of the expectations of the professional caring roles to which they were traditionally socialized. In a situation of 'joint formation' the *boundary contrast*, if not eliminated, is minimized, and the transformational tension in the choice of concepts and production of accounts disappears.

The *boundary contrast* and *regulatory of shape* are the most fundamental interpretive devices of these articulation factors that will be employed in the study.

2.5.2 The effect of space and time as articulation-factors

Other important articulation-factors that will be used as interpretive device are space and time. The articulation-factors presented above may have different characteristics in terms of persistence, degree of penetration, regulatory capacity etc., when contexts of time and space are included. During the course of time, actors may lose their trust in the vertical accounts, e.g., the *boundary contrast* between the relational and vertical accounts may be increased or *persistence* may be reduced. At a certain level, actors may interpret the vertical accounts as the non-practical or non-informative. In fact, articulation-making factors help the analysis of the accounts in a very broad sense. This method must be reasonably treated as such in some suitable circumstances (i.e., by focusing on the accountability practice in a different local government, NPFM accounts could be picked out and described as having a form, dimension, location, duration, etc. which are different from another local government). Factors of time and space are important because individuals would be more likely to treat some genre of NPFM accounts differently from the standard by applying a unit-selection or interpretation. This will led to the constitution of vertical accounts by situational factors of time and space as part of the individual experiences. Thus, the

discursive method that will be used in this study can be varied, depending on the practices of using the vertical accounts, the type of vertical accounts, and the contextual effects of time and space on the responses. Further, in different local organization, the different types of vertical accounts may dominate structuring of the accountability.

2.6 Method of case studies in data collection

This study uses two different case studies in order to explore the effect of vertical accounts. These case studies are carried out at different times, in order to examine the spatial-temporal effects, related to the implementation of NPFM reform (see in Chapters Four and Five).

In general, a case study results in a variety of written reports. These written reports are often based on the individual interpretation to explore what is going on in the context of a particular organization (Yin, 1988). An important advantage of the case study method is its potential to create elucidation and understanding of complex social phenomena. A typical case study method places heavy demands upon the description of the context, application of dialogue in data collection, and interpretation as its basis for the written report. A case study is often motivated when researchers seek to explore change from the perspective of subjects. It is motivated when one wants to describe the mundane detail of everyday settings. It is also motivated when the objective is to understand action, responsibility and meanings in active relationships with their social context (Humphrey & Scapens, 1993; Macintosh & Jönsson, 1994).

The case study is highly relevant, particularly, when emphasis on time, space and process is needed. As has been discussed in different parts of previous chapters, this study focuses on the processes of vertical accounts in order to characterize their influences on accountability. Accountability may adopt different articulation-factors in terms of the regulatory rules such as *boundary contrast*, *regulatory of shape* etc., and that case study is the most relevant method for provision of evidence.

This study applies two case studies. One focuses more on the interviews, and the other on documents. The use of different methods of data collection must be related to the domination of the different language practices in the respective local government, to practice accountability (for further remarks see method of data collection in

Chapters Four and Five).

2.7 Validity of the research

In formal research, validity is repeatedly defined in terms of explanation power. One looks at whether the applied method (concepts) measures the phenomenon that was supposed to be measured. Denzin (1970) has drawn to attention the fact that by focusing on a 'repetitive specific definition', one increases the risk for the exclusions of other definitions without giving much contribution to the validity of one's research. Schein (1992, p. 187) has criticized the formal way of validity explanation and argued that this leads to "an illusion of objectivity". Instead, he has suggested the feature of personal experiences as the basic criteria for validity explanation. Blumer (in his well-known methodological book *Symbolic Interactionism: Practice and Method*, 1969, p. 26) focused on validity and argued that:

"It is not to wonder that the broad arena of research inquiry in the social and psychological sciences has the character of a grand display and clash of social philosophies. Instead of going to the empirical social world in the first and last instances, resort is made instead to *a priori* theoretical scheme, to sets of unverified concepts, and to canonized protocols of research procedure".

Blumer further argued that the empirical features should construct validity of the research. Based on this, he exemplified that validity should not be grounded on the basis of 'testing' or 'examining' the unwarranted concepts drawn from the central theory. It should be based on the 'exploration' of the features of the real life:

"How ridiculous and unwarranted it is to believe that the operationalizing of intelligence test yields a satisfactory picture of intelligence. To form an empirically satisfactory picture of intelligence, a picture that may be taken as having empirical validation, it is necessary to catch and study intelligence as it is in play in actual empirical life instead of relying on a specialized and usually arbitrary selection of one area of its presumed manifestation".

Blumer's argumentation of validity, in terms of the empirical references, supports a type of research view by which researchers strive to form a close and comprehensive acquaintance with a sphere

of social life that is hence unknown to them. According to Blumer (p. 32) validity will improve through "a flexible procedure in which the research shifts from one to another line of inquiry, adopts new points of observation as his study progress, moves in new directions previously un-thought of, and changes his recognition of what are relevant data as he acquires more information and better understanding".

In order to enhance the validity of the case studies, by shifting emphasize from the interview to documents the method of data collection was changed in order to match the empirical field. The use of flexible strategy in data collection and analysis is seen to improve the validity. Czarniawska-Joerges (1993) has argued that there are no stable, isolated, and objectively verified phenomena that are waiting to be discovered. This means that by giving a fix definition to the method of data collection validity appears paradoxical.

Merriam (1988) has argued that in interpretive studies, a part of validity is directly related to the instrument that we use to collect information, and also to the conclusions that we draw from the interpretation of the numerical, textual and verbal information. A valid result must involve the description of "ethical" rules that is related to the validation process of the research. Noren (1990) emphasized that a rich description of context and events will increase validity. Silverman (1994) has agreed with these views and added another dimension; for validity enhancement, besides the rich description, one has to use multi-theoretical perspectives in analysis of the results.

Central for validity 'presentation' is not how to define validity in general terms or scientific protocol. Instead, the focus is to be paid to the active processes that can 'increase' validity. Merriam (1988, p. 178) has suggested a number of ideas that help the validity of a research to be increased:

- 1- create familiarity and interest for those events which seem unfamiliar - everyday life may become so self-evident that many of important events become invisible;
- 2- gain a particular understanding through documentation of the concrete parts of the practice;
- 3- think on the contextual meaning that the events and processes may have for the individuals;

4- create a comparative understanding of the different social environments discourses.

Writers like Denzin (1970) and (Merriam (1988) have promoted the idea that researchers must develop their strategies of data collection to elevate the validity. These include the use of:

- 1- triangulation;
- 2- external sources, in order to assure interpretation of contradictory results;
- 3- participative control of result and consideration of feedback;
- 4- extra time of observation;
- 5- participation in reporting (allowing the respondents to be participative in concept building and forming of the report);
- 6- methodological explanation (describing, in a clear and explicit way, the assumptions, values, and features of the interpretive devices).

Two different methods were used to process the case studies by adopting strategy of triangulation (combination of interview and document) in data collection. Attempts were also made to increase the amount of interaction with the actors in the field and established a continued dialogue with local actors to enhance the feedback information.

One key way, in relation to which, the validity was enhanced is the use of accounts and choice of the flexible categories in which the empirical studies are to be analyzed. The classification of accounts in three categories (see Chapter Two) provided a framework in which the problem is cast; they are prior scheme for which data are sought and in which the data are grouped (see Chapter Four). They are usually the anchor points in interpretation of the findings (see Chapter Three). Because of such a decisive role, by studying the empirical studies of Olson *et al.* and relevant literature, attempts were made to subject the accounts to an expanded theoretical and empirical scrutiny. Together these attempts assisted those perspectives of accountability in being fairly preserved and presented.

2.8 The overall process of the study

Figure 2.1 illustrates how the problem of study (Chapter One) is related to the methodological perspective (Chapter Two) and theoretical frameworks (Chapter Three). The methodological per-

spective provided in fact a passage into the theoretical framework that was outlined on the basis of accounts. The theoretical framework is illustrated by Model I in Chapter Three.

In Chapters Four and Five two case studies are carried out to show the contextual influences of vertical accounts in each local government. The influence of vertical accounts in terms of “functional” and “face-saving” structures is traced and analyzed. It is analyzed that the new processes of accountability of the local governments are suspended in a web of values, norms, rules and beliefs related to the discourse of NPFM reform. The case studies show two different ways in which the horizontal accounts deconstructed and vertical accounts created, altered and reproduced. In the final parts of each case study the findings were interpreted and by means of the central concepts that developed in the framework the procedural change of accountability was analyzed.

Chapter Six is devoted to the sharpening of the concept of account processes and analysis of the effect of NPFM reform on the processes of accountability. Here, by means of new Models (Model II and Model III) the concept of accountability process is redefined and validated. Through the use of empirical materials and presentation of a generic model (Model II) the change of accountability from the basis of discretionary responsibility towards the basis of formal textual accountability was analyzed. In sum, the final chapter emphasizes on the sequential characteristics and communicative limits of vertical accounts in serving discretionary responsibility.

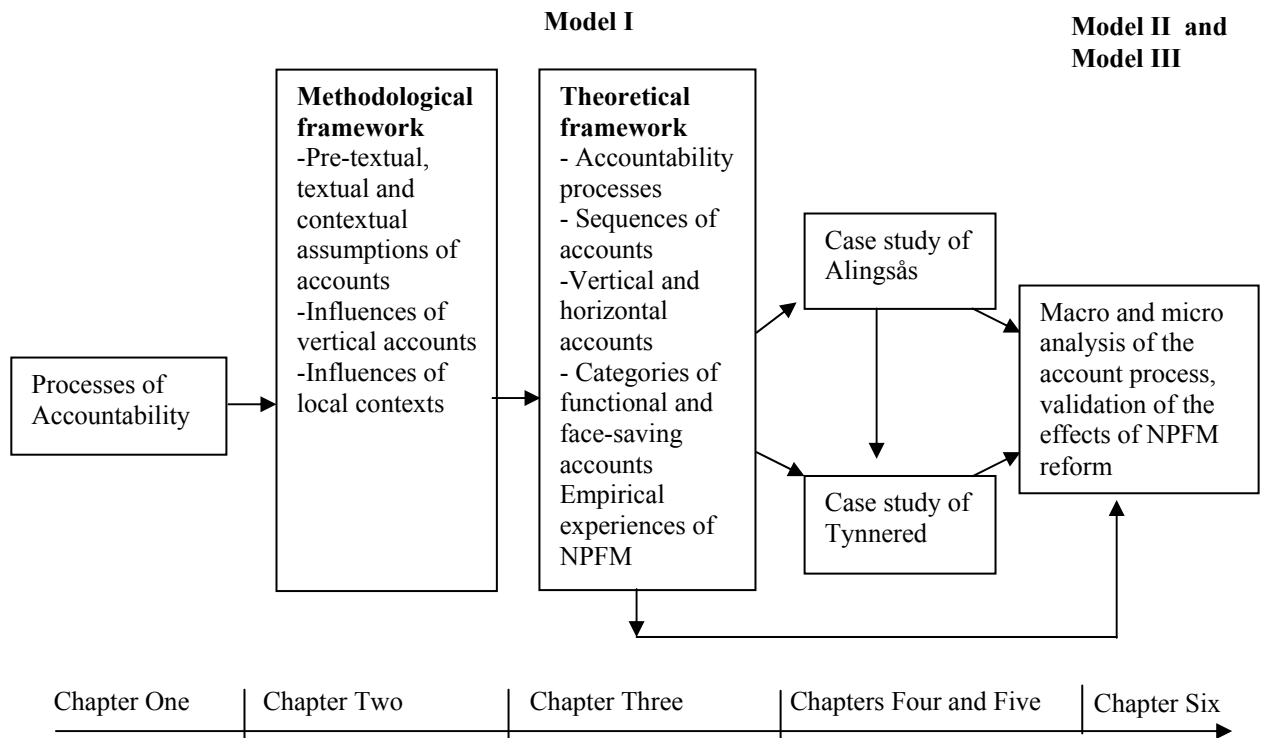


Figure 2.1: The presentation of study

Chapter Three

Theoretical framework

3.1 Introduction

A definition of accountability was presented in the first chapter, thereby distinguishing horizontal accountability from vertical accountability. Horizontal accountability was defined on the basis of 'discretionary responsibility' whereas vertical accountability received its definition on the basis of NPFM reform. By contrasting the two types of accountability, the discretionary, political, moral and operative qualifications related to the horizontal accountability were thus distinguished from the expected qualification related to the doctrine of the NPFM reform. It was also hypothesized that the doctrine of NPFM challenges the Swedish tradition of horizontal accountability. In Chapter Two by means of a methodological perspective, it was argued that the discourse of vertical accounts and actions are interactively related.

This chapter is devoted to the theoretical framework that provides a focus for the study. The first section of the chapter presents the conceptual framework that is needed for a description of accountability change. A number of sections are devoted to the categorization of accounts, and the examination of their discursive function when changing horizontal accountability. In the final sections a focus will be directed to NPFM reform influences when viewing the NPFM reform as a set of vertical accounts, a description of how the usage of these accounts changed traditional public accountability.

3.2 Conceptual framework for studying accountability change

Model I presents the interconnectedness between the vertical and horizontal accounts. It is an a priori model for outlining the framework of the study. This model will be further defined through the definition of its constitutive parts in the following sections. This model will be developed one step further through the iterative processes of collecting and analyzing the data from two local governments (see Chapters Four and Five). In Chapter Six this model is modified (Model II) by inclusion of the new concepts that were

drawn from the case studies.

As a whole, this model promotes the idea that accountability arises from the use of accounts for practical purposes. In situations of accountability, account-givers engage in practices of using accounts to present their responsibilities so as to render them sensible, normal, understandable, and so on. The focus on the practices of using accounts provides a variety of contextual situations in relation to which accountability can be interpreted. They provide a site for the systematic treatment of accounts as a concept. For example, in situations such as bureaucratic/individualized control (Roberts, 1991), rational behavior (Olson *et al.*, 1998), collaboration (Ahrens, 1996) and sense of community (Jönsson, 1996a) different types of accounts are used, and as a consequence, different definitions of accountability emerge. In this way, accountability needs to be seen as a sense-making feature of the inter-textual practices. Thus, we can understand the accountability situations through focusing on the type of accounts that are used in manifestations of accountability.

Generally speaking, we may say that accounts constructed on the basis of systemic order are different from the accounts created on the basis of self-selected order. Thus, the types of accounts used in accountability will have differing implications for the discourse of accountability depending on whether they are self-selected or have a systemic order. Certain types of accounts have discursive power, for example, to change the direction of accountability, or to move accountability evaluation by excluding the alternative options. By means of accounts we label certain activities in particular concepts and in so doing make these activities relevant, and give individuals a legitimate reason to evaluate these activities in those concepts (Buttny, 1993).

In the presented model, the NPFM ideas are considered as a set of accounts that are professionally structured, and are "capable of definition and application" of accountability. How the account-givers may use the NPFM accounts in accountability situations, and what functions these accounts perform become of primary analytic interest.

The theoretical underpinnings of the following model can also be related to the ideas of symbolic interactionists summarized in Cuff & Payne (1979). According to their perspective (p. 138) society

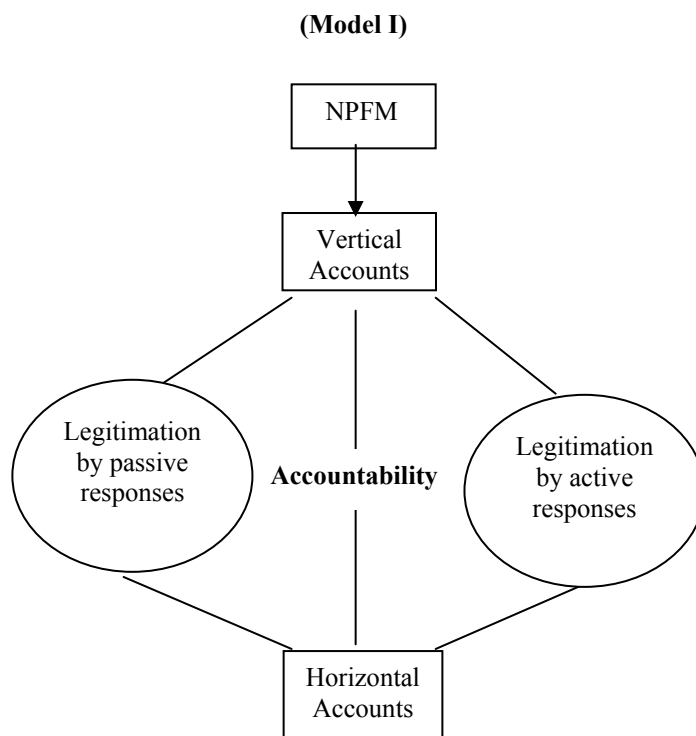
consists of a constant challenge between different groups, and that the most powerful group is capable of:

- a) controlling communication means in the society;
- b) disseminating a positive image of themselves through communication channels, while giving a relatively underestimated description of the others communication means.
- c) those who are underestimated cannot therefore, legitimate themselves in front of the public in the same way as that of a powerful group.

Since all aspects of the actions and consequences are difficult to follow, map and interpret, the focus of study is therefore oriented towards the interpretation of accounts and their meanings in the situation of accountability. The presented framework is based on the notion that as a consequence of the NPFM implementation, two modes of *active* and *passive* legitimisation (see the following section) may occur. By legitimisation, the intention is primarily to express that in the processes of accountability actors may rhetorically relate their accounts in concepts and terms attached to the chosen structure of NPFM accounts. This 'chosen structure' in fact emerges from the attempts made in the overcoming of the limitations that vertical accounts place upon their accountability.

Although, the focus of study is on operational activities, it can be observed that this is not the primary context for the work of accounts. The overriding stress of the model is thus upon the emergence of a professional accounting mechanism as a context by which accountability can be legitimated. As a mechanism professional accounting operates beyond the consideration of agents, localities, and governmental tradition. Therefore, reference will be made, on several occasions, to the NPFM accounts, and not just as a means of communicating the central guidelines, but rather as a set of socially promoted constraints that are discursively structured, and that seek alignment with the detailed knowledge of the operational activities. By presentation of this model, focus will be given to the functions of the NPFM accounts as a particular 'genre' of accounts that are professionally defined and 'decentered', or fragmented, in order to be accessible at the operational levels. "While the state may refer to the law to control action, professions have to legitimate their principles by ideological influence. This latter process has no border (unlike national laws), meaning that the ideas and principles of a profession can flow over organizational and national boundaries, from the

private sector to the public sector and vice versa. From such a perspective, a strong accounting profession can be expected to have a powerful rhetorical base” (Olson *et al.*, p. 442). According to Olson *et al.*, the management accounting profession is capable of controlling the belief systems in the public sector, by offering quantitative measure and skill. The accounting profession is based on the exercise of quantitative control by defining reality - proposing distinctions, creating and fabricating principles and rules for structuring the accounts. Thus, professional accounting is to be considered as a 'genre' of accounts that have practical consequences for evaluation and legitimisation.



Model I: Illustration of the framework of the study

3.3 NPFM reform and influence of the professional accounting ideas

In order to substantiate the role of the professionals, a number of key references will be made in the literature, thereby briefly referring to the function of accounting as a powerful professional language, which has effect on the natural processes of the horizontal accounts.

The most significant sociological arguments in this respect are related to Giddens (1991) who identified some key structuring

features of modernity in regards to the notion of global professional ideas. Giddens viewed professionalization as part of a social relationship that is grounded on the expansion of disembedding mechanisms - "mechanisms, which prize social relations free from the hold of specific locales, recombining them across wide time-space distances" (p. 2). According to Giddens local knowledge (s) is multiple, uncertain, and provides a source for multiple choice. This may create a 'site' for professional knowledge involvement to structure professional 'trust' between the abstracted system of global and concrete knowledge of the local. "In circumstances of uncertainty and multiple choice, the notions of trust and risk have particular application... the concept of risk becomes fundamental to the way both lay actors and technical specialists organize the social work" p. 3).

Scott (1995) has noticed that professionals influence the public sector and confront the values and norms which underlie bureaucratic organizations. Roberts (1991) provided a dichotomy of accountability in which the bureaucratic is distinguished from the socializing and interactive model. In Roberts' view, in the bureaucratic model of accountability, individuals are only involved in a very superficial and instrumental reflection as they are guided by a "calculative conformity with others' wishes". This is in sharp contrast to the socializing model where people meet each other face to face in non-instrumental communication. Olson *et al.* (1998, p. 443) distinguished between the political and accounting professional model of accountability. They argued that accounting professionals use the control principles that are not legally or politically defined. They legitimise that their control method offers benefits to all parties, but "the anticipated benefits have often not materialized". Abernethy & Stolewinder (1995) have explored that in a situation of uncertainty in the public sector, professional management expertise was institutionalised to act independently and without formal administrative controls. According to Cooper *et al.* (1994) administrative pressure for visibility, continuing efforts of the professional management bodies, power of self-regulation related to the use of accounting standards and belief in professional judgment are at the heart of professional accounting regulation in the public sector. Mintzberg (1979) has argued that professional behaviour is antithetical to the control model that underlies bureaucratic organizations. Professional management control is similar to Ouchi's (1979) notion of clan control in that it is based on social and self-control processes.

Macintosh (1994) argued that the social control aspect of the professional accounting language is related to the notions of professional norms, professional interest, and professional community; while the self-control aspect should be related to the notion of discursive and disciplinary control worked out by Foucault (1972).

In the remainder of the chapter, accountability will be defined through characterizing certain features of the accounts, and the ways in which these accounts are used in practices of accountability. The intention is to implicate that in interaction between vertical and horizontal accounts different 'genres' of accounts are involved in shaping different modes of accountability.

3.4 A more dynamic definition of accountability: an account perspective

This section applies an account-based perspective in defining accountability. The aim is to bring to the light the discursive function of the accounts in forming accountability. In achieving this, a reference will be made to a broad definition of accountability provided by Buttny (1993, p. 1-2), and as point of departure:

“Everyday actions may be said to be done well or poorly, to succeed or fail, to be competent or incompetent, and as a consequence, as a meriting varying degree of praise or blame. The blame and critical judgments underpinning it, reflect our ontological condition as moral beings: person can be held accountable by others for breaches of social and moral orders'. This distinctively human capacity, to be blamed, and to be held responsible for actions, creates the practical necessity for the communication of accounts”.

This definition marks several moments in the process of accountability. First, accountability means the capacity to account, or the ability to account for one's responsibility in order to modify others' assessment. In fact, improvement (or adoption) of the linguistic capacity for giving commentaries about actions or responsibility is significant in the process of accountability. This capacity is not just confined to the employment of the systematized accounts or adoption of the dominated language in facing the situation. As articulated by Olson *et al.* (1998), improvement in the linguistic capacity may not lead to the exclusion of alternative options; actors must have the possibility of drawing inferences from

action and responsibility. Thus, it is likely that accounting has a special symbolic quality in individuals when bringing order to their decisions, actions, and responsibility. This order is needed because one must carry out responsibility on the basis of the mass of complex factors interacting within them and between them and the social situation they face. Accountability therefore requires a skill of involving varieties of accounts (talk or text) not just to transform the negative evaluation, but also to display tension or to demonstrate membership and affiliation with a particular group, and in a particular situation.

Second, the above definition refers to the condition or social situations that people can be held responsible for. Terms like failure, deviations, excuses, insufficient care, effort, defective skill etc. are all different constraints (problematic events), or social situations. Besides the personal view, individuals may apply these terms as the “underlying condition” for giving accounts. Lindesmith & Strauss (1968, p. 81) has said that:

"All reasoning involves processes of self-criticisms, judgment, appreciation, and control. Socially transmitted traditions of thought determine, among other things, which problems are important and which are unimportant, which questions are crucial and which are trivial, which solutions are to be rejected out of hand and which ones are to be judged acceptable, and so on"

Thus, the processes of giving accounts are not just coupled with personal reasoning, feeling, and beliefs as independent factors; individuals take the social rules, social beliefs, and so on, to be accountable for.

In order to be clearer on the definition of accountability by accounts, this study regards accountability, in terms of the workings of vertical accounts (for changing the horizontal accounts) by considering two *interrelated account sequences*;

a) - Accountability arises from the power of vertical accounts in calling another to account on the basis of accusations, criticisms, failure or questions. This aspect of accountability is related to the external influence of the problematic incident and the workings of vertical accounts as a *first sequence* (see Section 3.4.1).

b) - Accountability arises from the responses to the above constraints by employing accounts that implicate justifications, excuses, refusals, or defences (an individual link or internal influences). This aspect of accountability is related to the *second sequence* addressing the workings of accounts in terms of the passive and active responses (see Section 2.4.3).

As it is now clear by definition, the discursive function of accountability involves two sequences. The *first sequence* points at the workings of accounts on the basis of failure, and the *second sequence* at the strategy of the practices of using accounts in response to transforming others' assessment. The transformative function is considered to be the most distinctive feature of accounts as a discursive practice (see Buttny, 1993). This definition is in agreement with Harre's (1979) definition in that structure of normality and social convention are emphasized. By introducing a number of concepts in the following sections, the interrelationships between the sequences of accounts or account processes will be further explained, and through this the definition of accountability will be further expanded.

3.4.1 Definition of vertical accounts

As mentioned above, the definition of accountability is related to the dynamic sequences of practicing 'account' to influence or transform others' assessment. This means that individuals in multiple ways can use accounts to practice accountability. The interesting point is that as a discursive function, the first sequence of accounts (or statements see Foucault 1972) are capable of creating a *context* in relation to which the processes of accountability can be coordinated. This means that by using certain types of accounts, and by the formation of a '*problem*' we can construct the background context thus enabling us to control the processes of accountability. By definition, the vertical accounts are particular categories of accounts structured in order to create the "sequential context" for processing accountability in a discursive way. By the sequential context it is meant that they create the vertical responsiveness. The transmitted vertical accounts put limitations on the structure of accountability by eliminating certain categories of accounts and emphasizing other categories. For example, instead of using our personal views of actions and responsibilities and accounting for them in a self-created order, we use *conditions* for actions as a way to reframe the problem or our

responsibility for it. We can say that in terms of the vertical accounts we focus more on the deviations (problems) e.g., from the legal sanctions or other institutional authority. The genre of vertical accounts focuses on the problems with actions and responsibility, rather than describing the actions or responsibility to transform them. In this way the vertical accounts sequentially communicate the problematic events such as accusation, criticism questioning etc., in relation to which accountability must be organized.

The vertical accounts are formed by means of the antecedent propositions. This means that they are not primordial; they are not constructed on the basis of everyday activities (or folk logic). Their construction is external serving the formative function. Foucault used the term “enunciative function” to describe the formative ability of the statements. The term enunciative function refers to a type of procedural control that puts limitation on natural speeches. Thus, the formative function of vertical accounts is a control function that not only regulates the behaviour but regulates the horizontal accounts as well.

The working characteristics of the vertical accounts are varied and depend on the culture of language practices in relation to which the problematic events are interpreted. Olson *et al.* (1998, p. 18) has identified five different categories of accounts that have emerged from the global language of the NPFM reform. Each of these accounts is structured on the basis of different 'problematic events', and is involved in the public sector in changing accountability:

"The first involves changes to financial reporting systems (including the promotion of accrual-based financial statements across government departments and sectors and a reliance on professionally set accounting standards). The second concerns the development of commercially minded, market-oriented management systems... to deal with the pricing and provision of public services. The third comprises the development of a performance measurement approach... including techniques such as... citizen's charters and program evaluations. The fourth concerns the development or delegation of budgets... especially tried to link budgets (as predetermined plans) with the reporting of results (in financial and non financial terms). The final category of NPFM reform involves changes to internal and external public sector audits, notably in terms of monitoring service delivery functions and providing reviews of the

efficiency and effectiveness"

These categories of NPFM account are examples of vertical accounts indicating the different 'problematic events' externally defined and involved in the public sectors. Thus, the vertical accounts initiate the accountability processes (the first sequence), on the basis of problematic situations. They are sources of accountability. The point here being that to be accountable to others arises not just from the situation of action and responsibility but from the "condition" of the problematic events that one must bear in the mind when offering the accounts. Therefore, in legitimisation one must also adopt the grammatical condition of the vertical accounts in which one is authorized to account. This means that actionable reasons and realistic cues are not often sufficient criteria for which to become accountable. Against this formulation, we can present a definition. *The vertical accounts work as a set of interpretive categories that are abstracts of the problematic situations. They convey ideas such as 'accusation, criticism, failure and questions' as propositions. These propositions are capable of mixing with the utterances that emerge directly from the personal reflection of the actions and responsibilities.*

3.4.2 Language context of the vertical accounts

Vertical accounts are related to the context of the specific language from which they are drawn. Drawing on Olson *et al.* (1998) we may conclude that there is a meaningful reciprocity between different types of the professional management models as the vertical accounts, and the linguistic structure of the NPFM accounts as a global language. Yet, the vertical accounts are different from the NPFM accounts. Such a difference arises from the fact that there is a possibility for the actors to examine the 'veracity' of the vertical accounts, (only) when these accounts interact with the operational activities. Such a possibility does not exist for other categories or models of the NPFM accounts that together shape a central doctrine. Drawing on the notion of legitimated language developed by Berger & Luckmann (1967), NPFM accounts as a whole, exist at the level of taken-for-granted or 'habitualization'. Their 'veracity' is assumed to be unquestionable. In contrast to this, the vertical accounts operate at the level of 'institutionalisation' and their performances can be questioned only when actors face transformational tension. Thus implying that credibility of vertical accounts will be disclosed

through the practices of these accounts but only when the actors find a state of tension, paradox or confusion between their own personal accounts and the vertical accounts.

Olson *et al.* (1998, p. 435) have stressed certain linguistic qualification of the NPFM accounts by reasoning that these accounts have 'visionary' characteristics lacking any globalisation standards at the practice level. They suggested that the real power of NPFM as a set of accounts is to be understood in terms of its "accompanying language being used to define and justify (p. 437)". Therefore, the function of NPFM accounts is the provision of a globally constructed system of logical reasoning and legitimisation detached from its practical functions, outcomes, and consequences. This notion can be explored by referring to a quotation drawn from the work of Berger & Luckmann (1967, p. 82):

“Language provides the fundamental superimposition of logic on the objectivated social world. The edifice of legitimisation is built upon language and uses of language as its principal instrumentality. The logic thus attributed to the institutional order is part of the socially available stock of knowledge and taken for granted as such. Since well-socialized individuals 'know' that his social world is a consistent whole, will be constrained to explain both its functioning and malfunctioning in terms of this knowledge”.

This statement has far reaching implications for any analysis of vertical accounts. The notion that vertical accounts (and the related accountability) can be understood as the integration of institutional order in terms of the type of language that a member of a particular organization adopt or translate. It is important to emphasize that the vertical accounts serve only as the stock of knowledge that has practical implication in a specific work environment for the legitimisation of the institutional order. As stressed by Berger & Luckmann, every institution has a body of 'transmitted recipe knowledge' that supplies the institutionally appropriate rules of conduct. It defines and constructs the roles to be played, and conducts all accounts that are to be produced. Thus, the primary knowledge about the institutional order is to be considered as taken-for-granted knowledge on the pre-theoretical level, i.e., NPFM as the stock of knowledge, has a body of transmitted recipe. This transmitted recipe is the same as 'vertical accounts' that may be varied from one situation to another.

3.4.3 Definition of horizontal accounts

Drawing on the definition of legitimate language provided by Berger & Luckmann (1967) we may be able to understand what differences are between the horizontal and vertical accounts. It was argued that the vertical accounts are loan and adaptation from the NPFM accounts. The NPFM accounts are thus 'a stock of knowledge' that is formed for the interest of the professional accounting group (see Olson *et al.*, Chapter 1 and 16). The types of accounts can only serve the type of 'reasons' in which action and responsibility are defined from the standpoint (i.e., according to the norms) of the professional accounting group.

The horizontal accounts are operatively defined. These accounts are capable of communicating integrity, dependencies and cooperation between different organizational units (see Mintzberg, 1979). In Swedish local governments, the horizontal accounts are discretionary defined, and are thus linked to the multiple channels of information (see Chapter One Sections 1.4 and 1.5). The fact that accounts have discretionary characteristics means that the individuals who produce them can also condition them. There is always a state of tension between the vertical and horizontal accounts. This notion can be further emphasized from a quotation drawn from Berger & Luckmann (1967, p. 89);

"The problem of logical coherence arises first on the level of legitimation (where there may be conflict or competition between different legitimations and their administrative personnel), and secondly on the level of socialization (where there may be practical difficulties in the internalisation of successive or competing institutional meanings)".

The horizontal accounts describe the actions, dependencies, responsibilities, activities, relationships and problems from a personal, group or operational viewpoints. Horizontal accounts reflect contexts where collaborative work, personal experience, professional caring code of ethics and discretionary responsibility are salient features. The vertical accounts, on the other hand, focus on the problem of actions or operations at a distance. As soon as the vertical accounts are entered into the realm of individual activities they may be regarded invalid and 'illogical' or even 'unreasonable'. This is because the operative information is only available at the

operational level (Argyris *et al.*, 1985).

3.4.4 Workings of the horizontal accounts

In terms of the nature of social relationships, the work of horizontal accounts can be distinguished from the work of vertical accounts. According to Goffman (1973, p. 125) those bounds associating the individuals with different social units are based on responsibility and obligation, and have a certain sharing characteristic. He suggested that these sharing characteristics may be best revealed if we analysed them in terms of 'cold' or 'warm' relationships.

To have a cold responsibility relationship with an institution often means that of giving an account in the language of that institution. One must reject the alternative means of communication and withdraw from the alternative rules of reasoning. But, to have a 'warm' relationship often means communicating with others by emotional engagement, while disclosing moral assessments and affections. Furthermore, this means that accountability is more than "the processes of giving and demanding reasons for conduct", it has a significant emotional dimension, cooperative elements, interferences and sharing views.

Thus, the framework of the 'account' is capable of drawing attention on the accountability evaluations, which are aligned with the 'warm' or 'cold' relationship. The focus of a warm relationship is on how accounts are interacted and accomplished in the view of persons and staging cues recognized by that person (Goffman, 1973). The emotional bond with institution has a pervasive effect on accountability (Goffman, 1990). This emotional bond of responsibility and obligation is capable of providing its own courses of articulations in organizations (Fineman, 1993). In practicing accountability, the moral notions of 'good' and 'bad' ascribed to the events and actions are foundations for outlining the accounts. Human capacity to be blamed or to be gratified is morally defined (see Buttny, 1993). Thus, to be held responsible for actions in terms of praise, blame, culpability etc., creates the practical necessity for the communication of accounts in the horizontal context.

Sometimes, it is very difficult in term of accounts to distinctively identify between the 'warm' and 'cold' accountability relationship. This is mainly because accounts are not representational, and they

are used in a variety of ways to convey meanings. For example, the rhetorical use of accounts may be simultaneously involved in both the 'cold' and 'warm' processes of account giving. To depict these warm and cold accounting associations, in Model I, horizontal accounts are divided (deconstructed) into the passive and active responses. The active responses implicate that the 'warm' associations are partly involved, while in the passive responses the cold associations control the complete processes of the giving accounts. Thus, in facing the vertical accounts, in that the deviations from the external code of legitimation are at issue, responses or symbolic expressions may take different characteristics ranging from cold towards warm. In order to describe this in the following sections, three 'genre' of accounts i.e. functional, face-saving and relational are defined. By introducing these accounts I would like to emphasize that responsive accounts are not neutral. They are involved in cold and warm processes of account giving by making deviations from the predicament of vertical accounts.

3.4.5 Definition of responsive accounts

The focus of this section is the proposition that in situations of accountability the workings of vertical accounts are creating *responsive accounts*. This can be done partly through the elimination of the 'non-adaptive' elements, and partly through transformation of the horizontal accounts in sequential structure. This means that in situations of exchange and reciprocity the whole structure of horizontal accounts may either be deconstructed or enforced into a set of '*responsive accounts*'. We can say that responsive accounts are reciprocal accounts, while horizontal accounts are operational accounts. The reciprocal features of the responsive accounts are related to the inter-textual workings of the vertical accounts or the sequential exchanges. It depends on the regulatory power of the vertical account to eliminate other sources of expressions (or information channels) such as political and discretionary (see Olson & Sahlin-Andersson, 1998). The responsive accounts – that arise from the reciprocal relationships between the vertical and horizontal accounts - are only empirically understandable.

As the empirical site, the responsive accounts provide the underlying conditions or assumptions of responsibility or action which can be drawn on to modify the vertical accountability sequentially. Thus processes of giving accounts are less about truthful facts (veracity),

they are much more about “justification”, i.e., account-givers draw on such conditions for actions in their *responsive accounts* as a way to re-frame the problematic incidents or their responsibility for them. For example, instead of focusing on the features of personal or discretionary information the account-givers focus on the degree of *deviation* from the predicament of the vertical accounts and became defensive in their accounting process. The responsive accounts are varied depending on the reciprocal effect of the vertical accounts, severity of the problematic events, and the strategies of the account-givers in practices of using accounts in responses.

3.4.6 Processes of accounts

For understanding of the discursive function of accountability attention must be paid to the processes of the accounts and their sequential role or reciprocity as sense-giving and sense-making symbols. The application of various strategies in the practices of using accounts in accountability results in construction of discourse (as a language-in-use) and establishment of regimes of truth. Foucault (1972) spoke of discursive practices as regimes of truth that both constituted and regulated aspects of the social world. Thus, discourse draws attention to the way a topic or problem is accounted, its disciplinary location, and the way it is framed and communicated. Drawing on Buttny (1993) as a discursive function the process of accounts consists of two sequences: *the sequence of accounts initiation* and *the sequence of accounts resolution*. The sequence of account initiation is either related to the external sources of problematic events (which is sequential) or to the sources of actor’s own “truth” or judgement. In this study the term “problematic events” denotes the external, and the term “discretionary responsibility” the internal sources used in accounting. Depending on the sources used to initiate the process of accounts structure of accountability can be formed and different types of “truth” can be established.

By emphasizing the sequence of account *resolution*, we indicate the necessity for the accounts to be *evaluated* as acceptable by the recipient or audience. This means that evaluation or recognition is a necessary condition for processing accountability to the level of account *resolution*. So "evaluation includes not only a cognitive dimension, but also a communicative act which conveys the recipient's assessment" (Buttny, 1993, p. 25).

Thus, as a discourse, the account processes may comprise one cognitive (first sequence) and one communicative (the second sequence) dimension. We can say that the cognitive and communicative sequences of accounts denote the sense-making and sense-giving properties. The cognitive part consists of components of the accounts which are elements, concepts, or stages of the initiative process. *A priori* concepts procedural rules and expressive elements used for initiation of accounts for accountability are likely to be the terms in which 'problematic events' are cast and the initiative process structured. They are usually the categories for which change of accountability (through changing the feeling of responsibility and behaviour) is sought, and in which the instructions and guidelines are grouped. How components, concepts or stages are interconnected or interrelated to the recipients of the accounts? This depends on how individuals are prepared to change their courses of responsibility, feeling and beliefs. The chosen concepts and elements reflected in accounts are usually the anchor points in interpretation of the 'problematic events' and creation of the evaluative framework. Here, it will be emphasized that from the empirical point of view interpretation of the effect of 'problematic events' on the cognition is often problematic. Therefore, in this study attention is directed to the interpretation of the second sequence focusing on the structure of the responsive accounts in order to show how vertical accounts are intertextually involved.

3.4.7 Function of the problematic events in initiation of the vertical accounts

Problematic events are external (pre-textual) sources of accountability. These are ideas such as failure, inability, inefficiency and accusations not empirically verified but exist independent from subject, situation, and action. The problematic events structure the "critical" event in relation to which the vertical accounts can be processed. The type of responsive accounts that depict agreement or display deviation from the format of vertical accounts captures the notion of 'problematic events' in terms of their effects. Deviations may range from the minor to major, depending on the type of accounts that used in responses.

Scott and Lyman (1968) have focused on the 'problematic events' in ordinary situations. They have argued that problematic events or incidents emerge only when events are not recognized as normal or

ordinary, but as the problematic or unusual. Goffman (1970) has pointed to the concept of 'virtual offence' in capturing the notion of 'problematic events'. He meant that the requirement of accounts only emerge from the 'virtual offence', and this must be recognized by the account-givers. The role of problematic events in the ordinary situation of accountability is different from its role when accountability is vertically discoursed. Buttny (1993) focused on the role of problematic events in the discursive organization of accounts. He argued that 'problematic events' are often structured through the 'naive interpretation' of the action, responsibility, local culture and tradition. This means that in situations of vertical accountability problematic events that are often externally interpreted may not be recognized (not making sense) by the account-givers.

3.5 The discursive function of accountability – the approach of the study

By consideration of the reciprocal (inter-textual) processes of exchanging account - between the vertical and horizontal processes of accountability - we may identify emergences of several 'genres' of accounts. The discursive function of accountability can be examined by analysing the working capacities of these accounts. This means a movement from the horizontal to vertical accountability or visa versa can be empirically understood only when it is observed that certain types of accounts are deconstructed and replaced by other types of accounts that are constructed reciprocally. To understand this reciprocal form of transformation we first need to know about the 'genre' of accounts in general terms, and their workings capacity in horizontal and vertical directions.

Generally speaking, this study outlines the 'genre' of legitimating (justification) accounts in three groups. These are *functional accounts*, *accounts for face-saving*, and *accounts for relationships*. The two first groups of accounts, e.g., functional and face-saving are related to the processes of accountability with consideration of the sequential rules and codes of conduct that were previously discussed under the title of responsive accounts.

The relational accounts point towards the primordial types of utterances. On the basis of free choice and self-created order actors control these accounts. Buttny (1993, p. 2) argued that "if a person can convincingly avow that he/she did not act freely, then the burden

of responsibility cannot not hold". The relational accounts are thus accounts on responsibility, in the sense that actors act on the basis of discretionary or her/his own judgment, and communicate to others on the basis of self-created and self-controlled symbolic orders.

3.5.1 Functional accounts

If the sequences of accounts are strongly conditioned by the rules of vertical accounts, the responsive accounts may take a functional structure. There is an interaction (dialectic) between strategies of the responsive accounts and the societal constraints of the problematic events. According to Buttny (1993) actors may interpret the problematic events as a social norm and construct preferred meanings. This will lead to the view of accounts as not only being a representation of action, but as a presentation of actor's preferred interpretation. This formative conception reflects a functional view of accounts. "Functional in that the emphasis is on what speech does in interaction, to justify, excuse, mitigate, explain, and the like" (Buttny 1993, p. 21).

Thus, in interaction with vertical accounts, the horizontal accounts may fundamentally change their characteristics and become functional. Functional accounts refer to the accounting strategies that persons employ to display 'formative conception' with the vertical accounts. In designation of the functional accounts, a primary focus is to preserve a linguistic coherence with the vertical accounts and to eliminate the alternative options from the communication. In functional accounts, the emphasis of offering accounts is to maintain hierarchic relationships through re-configuring actions 'in the language' of the vertical accounts.

We may find two types of functional accounts that slightly deviate from the canon of 'reproduction of vertical accounts'. These are accounts for *excuses* and accounts for *justifications*. In relation to these accounts, actors may draw on 'conditions' and display 'negotiation' to communicate the previously unknown or unappreciated circumstances. Yet, in these accounts language is used rhetorically to shape how deviation from the problematic events should be interpreted, not how courses of actions should be changed in order to affect the events in regards to the context of situation. Scott & Lyman (1968) draw on Austin's classical formulation and make distinctions between accounts intended for excuses and

justifications. Excuses serve to account by admitting the negative effect of events but denying your own responsibility for it. For example, if the problematic event is 'low profit', a manager may report that the decrease in profit is not related to the failure of using an appropriate management control mechanism but, for example, to the decrease in market prices which cannot be controlled. Whereas, justification involves claims that responsibility is accepted but culpability is denied due to other causes. For example, budgeting deviations are recognized, but argued that for achieving the balance the cost of personnel could not be reduced without a strategic plan for investment in automated modern machinery. In general, the functional formative of accounts often serves the formal explanation, and may not affect the account givers action directly. Negotiations, in terms of excuses and justification, will often lead to the maintenance of an increasing emphasize on the guidelines of the vertical accounts and the decreasing of the deviations.

When the severity of the problematic events is increased negotiation will be eliminated from the context of the account exchanges. In this case, the functional accounts move towards a “realistic” structure representing domination of vertical accounts in manifestation of accountability. Drawing on Foucault’s (1972) notion of discourse, realistic structure indicates a moment of 'statements' that suggests that no choice or control remains for the individuals to influence their own assessments.

3.5.2 Accounts for face saving

Interaction between the vertical and horizontal accounts may create a sequence, or a type of discourse that may have face-saving (or defensive) characteristics. By face-saving, the accounting strategies involve both the actors' view of events, and the actor’s view of relations with the problematic events. Face-saving accounting strategies are different from the functional accounting strategies, in the sense that the latter accounts seek only cohesiveness with the vertical accounts. Thus, the functional accounts lack actors' '*evaluation*' of the actions and events. On the contrary, in giving the face-saving accounts, actors test their own capacity in structuring the responses by involving '*self-evaluation*' or '*self-rule*'. Actors may try out various accounts of a failure (in response to the problematic events) to see which is the most effective. Yet, the actors cannot offer just any accounts. To be convincing and legitimate, accounts need to

be congruent with the 'constraints' or problematic events, i.e., actors cannot deny 'veracity' of the vertical accounts, but try to lessen responsibility for the deviance by citing various qualifying circumstances.

In ordinary situations, the face-saving accounts work in a variety of ways. According to Goffman (1967), when a person is intended to be regarded as a competent and goal-oriented or wishes to be respected by others as a member of socially accepted status they interact by face-saving accounts. These accounts have many characteristics depending on communicative ability of the actors in relating the problematic events into the accounts and redefining the self in communication. In contrast to the functional accounts, in face-saving accounts events (feature of deviation from the vertical accounts) are not primarily emphasized; rather the *'account givers communicative capacity'* is in focus. In contrast to functional accounts the work of face-saving accounts is to justify rather than to represent the "reality".

Face-saving accounts can be *remedial* when individuals explore that action or performance is not consistent with one's claim to good character. Thus, by 'remedial accounts' one tries to correct the incident through remedial formulation (self-justification cues) thus preventing threats to face.

The *ritualistic* strategies are among the distinctive types of the remedial accounts. The ritualistic strategy is often related to the situation of involving management accounting in accountability. For example, Ahrens (1996) argued that problematic events that arise in the course of professional managerial performance are at times less about substantial or material matters than about ritualistic concerns. The ritualistic strategy applied by managers when they accounted more with the rational standards in order to impress and present themselves as a skilful professional individual. Goffman (1976) developed this ritualistic or ceremonial feature of the account by focusing on the concept of 'sacred'. He meant that conceiving of the self as a kind of 'sacred object' can be structured by accounts of the type called face-saving. Buttny argued that face-saving accounts are used for self-image. He stated that depending on the severity of the problematic incident more of the ceremonial accounts serve to lessen the negative implication of the actor's performance. Brunsson (1980, 1984) focused on the relationship between rational decision-making

and action emphasizing that when the interaction between the decisions and actions is disrupted, or breaks down for some reason, the ritualistic acts emerge to serve face-saving. According to Argyris (1990) in certain situations managers involve in defensive reasoning by construction of statements that have ritualistic characteristics.

In sum, the basic differences between the accounts for face-saving and the ones for functional work can be derived from the notion of societal constraint and individual autonomy. Functional accounts serve more often on the basis of problematic events as the societal constrains. In functional accounts one responds to the prior blame - or problematic events - as a passive response. While, in face-saving accounts, actors actively construct and formulate the problem in accounts to serve their own interest or that of the member. The sharing characteristics of these accounts emerge from the notion that they obey the priori conceptual schemes (signifier), examining if these schemes are in agreement with the factual courses of events, actions and responsibility. In this way, these accounts lack the capacity of communicating the factuality.

3.5.3 Relational accounts

The relational accounts are primordial and involve a familiar language; the individuals employ the accounting strategies to reflect on the actions, events and responsibility (operational activities), rather than reflect on the problematic incidents or to a priori conceptual scheme provided by the vertical accounts. In general, accounts for relationships express about the actor, the actor's view of action, and the actor's view of relations with others (Buttny 1993). In terms of the relational accounts, what is 'true' about the problematic incidents may be negotiated and against these accounts the 'veracity' of vertical accounts can be questioned.

According to Buttny (1993) our sense of having individuals' opinions (policies, strategies, moral etc.) needs to be seen as implementing the accounts in familiar language or conceptually interrelated terms which comprise the notions of obligation, knowledge, constraints, blame, praise, ability etc. Thus, in relational accounts one uses different contexts, and may involve the verbal negotiations designed to show one's relation to the action, events and *emotional alignments* with others. The use of local and familiar language, and operation of face-work accounts play a key role in giving accounts of

relationships.

In relational work, accounts reflect the exhaustive listing, classifications, interests and emphasizes of a given group, community, or culture (Miller, 1972). Relational accounts communicate the types of moral (bad and good) and evaluative (true or false) dimensions that are only relevant for that particular group or community. In this sense, the language, in relation to which accounts are provided, is different from the language in relation to which the vertical accounts are discoursed.

In contrast to the functional accounts relational accounts works in their wider context to include both the dialogical and face-work expressions (Goffman, 1990). Disregarding their features, when accounts circulate between members of a team or organization, they serve for relational alignments, intercommunication, or social lubrication (Buttny, 1993). According to Goffman (1990) in face-to-face interaction, the nonverbal or vocal components are especially significant for displaying affection and community belongingness.

In sum, the basic differences between functional and face-saving accounts on the one hand, and relational accounts on the other, emerges from the fact that in these latter account strategies, account givers are not constraint by the predicament of the problematic events. The account givers are not merely reacting to an accusation rather than in giving accounts they engage in spontaneous activity, and symbolically constructing their own experiences, events and episodes.

3.6 Summary of the account categories and their meaning-making structures

In the definition of accountability, an attempt was made to provide an inter-textual framework (see Model I) for drawing attention to the meaning-making structures and practices of accounts as a product of human symbolic systems. The aim was to illuminate the sequential workings of accounts in terms of sense-giving and sense-making exchanges. In doing this, attention was drawn beyond the traditional themes of studies such as linguistics, rhetoric, and speech communication and argued that the focus of accounts can expand our understanding of the processes of accountability. The focus of accounts can broaden the scope of the traditional linguistics from

formal-structural models (realist) to practical, functional and reciprocal model that heavily emphasize the role of “legitimation” in the processes of giving accounts.

In the above sections, accountability was defined in terms of the practices of using accounts. In particular, an emphasis was made regarding the discursive responses to the problematic events of various types, and sequentially of accounts in affecting cognition and in the changing of the grammatical structure of language-in-use. The emphasis on the sequences of accounts means that accounts have reciprocal characteristics. They are seen as the on-going and sense-making features of inter-textual practices. Two key concepts of *vertical* and *horizontal accounts* were presented to reflect on the inter-textual practices of accounts. It was argued that components of the vertical accounts are linked to the problematic events that are externally structured. Horizontal accounts, on the other hand, emerge internally, for example from the interpretation of operational activities. Thus, in the situation of vertical accountability the individuals draw on ‘*problematic events*’ such as failure, accusation and blame and account systematically. In this way accountability takes a *sequential* structure. But when horizontal accountability is in operation the internal sources of accountability are used, for example, individuals draw on “discretionary responsibility”, experience, professional ethical code, action cues etc., to manifest accountability.

To introduce the discursive function of vertical accounts the concept of *account processes* was introduced. By focusing on this concept, the sequence of *account initiation* was distinguished from the sequence of *account resolution*. It was argued that processes of accounts have one cognitive and one structural aspect. The cognitive aspect is related to the sequence of account initiation and is difficult to be empirically verified. Whereas, the sequence of account resolution generates a different ‘genre’ of accounts which can be studied empirically.

Finally, the different ‘genre’ of accounts presented by concepts of *functional*, *face-saving* and *relational accounts*. It was argued that to understand the workings of vertical accounts we must focus on the sequential processes of accounts by which the horizontal accounts were deconstructed or replaced by other types of accounts.

In the following parts, the intention is that by focusing on a number of researches presented in Olson *et al.* (1998), to further interpret how the vertical accounts changed the processes (structure and criteria of evaluation) of the governmental accountability.

3.7 Workings of the NPFM accounts in the light of empirical evidences

One way of understanding the effect of the NPFM reform on the directive of public accountability is to view it as a set of vertical accounts. Viewed in this way, studies that are presented in Olson *et al.* (1998) showed that NPFM reform is structured on the basis of the discursive principle of vertical accounts forming a group of logical, external, independent, and standardized accounts. The empirical focus of these studies explains the effect of NPFM by characterizing its sequential involvement by revealing various underlying motives, structures and evaluative criteria.

In essence, the empirical works presented in Global Warning, address the key question of how the power of management accounting as a set of professionally defined rational accounts, generated social constraint on the scope of the traditional public accountability. In answering this question and in order to reach a higher level of analysis the empirical materials were collected on an international scale. The empirical materials were analysed by reference to the different rhetorical forms and sub-discourses related to the doctrine of NPFM reform. In this way, various rules governed the vertical formation of the NPFM accounts were examined.

Olson *et al.* (1998, Chapter 16) have argued that much of the observed regulatory effects on the processes of accountability come from the workings of professional management accounting. However, evidences from the national studies are, they argued, of a much more intangible, varied and contradictory phenomena. They have emphasized on the symbolic power of these accounts, for example, by stating that:

“...NPFM is a concept capable of definition and application... we are using NPFM as a label for a reforming spirit intent on instilling greater financial awareness into public sector decision making....We are not implying the existence of a pre-prepared, off-the-shelf set of financial techniques for use by any eager public sector manager,

politician or others. Indeed, the project's emerging themes challenge a number of existing myths about NPFM and reveal the scope for alternative conceptions of public sector management" (Olson *et al.*, 1988, p. 436).

In this quotation, the doctrine of NPFM is introduced in terms of its 'reforming spirit' and the notion that its central function is instillation of financial awareness. Terms like 'reforming spirit' and 'financial awareness' refers to both the cognitive and communicative characteristics of the NPFM reform, implicating its discursive function and its sequential power of rule making. These characteristics are associated with the workings of the vertical accounts presented in the above section.

The cognitive influences of the vertical accounts can be clearly drawn from a discussion presented in Humphrey *et al.* (1998). According to their analysis, the NPFM reform is one of the most important means of initiating, synthesizing, and reinforcing perceptions, thought and behaviour in the course of public management.

From the implementation of the NPFM accounts different structures of accountability may arise. For example, Bowerman (1998, p. 402) argued that "two main tensions are apparent from the national studies in the context of accountability: tensions between the different roles assigned to the public through the NPFM reforms and between different interpretations of accountability". The evidence given in the Global Warning implies that the theme of NPFM has created varieties of the linguistic effects in the domestic affairs of the public sector. One basic tension can be related to the role of "citizen" and "consumer". The NPFM reform emphasizes on the role of "consumer" and the function of "customer" as an evaluative and measurable basis. According to Bowerman, "citizen" should be related to the political and consumer to the economic fields. "The word "citizen" suggests the historical symbol of democracy while "consumer" suggests comparative shopping leading to individual economic decisions" (Bowerman, 1998, p. 403). Olson *et al.* (1998, Chapter 16) concluded that at the implementation levels there is no one such system of public financial management, event in those countries, NPFM reforms have been labeled as active NPFM reformers. According to Olson *et al.* (1998, Chapter 1, p. 40) "different types of reforms have been promoted at different levels of government, by different political parties and in different social and

economic contexts”. In fact, variations in the application of NPFM reform, and in national interpretation, characterize the notion of vertical accounts at work.

The empirical evidence in Olson *et al.* (1998, Chapter 1) further indicates that NPFM accounts, as social structure, created a major effect upon the culture of bureaucratic and political governance and upon various styles of traditional accountability. In a number of countries, too much emphasis was placed on the status of NPFM accounts and this created a problem of transformational tensions in changing from traditional accountability to NPFM accountability (see Bowerman, 1998). The analysis presented by Bowerman suggested that the accountability patterns of the local governments in different parts of the world did not react to NPFM reform in a similar way. She stressed that during the implementation there was *paradox, tension, and confusion*, between various systems of traditional local accountability and NPFM reform. For example, she analysed that NPFM imposed additional problems to the current problems of governmental budgeting. In some cases, the local costs increased and even quality of the produced services decreased. In another case, local agents failed to practice their accountability on the basis of municipal acts or political discretion. In other cases, the traditional model of political control was totally replaced by NPFM control mechanisms. The strongest points made in the analysis of accountability in Global Warning led to the emphasize that in view of NPFM reform, public accountability is narrowly focused. Above all, the NPFM reform displaced accountability from having a political/bureaucratic focus towards an accounting control focus without producing improvement, at the operational level, for example, on the quality of service provision and service delivery.

Change of accountability is partly discussed in Chapter 13 worked out by Laughlin & Pallot (1998) under the title of 'Trends, Patterns and Influencing Factors'. They focused, in fact, on the general trends of NPFM influences by identifying the dominating characteristics of its cardinal doctrines. They conceptualised the (processes of account) influences by making distinctions between contextual and intervening variables. The contextual variables are (see p. 380):

- A. Stimuli (fiscal stress or financial scandal).
- B. Structural variables e.g. characteristics of the social environment and politico-administrative system.
- C. Implementation barriers e.g., legal system, size of jurisdiction,

staff qualifications.

In order to explain the cardinal doctrine of NPFM further, (by referring to the work of Luder 1992 and Hood 1995) Laughlin & Pallot add two intervening dimensions to the above-specified variables. These dimensions are 'motive' and 'opportunity'.

Motive relates to the drive to do something – or as defined by Hood (1995) “initial endowment” – the position from which different structure of change start. If we turn back and look at the framework of “accounts process” and its power of sequential linking, motive implies the notion of the “problematic events or incidents”. The term motive further implicates belief in superiority of commercial accounting, superiority of Anglo-Saxon accounting standards and business management methods compared with the traditional bureaucratic methods.

Based on these distinctions, Laughlin & Pallot have explored the fact that NPFM is influenced two things: (1) the lessening or removal of differences between the public and private sector and (2) a shift in emphasis from process accountability to accountability in terms of result.

In Chapter 9 of the Global Warning, Olson and Sahlin-Andersson, draw on the procedural function of NPFM movement in Swedish public reform. They have emphasized the significance of two factors:

1. Elements of the NPFM reform impacted the norm systems of traditional governmental budgeting and accounting. By implementation of private sector accounting, the public sector converted to, and was accounted for, as a set of independent (business) organizations.
2. Elements of NPFM reform affected the directives of “discretionary responsibility”. By implementation of business management, the professional competences were traded for the managerial skill. The administrative and financial discretion were replaced by value for money auditing and management control by profit accounts.

In Global Warning, the basic emphasis of the analysis oriented on the intended and unintended *consequences* arose from NPFM implementation. The major discussion is concerned with the symbolic

effects of the NPFM reform in terms of evaluatory trap and language reform.

“..it became apparent it was not just NPFM techniques themselves which were capable of changing national processes of public sector management and service – but that their impact depended heavily on the accompanying language being used to define and justify them” Olson *et al.* (1998, Chapter 16, p. 439).

Further, they argued that by changing the feeling and belief systems in local government, professional management accounting produced powerful rhetorical consequences. Olson *et al.* have suggested that, *paradoxes*, *confusion* and *contradictory outcomes* are the key points in approaching the consequences of the NPFM reform implementations.

The views presented in the Global Warning have some key sharing characteristics but at the same time varied in terms of empirical focus implying that the effect of NPFM was interpreted differently. In these studies, the immediate cause of NPFM implementation are seen in terms of a wave of managerial interventions that vary from country to country, and are coupled with different *consequences*. In addition to this, the presented analysis is based on the up-to-date accounts of the ways governments tackle different financial constraints by organizing and mobilizing different accountability approaches.

In the following sections some of the intended and unintended consequences presented in the Global Warning will be repeated.

3.8 Consequences of NPFM reform implementations

In this section, by characterization of a number of accountability themes - which are antithetical to the traditional governmental norms - and specified in the Global Warning, some of the intended and unintended consequences of NPFM accounts will be presented. The intention is to look at the work of NPFM accounts as a discourse that affects legitimation systems of the national governments by fabricating principles, guidelines and belief for the actors to act and account. As suggested by Olson *et al.* (p.437);

"It is not just the NPFM techniques themselves which were capable

of changing national processes of public sector management and service - but their impact depended heavily on the accompanying language being used to define and justify them (emphasize was added)".

The intention is to describe the extent to which meaning attributions of vertical accounts (as the accompanying language) influenced the operational activities, and the level to which the political and culturally rooted structures of public accountability became objects of standardized and rational treatments. How the tradition of the state bureaucracy, of local particularism, and of the established legal procedures put limitation on the adoption of the reforms.

- *Financial constraint*: Generally speaking, the approach of NPFM shows interest in Anglo/American method of public accounting, service delivery, and application of "value for money method" to achieve spending constraint (see Schedler, 1998) in that the application of markets and contracts are typical for exercising public accountability. Olson & Sahlin-Andersson (1998) have explored this, as part of the historical impact implementation of NPFM in Sweden. It can be traced in the efforts for "data unification", standard setting, and full cost measurement that imposed a tighter financial control on the local governments:

"The 1992 Local Communities Act also supported the changing form of accounting, with municipalities requested to apply accrual accounting and to produce consolidated financial statements" (Olson & Sahlin-Andersson, 1998, p. 255).

- *Fragmentation of local governments*: NPFM reform has fragmented the processes of local management accountability by changing the rules of accounting (Olson *et al.*, 1998). This is achieved in the rhetoric of 'decentralization' coupled with implementation of 'responsibility accounting' based on the 'profit centres'. In order to be able to calculate an income, a new type of accounting transaction was constructed which created an artificial, but nonetheless, a revenue for a profit centre and a cost at the local government's central finance. This created a new type of responsibility centre, in which:

"Discretionary cost-centre units get transformed into profit and balance sheet centres (where a manager is responsible for both financial performance and current asset management)" (Olson and Sahlin-Andersson, 1998).

- *An emphasis on the public as customer and on customer choice:* The public was defined as individual customers when viewed by NPFM accounts. They had to choose within a market place with rights to make choice from alternative service providers. Theoretically, the method may be assumed reasonable, particularly, in enhancing effectiveness in the public sector. But, according to Olson *et al.*, the outcome was creation of passivity for the local actors to participate in the process of exchange and to organize their action accountability. The reason for this lies in the implication that the customer concept is a limiting context for describing the capability of the public sector as service provider and the ability of citizens as consumers of public goods. In particular, it is seen that there are no standards for the evaluation of needs and service outside the context of "delivery". Olson *et al.* have further argued that the construction of service standards reduced the learning capacity in the public sector because possibilities are shifted out as they are interpreted in the context of rational accountability.

- *Commitment to competition.* An increasing range of services is to be subjected to competition from the private sector. Management accounting techniques are assumed to provide cost-based argumentation for the procedures. One important argument arose from the consequences of competitive thinking in the public sector, and was presented by Guthrie & Parker (1998). They argued that the political economy of local governments must be seen differently from the competitive market. Local judgment of need is a better basis for economy than matching the economy with market competition. In fact, the citizens and communities are more informed about local performance and need than the 'competitive market'. This shift of focus has far reaching consequences for practicing local accountability. It is in the heart of local accountability that participants themselves explain the circumstances of service deliveries to central governments, to citizens, and to the local politicians.

- *The separation of the purchaser role from the provider role:* Rational language of NPFM has caused the focus of attention being drawn from the trusted relationship held between the governments as service producers and citizens as the service users, and towards the commercial concepts of contractor, purchaser and client. (See Bowerman, 1998). This approach disintegrated the processes of accountability, dividing them between the planners, controllers, and managers. According to Olson & Sahlin-Andersson (1998) NPFM

reform created separation between processes of service giving, processes of accounting and processes of local political decision-making.

- *Moving from responsiveness as standard of local public service delivery towards budgetary constraint, cost accounting, and profit centre as standard of rational management accountability.*

A key consequence arising from this transformation was developed by Olson & Sahlin-Andersson (1998) as a shift from the act of discretionary responsibility towards the act of formal-textual accountability. This is an important hypothesis for the study of accountability in the Swedish context, and will be referred to many times during this study.

These are the main themes that challenge national public entities, and that combined will emphasize the emergence of the new accountability practices. By presenting and problematizing these themes, Olson's *et al.* (1998) have concluded that the specific factors of change require investigation and analysis beyond the boundary of traditional management theories. They have suggested that an analysis of NPFM is needed in order to make sense of the linguistic effect of the professional accounting at the *operational level*.

3.9 Conclusion

In the beginning of this chapter a (*a priori*) conceptual framework was outlined to exhibit the processes of accountability. In order to enrich the content of this framework accountability was defined - on the basis of its dynamic perspective - drawn from the work of accounts. It was argued that the basic advantage of using accounts in definition is that by using this approach the meanings of accountability across the organization can be randomly searched. The "problematic event" was emphasized as a primary source to search and analyse the interactive effect of vertical accounts in relation to the construction of accountability. It was also suggested that by defining the *responsive accounts*, e.g., categorization of these accounts in different groups, and the structuring of a prior scheme on their works, the occurrence of the discursive effect of NPFM on the accountability could be fruitfully explored.

In the theoretical framework presented above, the *vertical accounts*

are regarded as a linguistic site for formulation of the problematic events and initiation of the *account sequences* for changing accountability. The workings of vertical accounts are to deconstruct the *relational accounts* and construct the *face-saving* and *functional accounts*. By 'bracketing out' the overall risks emerging from the relational accounts the accountability communication can be controlled. The vertical accounts are fundamental for the working of 'functional' and 'face-saving accounts'.

The horizontal accounts are considered as a site for reflection on the day-to-day activities. They stand guard over their existence, by engaging in the reality of activities, uncertainty of events, courses of obligation and responsibility.

By definition of the account process, it was argued that accounts have two sequences. These are the *sequence of initiation* and the *sequence of resolution*. Further, the account process formed by vertical accounts may have two effects. One effect is *structural* in the sense that the relational accounts may be deconstructed. Another effect is *cognitive* (or *evaluative*) in the sense that responsibility may be changed.

In the second part, by drawing on the empirical studies presented in Olson *et al.* (1998) different sequences and workings of the NPFM as vertical accounts were reflected. It was discussed that the language of professional management accounting or NPFM is inherently risky for traditional governmental accountability. By focusing on the empirical evidences it was concluded that under the constraint and control surveillance of NPFM accounts, governmental accountability was disintegrated in several ways. The framework of accounts will be used in the analysis of the empirical materials.

Chapter Four

Alingsås case study - The effect of “profit centre” on horizontal accountability

4.1 Introduction to Alingsås case study

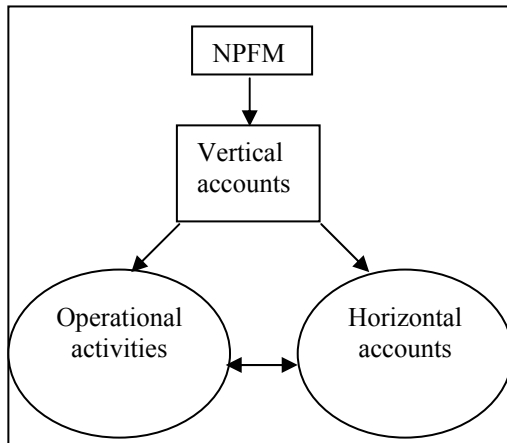


Figure 4.1: Illustration of structural change effect on the processes of local accountability

In the first chapter, it was argued that in Sweden there is a reform move towards NPFM. Central to this reform is the implementation of private sector accounting, coupled with a professional style of management accountability and concepts. It was hypothesized that the reform may shift the governmental accountability from the basis of ‘discretionary responsibility’ towards the basis of formal-textual accountability.

In the second chapter, the methodology of discursive analysis for tracing the influence of the NPFM reform was proposed.

In the third chapter, a theoretical framework for the understanding of accountability was presented. This chapter focused on the definition of accountability by “accounts”. By focusing, on the works of, e.g., Goffman (1990), Buttny (1993) and Olson *et al.* (1998) it was found that the concept of 'account' is a striking metaphor for the analysis of the accountability change. Attempts were made to subject the “accounts” to an expanded theoretical scrutiny. The discursive approach of the study was outlined by presentation of the three flexible categories of accounts, namely, *functional*, *face-saving* and

relational. These accounts will be used for the classification of the empirical data, and the analysis that follows. The categories of accounts provided a framework in which the problem was recast.

Thus, through the discursive approach of accounts this chapter focuses on the workings of the NPFM accounts at the operational level (see Figure 4.1). Here, attempts will be made explore the capacity of the NPFM accounts in organizing the responsive accounts. The emphasis is placed on the account processes in relation to which the traditional horizontal accountability deconstructed and vertical accountability constructed. For example, examining how an action, event, responsibility, obligation, activity, or state of affairs becomes identified and labelled by rules of the vertical accounts. To be more specific, it is an attempt to explore the power of vertical accounts in distribution of rules, and in maintaining the 'sortal persistence' (see Chapter Two). In identification of the vertical effect the discursive approach of accounts presented in Chapter Three will be applied.

4.2 Framework of the case study

The case study starts by presentation of the method used for the collection of the empirical materials. The main sections of the case study attempt to present the structural influences of the NPFM accounts on the horizontal accounts. The approach is based on the interpretive perspectives drawn from the empirical materials. These materials are collected from the three interrelated areas.

As depicted in Figure 4.2, in the main sections of the case study, some segments of the empirical materials relating to the (1) organization, (2) budgeting and accounting, and (3) accounts-talk are presented. As a whole, the perspective of the accounts-talk is presented in the last part. The reason for this is related to the notion that accounts-talk provides a wider context for the interpretation of the account processes. This view is even emphasized by Buttny (1993, p. 38) who argued, “the accounts-talk and conversational exchanges extend our understanding of the account process”.

In the final sections of the case study, an attempt will be made analysis the influence of the NPFM accounts and come to a conclusion.

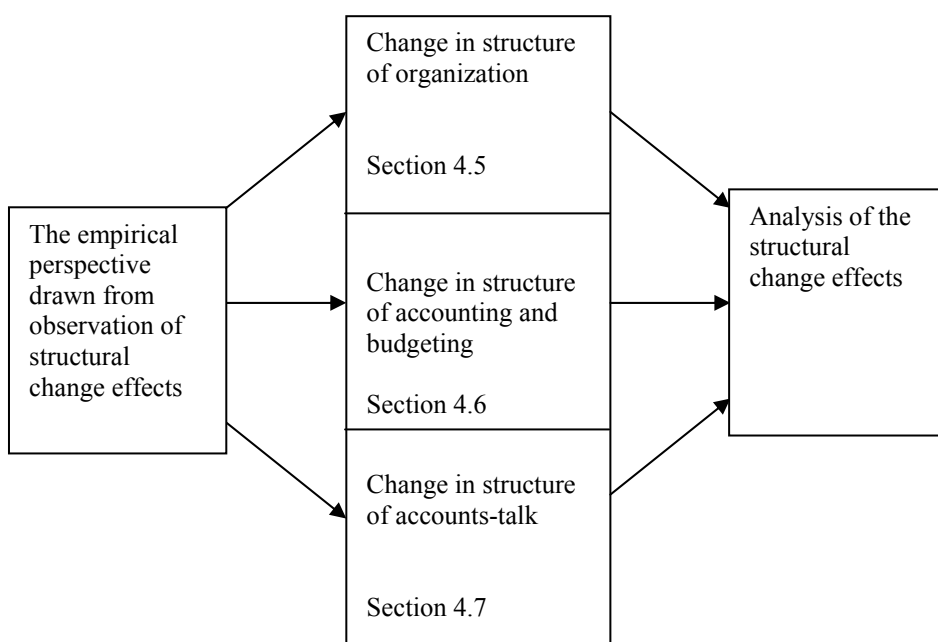


Figure 4.2: Illustration of a framework for the case study

4.3 Method of data collection

The Alingsås case study is built on the method of interview. Interviews are sites for the exchanges of accounts-talk. The case study examines the exchange of accounts-talk with regards to their *underlying conditions*. Account-givers commonly draw on various *conditions* for their accounts as a way to reframe accountability. And accounts-talk will be analysed for how it functions in various problematic situations.

In addition to the interviews, a study of documents was also carried out. This was based on the wish to give a complementary support to the analysis of accounts-talk. The particular strength of this method is its ability of finding how NPFM accounts are routinely enacted and receive a wide spread ‘sortal persistence’ (see Chapter Two). According to Silverman (1994), there are interactions between organizational documents and actors' utterances about action. This means that by conjoining documents with accounts-talk an interaction can be attained. The general point being that in situations of changes, accounts-talk and statements like accounting and budgeting are not different in kind; they are each linguistic reconstruction of events. It should not be said that they have similar epistemological status or grammatical structure. Instead, it is argued that in view of this particular study, attention is given as to how each

of these accounts are used, evaluated and inter-actionally negotiated. The combination of accounts-talk and documents is seen to offer a valuable site for uncovering the taken-for-granted assumptions and *conditions of right action*.

Drawing on Buttny (1993), to be meaningful, accounting, budgeting or other organizational statements have to be interpreted within a context that is created through accounts-talk. Thus, if the main focus of the case study is on the interview materials, this will be due to the fact that the accounts-talk produced in the setting of interviews, has a wider range of implication (see Jönsson, 1994). This means that interviews can provide a wider context for interpretation of accountability of which documents and textual reporting is a part. Further, analysis of documents, in a setting of the accounts-talk, has the merit of disclosing in which direction text-units were subdivided, disintegrated and overruled or how the ongoing activities became separated from its textual context or transformed to the independent objects.

In sum, by giving more emphasize on the interview materials, the objective was to elucidate inter-textuality (pre-text, text and context); for example, how the horizontal accounts were regulated or assigned with explanatory power of the vertical accounts. How far the vertical accounts were enacted, and as the consequence of such a textual practice, meaning of the discretionary responsibility was transformed.

4.4 The interviews

This case study is built upon tape-recorded materials. Tape-recording materials derived from the wider setting of interviews. Interview, as a method, is a radically empirical approach to studying talk-in-interaction (Silverman, 1994). By interview, the respondents organize their exchange of utterances by interacting with various textual and pre-textual contexts (see Chapter Two).

The local managers who were interviewed had experienced a long tradition of working with a professional code of caring. They had also professional competences in the organization of the child-caring services and cooperation with politicians. They considered their responsibility as an on-going process qualified by competences in problem-solving on the spot. They used to work on the basis of

discretionary responsibility (see Chapter One). To further emphasize the tradition of discretionary responsibility, I refer to the works of the writers such as Jönsson (1988) and Czarniawska-Joerges (1988), who found that the local organizations have continuously managed to maintain their daily operations, to a great extent, decoupled from the impact of external "reforms" that were often guided by the budget.

Against this background, 12 managers were chosen (by help of an organizational scheme) to participate in the interviews. The interviews were carried out on several occasions and became a part of a longitudinal study that lasted about five years, beginning in the period of 1990-91- when the reform was introduced and ending in 1995-96 - when the reform was impacted.

The interview was organized around 10 open questions (see Appendix 1). These questions were used as the basis in which to create a conversational atmosphere (Silverman, 1994). In the setting of an interview with open questions, the accounts-talk took a sequential circulation and represented the dynamic reality of meanings and shift of focus. A mix of the area managers and front-line managers were considered mainly in order to capture the variations in accounts with regard to their performative structures (Czarniawska-Joerges, 1993). The method of mixing two different levels of management has the advantage of providing a better support for the characterization of the accounts' processes, and their distinctive functions in structure of organization. The aim of the interviews was to examine how these managers interpreted NPFM and employed change in their budgeting and accounting structures, also applying them at lateral, as well as horizontal levels of the local organizations. An important intention was also to trace the disjunctive structures (involving movement or underlying conditions) of the vertical accounts in accounts-talk, in order to understand how these accounts were aligned with the actors' belief and courses of responsibility.

The interviews were conducted in a way that allowed spontaneous involvement. I, together with two other project members, not only tried to conduct the pre-designed questions, but also talked with them over coffee, sharing their views about the plans that they hoped to realize in the future. In fact, an open interview was carried out with the possibility for engaging the accounts-talk in different contexts. Thus, during the interviews, the local managers expressed

themselves freely, and in accordance with their own personal values, roles, and proximity to the different organizational, accounting and budgeting values. The aim was to reduce the restriction and effect of the pre-planned questions, and to increase variability and contextuality providing space for the free flow of accounts and concepts.

Questions - that prepared for such a soft environment - shaped the conversation themes around which respondents articulated their meanings (see Silverman, 1994). All respondents had worked either in pre-school or in similar cultural environments for most of their working lives. Two respondents (front-line managers) worked for several years in administrative parts of the local government and lacked professional competence in childcare. Every conversation lasted between one to two hours.

We used a tape-recorded method. This method allows for the repeated observation and detailed description of talk-in-interaction in ways that were not previously possible (Hopper *et al.*, 1986). Instead of the researcher relying on memory, imaginative reconstruction of events, she/he can now study tape recordings of conversations (Buttny, 1993). Tape recordings offer the advantage of repeated observation, and writing up transcripts to inscribe important verbal and non-verbal utterances. I listened to tape recordings several times, wrote down their contents and selected segments of the accounts-talk. By applying a thematic approach, the stream of accounts-talk obtained textual structure. In this way accounts-talk became communicable for the context of research. It should be admitted that repeatedly listening to the tape recordings reveals features of interaction (exchanges of accounts) that are commonly "seen but unnoticed" during the actual conversation, or could not be accurately remembered afterwards. Transcription was attempted during the actual conversations, and in moments when the tape-recording was not in use.

4.5 The traditional characteristics of child-caring organization

Up until the beginning of the 1990', Alingsås's local nursery schools were organized in a highly organic manner (see Lawrence and Lorsch, 1967). Nursery schools were occasionally closed and opened again, their personnel changed and staffed by different experts,

depending on the number of children in the area, municipal economy, needs of the children and parents, and how far the children and parents should travel to reach the alternative centres. The operational information was primarily used as a source of accountability to form and reform organizations (see Jönsson, 1996). Accountability could thus have different characteristics depending on factors such as children's needs, the type of activities that developed to cope with these needs, and also the personal judgment of the situations (see the interview materials). In the first place, the local managers acted upon the information that was available to organizational participants and elected politicians, because this information was easy for them to get. The basic problem for each local manager was not how to obtain additional information, but more in how to act on the basis of this already available information. The content of this information was varied, which meant that they could not act in a 'routine-based' manner. And finally, information was trusted because it was often received by dialogue, interpreted on the basis of inter-subjective agreement, and as noticed by Jönsson (1996, p. 12), it was related "to the person's sense of being familiar with the situation".

Drawing on Jönsson's (1996) notion of the organic fitting of organizations by local information, some of the advantages of the traditional childcare organization could be characterized by:

- Personnel having the possibility of continual redefinition of their responsibility through face-to-face interaction with parents and other organizational members. Parents wanted different things and children needed particular attention.
- A front-line supervisory role qualified and gave rise to practice of discretionary responsibility. Through this, the individual responsibility could be reinforced as the empowering field of rights, obligations and methods. The front-line supervisors did not shift the problems upward. They solved the problems often directly or by consultation with different experts and colleagues, and learned from their own decisions.
- They were committed on a team basis and internal communication beyond the hierarchic communication.
- Communication occurred face-to-face, "holistic" or as a network structure often through dialogue or horizontal interaction. The focus of accountability was communication of information drawn from the operational activities. Communication in "general terms", for example, through accounting and

- budgeting was avoided.
- In communication, the concepts and ideas related to the pedagogical skill and readiness were highly valued, and the *social reputation* considered as a feedback in relation to which the service quality was improved.

Thus, in traditional accountability, several sources of information were applied. According to Jönsson (1996, p. 20) the public sector adopted “the emergent view of information” on the basis of multiple channels of communication. It was assumed that every organizational participant was a potential source of information. Organizational members participated in pedagogical courses provided by universities, had skill in administrative and local planning, and they attended the local meeting in which they could receive more information. They were in contact with local citizens in many situations, and in all these face-to-face contacts they enacted new information. In fact, knowledge and competences were concentrated at the operational level, faraway from the central units. Traditionally, the Swedish central administration was small and had different interest and orientation for maintaining competences and applying them (see Olson & Sahlin-Andersson, 1998; Solli, 1991). The local politicians and administrators were aware that it is not easy having the operative information monitored upwards or descended downwards. Therefore, the types of policies, goals, praxis and routine that developed during the years were based on the notion of non-hierarchical view of administration.

4.5.1 Change in management structure

When establishing contact with a number of local managers in Alingsås, at the latter end of 1990, beginning of 1991, they were involved in the activity of introducing a new management into the childcare organization. Manuals and instructions that were prepared focused on the change of accountability by involving a complex mix of organization, accounting, and budgeting decisions with the accompanying rules together. The new organization structured on the basis of a two-tier hierarchy and four divisions of labour (see Figure 4.3). This additional hierarchy provided some room for the “vertical decentralization” (see Mintzberg, 1979) of the childcare organization. By ‘vertical decentralization’ the childcare units were defined as a cluster of individuals who were connected by formal lines of communication.

The change of organization divided the management of ‘discretionary responsibility’ into two parts. The higher management had the responsibility of insuring a common objective and unity of direction. In practice, this management had a restricted function of acting as a buffer between the ‘accounting section’ and information flowing upward from the childcare units, while the front-line management transformed into the unit management. In other words, the traditional management was transformed into a functional management, and the front-line managers were then enforced drawing the focus from horizontal communication in order to interconnect with the higher hierarchy. In this way, the importance of communication for horizontal dependency was reduced, the participation excluded, the hierarchic communication emphasized, and the local managers enforced to maintain an autonomous position among the horizontal units. This was, in fact, a transformation from the ecological structure, relevant for the assimilation of the day-to-day information, to a tall or functional structure, relevant for the dispersal of the top-down information (see Mintzberg, 1979, p. 185).

At the beginning of 1990 a clearly stated management goal was specified. According to this goal, the childcare budget was to be reduced by 15%, within a period of three years. As time passed it was noticed that budgeting stress for financial goal making became a key problematic event for establishing a new model of accountability. It was a means for justification of all other changes that needed to be followed. It was a source of the emergence of the two-tier hierarchy and vertical communication.

There is a document dated 1993 that focuses on the achievement of the new management between 1990-1991. The following quotation is drawn from this document. It shows how the budgeting stress involved and, as a consequence of this, a series of change effects emerged.

“As a result of the changing organization, the budget routine was changed. Accountants (ekonomiansvariga) are satisfied, and believe that control has become much easier for them. Since the budget is divided into 19 units, control by results becomes more evident (påtagligare) and more understandable (greppbar). One can easily make distinctions between different costs. The individual feeling of responsibility for the results of the units has also increased.”

This quotation indicates the interconnection between a series of change ideas that emerged from the influence of professional management accounting. It implicates that division of budget is a movement towards centralized management control by 'one line' budget aggregation. Meanwhile, it points at the disaggregation of budget at the level of units accompanied with determination of the childcare units into separately managed entities. From this quotation it is also evident that accounting-led accountability reform is the underlying idea of the new budgeting strategy. The reform expectation is reflected in the necessities of stressing the 'comparative cost' and 'profit responsibility'. By creation of visibility in the output, the financial planners hoped to bring up clearly stated 'goals' for the childcare organizations.

According to another document "area management has the responsibility (ansvar) for coordination of an area's resources and result".

In a document (1995, Att styra och leda en kommun), it is stated that in order to follow up the costs and results as a new control mechanism a new responsibility area was created. It means that the operational management was provided with an additional hierarchy. In the municipal documents (1993), this hierarchy was addressed as "area management". The function of 'area management' was to attain the objective of the budget by decreasing the service costs and assigning clearly stated accountability mechanisms.

Four area managers were chosen among the front-line managers and nominated for the task. These managers did not have any special operational office of their own. Two area managers shared an office with the front-line managers at the childcare centre. Another area manager had hers in the central office. The last nominated person had her office in a centre for integrated preschool and school. She worked directly with structuring a new organizational scheme adaptable to the needs of budget and model of "area management". These managers were also involved in a form of "on the job training" to improve the skill for the control of larger entities.

4.5.2 State of tension in shifting management

Several front-line managers repeatedly declared that area management was unnecessary. As reflected in a study done by Johansson (1995) the childcare activities operated on the basis of an

unbalanced workload, diversity of competences and lateral organizational thinking. By tradition, they used to work with a type of supervisory activities that needed to have the responsibility for decision-making and action on the spot, a necessary condition for a quick response to the local needs and unpredictable context of the service demands.

The rise of budgeting stress, hierarchic accountability system, and 'area management' conflicted with the tradition of discretionary responsibility. Through implementation of these changes, the 'area management' achieved formal control over the information, the method of information gathering, and also the textual method that applied in order to communicate information. In other words, establishment of "area management" was connected with the necessity of establishing a new accountability practice that fitted this management.

When studying the documents and accounts-talk there is an indication that there is a range of *negative* effects that emerge from the function of "area management". The most important negative effect is related to the fact that the front-line managers mistrusted the accounting information that was provided on the basis of this management. Principally, the front-line managers were concerned that accountability on the basis of area management undervalued "discretionary responsibility" in applying the local budget. The experience of mistrust of the "area management" is reflected in the following quotation drawn from a municipal document issued in 1992 (p.3):

"Experiences of changes have been varied between different units, depending on which type of work tasks one has had and which activities carried out. ...Many of the front-line managers believe that authority and control increased, a few asked for more information about the changes and above all, the role of area management was questioned".

The study of documents further showed that the function of the four 'area management' positions were coupled with the emergence of the four 'profit centres' to support the provisions of the comparative accounting information. Efficiency and effectiveness are two important criteria for judging the performance of a responsibility centre (Anthony & Govindarajan, 1995, p. 109). The terms

effectiveness and efficiency are considered as the comparative terms in relation to which the profit of one unit could be compared with the profit of another, or one year with another year.

The following quotation is drawn from a municipal document issued in 1993. The quotation focuses on the (profit-based) comparative information to communicate the effectiveness of the “area management”. In reality, these statements are used in order to reduce the tension between the local managers.

“For 1992 the cost of leadership (area management) and resource-personnel (experts) divided proportionally against balance of respective unit and calculated in units' costs.... New leadership contributed that during the year 1992 the profit increased by 3 000 SEK per kindergarten compared with 1991”.

This quotation does not say that what the actual (average) profit is per unit, how the kindergarten as a unit of measure was defined, and more importantly, in which way the increase in profit were boosted by ‘area management’. During the year 1992, the structure of care organizations changed and cost comparison between the two years could not be trustfully achieved. The profit information was not related to the situations that the front-line managers could experience or recognize, and therefore, they believed that “the area managements cost more”. One may say that this type of information is prepared as a kind of organizational behaviour for providing the defensive accounts with a view to ‘normalizing’ the situation. Interconnection between the profit goals and outcomes - rather than outcomes and operational events - will always lead to the rationalization of accounts for justification. According to Jönsson (1996) one “normalizes” the situation by matching goals with outcomes.

In short, the interview materials indicate that the cost of ‘area management’ was a source of tension among the front-line managers. These managers believed that the implementation of ‘area management’ increased the operational costs and therefore, they did not trust the accounting statement that profit was increased. An example of this is when one of them stated that:

“If the profit increased by 3 000 SEK, it was due to the decrease in the number of personnel not the implementation of the ‘area

management”.

Another local manager stressed that:

“During 1992, I opened up four new units to accept about 50 children from the waiting list. I did not employ even one new care personnel for the job, and did not report my decision. The new children helped (through grants) to increase our total budget; how they could come up with this profit without saying that it was the personnel of the units that were overworked”

Thus, presentation of the profit, together with relating this profit to the cause of ‘area management’, became an organizational problem, one of trusting information. The ‘area management’ was not directly involved in the work process. In the eyes of the front-line managers, its function symbolized control by the ‘outside institution’ that sets standards for training and certifying them in the new management. Drawing on Kirk & Mouritsen (1993) the knowledge content of ‘area management’ was different from the knowledge content of the front-line management. The ‘area management’ was a distinctive ‘office’ for disseminating comparable information, goals, performance standards and other instructions to the front-line managers. Further, it was a part of the task of ‘area management’ to integrate some units and disintegrate others, in order to create a ‘divisionalized’ bound between the childcare units. It was a part of the “area management” responsibility to work directly with the financial section (accountants) and to apply a unified accounting system through the establishment of computerized reporting facilities. The ‘area management’ became a communication link between the financial section and the operational activities. In order to be able to accomplish their tasks, the area managers attended ‘management courses’ that were often arranged internally (by consultation firms) to improve their management capability.

It can be concluded that for the front-line managers, the model of ‘area management’ was a source of tension. As a ‘profit centre’ it was not engaged in the childcare activities. It structured a formal communicative link between the operational activities and the financial section. It legitimized establishment of the hierarchic accountability that was a serious threat to the tradition of the discretionary responsibility.

4.5.3 Structuring a new organizational profile

In the previous sections, it was discussed how the creation of budgeting stress, and the establishment of 'profit centres' justified the 'area management'. Here, it will be shown how the traditional structure of the childcare deconstructed. A term that will be used to denote this change is 'vertical decentralization'.

Alingsås's nursery organization was restructured in terms of four result districts. Four 'area management' units were established in order to control the accountability of each unit. The childcare units were, in many aspects, decentralized but they were to report the 'profit' to the 'area management'.

Within any district, one manager was responsible for the 'profit centre'. This manager coordinated the resource allocation and reporting of the profit results. Nineteen middle managers were responsible for the activities at the level of units.

The illustration below (Figure 4.3) is drawn from the municipal documents (1992). The childcare organization is structured as a disintegrated system in which each unit is linked to the 'area management' as a dependent vertical variable. The area managers coordinate the units from the top position, and they have the overall responsibility for the profit accounts. They are also responsible for administration, employment, and the development of new routines for resource allocation. The unit managers are responsible for the unit profits. The area managers also had analytical responsibility. According to the documents, they must provide the practical procedures for converting the "discretionary expenses" into the "controllable cost standards" (provided by accounting section of the local government) in order to obtain a measure of the efficiency of each unit. The area managers were, in fact, the previous front-line managers who had childcare experiences and professional competences. Traditionally, they were used to control the service activities by professional caring codes. Therefore, the idea of 'area management' could not lend itself easily to the management distance and establishment of the formal relationship.

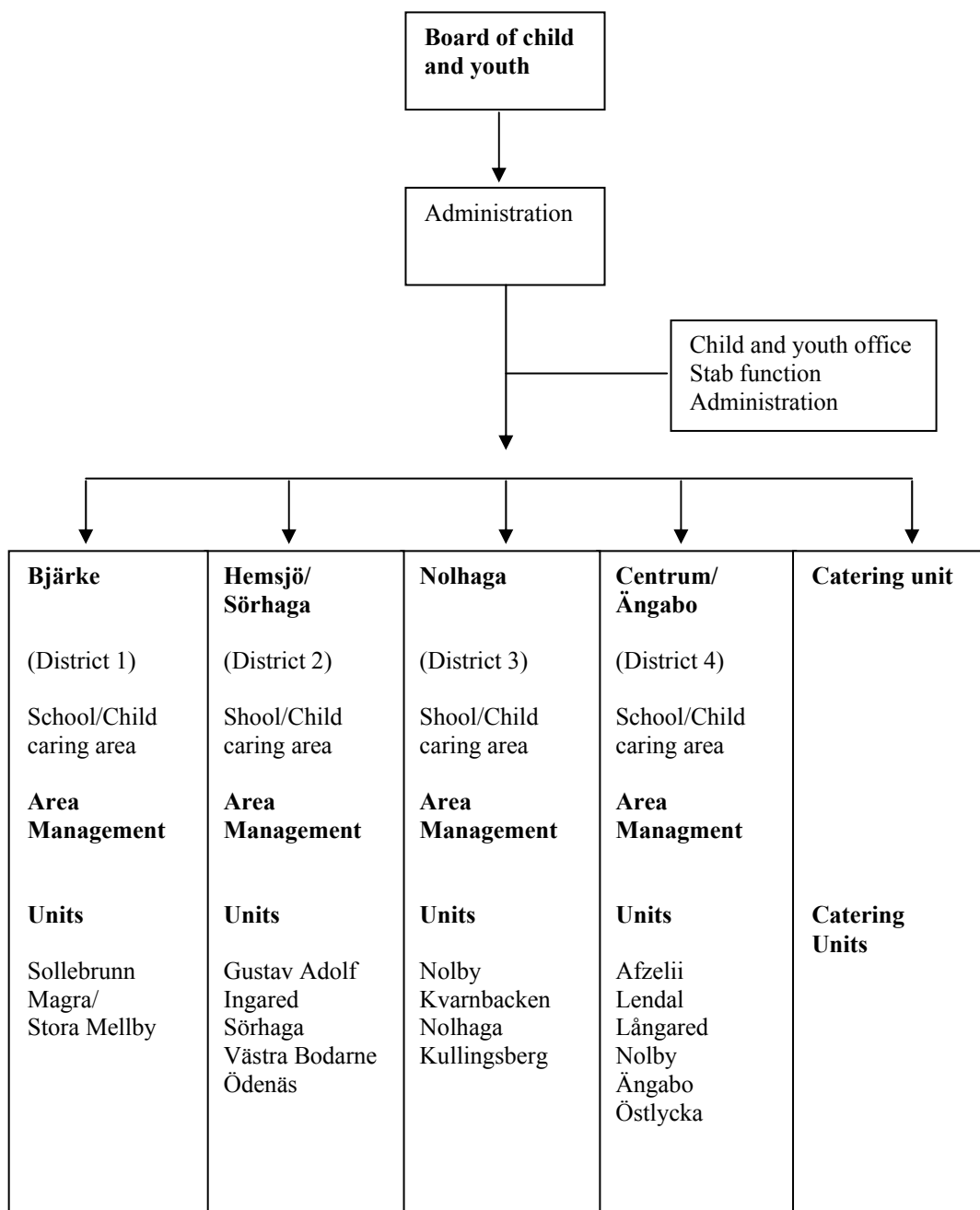


Figure 4.3: Organization scheme for child and youth administration in Alingsås

In the documents and organizational schemes, the ‘area management’ symbolized both the image of vertical decision-making and control and the image of vertically controlled accounting-led responsibility decentralization. The “area management” structured the image of “profit centres”. It created a state of resource-dependency between each unit and the ‘centres’ of the ‘area management’ and as a consequence the formal accountability distance between this management and units were established. The ‘area managers’

attended several courses in financial management. These managers were in fact prepared to implement the financial plan at the level of 'area management', for example, to decide for resource allocation, for reduction of the unit-budgets and personnel, or to ask for reports upon actual expenses.

The responsibility areas were defined in terms of the "control units divided by costs and results" (see, e.g., the document "Att styra och leda en kommun", 1995). In essence, the responsibility areas were based on the principle of "profit-based responsibility accounting". These areas consisted of Bjärke, Hemsjö/Sörhaga, Nohaga and Centrum/Ängabo. They were composed of 24 units that formed varied activities. These units were used to organize themselves according to the particularity of the activities that members were responsible for implementation. Different activities were designed and controlled on the basis of expert supervisory knowledge. The front-line managers (föreståndare) were responsible for this and had the expert competences. The amount of expenses used for these activities varied at the discretion or judgment of these managers, and of politicians. In the new organization, the front-line managers were assumed to have every day responsibility for activities that were varied. Meanwhile, they were also responsible for maintaining (formal-textual) accountability for the use of resources in view of standard costs and profit comparability.

According to the documents a school Rector was also involved in the integrated units. (Rector's chain-of-line authority was not specified in the organizational scheme). Formally, the Rector was given the responsibility for management of resource allocation, planning, and integration. He/she was accountable, above all, for activities aimed at budgeting control, personnel, quality, and pedagogic. In spite of these role specifications, management function of the rector was not clear for the front-line and area managers. The reason for this may be related to the implementations problems of 'vertical centralization' and 'profit centres'. Resource interdependencies between the childcare and school actually created a hinder for the function of 'profit centres', i.e. to trace and control the costs. By tradition Rectors controlled their own resources and were responsible for their own units. Integration between childcare and the school increased resource interdependencies, but each unit worked with different methods. One of the front-line managers told us that the school pedagogy and its administration were different (behind the

childcare). Therefore, the Rectors could not support them much in their management.

Finally, as illustrated in the above organizational scheme, each district had a local area office that provided administrative services. There was also a central administration and a child and youth office that acted as a supporting body, providing office services to the City Council, administrative managers, and units. The central administration was, above all, concerned with economy/planning, salaries/personnel and office-work/representative administration.

4.5.3.1 Discretionary evaluation of the new organization

A few local managers agreed upon the new structure. But, none of them believed that this structure would be permanent. One area manager argued that experiences and expectations about courses of change were different among various front-line managers. These managers are not 'accustomed' to work under the 'area management' and many of them believe that integration between school and childcare has its limitation. Uncertainty about organizational structure is reflected in the following quotation drawn from a municipal document that evaluated the reform:

"A number of participants believe that changes have gone too quickly. Others believe it was too slow. There are also individuals who argue that the direct supervision was replaced by the hierarchic authority. The new organizations gave new possibilities to the authorities to effect the control procedures beyond the limit which was appropriate for these organizations, therefore we believe the organizational scheme must be changed again".

This quotation implicates that the new organization is not accepted as a permanent solution. The local managers are not clear about the relevance of this hierarchic-chain, and hope that a new change will be processed.

The difficulties in compromising between the financial and operative consequences of this new structure were emphasized more clearly when one of the local managers commented that:

"I am convinced that in the long-run, organizational change will cost more and will constrain our budget one step further".

According to Mintzberg (1979) implementation of direct supervision through vertical decentralization requires more resources. The notion of the increase in cost through 'vertical decentralization' is even emphasized in the classical literature. For example, Dale (1967, p. 33) argued that:

“the impact may well be a reduction in profits, because an increase in administrative expense may be necessary in order to provide the additional personnel to carry out the delegated responsibility. Also, the central auditing staff may have to be increased to provide audits of how well the delegated responsibility is being exercised”.

The use of accounting for “vertical decentralization” must face different coordination problems that arise in its management centres (i.e., in “area management”). One of these problems is to be related to “adaptation problems”. By implementation of “vertical decentralization” the childcare organization is left with only one coordinating mechanism, direct supervision through mechanism of profit. Therefore, it was very natural for the front-line managers to think of this new structure as something unnecessary, which only increase the cost, and prevent the non-routine adaptation to the changing environment. One of the front-line managers stressed that:

"We cannot profile ourselves with one form of organization. Parents believe that their child needs different resources; during the economic recession, people move from Göteborg to Alingsås when they cannot find a job in their own city. This move has also an effect on our resources. Therefore, a new policy and a new organizational plan are to be developed for adoption of the new activities, expert services, and service volume".

In the 1992's budgeting documents, it is explicitly recognized that it is difficult to see any connection between, the new organizational structure and financial saving. In this budgeting document (p. 2) the accounting section expressed the view that;

“We do not know in what way our budgeting goal should be related to the organizational change. Therefore, this organizational experience must be regarded as a learning process for finding another organizational form”.

Here, from the view of accounts, it is interesting to notice that in the official explanation the term of 'learning' involved to work 'face-

saving'. The same document further emphasized that "from the learning point of view", the organizational reform brought about two types of knowledge for participants:

- (1) "It provided a general picture of how to apply a control management and help politicians allocate resources".
- (2) "It helped receiving the relevant signals that this new organization/managerial structure should be regarded as a provisional platform for sustaining further changes".

The quotations presented above are "face saving" accounts that by means of which coordination problems that arose from the implementation of "vertical decentralization" reconciled or "bumped" up.

In sum, it can be concluded that the 'vertical decentralization' was materialized by accounting mechanism of "profit centres". The ultimate result of evaluating the 'vertical decentralization' must be related to the state of tension between operational information and vertical integration of accounting. The "vertical decentralization" created a maximal independence among the horizontal units. It can be interpreted as a method for creation of the social distances among the units. Arguably, in view of the "vertical decentralization", the front-line managers do not have to be able to reach other units directly thus sharing resources or responsibility, when their tasks and performances are coordinated in connection with the 'area management', and when their decisions have to be passed upward.

4.5.3.2 Change of employment

In this section, it will be exemplified as to how creation of 'area management'- as a centre for communication of profit accounts - provided indexical expression for the accomplishment of personnel rationalization.

In 1992, the total number of nursery employees was 535 persons (child-minders, or family- carers - were not included). 485 persons had permanent employee status, while 50 had the temporary employment. All employees worked full-time. Compared with the previous year, the operational section of nursery school organizations was reduced by 15 employees. At the beginning of 1992, Alingsås had nearly 2500 children under its service and 319 children in queue waiting to enter the childcare units. At the end of this year due to

demographic change and movement of the families to Alingsås, this number further increased to 418 children.

In spite of personal reduction, Alingsås provided 146 new places for children to affect the queue system. On the one hand, these new places provided new grants (income) for the local government. On the other hand, the costs of administration increased. As reflected in one of the documents;

“A strong cost effectiveness plan was carried out within the board activities (nämndens verksamhet). In spite of this plan the total cost increased between 3 and 4 percent per year.... This meant that 10 M SEK must be saved. To achieve this, a number of personnel in schools and childcare centres must to be reduced”.

In 1992, 106 persons quit the childcare centres, and only 85 persons employed. To this number can be added the drastic decrease in service personnel such as cleaners and caterers. After the establishment of the ‘profit centres’, the regular employees were asked to take over the task of cleaning, and therefore, cleaner and service personnel were the first group who lost their job. Establishment of the ‘profit centres’ considerably increased the workload of the operational units. The front-line managers who were burdened with the reporting of work to the ‘area management’, often asked for the help. As a consequence of ‘area management’, and the need of ‘profit centres’, the number of budget meetings and volume of paper works were dramatically increased. The front-line managers could not clear their desks of paper. This resulted in a high personnel turn-over, particularly at the level of the front-line management. To prevent this, a new method was adopted. Two administrators who were not needed for the office work (in the social office), and lacked the professional care skill were transferred to the childcare supervisory work.

4.5.3.3 A new pedagogical program

The traditional public administration was criticized for its service quality. In Sweden the childcare quality was mainly based on the diversified methods of the pedagogic skill and learning. One of the major claims for application of NPFM puts a heavy stress on the private management quality standards. The private management quality was adopted as a method for changing accountability.

According to Schedler 1998 (Chapter 10) performance transparency by quality played a key role in characterization of the NPFM reform. “This involves the definition and recording of performance in terms of quality and quantity, although to date most attention has been devoted to outputs rather than outcomes (p. 291)”

The customer-based quality is assumed as being (causally) related to the subject matter of management accounting, in the sense that when pressure for cost reduction increased, quality will decrease and this must be compensated (see Drury, 1992). Moreover, it is suggested that quality measure be applied as a type of output measure for achievement of effectiveness and efficiency (see Anthony & Govindarajan, 1995). It should be said that from the view of accounts the relationship between quality and accounting is discursive, forming the organization of ‘adjacency pairs’ or complementary part for the achievement of the stronger accountability. By construction of “adjacency pairs” a discursive condition is created when the first pair (accounting) makes the occurrence of the second-pair (quality) possible and that both serve to enhance the influence of vertical accounts (see the following sections).

In line with this control idea, pressure for a customer-oriented type of management increased. Customer-orientation is thus considered as a method not just for lessening or removing the differences between public and private management but also for internalising management quality as a source of accountability. Thus, customer satisfaction is seen to be an outcome of particular forms of measurement in conjunction with the choice of external source of accountability for its application. The external source of accountability can help provide the external legitimacy for the service quality. The following example crystallizes the key features of the traditional (discretionary) quality. This quality will be compared with the recommended management quality in relation to which accountability was practiced.

The pedagogic skill and caring competences are the main sources of the childcare quality. For example, during the interviews the local managers repeatedly referred to the quality by placing emphasis on a new pedagogy that they had recently developed. The new pedagogy had the objective of creating collaboration between the preschools and schools. They wanted to share the input resources (skill) by eliminating the overlaps between different units, and by means of

developing an inclusive pedagogic model. In doing this, a new integrated activity – to be known as a unified (stadielös) preliminary school - was created. This unified preliminary school included children from 1 to 9 years old. This new entity was considered as a new learning field that was supposed to bring about a fundamental change in the traditional pedagogical model often known as "compartmentalization". This type of pedagogy later became a norm for giving pedagogic content to the integrated organizations. One of the local managers who was active in the process said that:

"There is something wrong with the traditional view of one class, one teacher, one teaching plan, one teaching strategy.... and one age category. Children work in teams. Teachers must also learn to work in teams as well".

Another local manager argued that:

"We discussed this method with parents and all of them are very enthusiastic to see how we perform and practice our idea".

These are examples indicating that in spite of the 'vertical decentralization' of the childcare organization, the traditional view of quality is trusted. In fact, the "vertical decentralization" was carried out hand-in-hand with the pedagogical content. One of the advantages of applying pedagogic skill in quality improvement is to be related to traditional method of management adaptation to participation. The application of new pedagogy was interactively carried out, in view of the critical judgment of the parents and other organizational participants. Parents had the possibility to participating in the plan, and had also the possibility of praising or blaming the plan and method of applying the plan. By drawing on Buttny (1993) we may argue that accountability of the childcare quality was practiced on the basis of *reputation*; *reputation* achieved through the expert capability of the care personnel in creating a new pedagogic method. As a source of social accountability the capacity for being judged by the parents in terms of *praise* and *blame* are sources of "reputation". The advantage of using *praise, blame and reputation* as coordination mechanisms of accountability should be related to the fact that persons who are familiar with situations use these terms and participate in the definitions of these terms.

To understand the new pedagogy plan as a source of accountability

one must look at some background information. Study of the interview materials revealed that one motive did not dominate the development of care quality. There were several motives involved. The rise of each motive was linked to a series of events, episodes and background information. For example, the integrated pedagogic method that is shown above was linked to a group of motives in three ways.

First, this pedagogic quality was linked to a specific method developed in Alingsås long ago. This pedagogic method was originally known as an “idea bank”. The “idea-bank” was, in fact, a centre for circulation of books, videos, songs etc, which had pedagogic content. Later on, it was further developed to include methods and practices that were employed at the unit level, and needed be horizontally expanded or exposed to other districts. The local managers decided that each geographical area should develop its own pedagogic plan (often completed with theatre, song etc.) and through documentation or live performance transform them to other areas. Later on the "idea-bank" was further improved and even became a centre for the provision of pedagogical teaching for other communities. The integrated pedagogic quality plan was thus developed in the background of the ‘idea bank’. The individuals who were engaged hoped that they would gain a good ‘*reputation*’ through applying the innovative ideas for improvement of pedagogic work.

Second, the integrated pedagogic was linked to the motive of professional competences and qualification. The front-line managers wished to profile themselves (to get reputation) as professionals, by focusing more on the concept of ‘learning by doing’ more than just ‘caring’. By means of the project of integrated pedagogic, they could move away from the image of ‘caring’ towards learning practices. The front-line managers reasoned that the image of ‘caring’ reduced the professional significances of the pedagogical work. It should be said that the dichotomy of care and pedagogic have always been a subject of nursery schools as well as parents consideration. Care services are primarily concerned with provisions of the adequate standards. This simply means checking that regulations on the staff-child ratios, space, hygiene and safety of physical environment are met. Conversely, the pedagogic work focuses more on stances of learning by doing through creation of learning activities.

Third, the front-line managers knew that management quality and system of quality reporting focus only on the observable events and physical activities rather than the implicit processes of learning and pedagogic which were hidden in characteristics.

Here, it is sufficient to say as a background to management quality in Alingsås the first systematic quality program came into debate between 1995-96 (see *Kvalitet och utveckling i Alingsås 1999*). The documents and instructions that were issued focused on the need for a reporting system that could support 'visualization' for quality assurance. This is reflected in following quotations drawn from a municipal document:

“Social office and school organization (Skolverket) demanded quality assurance, quality system and quality reporting within childcare and school activities. For example, a written quality accounting should be done annually. It should contain how activities are controlled by goal... Evaluation and accounting should be carried out in other forms and methods with focus on other criteria compared with, e.g., ten years ago”.

This document shows an initial interest for application of standard quality reports. But, since the essence of pedagogic quality was tacit, and the theme, content, and skill used in pedagogic activities were varied the quality reports in standard terms was extremely difficult to be prepared. The strong culture of direct observation and experimentation in pedagogic work that was applied in Alingsås resisted enforcement of customer-based quality model. Whereas, at the level of management the local government tried to use the vocabularies of management quality in order to communicate with the external environment. This means that management quality was textually involved but operated decoupled from the pedagogic quality.

4.5.4 Conclusion

The study showed that institutionalisation of ‘area management’ was coupled with the work of accounting. Involvement of the accounting created a serious problem for the supervisory of the service activities, needs-based planning, and decision making on-the-spot. The front-line managers could not decide quickly enough for certain policies that were to govern the operation of activities. The ‘area

management' produced confusion in relational communication and collaboration.

Considering the examples that are presented in different sections, it may be concluded that through the influence of the NPFM reform both the *processes* (sequences, procedure and method of the accounting) and *criteria* (standards and indicators of evaluation) of the local government accountability were changed. In general, by implementation of budgeting stress as a key problematic incident, a possibility for the involvement of accounting was created. Through the involvement of accounting in the processes of accountability, either the discretionary responsibility transformed or it faced tension in terms of handling competition.

To reflect on the discursive effect of the accounting, in several instances, an investigation was made into the sequences of accounts and examined how "vertical decentralization" was *processed*, and "area management" structured. By presentation of the concepts such as "vertical decentralization", "responsibility areas" and "area management" focus was indeed made on the work of vertical accounts in terms of its causal linkage, describing how mechanism of "profit-based responsibility accounting" dominated the characterization of childcare activities and modes of accountability manifestation.

The first to be identified was the demand for "budgeting reduction" which was communicated as a key "problematic event" for which the local managers were held accountable. This 'budgeting reduction' interpreted as a dominant *accountability source*, a pre-condition for the involvement of accounting in evaluation of organizational structure and management. By drawing on several examples, it was shown that the problematic event of budgeting reduction (stress) coupled with accounting rules generated the *process* of replacing traditional management and organic organization. It provided a new language for interpretation of childcare units. It was also shown that this new management produced accounting-led indexical guidelines that affected the day-to-day operations.

In the course of study, the *criteria* of traditional management were also compared with the *criteria* of "area management". What was examined was that culture of self-organization changed, and that childcare was transformed into a formal structure, with an additional

hierarchy (two tiers) and division of labour. The interdependency, collaboration and horizontal relationship converted into the hierarchic communication.

It was also shown that implementation of budgeting stress failed to attain the operational assignment in certain areas. On the contrary, it created ineffectiveness to directing the management and organizational attentions towards the needs and organizational capabilities. For example, problems of queue and accommodation places increased, which in return caused separation between discretionary responsibility and accountability. In one example it was shown that rhetoric of the management quality gained a face-saving role (textual practice). It was also analysed that culture of pedagogic resisted the change into “customer based” quality perception.

In sum, creation of the vertically decentralized organizational units should be related to the institutional ‘appeal’ of the professional management for implementation of measurable tool at the operational levels (see Kaplan & Norton, 1993). Mechanism like “profit-based responsibility” provides “executives with a comprehensive framework that translates strategic objectives into a coherent set of performance measures... managers recognize the impact that measures have on performance” (Kaplan & Norton, 1993 p. 134).

4.6 Interpretation of the budgeting and accounting systems

Traditionally the budgeting and accounting systems of the local governments were linked to the discretionary responsibility. It was based on the idea of ‘discretionary expense centres’, in that; judgment of the front-line managers and approval of the politicians was the core of the resource management. Practicing of budget by a ‘discretionary expense centre’ is a Swedish trademark characterizing qualification of the local budgeting in service provision (see Chapter One).

In administration of local services, politicians and local managers shared the decision-making. Decisions grounded on the judgment were therefore not fixed and could be subjected to change from one situation to another situation. Dramatic changes occurred when the local politicians wanted to include or eliminate a new service from the service package. Municipal Law and the Swedish tradition of ‘administrative openness’ controlled the local accounting, meanwhile

providing a framework for discretionary decisions. The inclusiveness of this management guided by minimum standards caused the public services to become controllable by the local citizens, organizational participants, politicians and mass media alike.

The 'local control' was primarily practiced by trust. Politicians trusted the professional capability of the front-line supervisors (Jönsson, 1996) and their moral ability to match the appropriate resources to the emerging needs. The financial sections (accounting section) provided aggregated accounting data over the overall expenses. By using these accounting data, the local politicians could influence the budget as a whole. Politicians often solved the financial problems via borrowing or saving by having a holistic view of the budget at the level of aggregation (see Jönsson, 1988). There is no historical information (before 1990) indicating that at the operational level the local governments adopted NPFM measures for saving (see Brunsson, 1984; Brunsson och Jönsson, 1979; Brunsson & Rombach, 1982; Borgenhammar, 1979).

In Alingsås the private sector's method of accounting came into practice in 1990. Apparently, the political objective was to give further information about the municipal ownership in connection with the external partnerships (see the financial report 1991). It was not supposed to be applied for controlling the internal accountability. The reports were prepared in agreement with the procedures of the private accounting. However, considerable room was given to the traditional method of reporting. Thus, in the external accounting reports, we can observe data that was prepared on the basis of items (drift budgeting). For political decision-making, a considerable space was given to data about investments in human resources or infrastructure, with consideration of solidity and tax rates.

Traditionally, the financial section (accountants) of the local governments estimated the budget ceiling (input resources) and politicians formulated the objectives and discussed the handling plans with the administrators (see Olson, 1990). Operational accountability was related to the local administrators and financial accountability to the local politicians. There was no separate staff account that two service organizations could be evaluated or financially compared. Evaluation of a unit achievement was not necessarily carried out by correspondence between unit costs and the annual budget. For evaluation to be fair one avoided the use of

standards and efficiency criteria. The overall performance evaluation was a matter of local political discretionary choices often coupled with needs for the improvement of competences and qualifications. Swedish culture of public administration had a proactive and resource-based view on the quality improvement and avoided implementation of the reactive methods such as the outputs' measurement. The units' budgets were derivative of the *ex post* accounting, and in that sense there were no fundamental principle differences between the budgeting and accounting.

In the tradition of local management, the accountability policy placed emphasis on the front-line supervisory roles, and through so doing decreased the cost of paper work and 'bureau-shaping'. The detailed local information about the care needs was gathered and communicated by the front-line managers on the basis of judgment, and this information helped provide structure for the local budgeting. The concept of 'needs' (see even Needs budgeting Jönsson & Lundin, 1979) used as a point of departure to practice discretionary control over the local budgeting (see Swedner, 1983; Jönsson, 1996; Jönsson, 1996a ; Brorström, 1982).

In the following sections, by presentation of a few accounting and budgeting examples, I try to examine how the influence of the professional management accounting caused traditional accountability to collapse.

4.6.1 The influence of management accounting

A municipal document issued in 1992, shows a more visible and decisive step towards the involvement of accounting to change accountability. The following quotation is drawn from this document in order to exemplify how accounting began to move from marginality to centrality in accountability practice.

“As a part of decentralization work, even new routines for accounting, goal, method of work, and result were carried out. This gave rise to debate about the significance of planning, evaluation, and above all the necessity of documentation and reporting. There exists a great need for competence development within this area”.

Here, accountability is addressed in the language of accounting. The quotation points out the *criteria* that should be used in the evaluation

of the performances and actions. In this document we see the application of the accountability system, which depends upon constant account exchanges between the 'profit centers' and operational activities, and guarantees an expanding role for the accounting to localize other calculative processes, which are similar to accounting. In this document, accountability is specified in terms of the established objective and norms of what could be done and/or effective quantified measures of the front-line managers performances. The final sentence of the quotation implies how accounting imports into the local government the terminology of *educational disciplinarily* (see Miller & O'Leary, Chapter 4 Hopwood & Miller, 1994; see even Macintosh, 1994).

In the above quotation, the accounting driven concepts such as 'decentralization', 'planning', 'evaluation', 'reporting' etc. are all introduced as the formally recommended guidelines for rendering the front-line managers objectively accountable. By a close focus on the structure of quotation, the formation of the new accountability can be easily traced.

First, the sequence of accounts is initiated by focusing on (budget) planning. Terms like 'evaluation', 'documentation' and 'reporting' indicate the different moments in sequences of accounting (see Littleton, 1985). Combined, these terms address accountability changes that pushed 'discretionary expense centres' towards the basis of formal-textual reporting. In the previous sections, it was examined that the 'vertical decentralization' of the childcare organization was linked to the processes of accounting routinization and the act of constant valuation and reporting.

In regards to the above quotation, two additional notions deserve further consideration. First, the quotation emphasizes the demand for accounting competence. Here, it seems that the broad concepts such as competences and qualifications related to 'discretionary responsibility' (see Chapter One) are traded for the competence in professional management accounting. Second, the quotation provides the interpretation that without the establishment of the 'profit centres' and causal linking of these centres to the problematic event of 'budgeting stress' the new accountability could not be created.

Further, the study of the municipal documents led to the interpretation that accounting is an enabling mechanism that can

change the culture of day-to-day operations. Implementation of the new accounting system caused an extra workload for the reporting. Moments and stages of the accounting reviews and auditing were dramatically increased. The reporting volume increased and accountability became sophisticated, specifically when cost standards were gradually involved in the procedures of reporting. Sophistication and volume of reporting provided a new 'site' for the involvement of the accounting experts and higher costs for the local government. In Alingsås a computer system was urgently provided to decrease the cost of reporting. An 'Information Technology' expert (IT expert) was employed to decrease the cost of installations and maintenance. Implementation and maintenance of profitability reporting provided the operative site of many 'hours' for the front-line managers and other organizational participants.

The following sections exemplify the control function of the 'profit centres' and its role in structuring accountability of the local managers.

4.6.2 Control by accounting mechanism of 'profit centres'

In the previous sections it was shown how the mechanism of 'profit centres' was applied to change the orientation of accountability. Here, this concept will be further elaborated. The objective is to present how the 'profit centres' work to discourse accountability in a vertical direction. In the next section, attention will be paid on the technical ability of the "profit centres" to work as an "adjacency pairs".

In a document titled to "Att styra och leda en kommun" (1995, p.25), it is specified that "City Councils" have decided that economic control should be based on a strong decentralized organization, meanwhile the totality should be emphasized. From this standpoint administrators divided the organizational activities into 'balance-units', 'result units' and 'cost units'. (Requirement for the establishment of such an accounting based interconnection is even given by KF - principer för ekonomistyrning, Kapitel 143, 1993).

The notion of interconnection between these concepts should be related to the accounting principle of 'profit centres' and responsibility accounting presented by Anthony (1965). In order to analyse this interconnection principle of responsibility accounting as a

vertical account will be further emphasized.

Responsibility accounting emerged from the accounting discourse of the private sector to concept management as a process of being accountable for the profit. Profit was held as a result of the vertically decentralized, autonomous, and controllable units. In this practice profit was seen to be an outcome of particular forms of measurement.

Wilson & Chua (1994) have defined responsibility accounting as a means for the application of authority in decentralized organizations. In essence, responsibility accounting is grounded on the premises of system theory in that control applied on the basis of comparison between what is actually happening with what should be happening (see Anthony & Govindarajan, 1995). i.e., it should be considered as a form of regulation by error (variances) or feedback. Anthony & Govindarajan (1995, p. 109) stressed that the criteria for judging the performance of responsibility centres were efficiency and effectiveness. Each responsibility centre has inputs and outputs. "Inputs are resources that the responsibility centres uses in doing whatever it does. Outputs are the results of its work" (Anthony & Govindarajan, p. 17).

Thus, responsibility accounting presupposes that the responsible manager is able to influence efficiency and effectiveness by applying control on the costs, revenues, budgets, and objectives, for which she/he is held accountable. Theoretically the agent is regarded as an autonomous individual, who can change the inputs (economic efficiency), output (technical efficiency), objective of the organization (effectiveness), and nature of the process itself. But, since these assumptions are all abstract ideas derived primarily from the institutional environment of the private business sector, thus at a practical level, the public managers must deal with multiplicity of goals, processes, strategies and practices and decide about structural characteristics of the communicating and evaluating information.

As named in the first chapter, there are four types of responsibility centres: revenue centres, expense centres, profit centres, and investment centres. Anthony & Govindarajan (1995) define these centres in the following ways:

-In revenue centres, outputs are measured in monetary terms but no formal attempt is made to relate input, i.e., expenses or costs, to

outputs. This means that a revenue centre is not a profit centre. The responsible manager may match revenue against budget but this does not result in calculation of profit. Here, managers are only accountable for the expenses which are incurred in generating specific physical outputs.

-Expense centres are responsibility centres for which inputs, or expenses, are measured in monetary terms, but outputs are either measured or not measured at all. If measured, the measurement is a quantitative, non-monetary amount (p. 17). Expense centres correspond to two types of costs, called engineered (or standard) costs and discretionary costs (see Chapter One for further details).

- In investment centers managers are accountable for revenues or funds and capital investment decisions. When managers of a 'profit center' have additional responsibility for capital investment, the responsibility center becomes an investment center. The investment center is related more to the planning level and has the largest amount of discretion.

When financial performance in a responsibility centre is measured in terms of profit, which is the difference between the revenues and expenses, the responsibility centre is called a profit centre (see Anthony & Govindarajan, p. 142). This means that in a profit centre managers are accountable for both revenues or funds and expenses. A profit centre requires that the manager focus on the revenues and costs in seeking profit target. In a vertically decentralized unit some expenses (costs) are fixed or controllable, therefore the manager should only focus on the expenses that are discretionary. Thus conditions for delegating profit responsibility is based on the trade-offs between expenses and revenues and therefore, lack of information about the revenues and expenses will reduce the credibility of the 'profit centres' as a control system.

Thus, adoption of 'profit centres' together with the focus on vertical decentralization of care organization and "area management" generated the process of replacing the culture, language and structure of 'discretionary responsibility'. In the following section by invoking the concept of 'adjacency pairs' it will be shown that much of emphasis on the 'profit centres' is due to apparent cultural "appeal" of professional management built on accounting. Indeed, promises of efficiency, effectiveness, accountability and lower costs for better

services could hardly be objected to (see Olson *et al.*, 1998).

4.6.3 Profit centres and the notion of ‘adjacency pairs’

Anthony (1965) has suggested that like private organizations, ‘profit centres’ can be applied in the public sector to control the responsibility (he means accountability). However, workings of the ‘profit centres’ are not just limited to the *processes* of mimicking this accounting method. The workings of the ‘profit centres’ are related to the particular norm emerging from certain ‘genre’ of accounts named by Buttny (1993, p. 37-40) as ‘adjacency pairs’ organization. Organization of ‘adjacency pairs’ focuses, exclusively, on the control of the account responses. As a particular and highly active “articulation-making factor”, adjacency pairs work at the operational level where action needs to be trans-act in a timely logical and calculable direction. It is a unique way that helps the accounts to be disconnected from the background information, and to be labelled as an incident in terms of the observed regulatory. By organization of ‘adjacency pairs’, the ascription of *criteria* to the incident is enacted by a distant and neutral observer.

In a ‘profit centre’ revenues as the first pair are firmly connected with the expenses as the second pair to communicate the significance of events as a consequence of accounting-based discursive practice. This means that the profit centres elaborate exchanges between two sets of accounts that implicate utterances from different speakers. To view on the basis of the account process, terms like budgeting (and expenses) are standards of the account initiation and accounting (and revenues) are the standards of the account resolution (see Chapter Three). Thus, the criteria of ‘adjacency pairs’ implicate utterances from different speakers which are formed discursively in such a way that the first part of the pair makes the occurrence of a second-pair part relevant.

The following example indicates criteria of the ‘profit centres’, and the work of these centres in provision of new knowledge content for the unit’s control. The example shows how the power of the ‘profit centre’ impacted, and a few other ‘adjacency pairs’ emerged to distance the accounts from the basis of discretionary responsibility to that of formal textual-accountability. It shows that in exchange of accounts even the vocabularies of ‘responsibility accounting’ were held to be analogous to the vocabularies of the local managers that

were used to account for the individual activities. Generally speaking, responsibility accounting provided a legitimate language by which to delineate the organizational goals, procedures and policies of the local government.

From 1991 onwards, Alingsås attempted to structure important parts of its budget and accounting systems in view of the 'profit centres'. A standard budget was used as a control mechanism to guide the accounting reports in a vertical direction. The 'profit centres' were structured with regard to the task of the 'area management'. Traditionally, matching between budget and accounting were carried out in the financial section with an interval of two or three years. The front-line managers were not responsible for budgeting failure, cost, or profit making. They were primarily responsible for the failure in service delivery or quality. They were responsible to politicians if parents complained, and if a mismatch between resources and needs occurred, and also if this was not communicated to the politicians.

Since profit reporting is a type of monologic performance review-structured by 'adjacency-pair organization'- there are always possibilities for error in evaluation. There is a deep epistemological difference between the service-based style of evaluation and the profit-based style of evaluation. In answering the question of how they evaluate their performance (profit) one of the front-line managers responded:

"Our real success in our work is keeping away our main energy from counting the pennies.... instead we talk about how to work with our limited resources.... we give resources to each other and borrow from one another. But, in the case of reporting, each person works for her own balance. This is the way it is."

This quotation clearly indicates that responsibility is operationally interpreted and practiced. Whereas, the focus of accountability is on the processes of communicating the 'profit'. The interviews emphasized that in the performance of the daily activities, they borrowed resources to avoid underlaps and overlaps, and used minimum standards to match resources to the activities.

The following model is built on the basis of vocabularies that during 1991-1993 entered into governmental documents. By quotations that are presented in different sections, these vocabularies have already

been emphasized. Here, they will be interpreted in terms of their relationships.

Goal/Need	Organization/ Resources	Effects/Result
Why we carry out the activity, what are the goals and who are responsible? How needs can be identified? This must in a reasonable way be in agreement with the goals.	With which kind of organization do we meet the needs and the goals? Which resources must be used to meet the needs of -Personnel -Material/services -Capital/investment -Etc?	What is the result of resource inputs in relation to needs and goals? Have we the right type of organizations for the activities? Effectiveness, productivity and quality.

Figure 4.4: Adaptation of the ‘profit centres’ for processing accountability.

The above model reflects on the cycle of service activities. It shows the sequences of accounts, in relation to which the caring activities are articulated. The model also illustrates the movement of the accountability from the ‘discretionary expense centre’ towards the ‘profit centres’. According to a personnel policy program, prepared by the chief administration, and presented to Alingsås council, decentralization and goal control was recommended. The administrator recommended that as a method of administrative control the focus for planning should be directed towards the result and financial goal. Politicians discussed this recommendation during two meetings (see Sammanträdesprotokoll 1991-01-14 and 1990-11-28). Parallel with this recommendation, terms and concepts such as goal, efficiency, profit etc., entered the local government documents.

Upon the emphasis of the above model, we may identify how organizational goal and service needs are conceptualised as one category. Treatment of needs/goal as one category or *process* must be related to the particular discursive work of the ‘profit centres’ and its regulatory power of ‘adjacency-pair’. For instance, in place of using the discretionary responsibility or legal/judgmental principles concerning definition and identification of the community ‘needs’, there emerged a vocabulary of needs/goal as a method for the formation of a hierarchic process. This is an accounting method in relation to which discretionary responsibility was converted.

In the above model, one may also recognize other account processes that are vertically organized by rule of 'adjacency-pairs'. Organizational resources are interconnected with the category of needs/goal to shape a vertical process. Rule of 'adjacency pairs' also governs the interconnection between budgeting and accounting, i.e., by creation of budgeting stress (the first pair) and accounting (the second pair) a visible regulatory process is created, and in relation to which the local managers are held accountable.

Another important effect emerging from the work of the 'profit centres' is that it should be related to the issue of change in criteria of validation. According to Hopwood & Miller (1994, p. 14) accounting involves in '*discursive validation*'. In terms of the 'profit centres' accounting abstracts can be sensibly divided to capture the data needed for adopting accountability to the profit, and the profit to the management control decision (see Anthony & Govindarajan, 1995). To report in view of the 'profit centres' demands obligation to care for reporting characteristics. This means that care for accounting locates the local managers in a dynamic control system between profit making and care for reporting as sources of validation. Once the childcare organizations come to be defined as a 'vertically decentralized' or autonomous unit, argument could be advanced concerning the size, number of employees, standardization of the children costs, budget etc. And one could construct the 'ideal unit', for example, for displaying the 'best performance' that has meaning only through the discursive formation of accounting within which it emerged.

A 'discursive validation' by profit centres does not just effect the action, it has rather an effect on the ways in which the responsive accounts must be formulated. Categories such as needs/goal, effectiveness/efficiency budgeting/accounting governed by rule of 'adjacency pairs' indicate the quality of responsive accounts as a defensive mechanism. Buttny (1993) argued that to account by rule of 'adjacency pairs' means to make defensive accounts; it provides possibility to place a limit on the range of response. "These adjacent utterances are heard as a connected pair in that the initial utterance sequentially implicates a certain limited range of responses" (p. 39). As argued earlier, the function of 'adjacency pairs' is that the first pair makes the occurrence of the second pair. This means that the second pair obeys the rules of the first pair, and in this way, the account givers are disconnected from the action and must be

involved in the defensive strategy of making the accounts ‘valid’ for the context of resolution. Thus, the interconnections of the budgeting and accounting or goal and needs are seen as a type of discursive practice that puts limitation on the responses for the practical purposes.

To understand the function of defensive accounts in terms of *discursive validation* we may make distinctions between the ‘theories in use’ and the ‘theories espoused’. Argyris *et al.* (1985) who reflected on the distinctions argued that managers often apply the ‘theories in use’ as a mechanism of ‘defensive reasoning’. In this way they communicate ‘invalid knowledge’ about the conditions of the organization. The ‘defensive reasoning’ addresses the moment of exchanging accounts, when account givers draw attention away from the action-related (criteria) knowledge, and express only those views that the institutional culture deems appropriate (see Argyris, 1988). The conclusion is that the ‘defensive function’ of the accounting is governed by rules of ‘adjacency-pair’. And elaboration of the responsive accounts by rules of ‘adjacency-pair’ is a powerful management method to control the accountability by accounting procedures organized around the idea of “profit centres”.

4.6.4 The key factors of the political budget

In Alingsås the total childcare cost for 1990 was 96.9 M SEK. The revenue was 46.9 M SEK which came from the state grants and charges. This means that the net cost was 50 M SEK which was about 11% of the municipal’s net cost.

In 1991, the state grants decreased and as a consequence of this, the net cost for the childcare organization increased to 62.8 M SEK. This put pressure on the municipal budget. Meanwhile, due to inflation, investment and increase in the number of children, the total cost of the childcare increased. The following figures that are drawn from the municipal documents (1991) show the trend of childcare costs. The social office presented this cost information to the council.

Activity	1987	1988	1989	1990	1991
Part-times-preschool	9 282	13 530	14 170	16 810	19 400
Preschool	17 912	19 010	22 860	== =	32 700
Fri-time	22 842	15 800	16 750	26 850	22 800
Child-minder	11 142	11 660	14 900	18 510	20 200

Figure 4.5: Net-cost per child within child caring activities in SEK

Activity	1987	1988	1989	1990	1991
Part-times-preschool	491	366	386	422	379
Preschool	377	408	504	559	633
Fri-time	72	118	159	214	317
Child-minder	980	1 145	1 168	1 122	1 164
Total	1 920	2 037	2 217	2 317	2 493

Figure 4.6: Number of children accommodated per activity

The increase in costs and decrease in state grants opened a way for the accounting section of the local government to give greater priority to the use of accounting as a mechanism of controlling at the arm's length. The idea was that by means of accounting to bring in a more rigorous and centralized control to reduce the costs. As a consequence of this, two distinctive models of budgeting and accounting emerged. First, the childcare budget disaggregated on the basis of the units, and each unit budget was matched to the accounting systems. The interconnection between budgeting and accounting systems and their sequential positioning brought up discontinuity in the culture of 'discretionary expense centres'.

Second, the budgeting and accounting reports were prepared for the politicians on the basis of items and non-standard combinations. In municipal documents, the concept of 'drift' or operational budget

was used in order to make distinctions between e.g., taxes and charges as the separate sources of the revenues. A number of columns were devoted to the budget plan or forecasting for two-three years ahead. In a separate column, operational costs and revenues were specified. In major parts the revenues were demographically defined. There was also a separate table for the presentation of investments. This table included budgeting resources that were used for the maintenance of the schools and childcare centres and stocks of material used in operational activities. The investment budget was organized in the form of a forecast of a five-years-plan.

The political budgeting data also revealed the qualitative information related to operational activities. This information was gathered on the basis of discretionary responsibility, described the needs, and informed the politicians about the consequences of certain actions. In the political budget of 1997, we may read the following information:

“Consequences of further rationalization of personnel are:

- Stress, irritation and conflicts between children, youngster and adults may increase.
- It becomes more difficult to provide individual pedagogic and care in accordance with the national directive in the study plan (läroplanen).
- Children/youngster need of contact and relationship with adult become difficult to accomplish
- It becomes difficult to carry out the needed changes
- The work environment may become negative.
- It becomes more difficult to fulfil the school law (requirements of equality, knowledge goal, specific support to children who need, needs covering for children)”

This is a typical example of the political budgeting, in relation to which discretionary responsibility was practiced, and by means of which the operational information was provided and communicated to the politicians. It accounts for the consequences of budgeting stress, size reduction etc. Provision of a political budget gives the impression that profit centres that were heavily focused on the tasks and behaviour of the managers could not communicate the type of information that was relevant to the political decision-making.

4.6.5 Interest for standard cost factors in the child caring environment

One of the major factors of the NPFM reform influences could be found in the increasing interest for cost definitions and cost categorizations. The operation of 'profit centres' needed standardized costs to provide information, for example, for controlling the cost of children in a certain age category. This professional interest should be related to the taken-for-granted idea that comparison of factual and standard costs will improve the control.

Arguably, 'divisionalization', establishment of the 'area management' and hierarchic linking of communication could not improve if 'profit centres' did not operate. The operation of 'profit centres' was, on the other hand, depended on the calculation of efficiency and effectiveness (see Anthony & Govindarajan, 1995). The ideal situation was when the actual expenses could be matched with the cost standards to provide a basis for *efficiency* control. In this way the efficiency of one unit could be compared with that of another unit. While, for control of/by profit the actual cost needed to be matched with the actual budget (to control management *effectiveness*).

But, since in practice, the problem of cost standardization could not be solved, this ideal control situation could not be achieved. By tradition, the childcare services and activities were varied. There was also a state of dependency between the units. These created problem for the unit-based model of evaluation and cost standardization.

In their description of responsibility accounting, Wilson & Chua (1994) argued that if costs are not defined in controllable terms, then role complexity of the budget might increase. Kirk & Mouritsen (1993) have also emphasized that without transparent cost pictures the practice of profit-based responsibility accounting is impossible. In essence, it is paradoxical if the comparison between two units is to be carried out in terms of the cost standards, which do not have points of contact with the activities.

In spite of this, in one municipal document, it was clearly stated that the objective of the new accounting was to provide 'visibility for expenses' in terms of 'controllable cost', and at the level of decentralized units. Cost per child thus became a matter for the focus

of the accountant. Therefore, the financial section put considerable time and resources into the cost formulation and provision of the standards.

4.6.6 Presentation of two cost examples that applied at the level of units

The basic problem for accountants was the basis that should be used for cost calculation. They decided that the cost structure (Figure 4.5) used for giving information to the council could also be used for the control of the care units. The objective was that in future to develop a new basis for cost calculation which is more suitable for the control of operational units.

The front-line managers had a disaggregated budget, structured for their units. This budget was revised on the basis of the previous year's profit/loss accounts. As the time passed, the figures considered for/as 'discretionary costs' decreased while the figure considered for/as the 'engineered cost' increased. This had a paradoxical effect on the use of 'profit' and function of 'cost standard' as a mechanism of accountability control at the level of a unit. If the unit budget is considered as an artificial term for the revenue, and the local managers cannot influence either the revenue or the expenses (because cost were not discretionary), and if only the 'engineered costs' are involved, then the question is what is the function of 'profit' for holding the front-line managers accountable? Here, the control paradox is that when the local managers cannot influence the 'profit' (through discretionary costs) they cannot be held accountable for the profit either! Buttny (1993) has argued that one is not responsible for the events that one cannot influence. This situation creates a new interpretive insight into the evaluations role of 'profit centres'. The use of 'profit centres' in the context of the caring environment creates a situation of 'non-commitment' to house-keeping. It works against empowerment and overcoming the organizational defences (see Argyris, 1957, 1990).

The following statement was made by one of the front-line managers to characterize her reports:

"They check them (the reports) to see whether they are correctly prepared. They want to see if we make profit and do not exceed the budget. We do not use these reports in our plan or in our care activities. We meet every week to discuss our budget and to maintain

collaboration of resources, so that none of us needed to be evaluated differently".

This quotation clearly indicates that the monitoring of accountability reports (an account process, in relation to which, the local managers could not recognize the situation) could not determine the information that the local managers used for their operational activities. The information needed for the control of activities was cooperatively defined.

However, by repeatedly monitoring accountability on the basis of 'profit centres', there may arise a risk of 'regulatory capture'- the risk of regulators determining the information required, on the cost of adaptive and context related information. A statement such as "whether they are correctly prepared" indicates the interest of the accounting section for involving the accounting professional logic. Here, interest for the 'correct reporting' is emphasized as a safeguard of professional interest.

As a guideline for accountability, the financial section of the local government provided a number of cost-based tables. These tables communicated some numerical relationships between different categories of children. The following table (Figure 4.7) is drawn from Alingsås documents (1992). Costs are based on four types of activities. It implicates that in the course of one year, costs for child-minders (familjedaghem) and part-time groups (deltidsgrupp) are increased. While, the cost of free-time and preschool children is decreased. In Alingsås the trend of organizational change from the child-minders to preschools started a long time ago. Costs of each group were provided on the basis of ex-post accounting information.

Type of Activity	Year 1991	Year 1992	Diff.
Half-time pre-school	19 400	21 700	+ 2 300
Preschool	32 700	25 800	- 6 900
Free-time	22 800	18 200	- 4 600
Child-minders	20 200	23 600	+ 3 400

Figure 4.7: An example of net cost changers per child at the aggregated level in SEK

According to the budgeting document issued in 1992, to these costs, the cost of capital - 1800 SEK per child - and cost of administration - 1200 SEK per child - must be added. The cost of child-minders as one alternative for giving the care services was coupled with the problem of overhead allocation. (Arguably, the work of child-minders required much less administrative costs than other alternatives. Therefore, the administrative costs should be fairly allocated to support the political decision-making). However, the above categories were used to provide information about the increasing cost of the child-minders and decreasing cost of the preschools.

The following figure (as a proposal for the future calculation) presents the additional information about the accountants' interest in cost categorization. It also provides an insight about the basis of costs used in rationalization of the child-minders care activities.

Types of activities	Nr of children 1991	Costs (M SEK)	Nr of children 1992	Costs (M SEK)
Half-time pre-school	216	4.2	200	4.3
Pre-school	713	23.3	929	24.0
Free-time-home	401	9.1	547	9.9
Child-minders	1 146	23.1	946	22.3
Total	2 476	59.7	2 622	60.5

Figure 4.8: The annual cost budget comparisons

Due to organizational interdependencies, the problem of overhead allocation, and complexity of the activities, it was difficult for the accounting section to provide a fair view of the costs. For example, the costs of children should be prepared on the basis of relevant ages, and since the care organizations mix the children it is not possible to do this. If, children are divided into 1-5 and 6-12 categories the information about the costs are still not relevant. For example, a one-year-old child's costs are much more than a 5-year old child. Even the time of accommodation is varied between the two groups. By the same token, the cost of child-minders cannot be compared with other costs because they provide care services for the different age mixes

and the different time accommodation etc. Second, by integration of child-minders with preschools the operative costs are assumed to be decreased. In practice, the administrative cost, e.g., the cost of reporting increased, time of accommodation decreased, and investment in management facility etc. increased. Child-minders activities focus more on the irregular time of accommodation for parents who have irregular work schedules. Further, institutions of child-minders and half-time caring were politically defined to match the needs of the sudden demographic changes and work schedules that were not regular. In Alingsås, due to the community interest, the child-minders queue increased in proportion to the queue for the preschool services. Therefore, decision-making on the basis of cost categories presented and motivated by the accounting section was not in line with the evaluation of the other stakeholders (for example parents evaluation) who needed these services. The elimination of the child-minders alternative, and creation of queue systems, also had effect on the privatisation tendency as an alternative method of the care organization.

When in 1993, the front-line managers, administrators, and politicians alike found that creation of the formal structure and preschool integration did not solve the financial problems, and meanwhile, the number of children in the queue system had increased, they decreased the speed of reducing the numbers of child-minders.

From 1994 onwards, the financial section began to further develop their cost accounts. This time they turned to the age of children as a basis to cost calculation (see municipal external accounting 1994). One of the administrators has commented that, "since some of the units were integrated and different pedagogical methods were applied this type of table could still not be used for the operative control and comparative analysis between the two units". When a question raised that: "But you used these costs to change the child-minders organizations". She continued..."yet the provision of these cost details is important for us. We rarely use these costs in our decisions, we look at the general trends at the national level to be sure that our costing decision is correct" (emphasize is added). In fact, the trend of the downsizing of the child-minders activities was general at the national level. The costs tables were provided, in fact, after the organizational decisions and downsizing of the child-minders. In essence, the cost tables provided afterwards of

justification for the rationalization ideas that controlled the overall strategy of “downsizing”.

In sum, it can be concluded that features of the care activities cannot be used as a basis of cost standardization. In a similar way, the factor of age is difficult to apply. The reason for this is related to the notion of variations of activities and difficulties in the determination of the identical units. The childcare centres have different open-times, activities, resources and care objectives. In addition to this, there are fundamental processes for horizontal interdependencies between the units. These interdependencies create a problem of allocation for distribution of costs on the basis of units, age or type of activities. Indeed, variations in styles and methods of care are the undividable parts of the childcare services.

It was difficult for the accounting section to provide a fair view of the costs due to organizational interdependencies, problem of overhead allocation, and complexity of the activities. For example, the care organizations mix the children, and it is not possible to base the cost on the criteria of age. In some units the children were divided into 1-5 year and 6-12 year categories. Cost information provided on the basis of these categories was thus problematic. For example, the cost for one-year-old children is much more than that of five-year-old children. Even the time of accommodation was varied between the two groups. By the same token, the cost of child-minders should not be compared with other costs because they provide care services for the different age mixes and the different time accommodation etc. The problem of using costs as a basis of decision-making created other problems. For example, by integration of child-minders with preschools, it was assumed that the operative costs would be decreased. In practice, the administrative cost, e.g., the cost of reporting and management increased, time of accommodation decreased, and investment in management facility etc., increased.

4.6.7 Relevance of the discretionary costing view

Several writers have tried to solve the problems of cost categorization in relation to childcare organizations (see, e.g. Löfgren & Eriksson, 1988; Begler & Holmberg, 1992). These writers finally failed to find a basis for cost categories that could support management control.

Finally, researchers such as Löfgren & Eriksson (1988, Barnomsorgens ekonomi i tio kommuner Varför så olika? Socialkontoret, Umeå Kommun) have explained that cost differences between the municipalities are to be considered as complex institutional differences. In their study, they compared the different cost of full-time care in ten municipalities with each other. They concluded that these differences must be related to either factors of age or time of accommodation. In big cities where there is an increased probability that both parents work, costs are higher than in other places.

The accounting section of Alingsås may fail to find a reasonable principle for the cost categorization. Even if they construct such a principle, cost-based comparative control of the childcare activities will be faced with the problem. In fact, the financial problem, that the local government faces cannot be solved by methods of cost categorization. Factors that influence the expenses cannot be recognized in 'standards'. For example, population intensity plays a key role on the cost of care not organizational forms, type of management control or change of accounting system. The childcare organizations and costs associated with these organizations cannot, in fact, be regarded as an integrated whole, instead it should be seen as a collection of loosely coupled parts which in time and space change the shape.

The basic problem of cost control is related to the notion that every entered child has a different cost depending on the time they received accommodation, the type of resource that was applied to their education and the ambition of the local politicians for the service quality and human resourcing. Even the use of care experts and professionals for improvement of the quality of care play a key role. Implementation of cost standards to control accountability not only costs more but it is also not practical. If one only uses the time of accommodation as a basis for cost reporting, then each front-line manager needs extra personal (or an extra cost expert!), at the unit level, for registration of time and other data for accomplishing cost reporting-based accountability. This means that the involvement of the professional accounting system increases the cost of input resources for the local government.

A number of problems are related to the costs of integrated units and forms of the caring organizations. Cost is difficult to estimate at unit level, in particular, when several resources are commonly used

between these units. The examples presented in different sections indicated that there are dependencies between the units in terms of activities, pedagogic programs, pedagogic innovation work, and support personnel. One problem is related to the volume of service provision. Categorization of half time and full-time cannot help much, because these categories are not applied as means of regulation in practice. Categorization between ages cannot help either. Particularly, in several areas the childcare activities were integrated with the school activities. One cannot therefore, directly read from the municipal accounting data what the costs of different service units are. The question is how reasonable these costs can be matched with the unit budgets, and how reasonably the profit accounts can be used as a management method to determine success in performance. In sum, the focus on childcare costs can result in the proposition that the use of traditional ‘discretionary expense centres’ is a superior method for management of the childcare centres.

4.6.8 Conclusion

The cost examples that are presented in different sections showed how the standards of cost accounting, and its method of logical reasoning involved to change the culture of “discretionary cost system”. It was also analysed that as a consequence of management accounting, municipal accountability was shaped by organizational rules of “adjacency pairs”. This means that management accounting organized the accountability in categories of concepts such as budgeting/accounting, needs/goal, efficiency/effectiveness, input/output. In this way the vertical accounts were involved and the childcare events were communicated in a particular discourse.

By organization of ‘adjacency pairs’ characteristics of the traditional accountability sequences were changed. First, it was shown how interconnection between budgeting and accounting by means of ‘adjacency pairs’ was established, and as a consequence of this, the ‘profit centres’ worked as a mechanism of testing deviation. Deviation or profit became a reference point to turn the horizontal accounts to the vertical. In fact, the profit worked as a link point of systematisation, by means of which, the ‘needs’ were replaced by profit ‘goal’. For making account relevant for the context of ‘profit centres’, the judgmental or discretionary costs converted to the “engineered” or “controllable” costs (see Anthony & Govindarajan, 1995).

A number of cost categorizations were carried out to eliminate the effect of activity variations. Here, it will be further emphasized that the ordering of the municipal accountability in ‘adjacency pairs’ should not be interpreted merely on the basis of observed regulatory structure. The involvement of ‘adjacency pairs’ gives defensive characteristics to the processes of accounts. Therefore, the emergences of these pairs need to be interpreted as a rule that governs the *processes of validation*.

According to Hopwood & Miller (1994) the “discursive validation” has a particular effect on the identity of the actors. Study of municipal documents provided evidences of how, e.g., the ‘profit centres’ were involved and structured accountability in vertical direction. Whereas, the effect of their “*discursive validation*” could not be observed in a systematic way, i.e., that the involvement of the ‘profit centres’ elaborated by rule of ‘adjacency pairs’ has the power to eliminate the actor’s personal judgment, relational history, background knowledge, contextual events, background circumstances and the like, which comprise different moments within the discretionary responsibility. In short, it will be emphasized that the vertical organization of accountability by ‘profit centres’, and involvement of cost standards occurred without consideration of its “discursive validation” and its effect on the responsibility of the participants to act and judge on the basis of the personally observed operational cues.

4.7 Presentation and interpretation of the accounts-talk (interviews)

Here, some fragments of the interviews, focusing only on the manners in which the local managers expressed their views upon the effect and consequences of the NPFM reform, will be presented. These fragments are selected on the basis of the central themes that controlled conversations to flow. These themes were sites for problem talk and construction of evaluative accounts. These themes will help to point out how the focus of horizontal accountability turned away from the relational problems, relevant for the context of service delivery, towards the formal-textual accountability relevant for context of professional control management. The key accounts of functional, face-saving and relational will be used to interpret the accounts-talk.

The themes catch the transformation of accounts-talk and are built-up around the concepts like: *saving, budgeting results, control, barriers for achieving the results, budgeting information, alternative information, commitment to municipal law, commitment to service and parents engagement*. In the following sections, these themes constitute a visible and recordable assessment of the accountability practices in relationship to operational activities, and NPFM reform.

a) About saving

Question: What are the most important issues in budgeting that local managers work with?

1- "Previously, in our weekly meeting, we used to talk about care and learning based on our own experiences, as well as the pedagogic aspects of care and learning. We discussed the problems we faced in our everyday work, and debated pedagogical issues which were relevant for our situation. After the new budget we only spoke about saving and budget. It is now nearly one and half years in which we have consumed our meeting hours in talking about the budget, and of how we can save money to reach the budget. Budget talk has even penetrated our everyday discussions and has taken up too much time".

2- "Budget saving is very stressing, you cannot save by the earlier plan, in the areas which are "problem areas" (tyngre), with so many separated parents, divided families, and a lot of children who need extra social contact. These children have different needs compared with other areas. Another problem is (in Hemsjö) that the waiting lists for our childcare services have drastically increased, and with our current budget, we cannot offer them so many new places. This is a big problem for us to think about the balance or to think about the waiting lists".

3- "Many things have changed. We have a new budgeting routine. Before, they sent us reports, we read these reports and did our jobs. Now, things are confused. We must send them reports, we must inform them, and we must give them the accounting information that they need. They require that we learn accounting - not to spend money unnecessarily... We have changed our routine, we learn to report, but our total costs increased. We do not understand what the goal of budgeting change is".

These statements indicate the nature, magnitude and consequences of the problematic events related to the matters of saving requirements and budgeting stress. The local managers interpreted the problematic events and constructed the "terrain" that constituted and mapped the effect of management tools, management accounting, and style of accountability. It is evident from the quotations that the saving requirements, through establishing performance targets, have taken the focus of the accounts-talk from the core activity.

Accounts-talk illuminates the variety and proliferation of accountability, simultaneously addressing some of the rules that structured change in the pattern of organizational dialogue and conversation. Experiential, activity-related, care and pedagogical talks are substituted by the budgeting talk with more stress on discipline and frugality in resource use. Accountability is thus reduced to reporting and communicating through numerical measures for displaying "saving achievement" which take time and energy from the core operation. The local managers must test the adequacy of their responsive accounts by attending accounting courses to be able to act as a professional accountant.

In order to be convincing, the account-talks are congruent with the 'reality constraints' of the profit reporting. In fact, the paradigmatic characteristics of the accounts-talk were dramatically increased (see Jönsson, 1996) when concept of the 'profit reporting' provided the grounds for drawing inferences. Respondents are not satisfied over the budgeting stress, and the magnitude of its impact and consequences are addressed in the accounts-talk formed in terms of self-defensive rule and criticism. By focusing on the increasing volume of reporting the respondents account some state-of-affairs that they do not fully appreciate. This means that accounts talk is invariably oriented as a single speech act for the purpose of functioning for the 'problematic incident' of saving (see in Chapter Two). From the focus on these quotations, it is evident that accounts-talk is not primarily controlled by the conditions of 'discretionary responsibility'. Instead, the accounts-talk is controlled by the conditions of the external formal standards, efficiency needs, and hard look at the profit goals.

b) About the results

Question: What are the concrete results that you achieved?

1- "First of all, we have agreed on the criteria of budget cutting, i.e., we must not cut all areas in the same ways. In some area you can reach the budget, in another you must even invest more resources. We must look at situations very closely and see what we can do. We must also convince others that in different situations we need different resources".

2- "We changed the breakfast time from 8.00 to 8.30 a.m., and we saved several 'hours' that resulted in less expenditure. Apart from which, none of our family-care (child-minders) works 100%. They only work 80%. This is all we could do. I don't think we can save more on personnel".

3- "We agreed that as a consequence of budget saving, none of our personal must quit the organizations. It is not reasonable. In our teamwork many hours go on discussing how money can be saved without dramatization of the problem that we must convince the employees (övertalighet) to leave the organization. To threaten the employees with unemployment is not good for the work environment. We try to save on rents, giving more places to the children, without increasing the paid-working ours. In this way we try to get both parents and employees to have the feeling of being informed and participative".

By examining these utterances one finds that performance enhancement is embedded in performance self-evaluation, and both are interactional achievements. Since performance is complex, evaluation needs deviation from giving accounts as a single speech act to include other sequential contexts and other co-occurring acts. Therefore, accounts on "saving" performances are predominantly set in qualitative utterances based on the discretionary responsibility rather than being presented in a direct link with the predicament of problematic incidents of the budgeting stress. What is 'true' about the saving performance and achievement, are events that may need to be negotiated between the local managers, between the local employees and parents. Saving, as a practice of 'housekeeping' presents a set of relational accounts.

In spite of these relational characteristics, these accounts still have

the underlying conditions of reacting to an accusation rather than actively constructing and formulating action in terms of discretionary responsibility. The above quotations have the conditional relevance of the face-saving and functional accounts. The conditional relevance is absent and cannot be observed, but it is in the background. The background for drawing inferences is in fact related to the efforts of the account givers in deviation from the canon of vertical accounts. This means that accounts are in essence ordered either in terms of self-defence rule or criticism. Utterances such as “we must not cut in all areas in the same way”, have the critical elements of paradox and tension which emerged from the interpretation of vertical accounts. In general, the accounts-talk illuminates variations of the efforts by which the local managers describe their accountability capacity of ‘saving’. Accounts on saving performance are therefore, to the great extent, contingent with the recipient’s interpretation of the central problem. Financial effectiveness and the measurable performance success presented in the second quotation must be considered as criteria of evaluation.

The accounts-talk presented in the above indicates, in an invisible way, the work of ‘adjacency-pairs’ discussed previously. In fact, account exchanges (between question and answers) elaborated by systemic organization of the ‘adjacency pairs’ as stated in the concept of ‘result’. Result does not have a firm reference but states performances of the different features. By interpretation of ‘result’ (the local managers commonly interpreted the result as the profit) as the first pair or focal point of the account process, the answers engage in both the *processes* and *criteria* of giving accounts which are conditioned by the ‘first pair’ - the ‘result’. In their responses, the local managers tried to make the "implicit" actions of achieving ‘result’ to be transformed to the "explicit" in order to manifest accountability in terms of a clearly stated aim and efficiency.

In the above quotations, account-givers produced a mixture of functional, face-saving and relational accounts in giving commentaries about the result. By focusing on the structure of the above statements, we may make distinctions between criteria of the vertical ‘connection’ from the criteria of horizontal ‘relation’ in giving accounts. As it is reflected in these quotations, to appraise the performance also means to account through empathy for the personnel, for the work environment, and for care activities. These kinds of evaluations are among the characteristics that can be related

to the genre of relational accounts.

c) About how the results are achieved

How do you explain your budgeting result?

1- "Our real success in our work is keeping our main energy away from counting the pennies. We follow the accounting journals only for controlling if our expenditure (kassabok) is in order. I try to help by seeing that most of our budgeting work is concentrated on a weekly discussion that takes place between front-line managers (föreståndare). It is better to talk about how to work with our limited resources rather than to speak about resources that we do not have and in reform situations we cannot ask for. We take on new personnel if our ordinary ones are sick, and if we have some money over. Otherwise, we solve the problem as we usually do. We ask for help from other units, most of the time we cooperate between the units. Giving resources to each other and borrowing from one another. But, in the case of reporting, each person must work for her own balance. That is the way it is".

2- "Our project of integration between different units has given results. Cooperation between preschools, free-time (fritids) and family care centres saved resources and improved quality. Beside which, we found ourselves more in the role of helping each other and being close to the problems that we share. We knew we must put up with less resources, and we knew we must cooperate to show that we need resources".

3- "I must save 215 000 SEK. This is impossible for me. I saved on cleaners, part-time personnel, and perhaps materials. More than anything else we saved on pedagogical education through not sending personnel on courses. These days we talk less about pedagogy, more about the saving. Yet, I cannot cover 75 000 SEK. I am tired of thinking about saving; instead I try to solve the problem of the queue. It is not officially explained, but we have a queue in every area. We will solve this problem with help of internal communication. Parents, child-minders, and front-line managers are contacting each other to discuss the problems. We started a network for solving the queue problems and I work as communication director"

In general, to answer the question of "how the results are achieved"

the respondents must engage in accounts-talk in terms of the prior consideration. This means that, in some ways, the account-givers must get away from the 'condition' of merely reacting to the constraint (or problematic situation) of 'achieving the result' to wider conditions of actively constructing and formulating the constraint. They have to shift backward to look at what they did (to achieve the result), and also find out in their minds some other individuals who were engaged in the action.

In the first quotation, the account-giver deliberately avoids offering an answer which merely present 'reacting' to the vertical accounts, by giving an 'ironical' commentary that 'counting the pennies' and 'following the accounting journals' should not be considered as a serious method for evaluation of the 'result'. After this ironical proposition, the account-giver moves to the context of relational accounts for providing commentaries about the action and responsibility.

In the second quotation, the account-giver refuses (perhaps purposively) to interact with the problematic event of 'achieving result'. Here accounts serve to preserve social relationship, and at the same time, they save the account-giver's face. Accounts warrant, and also modify, the condition of resource dependency between the units, whilst simultaneously engaging and meanwhile a type of action-related events that repair the problematic event of 'achieving result' but not by condition of the functional accounts.

In the third quotation, the account-giver directly involves the accounts with the functional work. First, the accounts manifest consensus or alignments with vertical accounts. Here, the primarily concern in finding ways to achieve mutual alignment of conduct through reducing and rationalizing the personnel. Very soon the accounts enter into the range of other possible responses. Account-giver shows negotiation, ambivalence, blame, frustration and even negation. The respondent even attempts to remedy the problematic events (or to give balance to the accounts of criticism) by giving a new set of accounts on the basis of moral, and by means of creating a network communication.

In sum, for presentation of 'results', accounts are characterized by moment-by-moment moves. It is controlled by shifting circumstances from the vertical focus towards the horizontal focus expressed by

concepts such as networking, resource cooperation, organizational linking and lateral collaboration. By these utterances respondents will demonstrate that their "real accountability" emerges from the cooperative work. This joint accomplishment is a type of assessment in which respondents like their "results" to be associated.

In spite of this multiplicity of focus in responses, the effect of vertical accounts is obvious. In order to reduce the failure (problematic events) e.g., in saving 215 000 SEK, the respondent tried to communicate a set of actions aligned with this predicament. For example, they attempted to show other achievements (solving the queue problem) in order to maximize the ratio of performance, and to minimize the negative effect of the problematic events termed here as '215 000 SEK saving'. This type of account construction is rooted in face-saving qualifications. By face-saving accounts the individual tries to maintain a defensive discourse of the varied types against the threats that arise from the predicament of the vertical accounts. They may find 'creative solutions' for the outline of their responses to avoid tension. But, disregarding which solution they may have found, their responses are conditioned and coordinated in the background of the vertical accounts.

d) About the barriers in achieving the results

Question: Did you find any barrier to your work?

1- "Budget work has taken our time away from being able to work at our main job".

2- "The saving perspective has created work anxiety (oro) among the personnel; this is not good for the organization. Nobody knows what will happen next"

3- "Saving has influenced us so that we cannot give a specialized service to the children who face social problems". "We must report, and our report must be formed in a similar way to avoid misunderstanding in evaluation. This results in that we fail to give the resources necessary to the children who need special care".

4- "I feel that many of us do not have peace-of-mind when working (få arbetsro). When we touch the computer to count the budget we lose our peace-of-mind".

These accounts offer some valuable information about the consequences of the NPFM implementation. In all these statements, the account-givers involve, in the familiar (or everyday) causal processes of the accounts to give information about the consequences. Accounts are supported by personal and action-related interpretation. This means that the causal movement arises from the account-givers intention (via interpretation of the consequences) not from the physical *reaction* to the predicament of the vertical accounts. If we return to the definition given to the concept of the account process (see Chapter Three) we may say that in giving accounts for the consequences, the account-givers must create a *rapture* (discontinuity) between the sequence of initiation and the sequence of resolution. This is a part of the account strategy that helps make the consequences understandable.

Harre (1979) identified a new 'genre' of accounts and related them to the basis of 'action-act re-categorization'. By this term he wanted to say that certain acts, events or incidents are related to action and occur in isolation. Communication of these requires, in the first instance, the account-giver's intention, and in the second, the engagement of a familiar form of reason-giving in order to account for a larger context. Consequences, such as paradox, tension, frustration, etc. occur in isolation, and in situations that vertical accounts dominate the scene, they are seldom communicated.

As is evident from the above quotations, in giving accountability, the account givers focus more on the criteria of accounts (values such as confusion, frustration, paradoxes, tension etc.) in formulation of responses rather than being careful about the processes (structural rules, method and procedures) of the accounts. The account-giver will promote her own standpoints and the distinctive view of relationship with formal accountability. She applies few, if any, systemic rules regarding the content of accountability practice. Values such as confusion, frustration and paradoxes indicate, in essence, the defensive accounts, when, e.g., the account-givers realize that there is not correspondence between the operational work and vertical requirements. The defensive accounts are often coordinated by the value of the self-defence rule. When the values of self-defence dominate, the account-givers refuse to answer according to the rules of the normative organization of 'adjacency pairs'. Basically, the above quotations indicate that the account-givers are not responding to the first-pair part in the way projected by vertical accounts.

The first quotation indicates a state of paradox (budgeting stress interpreted as a hinder to achieve the result), the second tension, the third confusion, and the last frustration. These terms are evidences of an indication that when the discursive validation of management accounting is effectively involved the constructions of the accounts are more than just *reacting* to the problematic events. As the second pairs none of these accounts are produced in a way to project the function of the 'adjacency pair'.

e) About removing barriers

Question 6: How do you overcome the (budgeting) barriers?

1- "I am responsible for bigger units (almost 100 children) and have more problems to solve than just focusing on the budget and fixing the reports. I give service to an extensive (tungt) area, which more than any other area, has social problems. Speaking from my own point of view as regards to my own workplace, and not from my position as a leader of the group, the biggest problem was to "unite" the kindergarten with the child-miners. These people have two different traditions of organizing their activities and care efforts. I believed that I could develop the quality and decrease the costs if I could unify the two organizations that worked in isolation to share their resources. I created more understanding for each other's activity. I invited the child-minders to our kindergarten to have a daily chat with others. This was my own idea, and I wanted to test it. After my initiative some of other units started to do the same".

2- "I am the area manager, responsible for five units. To reduce the cost and to increase my budget, I discussed with my personnel, and against all the odds, I opened up four new sections for children who are on the waiting lists. The parents want this. The Law wants this. Why should I see it the opposite way? My personnel also accepted to take care of more children during their working hours. I received 20 000 SEK per child in government grants. This gave me a budget surplus. You see... I have the budget in my fingers. I use my own method to solve the problems...."

3- "What I have learnt, during these years, is how to use the budget for development of relationships and our organization. The budget can help us to be clearer when we are speaking to each other, and to be more conscious about each other. What we can learn from a budget is the fact that we react to a budget in different ways. And we

must be accepted as we are. What I have learnt during recent years, is to get to know my colleagues, to understand them and to work together without considering that financial questions may create difference between us. I believe that we should develop our cooperation beyond the limit of our community, and between the different communities in the region, if we want to really solve our financial problems. The budget should help us to find our friends, to build up relationships, and help in developing a dialogue with them about what we need and what they need. It should not isolate us from one another, and should not support inequality in resource distribution”.

From these quotations it is evident that to overcome the barrier created by problematic events of budgeting stress, the respondents must involve in a series of activities that over-extend the analytic attention of the vertical accounts. In action, attention is given to the multiple of contexts of moral, responsibility, and obligation, which are implicit in person’s accountability practices. In answering the questions, respondents made different interpretation of the relevance of the financial rules, and more particularly, its construction to achieve the care services. In judgment of the rules for action they use sources that were seemingly incomparable with the predicaments of the vertical accounts. Variations in creation of accounts crystallized in a number of different ways.

In the first quotation the account-giver points, in an explicit way, to the strengthening of ‘discretionary responsibility’ in terms of using the budget to provide interdependency and cooperation between the units. In this way the constraint of budget is used to produce a defensive strategy. Creation of cooperation between several units and sharing the resources is a defensive strategy for applying ‘divisionalization’. The interpretation is that budget is not only used to structure accounts on consequences. Here, the budget is used as a strategic ‘site’ to strengthen the relational accounts.

In the second quotation, the accounts emphasize the involvement of vertical accounts without the need of being ‘functionally’ involved. Here, the account-givers apply a wider approach to account while moving within the discourse lines of the vertical accounts. We can say that the responsive accounts can be seen to emerge as a consequence of interpretation that is *prospectively* guided. Meanwhile, the responsive accounts are *retrospectively* made relevant for the

discursive context of the vertical accounts. To understand this process we must once again return to the theoretical basis of the accounts in shaping accountability. Considering the definition given to the account process, we may say that by the first sequence of the account initiation the account-giver is involved in the process of *prospectively* interpreting the problematic events as an antecedent criticism. While by the second sequence – account resolution – the account-giver is involved in the act of *retrospectively* making relevant the contextual materials to cohere with the predicament of the vertical accounts. The interpretation is that in order to make the context relevant, the account-giver expands the care activities to ‘receive the government grants’ to achieve the budgeting balance. In these ways, the responsive accounts make the contextual events *retrospectively* relevant for the predicament of the vertical accounts. To make accounts *retrospectively* relevant means that account-givers find themselves in the situation of ‘acceptance-rejection’ and by making the context relevant they discursively account for their positioning.

Finally, in the last quotation, the account-giver moves towards the *remedial account* as a strategy for reducing the effect of the vertical predicament. In remedial account, the predicament of the vertical accounts is relatively absent. Terms like ‘learning, friends, relationships cooperation, community relation etc., are apparently the elements of the relational accounts applied by the account-giver to show the significance of the horizontal accounts. But, these terms also provide the grounds for drawing inferences about the person who want (intentionally) to reduce the effect of predicament. Consequently, the account-giver is involved in a series of verbal negotiation designed to show alignments with other positive consequences as remedial work.

f) About the use of economic information

Question: Which kind of the economic information do you use in your budgeting work?

1- "I have a personnel budget, administration, rent, and cleaning... Our budget says that we must save on cleaning and materials. I cannot change so much on cleaning and rent, and materials, but I can change the personnel budget either by eliminating the part-time personnel or by increasing the numbers of children per unit. It is not good for quality. We must find our own information to deal with the

situation. Our budget responsibility (ansvar) is, therefore, about how to spend money on the personnel".

2- "Economic information is good when sent to us, we can compare last year with this year, but it cannot be used to make things work".... "I opened a free-time (fritids) section, and received money (grant) for that. Free-time needs less personnel working hours and we could save 100 000 SEK per year to balance the preschool budget for the coming years".

The budget helped them review their last year's performance and compare their unit performance with the previous year, and if it was advisable by other units. But the budget could not help them to reduce the costs and gain balance. None of the respondents pointed to the situation of how "economic information" helped them to save money. They used different methods for saving.

g) About the parents

Question: How do you register the parents' idea?

1- "Parents like our services. We know this, and everybody in the area knows about our quality. Our preschools are their first choices. We have a big queue. They feel that, near us, there is a safer place for their children. If we are not accepted, private childcare takes over. They tried that here and failed to convince the parents to send their children to them".

2- "We were well acquainted with them before their children come here. They knew how we treat their children. We talk to them and they talk to us if there is a problem. Otherwise we do our job and we do not play-act with each other".

3- "With some parents, it is easy to speak about pedagogy and how their children are developing. With others this is more difficult. We cannot engage the parents in our activity in similar ways. We must first talk to them to know what they want, and how they will react to different forms of care and teaching". How children develop is sometimes difficult to communicate to others. We prepared ourselves to meet the needs of children in the first instance. Sometimes what parents want is not in the line with what children want. We are flexible".

In official documents "parents" were sometimes referred to as "customers". None of the respondents ever used the term customer to denote aspects of the service quality or recount the parents' views. In one case, when a respondent discussed the service quality, emphasizing (ironically) that she did prefer to use the term "parents" rather than "customers". She continued: "When somebody uses the term customer it seems that something is missing. We cannot substitute parents for customer, we know them, we meet them every day, we live in the same area, and they are our neighbours". On several occasions, the importance of the parents' view in care, accommodation, and education became the theme of conversation. A few respondents tried to emphasize the status of "professional attitude", by revealing that the most important aspects of what they really do are 'pedagogical' and this cannot be considered as an issue between parents and care personnel. Children learn many things, and learning consequences must be evaluated, if it is at all possible. One reason for promoting pedagogical cooperation between childcare and school emerges from the possibility for assessment of the effects in a long-term perspective. Many aspects of learning are tacit. How a child is assisted in her/his learning process is always difficult to demonstrate to parents.

By use of a question an attempt was made to find out how they see if parents are involved more than usual, to decide for the quality of care. The account-givers commonly referred to the atmosphere of a "friendly relationship" with the parents. One of the respondents said: "We were familiar with the parents, often long before their children started to attend our pre-school programs". Another respondent emphasized that: "Even with those parents whom we meet for the first time we become friends after several occasions. We meet and talk as if they are family. I do not know what will happen to our relationships, and relationship between the personnel and children, if parents behave like 'customers' and ask for formal control of us... Our work is not fitted to showing off. Pedagogy is not a commercial product".

In sum, the above quotations consist of a set of accounts-talk that is sequentially produced, while being relationally accomplished in context. By focusing on the sequences of these quotations we may identify three types of relational accounts that are discretionary produced. The first types can be named as *descriptive accounts*, the second types as *self-presentational accounts* and the last as *actional*

accounts.

In the first quotation, the account-giver uses the accounts for descriptions, ordinary and familiar explanations, or just self-reporting and self-evaluation about everyday care activities. In the second, the account-giver engages in the process of giving accounts not just for the *description* of what happened or who caused it, but also moral and self-presentational accounts. And finally, in the last, the account-giver engages in accounts presenting the activity in order to render them sensible, proper and relevant for the context of *action*. Here, the accounts do not depart from the ordinary focus of interaction with parents. But, in order to make the accounts sensible for description of action, the account giver also refers to the commercial term of 'customer', which is problematic for action. It is very clear that here, accounts are not involved in mending or justifying the problematic event of the 'customer control' but rather as a presentation of irony or a hinder for practicing discretionary accountability.

4.7.1 Conclusion

So far, by means of the interview fragments, various processes and criteria of the vertical accounts in changing the traditional situations of accountability were presented. Identification and analysis of the discursive functions of the accounts-talk indicated the orientation of these accounts and ways in which the operational activities were interpreted. As far as it was possible an attempt was made to describe the criteria (values) of these accounts that are central for the inquiry of accountability. Here, attention will be drawn to the risk of involving professional accounting as a regulator to control the organizational dialogue or accounts-talk.

The local childcare managers are professionals for accomplishing complex care tasks for which accountability control by 'profit-centres' is poorly suited. These individuals have been trained to perform their responsibility independently. They solve daily problems which arise in the on-going performance of the care tasks, by using their experience and competence discretionary. Traditionally, they are socialized according to a model of accountability control that was politically defined and needed to give a minimum of attention to formal behaviour, and formal reporting. In several ways the interview material disclosed that the idea of 'profit centres' as a

source of accountability is also a source of potential for a ‘clash of cultures’ between discretionary responsibility and the accounting-led model of formal-textual reporting.

Analysis of the interview materials indicated that the local managers were predisposed to the regulative rules of accountability when they presented their views on the childcare organization, budgeting, and accounting. These materials disclosed how professional accounting rules were implicated in the relationship between childcare management and care activities. In cases in which problematic incidents of budgeting stress and ‘profit centres’ were openly involved, the local managers turned to a set of dialogue that was coordinated by the vocabularies of professional accounting. As with the vertical accounts, the language of accounting outlined and homogenized the focus of the accounts-talk towards the problematic events of profit making in order to balance the budget. Although, the structure of the responsive accounts was varied in characteristics, they had similar end (value) and sequential courses of orientation. It was shown that accounts-talk became highly defensive. The local managers selected certain accounts merely to protect or defend themselves against threats to their professional identity. They select the defensive accounts in order to minimize the magnitude of the fault, or deviance from predicament of vertical accounts.

The overall conclusion is that the vertical accounts succeeded in invoking some sort of interpretive scheme. Local managers used this interpretive scheme as a context for making the assessment about the type of accounts that were used in accountability. This means that in situations of responding to the vertical accounts (account on failure), they could not offer just any accounts. The severity of predicament, or contextual background and power of the problematic events, constructs a guide for the practices of using accounts in accountability.

4.8 Analysis of the discursive effects of NPFM accounts on the processes of accountability

In the course of Alingsås case study, the main consideration was to examine the discursive influences of the NPFM reform on the processes of traditional accountability. The hypothesis used to accomplish the study was drawn from the work of Olson *et al.* (1998, Chapter 16, p. 445). According to this hypothesis NPFM reform can be held to symbolize a change of accountability from the basis of

discretionary responsibility (with accounts-talk oriented to varied stakeholders) to the basis of formal-textual accountability (with accounts controlled by method of professional accounting).

The case study of Alingsås examined the possibility that understanding the nature of NPFM reform from the perspective of different 'genres' of accounts can be considerably enhanced. By applying the perspective of accounts, it could be explored that the change of the local government accountability is a processes of discursive formation controlled by the use of management accounting as a regulator. By focusing on the processes of deconstruction and construction of accounts, it was possible to examine how the traditional management qualified by 'discretionary responsibility' deconstructed and professional management related to the private section reconstructed. By implementation of three empirical perspectives (see Figure 4.2) the movement of horizontal accounts were traced, and it was shown that through the social processes of the vertical accounts, meanings given to the childcare events transformed. Analysis was also made on how the meanings that were produced by NPFM accounts had effect on the ways the local managers talked and thought about accountability.

To characterize the change of accounts, focus was placed on a set of changes that occurred in the traditional structures of (I) organization, (II) systems of budgeting and accounting, and (III) accounts-talk (see Figure 4.2). In the analysis that is presented in the following figure, the NPFM accounts are regarded as a signifier (regulator) that generated the account processes of replacing the culture of discretionary responsibility with culture of formal textual accountability.

In Figure 4.9, the empirical perspectives drawn from the study of account changes in (I), organization, (II) systems of accounting and budgeting as well as (III) accounts-talk are further specified. The key regulatory principles involved in the formation of new accountability were identified, and analysed term for term and event by event. First, the sequential accomplishment of the NPFM account influences was explored. This emphasized that professional management accounting as an accountability force gained a widespread organizational and practical legitimacy.

Perspectives	Horizontal accounts	Signification	NPFM accounts	Signification
Organization	Emphasized on the locally adopted structures, based on implicit rules, paramount stress on the horizontal interdependencies	Discretionary responsibility, political decision making	Emphasized on a vertically decentralized structure, paramount stress on vertical connection	Arm length management and task control by output measurement
Accounting and budgeting	Emphasized on political allocation, local needs and legal directive	Discretionary expense centres	Emphasized on the profit-centres and standard cost management	Involvement of the professional management and financial goal-making
Accounts-talk	Emphasized on the relationships, community commitment and professional code of care	Collaboration, pedagogical quality, horizontal dependencies, and diversity of communication	Emphasized on comparability, individual performance and hierarchic accountability	Vertical responsiveness, involvement of generic rule of communication reflected in functional and face-saving accounts

Figure 4.9: Specification of the structural change effects at the operational level.

4.8.1 Movement from relational to functional and face-saving accounts

In general, it can be stated that NPFM reform generated two types of effects. One type of effect identified by focusing on the ‘genres’ of accounts by describing how the relational accounts deconstructed, and in place of that a group of face-saving (defensive) and functional accounts emerged. Here, the focus was on the generation of the observable regulatory *processes* in relation to which the responsive accounts were formulated. It was showed that in many cases, the responsive accounts became structurally equivalent to the vertical accounts.

The second type of effect was interpreted as the ‘rule governed’ the organization of responses. This type of effect in fact influenced the evaluatory pattern in relation to courses of action and responsibility, and could often not be recognized in terms of reaction to *a priori*

structure of problematic event. It was shown that in the practice of responsive accounts, the account givers drew on resources which cited constraints, inability and unwillingness. Accounts prepared in this way, were not often structurally equivalent with the sequential order of the vertical accounts. The differences were captured by giving examples of how the “consequences” of NPFM reform provided context for the self-evaluation of accounts.

Figure 4.9 shows that as a set of signifiers, the traditional accounts symbolized the meanings of accountability in relation to the locally adopted organization, political and needs-based models of budgeting and accounting, as well as community-oriented service delivery. The discretionary responsibility provided context for the choice of accounts to process accountability. In general terms these accounts had relational characteristics that communicated collaboration, sense of professional care and community belongingness. Thus, accountability had relational (or poly-vocal) significations for the creation of unity between discretionary responsibility, discretionary expense centres, and activity of the service delivery. The traditional accounts envisaged as a reciprocal, interactive and poly-vocal dialogue framework, that Swedish local government adopted for the accountability on its service delivery.

Conversely, the NPFM accounts were involved as a set of signifiers (regulators) to determine the accountability required. The figure shows that the NPFM accounts signified meanings of accountability in relation to “vertically decentralized” organization, “profit centres”, and managerial conformity. In sum, the exchanges of accounts on the NPFM basis had significations for the at-arms-length style of management, profitability, and vertical responsiveness.

4.8.2 Principle of problematic event

The concept of the problematic event was presented in Chapter Three. It was argued that the problematic event is a pre-textual principle for the initiation of vertical accounts. It is exterior to the discourse of vertical accounts. By presenting this concept, I wanted to hold in suspense the general assumptions of accountability change, in order to reveal characteristics of the procedural effect. The study also focused on the different empirical themes in order to characterize variation in the practices of using accounts. By using different empirical themes, the intention was to trace the courses of

NPFM account expansion (as an articulation-making factors see Chapter Two). In fact, through the concept of problematic event (of budgeting stress) the general assumption of NPFM reform was suspended. Instead the possibility was given to the examination of procedural effect of the professional accounting. It was shown that as a discourse the accountability effect of “profit centre” could not be interpreted by *a priori* system of significations (for example by budgeting stress). As argued by Foucault (1972, p. 229):

“there is no pre-discursive fate disposing the word in our favor. We must conceive discourse as violence that we do to things or, at all events, as a practice we impose upon them, it is in practice that the events of discourse find the principle of their regulatory”.

The emergences of “profit centres”, “area management”, “rules of adjacency pairs” and defensively oriented courses of accounts-talk were some examples that indicated the effect of the rules related to principles of “articulation making factors” which are procedural in characteristics.

It is now clear that the problematic event of the budgeting stress involved in a pre-discursive act had its accountability source in the doctrine of NPFM. Whereas, the mechanism of accountability control is to be traced and analysed in terms of “situated accomplishments”. We may say that, meanings related to the workings of the NPFM accounts are separated from the meaning of NPFM accounts as a set of signifier. As reflected in the study of Olson *et al.* (1998), the discursive condition of NPFM is not fully controlled by the global norms of the professional management as the central accounts. Meaning that as a source of accountability, budgeting stress may have a range of unpredictable discursive effects, depending on how it was situated and interpreted, where and when it was assigned, and which consequences emerged. Now, it is possible to propose that the problematic event of the ‘budgeting stress’ is a regulatory rule organized on the basis of ‘visionary’ characteristic of NPFM reform (see Olson *et al.*, 1998).

To interpret this one step further we may focus on the principle of ‘exteriority’ of discourse elaborated by Foucault (1972). This principle addresses to “the hidden core of a discourse, to heart of thought or meaning manifested in it; instead, talking the discourse itself, its appearance and its regulatory, that we should look for its

external conditions of existence, for that which gives rise to the chance series of these events and fixes its limits” (Foucault, 1972 p. 229).

The interpretation is that the problematic events are ‘exterior’ to the discourse. The principle of exteriority (budgeting pressure) related to the accounting discourse is capable of producing account-based chance series that are conditioned by its externally imposed rules but accomplished in situations by means of situational procedures. This simply means that at practical level the individual managers are accountable to the procedure of accounting, for example, in terms of “profit centre” or “vertical decentralization”. Problematic events are visionary and structured on the basis of naïve understanding of action and responsibility. Therefore they are not capable of explaining their outcomes and consequences. In the course of study, it was shown how it was possible that through the activating of a term such as budgeting reduction, a key ‘problematic event’ was outlined, and as a consequence structure of organization, budgeting and accounting, as well as accounts-talk were randomly touched and vertically sequenced.

4.8.3 Principle of ‘adjacency pairs’

According to Buttny (1993) the exchange of accounts occurs in terms of “questions-answer, request-comply/deny, [...] offer-accept/reject, assessment-agree/disagree, accusation-denial, and so on. These exchange formats have been identified as adjacency pairs: two continuous utterances from different speakers which are heard as connected, such that the first part of the pair makes the occurrence of the second-pair part expected or relevant”.

Function of “adjacency pairs” is procedural. This means that individuals are held accountable by involvement of procedural rules of accounting. This type of discursive effect is related to the working of face-saving and functional accounts as a matter of situated accomplishments. The study shown that in the local government of Alingsås, the principle of ‘adjacency pairs’ had a widening effect in the elaboration of accountability by professional management accounting. Through the involvement of vertical accounts, with the power and the knowledge carried with it, a set of ‘adjacency pairs’ randomly emerged. The focus of interview materials shows that “adjacency pairs” created joint formation and boundary contrast, and

homogenize the responsive accounts in the grammatical rules which were vertically relevant. By means of “adjacency pairs” the responsive accounts ‘sequentially’ implicated a certain limited range of accounts. Through the focus of the ‘profit centres’ as a key ‘adjacency pairs’, certain accounting events were artificially constructed. This means that ‘profit’ as an accounting event made the responsive accounts procedurally relevant for the problematic events.

As a regulator of the accounts the ‘adjacency pairs’ had two key functions. First, it limited the range of horizontal accounts (or deconstructed the relational accounts) by making these accounts conditionally relevant for the problematic incident. This type of limitation may be interpreted by using the principle of ‘rarity’ identified by Foucault (1972, p. 118). According to Foucault, in analysing the statements for its discursive formation, one must focus on the characteristics of statements, “at the limit that separates them from what is not said, in the occurrence that allows them to emerge to the exclusion of all others”. In the descriptions of statements Foucault related the principle of rarity to the “enunciative function” of the discourse. Thus means that:

“There may in fact be - and probably always are - in the conditions of emergence of statements, exclusions, limits, or gaps that divide up their referential, validate only one series of modalities, enclose groups of coexistence, and prevent certain forms of use” (Foucault, p. 110).

By focusing on the empirical materials, identification could be made of the emergence of a number of concepts such as ‘area management’, ‘profit centres’, ‘goal’, ‘cost standards’ ‘effectiveness’ and the like, which all had signification for the discursive function of the ‘adjacency pairs’ and creation of limitation for communication of accountability by fresh and operationally relevant information. For example, as part of the sequential ordering, the accounts on ‘needs’ became accounts on ‘goals’, discretionary expense centres became ‘profit centres’ and the organic or service fitted organization became vertically decentralized organizations etc. In short, through the work of ‘adjacency pairs’ the interconnection between the outcomes and responsibility was deconstructed, and the interconnection between the outcomes and profit goal established. Second, it was shown that not all adjacent utterances worked as the ‘adjacency pairs’, which meant that in some responses deviation from the canon of vertical accounts (first pairs) were relevantly absent. In another response, a

range of face-saving accounts emerged which were crucial for both the communication and understanding of action and goal. On a few occasions, accounts were not structurally equivalent with the vertical accounts. To be specific, the second pairs were not sequentially organized by rules of the first pairs. Here, the responsive accounts provided the grounds for drawing inferences that in responses other contexts than just context of the vertical accounts were used. Specifically, accounts provided the consequences involved in the presentation of paradoxes, tensions, and frustrations, which were not equivalent with sequential rules of vertical structuring.

4.9 Conclusion

The following Figure (4.10) exhibits the result of the case study that was carried out at the operational level. It shows how the NPFM accounts shaped the problematic event of budgeting pressure. The problematic event structured the vertical accounts that produced the responsive effect identifiable in three directions. Therefore, as the vertical accounts lacked the capacity of applicability in all these directions the responsive accounts took the active characteristics in certain area (see Chapter Three), the processes of which were observable in terms of transformational tension and face-saving accounts.

In the course of study, legitimation by passive responses could be empirically observed and interpreted at all three levels of organization, accounting and budgeting, and accounts-talk. By studying the characteristics of the accounts used in the practices of accountability it was showed a range of passive and active responses that were sequentially raised. Particularly, in the areas of organization, budgeting and accounting the responsive accounts took the functional and face-saving characteristics with marginal deviation from the predicament of vertical accounts, i.e., problematic events of budgeting pressure enforced its sequential order to process the account towards the ideal of the NPFM.

Legitimation by active responses could be also empirically observed but often at the level of accounts-talk. The study provided several examples (see the interview materials) that described how, and why, the account-givers created rapture in the vertical sequences in order to avoid the use of vertical framework in accountability. In terms of the active responses, the account-givers attempted to decouple their

responses from the mainstream of vertical accounts in order to give voice to a broad spectrum of experiences, values, interests, and beliefs related to the notion of discretionary responsibility. The conclusion is that the influence of vertical accounts is likely to discourage the development of response-ability – the ability to respond. If accountability communication is a mode of being responsible for service provision and service delivery, something which is created at the operational level, then accountability of “reporting in vertical accounts” is to be considered as a sequential process that constitutes the individuals in concepts that undermines responsibility.

The following figure exhibits the result of the case study by consideration of the three themes that provided a framework for understanding for the procedural effect and expansion of vertical accountability. The content of this figure will be used in Chapter Six in order to develop new models (Model II and Model III) for definition of the accountability process.

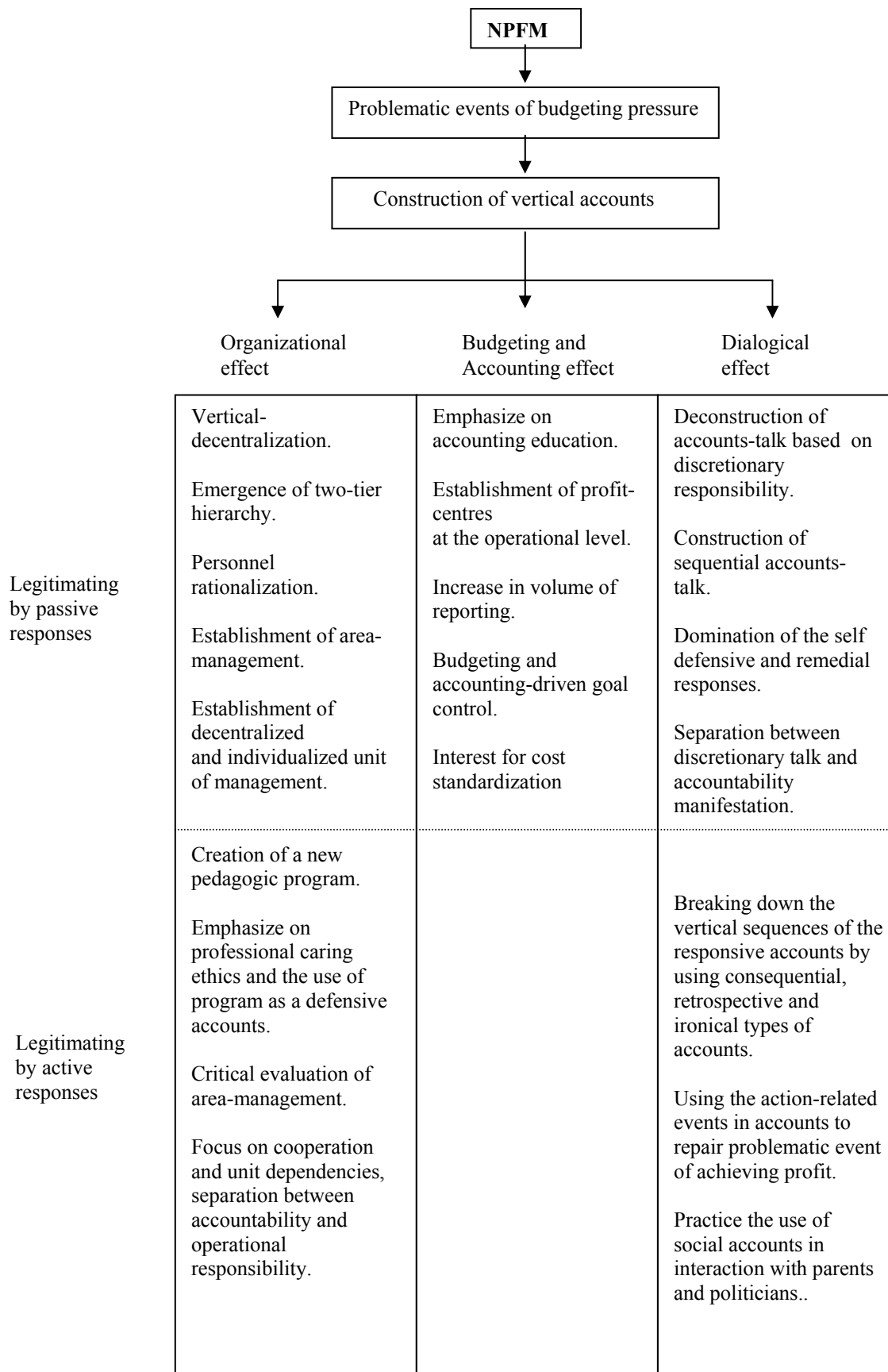


Figure 4.10: Specification of the responsive accounts

Chapter Five

Tynnered case study: The Effect of TQM on horizontal accountability

5.1 Introduction to the case study of Tynnered

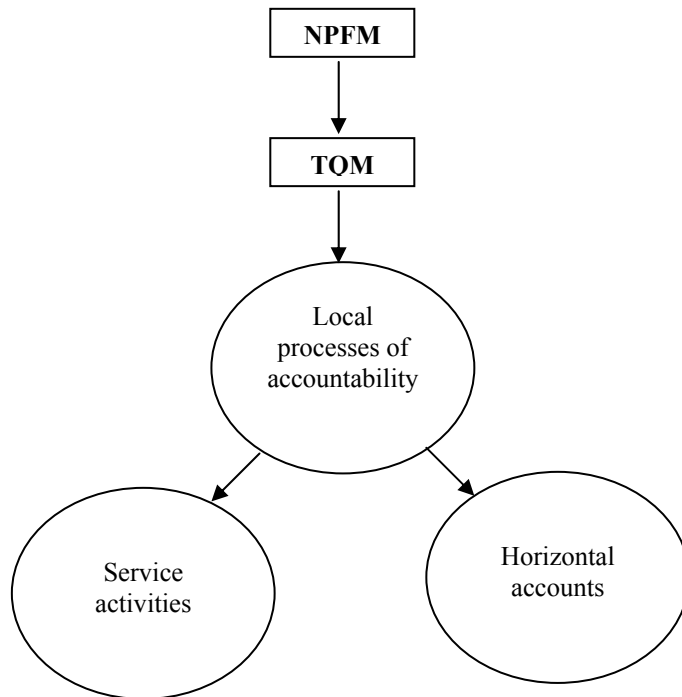


Figure 5.1: The effect of Total Quality Management (TQM) on the local processes of accountability

The case study of Alingsås examined that how through the implementation of the NPFM reform the “discretionary responsibility” was deconstructed, and accountability of the formal-textual was constructed. By focusing on the processes of accounts, it was shown how profit-based responsibility accounting rules played a decisive role in the transformation of relational accounts and enforcement of the functional and face-saving accounts at the operational level.

The following case study focuses on the processes of accountability in the local government of Tynnered. It examines how management quality was involved in controlling accountability. Here, the emphasis is on the workings of the New Process Management (see Sechedler, 1998, p. 290) and the ways in which the organization, budgeting and accounting of the public sector were reformed.

The discursive approach of functional and face-saving accounts (see Chapter Three) will be applied to trace how the horizontal accounts are transformed into the vertical accounts.

5.2 Background of the Tynnered case study

In the middle of 1980's, Municipality of Göteborg adapted principles of consolidation accounting for presentation of municipal accounts. The consolidation accounting - which was borrowed from the private sector - required unification of the reporting systems within the distinct governments. Application of the consolidation accounting created other effects on the administration of the district governments. According to Olson (1996, p. 79) implementation of private accounting "moved the Swedish municipal sectors towards an emphasis on self-management of the local units". Another effect was the emphasis on responsibility accounting – which means to be primarily accountable in terms of the accounting result. According to Olson (1996, p. 80) during the financial stagnation requirement for budgeting shrinkage increased, and the model of "profit-based responsibility accounting emphasized because individuals wanted to present profit in order to show success and communicate their accountability for financial reduction... as a consequence the number of public servants reduced by 150 000 within the period of 1991-1993". In 1980's a number management experiment was carried out at the operational level of local governments. Through these experiments the traditional local accounting was heavily criticized (Brorström, 1982). After 1987 both Swedish Municipal Federation (Kommunförbundet) and County Council Federation (Landstingsförbundet) recommended their members to adopt the accounting method of the private sector.

In the beginning of 1990's it was observed that a decrease in the number of public servants caused reduction in the quality of the public services. Parallel with this, the conventional management literature began to focus on quality as a competitive weapon (Horngren *et al.*, 1994), and as a control method that can be applied to compensate the effect of "cost reduction" (Anthony & Givandarajan, 1995). According to Horngren *et al.* (1994, p. 794), many executives regard Total Quality Management (TQM) as among the most important issues of the 1990's. Quality improvement programs can result in substantial savings and higher revenues".

By introduction of Balanced Scorecard, Kaplan & Norton (1992) attempted to emphasize on the importance of quality measure to enhance performance and interconnect it with strategic decision.

In the studies done by Olson *et al.* (1998, p. 162), the New Process Management and quality orientation were considered as major elements of the NPFM reform for changing governmental accountability. For example, in the description of governmental reform and pressure for changing the traditional management in public administration of Switzerland, Schedler (1998, p. 290) identified four key change criteria. These are *new organizational structure, new steering mechanisms, new political and administrative responsibility and new product and quality orientation.*

According to Schedler's (1998) analysis, customer quality is a method for drawing closer attention to the administrative performance. Thus, as a change criterion, the service quality orientation is to be considered as a significant part of the NPFM reform experimentation.

In the beginning of 1990 Göteborg Municipality turned its attention towards the TQM in order to prevent the increase in production costs of the public services. The inspiration for quality reform emerged from the basis of TQM. As a type of professional management and consulting method, TQM paid particular emphasize to the control of accountability at the operational level in terms of evaluation and reporting.

In the following sections the discursive power of TQM as a set of vertical accounts will be examined. This does not mean that in the reconstruction of accountability accounting was not involved. On the contrary, as will be discussed in the following sections, at the initial phase of the NPFM reform in Tynnered a method of budget stress was applied and, as a consequence, the 'profit centres' were structured. During the 1980's, the "profit centres" had a widening effect on the structure of management and perception of the traditional budgeting. Above all, the "profit centres" with focus on the management by accounting result caused quality problems. The problem of service quality became the key accountability agenda for the management of the childcare units in Tynnered.

According to Cooper & Hopper (1983) at different times, different

control mechanisms may dominate the organization. Roberts (1991) argued that due to enforcement of the hierarchic and rigorous model of financial accountability, organizations were faced with other problems such as employee empowerment, innovation and quality failure. Therefore they may turn into other forms of accountability control.

Implementation of TQM implies drawing attention to “quality failure”, e.g., to criticizing the traditional quality conception and praising or giving credit to quality of design or “customer quality”. Thus, the focus of study is to examine how traditional accountability was affected when the “quality failure”, was communicated as the key “problematic incident” for structuring a new system of accountability justification at the operational level. How does the local management of Tynnered tackle the “failure” in quality? What is the effect of TQM on the traditional processes of accountability? How the responsive accounts are formed? What are the discursive functions of the “functional” and “face-saving” accounts? How does the organization form and quality evaluation change? These are all questions that are important considering the workings of TQM as a specific type of the vertical accounts

5.3 Framework of the case study

Tynnered case study starts with the presentation of the method (Section 5.4). In Section 5.5, a review of literature helps present TQM as regards its (pre-textual) origin. In this section a particular focus will be paid in describing the “problematic event” attached to the discursive function of the TQM (Section 5.5.2). After this, a broader definition of the concept of quality is presented. In Section 5.5.3 the role of TQM in determination of accountability in the public sector is described, and through the review of literature the evaluative function of the TQM accounts is presented.

In Section 5.6, the case study focuses on the use of TQM as a governmental method for reducing the transfers. In Section 5.6.1 the involvement of accounting in matters of local management will be examined.

From Sections 5.6.1 to 5.6.6 the focus of study is to show how a combination of TQM and expanded methods of accounting, had effect on the traditional management and system of budgeting in the

local government of Tynnered.

In Section 5.7 the focus of attention is entirely directed towards the method of TQM implementation, and the effect of TQM on the responsive accounts at the operational level. By means of this section, it will be shown that TQM penetrated management activities creating a new perception of quality at the operational level. In Section 5.8 the final analysis is presented and the workings characteristics of the TQM accounts are further emphasized. Section 5.9 is devoted to the conclusion.

5.4 Method of the case study

There are some similarities and differences in approaches between case study of Alingsås and Tynnered. Here, the differences will only be emphasized. Basically, in Alingsås the study examined the effects of “budgeting pressure” and emergence of “profit centres”. The focus was on the patterns of the accountability change in three areas of organization, accounting and budgeting and accounts-talk (see Figure 4.2). The method of analysis was based on the discursive approach of functional and face-saving accounts.

By outlining the Tynnered case study, the intention is to see how the NPFM reform discourses when the empirical context is changed, and when a local government has exposed to the ideals of NPFM reform in a period of time that was expanded by three extra years. Here the objective is to observe how sortal factors of time and space structured form of adaptation to the central discourse of NPFM accounts. As a means of textual practice, meanings related to the central doctrine of NPFM accounts are de coupled from the authors of these accounts and thus, in time and space NPFM can create different effect. The point is that if, for example, a different local government was chosen, and if the study was carried out in a different period of time, then what is the effect of NPFM implementation on the local accountability?

I was a member of “parent-school board” for a period of three years. I thus became acquainted with several front-line and school managers. I had also contact with a number of personnel who worked operationally with the reform. By help of this latter group I received access to a substantial volume of quality work as a method of accountability. After the study of these documents I noticed that in

this district government, the focus of quality is central for practice of accountability. The question that can be addressed is thus: If the main focus of vertical accounts turns from the emphasis on accounting, towards the emphasis on the customer quality, how will accountability be affected? How will the responsive accounts be structured?

Therefore, instead of directing the analysis of accounts in regards to the problematic incident of 'budgeting stress', this case study takes the "quality failure" as the point of departure. Arguably, the assumption of "quality failure" as a problematic event has an effect on the processes of sequencing accountability or the normative organization of the accounts by TQM. Normative in the sense that certain responses may be accepted. Whereas, the actors in the local governments can be held accountable for the deviations.

Further, as a function of a discourse the inconsistencies (see Foucault, 1972 - principle of *discontinuity* of a discourse) or contradictions (see Foucault, 1972 - principle of *reversal* of a discourse) of TQM principles, and speculate on what these principles may reveal about local accountability may be totally different from the workings of profit-centres. TQM as a set of vertical accounts has a particular thematic content, power of visualization, style of management, and mode of performance evaluation. Further, it may have a different effect on the responsive accounts (vertical justification) in terms of *boundary conflict*, *regulatory formation* and *move-ability* (see Chapter Two). One important notion is related to the methodological understanding. In Tynnered, the combination of professional management accounting and quality reporting are at work and this may demand an expansion of the formal-textual practices. This means that another empirical procedure for study of the processes of accountability is needed. Following Blumer (1969, p. 34) if the empirical context is changed, a new inspection of the empirical world should be carried out, "the intimate accounts of what takes place" should be constructed and this inspection should "also embody analysis".

5.4.1 Data collection

The case study of Alingsås focused primarily on the interviews and analysis of the accounts-talk. The focus of this study is on the documents and analysis of the TQM as a matter of formal-textual accomplishments. But, as a longitudinal research design, continuous

site visits and participative observation are also involved. For three years I was the member of 'parent-school board' in Tynnered and had access to the internal documents and personal contact with a number of the front-line managers. Unplanned conversations were also made with the participants and the informants to know about their unique perspectives on the implementation of TQM.

The focus of documents as the method of the case study was due to the significance that different types of quality documents and instructions had in shaping accountability. The quality documents were involved in the processes of learning and routinization of the TQM accounts. Since, the focus of TQM is on collective learning, the use of documents in education, in practice of reporting and examining play a central role. Furthermore, the quality documents played a significant role in planning, design of activities and construction of accountability.

The focus of document should be related to an understanding of the factors of time and space (synchronic and diachronic effects) and adaptation of a new vertical structure for reconceptualization of responsibility. The significance of document is also related to the understanding of relations among accounting and TQM by consideration of their mutual, recursive and situated effects. This means that we cannot determine their relevance without consideration of mutual relationship, and perhaps most important, their relevance to action and the context in which they are accomplished.

5.5 A background to the origin of TQM

The literature on quality widely accepts that Aristotle initiated the first significant discussion about quality or goodness. Aristotle addressed the concept of quality by proposing the term excellence (arête). In Aristotle's view, quality has both moral and action dimensions.

By drawing on Arendt's (1978, p. 19-65) philosophical view we may understand quality one step further. According to her view, the phenomenal nature of quality as a human property presupposes the world of 'being' that coincides with the world of 'appearances'. The interpretation that can be drawn from such a statement may lead to the conclusion that a definition of quality is related to the moral (being, subject, or internal process) and appearances (expressions,

accounts, or external processes) interactively. Thus, in definition of quality the subject is not separated from the object and they appear on an equal level. A priority is not given either to ‘beings’ (truth) or to appearances (expressions, symbols or accounts). Furthermore, one cannot presuppose a ‘*spectator*’ outside the worlds of ‘being and appearance’:

“The world men are born into contains many things, natural and artificial, living and dead, transient and sempiternal, all of which have in common that they *appear* and hence are meant to be seen, heard, touched, tasted, and smelled, to be perceived by sentient creatures endowed with the appropriate sense organs (p. 19)”.

This quotation refers to the definition of ‘quality’ in terms of ‘beings’ and ‘appearances’. Quality appears in relation to the individual - it is not separated from the individual’s sense organs - and the possibility of interpretation possessed by individuals. This means that outside the domain of human interpretation - the dialogue between the ‘beings and appearances’ - between the judgment and accounts - quality does not exist:

“Nothing could appear, the word “appearance” would make no sense, if recipients of appearances did not exist - leaving creature able to acknowledge, recognize, and react to - in flight or desire, approval or disapproval, blame or praise - what is not merely there but appears to them and is meant for their perception (p. 19)”.

Once more, this quotation implies that quality is subjective and objective, subject and object, perceiving and being perceived simultaneously, or the ground of appearances (talking about the quality) are the individuals themselves. Only self-presentation remains consistent with quality. Expressions or accounts on quality thus imply a promise to the other individuals that one acted or responded in accordance with one’s pleasure, moral, or responsibility.

Following von Wright’s (1963) notion of “excellence” quality is to be interpreted in relation to moral and action, but from a more focused use of language. According to von Wright, excellence is a moral category related to the faculty of ‘goodness’ but can be only understood through the use of language (expressive appearances). The moral and action dimensions of quality point thus to the ways

the human being can become excellent - morally, intellectually, physically and practically.

As 'excellence', quality was introduced into the matters of commerce by Western businessmen (Reeves *et al.*, 1994). This view of quality was founded on the belief that the consumer is the ultimate arbiter of trade, but the market is the final judge (Dean & Bowen, 1994). In management, however, the commercial view sought a definition in that quality was limited to the conformance to design requirements. In this sense, perception of quality demonstrated the existence of something that was controlled externally. In this way quality was not defined in relation to 'being' nor with 'appearances' but prior to them.

The idea of 'customer quality', as a new way to organize the operational activities came into business through Japanese management. The major body of literature indicates that quality was a part of the key employee practice, and maintained for a long time within the limitation of Japanese companies without any implication to the rest of the world. For example, Milakovich (1990); Merchant (1982); Hunter *et al.* (1987) have recognized that the idea of customer influence on products and services evolved in Japan (see even Ishikawa, 1985). Later on, by help of Juran (see Quality Control Handbook, 1951) and Deming (1982) who were in Japan in the 1950s, this concept came into the area of management and was established as an analytical tool. The American consultation firms commercially utilized this concept and institutionalised it as a new global language.

A more dominant concept used in current management literature, is Total Quality Management (TQM). Milakovich (1990) argued that, in essence, the TQM perspective, if attached to its Japanese practices, would produce value conflicts for management theories that were developed in the USA. This being because the practice of TQM was developed to go beyond the traditional management approach, taking account of the collectivities and human aspects. It focused on the shared insights, knowledge, or mental models held by several people in the organizations at the front lines and operative levels. Thus, in regards to its origin, the concept of TQM is atypical when compared with the concepts developed for the conventional management.

Some of the writers believe that Total Quality Management must be

perceived as a non-managerial concept. According to Grant *et al.* (1994); Wilson & Durant (1994) and Bowles (1989), due to differences in managerial culture, and institutional hinder (of habitudes), American management has failed to recognize, absorb and implement the oriental method of quality implementation. Grant *et al.* (1994) used a resource-based approach to quality, and argued that TQM is in origin a challenge to management theory. This is because most of the concepts and techniques in financial management, marketing, strategic management, and organizational design developed in the United States, and diffused internationally, are based on the economic premises. Whereas, quality is related to the employee empowerment and premises of team working. This means that TQM was developed in Japan diffused (in practice) by Japanese companies, and was based on human premises of learning, experiencing and interacting and the premises that complete organizational learning is greater than the sum of individual learning.

In sum, in the oriental version, the TQM was interpreted on the basis of interaction between customers (collectivity), front-line activities, and the front-line managers and operators (another collectivity). In view of this interaction, meanings of the quality cannot be permanently defined, for example, by hierarchy of management or value of the surface. It is rather a *search* problem.

5.5.1 Definition of quality by relational accounts

In the case study of Alingsås, it was shown that meanings of service quality are related to the social processes of exchanging accounts of the types of *blame*, *praise* and *reputation*. Accounts on *blame* and *praise* are related to the notion of evaluation for ordinary situations of accountability. These accounts serve the relational function. They lubricate social interaction (Buttny, 1993) or have the ritual capacity in the sense that they serve relational alignment (Goffman, 1970).

Presentation of quality by relational accounts implies the self-conductive capacity of the actors to offer the accounts. In offering accounts of the types of *praise* and *blame*, one is simultaneously projecting a construction of the person to whom it is offered. The point here is that the ways individuals account to others mean explicitly sending a message about the event in question as well as implicitly sending a message about their relationship.

The relational accounts of the types of *blame* and *praise* do not necessarily need to serve the quality interpretation. These accounts can also serve to achieve personal and organizational *reputation*. The *reputation* aspect of the relational accounts is primarily related to the workings of accounts as a method of self-display. To appear as a qualified service provider is a subject for the exhibit of quality. It is related, primarily, to the dynamic of discretionary responsibility as a practical management method. In the first chapter it was argued that the local managers traditionally took responsibility for the service actions, and organized their accounts to display (to appear) as a competent and qualified individuals (in the eyes of others). Since they were close to actions, and actions were varied, they had also the possibility to engage in accounts as a spontaneous activity.

Arendt (1978, p. 22) emphasized that the urge toward self-display - to respond by showing the overwhelming effect of being shown - seems to be common to human being. Goffman (1970, 1990) also argued that an actor depends upon stage, fellow-actors, and spectators, to make her/his entrance. In sum, to appear as a qualified service provider always means that one offers accounts on the basis of responsibility and action. These accounts are varied or have the poly-vocal appearances. Finally, they are based on the standpoint and perspective of the account-givers, and receivers of the accounts (accountees and accountants).

5.5.2 The discursive definition of quality accounts

Quality is perhaps defined discursively, when the single or externally defined appearance is considered superior to the internal (poly-vocal) appearances. This means that the quality accounts are formed discursively or determined externally (see principle of exteriority of discourse Foucault, 1972) for the purpose of practical utility and without consideration of the subjective (truth) action, personal observation and individual experiences.

The central themes of the discursive function of the quality accounts can be drawn from the view of account analysis presented in Chapter Two. This means that through improvement in techniques of processing accounts to transform the structure of traditional quality for changes in social structure of childcare organization. A particular technique used for processing the quality accounts is drawn from the prejudice that the problematic events of quality should be separated

and defined prior to quality itself. In the sense that the problem of quality is considered superior to the appearance (s) of the quality. The problematic view of quality is thus different from the appearance of quality in ordinary situations. Drawing on Arendt's (1978) philosophical viewpoints, in ordinary situations, the quality appearance (s) is to be related to the function of the life process or facts of everyday life i.e., the individual's experience of everyday life is a *prior ground* in relation to which quality is expressed. Thus, for the intention of relational communication the everyday life is seen as a source for construction of quality accounts. In contrast to this, in the discursive (or vertical account) worldview, the problem of quality is a *prior ground* in relation to which the quality should be organized. We can argue that giving priority to the "problem" of quality is a part of archaeological framework of the discourse. Here, the Foucauldian insight is clear that problem of quality is *prospectively* implicated in the creation of a set of accounts that permit professional management to function at a distance.

5.5.3 The role of TQM in determination of accountability in the public sector

From the Reagan administration onwards public activities in United States have been exposed to the increasing volume of guidelines and concepts drawn from TQM. In line with this, a great deal of the literature was devoted to an evaluation of the TQM and its function in the public sector. From the evaluative perspectives two strands of ideas have emerged; those who have believed that implementation of TQM failed to achieve its objective, and those who argued opposingly.

A group of writers claimed that TQM has been used successfully to improve the health care system (Berwick, 1989), public utilities (Milakovich, 1990), and management of the local government (Hunter *et al.*, 1987). However, Cayer & Morley (1986) have provided evidence that the application of TQM has not eliminated complaints of inefficient services, waste of resources, or lack of responsiveness by public managers. Milakovich (1990) has focused on the same theme but emphasized that conflict of objectives between politicians and administrators have put TQM out of operation. Politicians will avoid political accountability, and the administrators will avoid bureaucratic accountability. Neither side will accept responsibility for implementation. Finally, Kellough &

Lu (1993) suggested that for implementation of the TQM method in the public sector, management philosophy needed be changed.

The study of literature indicates that considering the implementation in the public organizations, there is a deep conflict of views between American and Japanese methods. Typical for the American view is that implementation of TQM should be coupled with statistical consultation and 'rating'. For example, writers like Rago (1994) argued that much of the failure in public sections was due to the lack of using statistical analysis to identify the customer's quality features.

In contrast to this view, Ishikawa (1985) has argued that in Japanese experience, the operation of quality relied on experimental learning, culture and responsibility, and not on implementation of statistics for 'rating'. Thus, the cultural distinctions between the two methods are important for understanding of the practical success or analytical success of the TQM method.

Finally, it is important for the background of this case study to assert that during the Reagan administration, the U.S. Office of Management and Budget (OMB) provided 'leadership' for the joint public and private sector, the so called federal quality improvement effort (see Hunter *et al.*, 1987). Now it is an official 'management improvement system' used to launch a statewide quality award. Perhaps this approach had implications for the diffusion of quality 'leadership' in the public sectors of the industrial nations. In particular, we see that the method of quality award was also exercised in Sweden in order to promote the ideas and activities that affected the quality of the public administration.

5.6 The City Council's accountability requirement

In Göteborg, the top municipal administrators realized that TQM has a professional management function for the control of public administration. They knew that to set up a modernization process into their management, accounting must first be involved. Accounting could support that decision-making to move away from the operational level towards the central (see Förslag till handlingsplan för effektivisering, Johannesson *et al.*, 1992). The TQM could then receive acceptance in conjunction with the workings of accounting. In conventional literature, it is claimed that

the use of professional management accounting (profit centres) may reduce the quality, and for the compensation of this TQM can be used effectively (see Anthony & Govindarajan, 1995). It was therefore recommended, against this management control vision, that traditional accountability systems of the local governments should be reformed.

According to a recommendation (dated 1995-12-13) that was issued by the financial section of the City Administration Bureau (Göteborgs stadskansli), and dispatched to the financial sections of the Tynnered's local governments, it was openly required that: "The budgeting work in the local administration should be drastically reduced in favour of the work with control, evaluation and analysis". This statement openly implicates the change of the control view from a political basis with an emphasis on the resource allocation, towards a professional management basis with an emphasis on the output evaluation and analysis.

In another statement drawn from the recommendation (dated 1995-12-13, p. 3) it was required that:

"The financial reporting should become a basis for the district governments (nämnderna) to communicate with City Councils for the central budgeting work. Analysis, control and evaluation of the activities should even provide signals about the financial condition for the next year".

In this quotation, the importance of the financial accounting as a method of accountability communication was emphasized.

In a new recommendation (dated 1995-12-15, p.2) - that followed the previous recommendation dated 1995-12-13 - the integration between budgeting and accounting systems was required by stating that:

"According to a City Councils' budgeting decision, taken in November 1995, from the next year (1996) a new budget process should be applied. This means that budget work should be integrated with accounting".

In the recommendation (dated 1995-12-15, p. 5-9) a number of accounting models, principles, definitions, and examples were

presented to the district governments. These models were all drawn from private accounting, and together supported the enhancement of precision in profit reporting. According to this recommendation, the local governments should use the private sectors accounting rules in order to gain an identical goal in operational activities. It was openly discussed that by using these procedures the City Council would be capable of making goal-oriented strategic decisions (see Johannesson's report, 1992). In sum, the reporting structure that was suggested in these documents emphasized the profit calculation, balance sheet and financial analysis. The applied terminology recommended, in a variety of ways, the adjustment of the private accounting concepts and standards to the accountability system of the local government.

5.6.1 Tynnered's accounting-led accountability responses

Based on City Council's procedural 'consolidation' requirements, the local government of Tynnered provided voluminous reporting texts (dated 1996-02-29). This was more than 25 pages of pure numerical reports that this local government provided in order to serve the need of accounting communication. In a similar way, it was required that each local government (districts) in Göteborg should provide these reports in order to support the information needed for the strategic decision making at the level of City Council (see Appendix 2a-f).

The consolidation accounting had a dramatic effect on the political and administrative accountability of the district governments. The central administrators constantly prepared the accounting instructions that considered to be used by the local districts (see even Johannesson *et al.* förslag till handlingsplan för effektivisering 1992). Like the 'profit centres' the district governments followed up the formal financial goal in their quasi autonomy district governments. To support the consolidation system they needed to prepare their accounting reports and match these reports with the annual budgets for the demonstration of profitability.

As a consequence of the profit requirement, the role of local politicians, their tasks, and the ways that they used to define the local services were changed. A number of accounting reports showed a considerable increase in profit. Meanwhile, the other reports showed that quality of the service delivery was dramatically decreased. For example, in 1998 the City Council's external report indicated that, in

the district of Biskopsgården the profit increased from –50 M SEK years 1996 to +17 M SEK year 1998. At the same time, local newspapers and research (see e.g. Andersson & Johansson, 2000) reported that due to the lack of financial and human resources in Biskopsgården school activities could not attain the goals specified by the School Law. In this latter report, it was argued that the number of students increased, teachers decreased and as a consequence of this, the local government failed to fulfil a qualified educational program.

For the district government of Tynnered, the consolidation requirement (matching of costs and revenues) was accompanied with, and was a source of budget stress, detailed cost specifications, establishment of the ‘profit centres’ and the profit reports. Consolidation reports could not serve the need of the political decision-making at the operational levels, and as a result two types of budgets started to operate side by side. One type of budget was based on demographic principles and named as a ‘municipal contribution’. The local government used this budget as a basis of structuring their annual accountability reporting to the City Council. Another budget was structured on the basis of charges and local information. Since the portion of the local charges has constantly increased, municipal contribution could not be directly applied at the operational level. This means that budget should be further adjusted depending on the amount of charges and profit requirement. As the portion of local charges increased, the gap between central and local political goals has also continued to increase. The central administrators (accounting department) were more interested in accounting information for cost control, consolidation and strategic decision-making. In this model of administration less consideration was given to local planning and budgeting allocation on the basis of (traditional) discretionary cost centres. In contrast to this, the local politicians and local managers were more interested in achieving the local political goals without causing conflict with the financial requirements of the central administration. This conflicting situation could not always be controlled, and has often taken a mass media dimension in that the self-autonomy of the district governments became an object of the debates.

In sum, the consolidation requirement and volume of charges forced the local government of Tynnered to provide detailed accounting data for both the consolidation reports, and for the internal or local

decision-making. This was coupled with the increasing cost of communication for the local governments.

Tynnered's district government provided a financial report to present increase in revenues and costs of the services from 1989 to 1995 (see Appendix 3). This financial report indicated that between 1989-1995 the costs of services were nearly doubled. For example, in 1995 the municipal contribution increased by nearly 80 M SEK and reached to 457 M SEK (the total costs were 626 M SEK). In 1999 municipal contribution (and cost) further increased and reached to 591 M SEK. In none of these reports, could one read of how the implementation of unit and overall profit reports contribute to saving and management effectiveness.

5.6.2 Tynnered's budgeting responses

In 1995, a higher tax and governmental transfer improved the City's balance of budget by one billion. This financial improvement was independent from the function of the reporting systems of the district governments. According to the documents the consolidation method was used to help the financial crisis of the 1980's, but was not removed when the crisis was over. The central administrators wanted that municipal accounting to adopt a standardized language, and they assumed that this language would help improve the analytical decision-making at the central level.

In Tynnered, the improvement in the City's balance did help them to reduce budgeting pressure. Pressure for profit presentation, and for internal competition was actually increased. A decrease in budgeting pressure is reflected in the following statement:

“If the City does not change its budget policy, we will be forced to reduce Tynnered's cost, by a furthermore 30 M SEK (see Tynnerd Budget 1997, p. 3)”.

Tynnered's budget is divided into three parts. The first part is called 'population based frame' (Befolkningsramen). The “population based frame” is based on nearly 27 000 persons (see Appendix 3). The second part is called agency-task-frame (Resursnämndsuppgiftsramen). It is based on the services carried out on behalf of other local district governments or in city. This was only 4 M SEK. Finally, the social - transfer-frame (Socialbidragsramen) that for the year 2000

amounted to 43 M SEK. Tynnered's balance of budget for the year

2000 was 839 M SEK (see budget 2000 Tynnered). The total budget was, in fact, 229 M SEK higher than the “population-based frame” received from the City Council (563 M SEK). This higher number was exactly what local government collected through service charges. In the budgeting documents the term *Kommunbidrag* (Municipality Contribution) is used to denote “population-based frame” (see Appendix 2d).

It should be said that, for example, in 1996 population-based costs were 630 M SEK of which 475 M SEK was received as *Kommunbidrag* (Municipality Contribution). This also means that, as a whole the portion of contribution was reduced. Whereas, the charges increased. For example, from 1989 to 1995 charges increased from 20 M SEK to nearly 67 M SEK (see Appendix 4).

According to a statement presented by local politicians (See Budget 1997 *Stadsdelsnämnden Tynnered*, p. 5), “although the City’s economy was improved, management through the budget effectiveness was to be continued”. In achieving this method, in year 1997 the budget was assumed to be one percent lower, and it was decided that administration should save 7%. The ‘profit-centres’ were established as a system of management (for the control of saving).

In sum, one of the major changes that occurred in terms of accountability responses was a budgeting movement from taxes to fees. Another change was the emphasis on the standardization of the reporting system at the level of units by means of interconnection between budget and accounting. That is to say that the emphasis on accountability by accounting result increased and manifestation of profit became a method to achieve saving.

5.6.3 Promotion of management quality at the central level

After the implementation of budget stress, charges, consolidation accounting, and expansion of the profit-based accountability in the local governments, the central politicians and administrators became worried about service quality. So, in 1996, Göteborg municipal officials started a massive quality challenge. The central administrators wanted the quality and accounting to be used as a unified reporting system (as two sides of one coin) to produce a maximal effect on the accountability of the operational activities. However, the political argument for this control vision was different

from the administrative argument. The politicians were more interested in reducing the input resources, while the administrators were more interested in professional control and autonomy of action. The chosen strategy was to change local accountability through a combination of accounting and quality implementation as two complementary methods (see Brukarinflytande och kvalitet SDN Tynnered 1997).

The focus of quality, quality concepts and accompanying management style, resulted in the creation of two activities at the central level.

1. The politicians and central administrators in the City Council went through a quality course provided by a consultation firm. A group of administrators also educated themselves as the examiners. Through contribution of the TQM consultation members at the “quality center” the leadership activities were analyzed and documented. The results were evaluated, and afterwards with the help of the new examiners, and by considering TQM criteria other organizational units became the targets of quality assessments.

2. Two quality projects were set up. One was based on benchmarking, incorporated with the accounting system and considered only for schools and care-centres. The other one was on the basis of TQM testing and it was suggested that it should be used in different public organizations. For the first test, 12 organizations joined. Tynnered's management was the first unit in the sector for childcare that voluntarily joined the projects.

5.6.4 Internalisation of the quality concepts

In Tynnered a quality expert was employed to work out a quality plan, to implement this plan and to carry out the evaluation. Through his effort, an extensive amount of documentation was produced and disseminated to the “quality participants”. The most important report was prepared in 1998. In this report the ideas of TQM were combined with the documents drawn from the practical work. This report consisted of nearly 140 pages, and entitled to ‘activity/organization analysis’ (Verksamhetsanalys). Concepts and ideas prepared in this document were expanded in other documents to serve the needs of the different quality interest groups. The information presented to politicians was different from the

information presented to the personnel. Besides the study of these documents through the internal courses and seminars, the quality concepts, ideas and method of management were presented to the front-line managers and employees.

A major part of the focus of documents was on quality testing. The central themes and concepts related to the implementation of TQM that were primarily emphasized may be drawn from the following statements (drawn from a document named, Kvalitet i Göteborgs stad 1998):

“Quality implementation should be carried out on the basis of three principles

1. System: which is defined as a way of questioning that leads to insight about how activities are carried out.
2. Culture: this being that, there are fundamental values that support methods and work - forms that activities apply.
3. Structure: there being that, there is a common model for how activities are carried out and that against which our questions can be addressed”.

These grounds are assumed to be used for the creation of a common model that could place the user of the public services (customers), employees and activity processes in the centre. The combination of system, culture and structure reflected in the above-specified grounds have provided in fact, “a sequential condition” for producing the subsequent accounts as the responses to the criticism of the traditional work process.

These grounds were also used as a basis to include seven main criteria and instances of evaluation, formulated by Swedish Institute of Quality (SIQ), and adopted for implementation (drawn from Kvalitet i Göteborgs stad 1998).

- Leadership
- Information analysis
- Strategic planning
- Organizational participants
- Activity processes
- Activity result
- Customer satisfaction

These general criteria had a considerable effect in shaping the vision of TQM as a process inside the public organization. Yet, in view of

the quality experts, each organization should find its own way to implement these general criteria (Rago, 1994). Based on this professional suggestion it was argued that (in Verksamhetsanalys 1998) these criteria could not be fully accepted by the local government of Tynnered (see Chapter Three for definition of the vertical accounts). Therefore, a specific quality instruction must be developed. The suggestion for the development was coupled with the idea of management 'decentralization'.

The idea of professional decentralization was boosted one step further through the inclusion of "strategy", and analytical framework developed by TQM professionals in order to interconnect the strategy with professional measure of evaluation. According to Verksamhetsanalys (1998) the inspiration for the local strategy and implementation came from SS-ISO 9004-2, in which it is argued that, "one should not administrate quality control through transformation of the pre-assumed concepts. Rather, it should be given space to participants and leadership of the organizations to develop content for their control system" (Verksamhetsanalys 1998). In the final sections, it will be further argued that the idea of decentralized influence should be related to the basis of professional argumentation and interest for the workings of TQM at the operational level.

5.6.5 Interpretation of quality accounts for changing the local management

In Tynnered, childcare organizations provide care services for nearly 1300 children. These children are grouped in categories of 0-6 years old. Tynnered has 20 childcare centres and 65 units divided in 26 (småbarnsavn) 0-3 years-old, 29 (syskonavn) 3-5 years old, 10 units 0-5 years old. Tynnered has 58 childminders (familjedaghem), 2 free childcare (öppna förskolor) and one part-time childcare for 5-years old children.

In 1996, the childcare result (profit) was 315 000 SEK. For 1995, the total budget for childcare was 107.1 M SEK. For 1996 this budget was reduced to 950 000 SEK. In a document it was claimed that the budget target can be reached" through reduction of one person in the administrative service and re-structuring of the operative activities" (Verksamhetsberättelse Barnomsorgen 1995-96). In 1996 this restructuring policy was presented in the following way:

“Childcare has a personnel-reduction policy decision (övertalighet) on the side of nursery employment. At the beginning of 1997, 24 nursery teachers were persuaded to quit their jobs, of which 12 were on leave “(Barnomsorg report 1997-02-28).

The policy for reducing the number of nursery teachers was directly linked to the ‘consolidation policy’ in which the profit and management of cuts were considered as the key elements. But the employee policy of Tynnered was impacted additionally by the new principles about service quality. For the purpose of the quality objective, it was decided that the number of nursery teachers not having an academic examination was to be reduced. This means that those individuals, who it was assumed lacked the capacity of quality participation and readiness to attain skill in quality reporting, were under pressure to leave the organization. There are five documents indicating how the new quality objective, style of management, and concepts became a part of the local planning and employee policy. The first document (dated 1997 03 05, p. 5) focuses on quality from a planning objective and the discussion is that:

“A quality assurance model has been worked out. In this model, besides giving more space to the parent’s participation, we worked with management. Parallel with this, work has been done on quality assurance to include even ‘hard values’ such as caring-times, accommodation times during the day, and differentiation and allocation between different charges etc.”

The second document (dated 1998-11-10, p. 7) focuses on the significance of evaluation by suggesting that:

“Tynnered must develop and evaluate quality. This new management and organization is a good instrument for assuring quality, for example, through regular control in all leads. It is important that the quality goal to be structured at all levels, and in the meantime the employees have knowledge and understanding of the goal. It is equally important that results be regularly followed-up and evaluated in relationship to the goal”.

The third document issued in 1997-02-28. In this document (p. 4) the analytical capacity of the employees is focused. It reports that:

“An increasing readiness (medvetande) has evolved for creating a culture of ‘learning organization’, which means, among other things, taking responsibility for one’s own learning and learning from each other. ... Employees should have the capacity of analysing the result and their own work...”

The fourth document is a budgetary text dated 1990 (förslag 1998 – 11-10):

“Each unit should provide at least 10-12 quality specifications per sex month. Quality should be presented explicitly and anchored among the whole personnel within childcare organization” (Budget 1990, p. 5).

The last document (that distributed among the personnel in 1997) focuses on “payment policy”:

In this document “individual criteria” such as ability to satisfy the customer’s need and participation in educational program considered as significant factors for increase in payment.

In all these five quotations, the TQM implementation is associated with different requirements of which the analytical capacity for carrying out the quality program is the most significant. From these statements, it can be implicitly stated that nursery teachers who lacked ‘academic qualification’ were assumed as being not adaptable to TQM. Therefore, the nursery teachers who did not have academic education were persuaded to leave the organization.

The TQM’s personnel policy constructed the childcare on the basis of ‘vertical decentralization’. Traditionally, the Tynnered’s organization were based on the group practices, in the sense that there were no hierarchic or functional differences between the two groups of individuals those who had the formal academic care education and those who did not. The employee policy related to the professional basis of TQM constructed a functional division between the two groups.

In general, the documents focused on quality objective through orientation of quality perception a way from the basis of “subjectivity” towards the objective view drawn from the context of “customer”.

5.6.6 Management communication through quality accounts

In a document issued (1996:3) by District Council (Stadsdelsnämnden), competence, quality, care engagement, and sense of responsibility were among the important concepts employed to present the personnel policy. In this document, articulation of concepts indicates how the local politicians wanted their care organization to be valued. These concepts, which are politically defined, aimed at improving the quality in the childcare organizations with regard to the traditional framework.

"That personnel are experiencing a good working climate. It is a condition for good performances. Good work should include the kind of task which gives individuals freedom to act by responsibility. Giving the responsibility role to personnel is a challenge; it creates engagement and gives possibilities for the personal and for professional development".

After the implementation of the budget stress and new accounting system, Tynnered had little time to work with this policy. Furthermore, the actual direction of TQM's ideals were superimposed on the orientation towards the political quality.

The application of the TQM method needed participation (attention direction) of the front-line managers. The responsible manager played a key role in persuading the other participants. During a personnel meeting the responsible manager presented a quality plan by pointing out some key environmental dimensions:

- 1- to create an organizational environment, which is relevant for active citizenship and parent's participation.
- 2- to develop organizational quality in order to create a learning organization. We can have a policy program for learning, and we can develop organizational objectives for quality development. The organizational quality can be related to, (and be impressed by) participation of the council of parents.
- 3- we can incorporate the agenda-21 (environment) as a basis for organizational information and to develop an action plan in the organization.
- 4- we can develop a plan to counteract "segregation" and to steer the situation by connecting our resources to needs (resursstyrning efter behov).

5- and, finally to have a personnel policy of competence development for organizational participants.

(These statements are a direct translation of a summary presented in a general meeting, dated, 1996-10-28)

After this, the quality plan - formulated for Tynnered's childcare organizations - was circulated between the politicians and organizational units. This plan was based on the following quality statements that are drawn from the internal documents.

1- to come to conclusion that we all know what we should do

2- to achieve an appraisal pattern, which control what we do

3- to document our quality with the instrument that we construct together

4- to come to a quality understanding that we know it is our own

5- to come to an insight that we scan our quality from the environment, compare it with our own, with those who use our services, and also with those who provide (beställare) our services.

Against these statements, the front-line managers were assigned to outline a concrete action plan for their units. They were, in fact, predisposed to these quality themes. Four concepts were defined and emphasized more than other concepts in the circulated documents. The first denoted the importance of management responsibility (ansvar). The second denoted features of the quality process. The third emphasized on the participation of the organizational members, and the final one emphasized on the customer value. By means of a model in the following section these four quality themes will be further emphasized.

5.7 Tynnered's quality triangle

The quality expert who had a consulting role helped the Tynnered's management in formulation of the several quality manuals. Through the establishment of the quality courses, these manuals were successively improved and have increased in volume. They were also reinterpreted for the context of operational activities. We may be able to identify Tynnered's quality management in terms of a service triangle through the study of documents prepared for this purpose. The following figure illustrates this triangle.

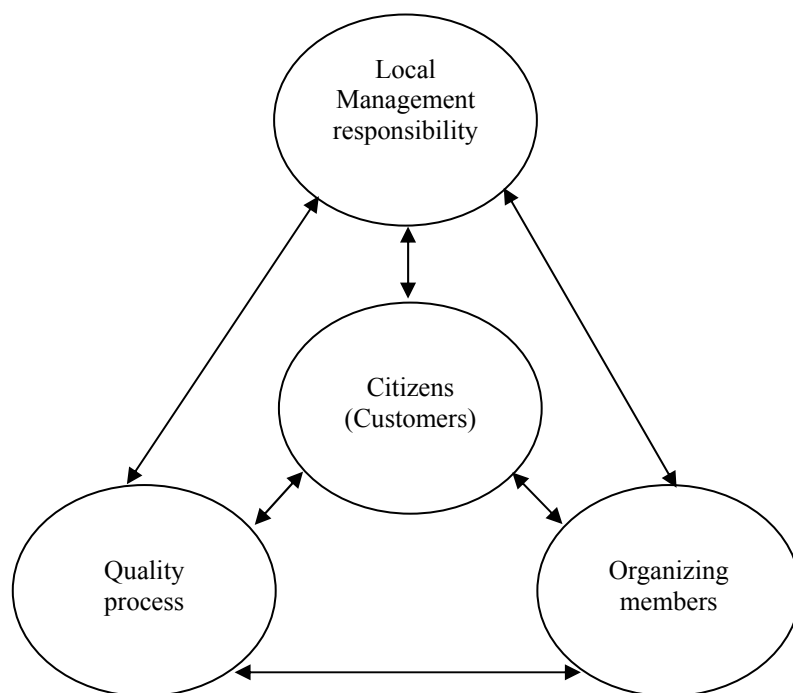


Figure 5.3 Illustration of service quality interaction in Tynnered.

In this model, customer quality is the focus of management, organization and quality expert responsibility. The responsible manager must work with quality strategy and develop a plan of action. The employees and the front-line managers are expected to participate in the plan. It was also expected that the front-line managers develop their skill to use the quality guidelines to change the method of work by quality responses (see Brukarinflytande och kvalitet SDF Tynnered 1997). A quality centre was established for working with participants, preparing the analysis and processing the quality policies.

5.7.1 Local management responsibility

The implementation of TQM in the local government of Tynnered was coupled with the three areas of management responsibility. These areas were formally specified in a budget document issued by City Councils (see Analyser och strategiska frågor per verksamhetsområde, Göteborgs stadskansli, mars 1999).

(1) Provision of learning facilities: The top management became responsible for the creation of enthusiasm among the employees and provision of facilities for implementation. The responsibility for the strategic quality plan was related to the task of the top management.

It was assumed that by encouraging the quality participants and the construction of a quality model, the customer (parents') ideas could be influenced into the internal activities.

(2) Supporting the development of a revision method for the internal control: The top management was also responsible for the supervision of the revision method. Responsibility for the quality revision was related, in the first place, to the tasks of the front-line managers (föreståndare). The study of documents (specifications) showed that practically, the activity participants who were directly involved in the work process were also responsible for the revision and evaluation. In the formal documents, however, responsibility for quality evaluation was not clearly specified. The reason for this must be related to the notion that in the implementation phase it was not so clear for the quality expert that how accountability for quality control should be organized. For example, should the revision method support the quality interpretation at the level of units or at the level of decision-making and strategy? The two levels involved in different method of revision. The overall objective was that through the revision, based on the data from the "parent's values", the quality could be aligned with the 'processes of continuous improvement'.

(3) Supervision of the model construction: Top management was responsible for the supervision of the model construction needed for the registration of the 'customer' opinions. It was also pointed out that it is a part of the childcare management responsibility to show support so that other participants will generally accept such a model.

5.7.2 Quality process - the sequential involvement of quality accounts

Although the quality process was initially inspired by guidelines of TQM, there were still some of its procedures that needed be implemented in the internal application. It was also required that certain relevant concepts should be chosen that could serve the reporting requirements. The key concepts specified to control the processes of quality reporting were drawn from a set of 'physical movements' and 'acts' identified by three concepts. These concepts are 'caring', 'development' and 'customer field'.

At the beginning of implementation, the *sequences* of the quality accounts were internally structured and grounded on three moments.

Under the key concept of 'caring', terms such as eating time (måltid), safety (säkerhet) and leaving (lämning) were organized. 'Caring' terms were also a framework for the construction of the questionnaires. The customers (parents) responded to the questions, and in this way opinions were systematically collected. Later on the written answers were entered into a unified set of specifications to shape a 'customer field'. After this the processes of evaluation and intervention that were initiated had meaning for the 'development' of the entire operation of care services (see quality work instructions section of key-processes 1998-03-17).

A specific model known as a 'field model' was used to control evaluation. The 'field models' were a mechanism for applying 'intervention' on the instrumental basis. The following sections will discuss how the 'field models' also became a mechanism for linking the quality accounts with the 'quality center' (see Section 5.7.4.2 for the further details). The quality center worked to communicate the customer-derived characteristics of the caring sequentially. Through such an interconnection the sequences of accounts were expanded towards the external environment.

Application of the quality process was not free from friction. A discussion very soon emerged that workings of these quality accounts would not result in a *representation of the quality*. The interpretation was that those who promoted TQM are more interested with maintaining the management interaction and professional relationship with the local units, and were less interested with the 'veracity' of accounts as a means for *representation* of the service quality. For example, considering the local tradition of quality, it was expected that the quality accounts should render a fair 'judgment' upon the pedagogic work. Many instances of the pedagogic quality are implicit and moral. A few aspects can be presented by 'relational accounts'. Other aspects are tacit, and thus cannot be communicated (Argyris *et al.*, 1985).

As a result, two perspectives emerged to support rendering the service quality on the basis of 'judgment' or discretionary responsibility. One perspective (1) emerged from the quality interpretation that a number of pedagogic specialists worked out. Another perspective (2) emerged as a result of the institutional change that transformed the responsibility for the pedagogic work from the social offices (social departments) to the school

organization (school departments).

(1) *The specialist perspective:* The pedagogical specialists played a key role in the re-interpretation of quality which was quite different from that which the implementation of TQM allowed. This difference was more obvious considering the six-year-old children, and the relevant pedagogy applied to their education. According to this pedagogic consideration, the six-year-olds needed learning skills for starting school. This type of skill and readiness was relevant for a school-based model of pedagogy. Finally, the quality participants came to the conclusion that those quality concepts that merely focused on 'parents value' could not serve the descriptions of their learning objectives. They started to present a number of new concepts that were relevant for the pedagogic quality but irrelevant for the communicative context of the TQM accounts in order to point at the differences. For example, by tradition childcare puts a lot of energy into "learning by doing" which has an effect on the physical balance, creativity, consciousness, environmental understanding, social capability, language practicing, movement, empathy etc. which cannot be accounted for by the external audiences (in Appendix 5, you find a list of these activities under the title of "Förmågor" or abilities).

(2) *The school law perspective:* In a government declaration (year 1996) it was recommended that pre-schools, schools and childcare should be re-organized. The government wanted these organizations to cooperate more closely to each other. Therefore, in July 1996, the responsibility for the childcare activities was transferred from the Social Department to the Education Department (See *Kvalitet i kommuner, landsting och stat 1999*). Such a change produced a chain of administrative effects at regional and local levels. In 1998, the school institution took over the responsibility of the preschools from the social offices. Now, the preschools' activities, goals, and learning quality, started to take a new pedagogical orientation. As a result, a new learning plan (*Läroplan för förskolan*) came about to define the pedagogic work for childcare.

The new learning plan has its root in the learning plan developed for the schools. It focused on quality in terms of the pedagogic inputs. The 'care' as a set of 'physical acts' was less emphasized. This pedagogic quality stimulated the debate on the merit of TQM as a method for quality representation.

Beside this, during the seven-years of budget pressure, the pedagogic quality was neglected. Of importance here is the notion that when the Institution of Childcare (Department of Childcare) was integrated into the Institution of Schools (School's Department), a door opened for the childcare specialists to follow-up the school teachers and emphasize their professional skill. One pre-school pedagogue has addressed this change of perspective by giving a new dimension to her professional status:

"I am tired of being called a kindergarten nurse (dagisfröken). It is not childcare that we are doing. We educate the children and work cooperatively for the children's development. It is really satisfying to have conversations about development in which parents, children and other participants are involved and evaluate the children's situations, and how we work. This is a challenge to show the environment that we can make pedagogical goals and achieve them".

The objective of the learning plan was to link the school's education plan with the preschools' to create a sharing view of the pedagogic quality. The school education plans instructed goals and directives, but did not provide a method for practice. Goals and directives were often emphasized according to four areas (see SOU 1997:157):

- 1- progress by learning
- 2- children influences in learning process
- 3- pre-schools and home
- 4- cooperation between preschool class, school and free-time (leisure) organizations.

In short, we can say that in Tynnered two types of quality processes were in operation. The first operated on the basis of the TQM accounts with a focus on registration, examination, and textual reporting, while the second operated on the basis of the pedagogic tradition involving the use of learning practices with the long-term objective that its outcome was ambiguous, and thus difficult to account for.

5.7.3 Organizing members

The third component of the quality triangle indicates the participation of the organizing members. The organizing members consisted of the local politicians, quality participants and the front-line managers. They participated in the production of the quality accounts and they

were also the receivers of these accounts. According to the quality manuals they were required to put their energy into the (analytical) learning and application of the TQM as an on going (routinized) process. Therefore, there was a formal expectation that they should support the implementation, and participate in the ‘continuous processes of the evaluation’.

It is interesting to know that in the internal documents, the politicians and front-line managers were often identified under the term "customers". But we know that these customers do not demand any factual quality. They just define concepts and provide facilities for affecting the quality. In practice, the politicians had a motivator’s role while the front-line managers had that of facilitator’s.

The study of documents indicated that there apparently existed a state of confusion, as to how the ‘customer quality’ should be related to its point of references. The term emphasized on the "citizen quality", "organizational quality” and “management or administrative quality" without consideration of differences. The term customer referred to four things; politicians, administrators, parents and children. The use of ‘customer’ in different ways may have its explanation in the institutional power of TQM. To be specific, it is related to the strategy of the choice of metaphors needed in the presentation of the TQM as vertical accounts.

5.7.4 Implementation method of the TQM

The method used for the implementation of TQM at the operational level was based on a quality triangle that consisted of the key concepts *of organization, activity and customer*.

5.7.4.1 Organization – structure and education

By focusing on organization, the implementation objective was to attain personal development and quality acceptance through quality education (see Verksamhetsanalys Tynnered 1998). Quality participants (front-line managers and nursery teachers) were asked to attend a quality course provided by a quality expert. Through this course, they became familiar with various quality concepts such as quality policy, strategy, customer and management as part of their new competence development. They also learned about the importance of quality standards in childcare work and standardized

quality communication with parents, service providers (politicians) and top management. Texts prepared for this course emphasized that front-line managers had the overall responsibility for the result and function of the quality work. This included drift, personnel, development, administration and evaluation. Front-line managers were to work according to the method presented by quality assurance. They were to control that quality instruction was followed by others and changes carried out at the operational level in view of customer appraisals. It was through this course that the quality participants became informed about the quality implementation. They became informed that it was needed, that the top management was to be involved in the evaluation process and that together with the front-line managers was to help control the improvement (see Brukarinflytande och kvalitet barnomsorg SDF Tynnered 1997, and Verksamhetsanalys förskolan, SDF Tynnered).

A link between accounting, TQM and organization

The implementation of budgeting stress and new accounting, presented in the previous sections was actually a precondition for TQM implementation. In the long-term, the childcare organizational structure and quality was assumed to be standardized, to adjust itself further to the hierarchic-chain of the financial reporting system.

A precondition for this strategy was the 'vertical-decentralization' of the childcare organization. In a document (dated 1997-10-27) it was explained that the childcare organization was restructured and became fully adapted to the management (verksamhetschef) for a united functional area.

"Childcare is constructed with a functional model. It has 9 unit-managers for 68 units (daghemsavdelningar) or 340 persons. They are responsible (ansvar) for accounting and budgeting function (ekonomifunktion). Further, two unit-managers were answerable for 51 family care units".

According to a quality document (Verksamhetsanalys SDF Tynnered 1998) creation of this well-structured organization was a necessary condition "for development and use of a simple and overall quality instrument".

The 'vertical decentralization' was coupled with changing the vocabulary of the traditional care management. First, the concept of

supervisor (föreståndare) was replaced by the unit-manager (enhetschef), and later on the 'school manager' replaced this latter concept. The role functionality by name changing was also coupled with extra salary payments. Compared with the traditional payment policy, the differences between ordinary employee categories, and the 'school managers' increased by 5 000 SEK.

Second, the emphasis of the TQM brought about the perception that managers of the childcare units should attain the skill of controlling any care units disregarding place, context and familiarity with the area and people. In Tynnered the 'school managers' educated by quality program in order to move from one unit to another for supervision of the care activities. Financial and non-financial quality measures considered being sufficiently efficient for administration of the care activities.

Traditionally, the supervisors or front-line managers were chosen among the individuals who had many years experience, were familiar with parents, and worked in one organization for a long period of time. The supervisory *reputation*, parents' exchanges of *blame* and *praise* were basis for the quality improvement. For choice of supervisory work, the priority was given to social competence and familiarity with the people who lived in the area. In the new model, the priority was given to the general competence of managing the activities by budget and quality models.

5.7.4.2 Activity – accomplishment of quality specification

By focusing on the concept of activity, it was intended that the quality participants become familiar with the method and model of the customer quality reporting. The customer quality reporting was grounded on reporting by means of quality specification (see Figure 5.4). The quality specification was a document prepared by each unit on the basis of other documents and detailed customer questionnaires. It was a summary document prepared for reporting, evaluation and further specification.

By means of the quality specification the 'activity' was presented in a hierarchic-chain. Three key concepts involved in the processes of quality specification. These key concepts were 'area', 'variable' and 'instrument'. Under the key concept of 'area' a range of questions were organized to collect the customer data. When collecting

customer data the operational personnel (child caring personnel and nursery teachers) were involved. For example, concepts such as leaving (lämning), hygiene, health, individual in-group, lunch etc. (see Appendix 6) formed a range of questions that were to be answered by parents, registered on the separate files and organized afterward under the central concept of 'area'.

'Variable' denoted evaluative result. For example, a key concept of 'leaving' a child ascribed by detailing variables such as: treatment (bemötande), attention (uppmärksamhet), security (trygghet), happiness (glädje) communication (kommunikation) contact (kontakt), information (information) etc. Through 'variable', parents had the opportunity to express their views in terms of grades of acceptance or non-acceptance (see Figure 5.5).

In 7, the parent's acceptance of the result in year 1998 is presented. The statistics are based on a range of questions organized on the basis of the above-mentioned concepts. For preparation of information 20 childcare units were involved. It should be said that in addition to this type of statistics which were produced to support 'self-evaluation', a number of other tables and evaluatory curves were structured to guide the management. For example, a similar method was used to present the frequency of the parents' participation (direct-indirect participation).

Beside the concept of 'variable', which served the data collection, the concept of 'instrument' was applied. The working of 'instrument' was 'activity correction' through self-evaluation. Each unit as an internal control mechanism should review the quality specifications. It was supposed that through the review of the curves and frequencies the behaviour could be corrected and weakness could be continuously improved. In the instructive documents, the concept of 'instrument' was often exchanged for 'intervention'. For example, if quality of 'leaving' scored lower than other qualities the participants should improve their behaviour by 'interventions' such as greeting, talking with parent, listening, informing, etc. The list of information related to the concept of 'instrument' was long, and it included many activities and behavioural factors for quality 'correction'.

In sum, the study of specifications, preliminary documents, and other statistical tables show that the key concept of 'area' consisted of 20 to 25 concepts. For each of these concepts between 5 to 10 questions

were organized and named as ‘variables’. For each variable between 20 to 30 concepts used to emphasize ‘intervention’. Intervention consisted of a set of accounts and guidelines for the correction of behaviour and elimination of the quality variances drawn from the model of evaluation (field-model).

Quality specification

Area (Område)	Result (Resultat)	Intervention
(Interventions)	(Variables)	(Instruments)
Learning	Treatment	Greeting
(lärande)	(bemötande)	(hälsning)

	Information
		Listening
		(lyssna)

Figure 5.4: Quality specification in Tynnered

In this way, the quality activities were organized around the hierarchic-chain of the set of concepts. The use of ‘area’, ‘variable’ and ‘intervention’ was the input of large amount of accountability reporting. The study of the instructive documents and strategy of implementation indicate that the overall objective was to establish an accountability link with the City Council. In the following sections, it will be discussed how the establishment of the ‘quality centre’ increased the volume of quality accounts. As a result a new evaluative process emerged. The objective of this latter process was to change the quality of the ‘organization’ and ‘management’.

5.7.4.3 Customer – implementation of quality data collection

The instructive documents presented in the quality course had a particular emphasis on the customer. By focusing on the concept of customer, the quality participants became familiar with the method of customer data collection, interpretation of variances, and evaluation. The objective of the instructive documents, and the theme of customer were to create a similar evaluative background for interpretation of quality.

The customer focus allowed for the evaluation to start from the result. Though the (ratees') judgment of the result as a goal-performance and conceptual schemes of the expected behaviour (instrument), the quality participants assumed to affect their self-awareness or self-image of quality. Evaluation, as a source of accountability, carried out on the basis of a simple model that is presented in Figure 5.5. This model was based on a range of "acceptable-not acceptable" variables. In practice, parents expressed their views about each variables by giving alternative scores ranged between non-acceptance (-) and acceptance (+).

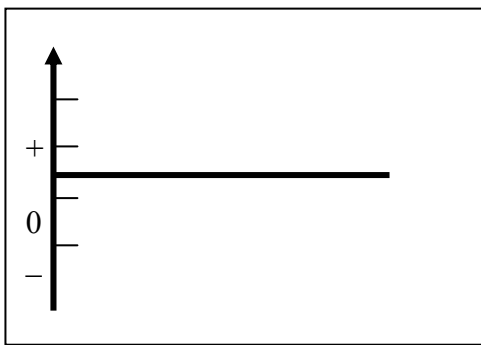


Figure 5.5: Customer evaluation model used in Tynnered's local government

The evaluative models were first summed up within the units for the comparative assessments (between the units), afterwards a copy of the reports was sent to the quality centre for further analysis.

In addition to the evaluation feedback, the quality work involved in the textual processes of intervention and correction. Ratees' accountability process was not ended just in information collection and self-evaluation. Information was organized in a quality specification.

The quality specification was a work plan that controlled the relationship between the personnel with the customer on the one hand and with the managers on the other. In the literature, this latter relationship was termed as the rater-ratee relationships. Thus, the specifications were a type of account practice to control the ratees' accountability.

In sum, it can be said that the use of quality specifications and the model of acceptance-non-acceptance structured the *source*, *force*, and *mechanism* of the accountability change from the horizontal towards the vertical (see Chapter Six). The quality participants

worked with regard to a transparent result and of mechanism of intervention for using the result to correct the behaviour. They developed the action plan on the basis of the quality ‘intervention’. They were also compared with other units on the basis of quality improvement that resulted from the ‘intervention’.

5.7.5 The communicative range of the quality accounts

The customer accounts, structured by quality specifications, was used in many different ways. At the beginning, the quality participants were required to share the quality feedback within the group (of four or five persons) or between the groups (a horizontal link). The respective front-line managers were responsible for the evaluation and intervention. It very soon became clear that this approach was not successful, and did not result in the creation of the information flow needed for the strategic purpose. The method was criticized by the quality centre because the ‘ratees’ showed little interest in preparation of the quality specifications on a regular basis (see the instructive documents 1997). A number of units failed to collect the customer data. They argued that this data was not informative about the pedagogic work.

Afterwards, it was decided that the feedback quality information should not be considered as a confidential issue between the groups or within the units. Instead, the information should be shared with the quality centre and other interest groups. Since then, the quality centre incorporated the feedback into the ratees’ formal performance appraisal. In this way, customer quality information disconnected from the context of operational activities and sequentially connected to the context of the ‘quality centre’. As a result, the quality centre increased the rate of customer-based quality responses (see Quality documents for year 2000).

To link accounts provided on the basis of the customer data into the ‘quality centre’, it was required that the quality participants were to attend a training course. By means of the training the ratees’ were encouraged to share quality information with the quality centre. This meant that to be “correctly” qualified the ratees were to use procedures of justification that corresponded with the system of “customer truth”. Customer procedures of justification (for example rating) are thought of as providing a measure by which the operational activities could be evaluated.

In sum, the accounts provided on the basis of the field-models (specifications) were assumed to be used for several purposes (see Appendix 7). They were delivered to the leadership group, to the quality expert and to the 'unit managers'. According to the documents, the 'unit managers' (föreståndarna) used the quality reports for quality planning, the quality centre used them for the creation of further quality analysis, and management (the childcare managers and politicians) used them for the strategic decision-making. The study of documents further showed that the quality centre used these reports to improve the quality manuals, to structuring new evaluative models, and to form the 'quality accounting' for further communication.

5.7.6 The evaluative functions of the quality accounts

The study of the documents indicates that the vertical model of quality appraisal was also used to organize the quality perception horizontally. It replaced the traditional quality by construction of three internal control functions. Activity participants used them in a way to directly control the operative work. They were used as a method for self-evaluation through numerical confrontation. They were also used as a method for auditing. The method of activity control and self-evaluation (self-control) were discussed in the previous sections. Here, auditing aspect will be emphasized.

One or two persons from the separate units carried out the task of auditing. The objective was to expand the auditing beyond the level of the units, in the sense that one organization should be allowed to audit the other organization for quality performance. The internal auditing was carried out partly in the form of system auditing (how the preliminary customer data collected, organized and entered in the specifications and filed) and partly in the form of system application (how interventions was applied and result achieved). For the auditing of the application there existed a special form that was to be used. The auditors (the nursery teachers from another unit) were supposed to provide an audit protocol. For preparation of the audit protocol five days of training was necessary. According to a document (Activity analysis 1997, p. 79), the internal revision gave three developing perspectives: "First, the quality control improved. Second, the insight on how others improve their customer quality increased. Third, through acting as an auditor, the individuals increased their experiences".

The evaluative workings of the TQM were not just limited to the customer information prepared on the basis of the field-models. The quality centre provided a series of separate questions (that was originally based on the field-models) about the improvement of quality in each unit, i.e., the result of the field-models became input for the creation of other quality models needed at the level of the 'quality centre'. The 'quality centre' collected information about the opinions of the unit-managers, personnel, and parents to found out how organization, activities and customers were affected. The models provided by the quality centre were used as a means of bridging the gap between the field-models and "correct" quality that was defined by quality centre. It could be used to criticize certain units, and praise other units by making distinctions between the ideal quality and the quality reflected in the field model. In Appendix 7, you will find one of the several documents in which the opinions of the 32 units were registered as a way to create correspondence between the ideal quality and opinions.

5.8 Analysis of the discursive effect of NPFM accounts on the relational accounts

The case study showed the workings of the NPFM accounts in structuring the problematic events, and enforcing the sequential rule of accountability justification. The NPFM accounts structured the vertical accounts (TQM), envisaged the problematic incident of 'quality failure', and created the *sequential* connectedness between the problematic event and care activities. In terms of the 'quality failure' the NPFM accounts projected some responses of evaluation or assessment from the recipient to indicate the acceptability (or rejection) of the problematic event.

By focusing on the procedural rules of the TQM accounts, the case study identified the processes of account justification by three-part accounts sequence: quality failures-vertical responsiveness-evaluation. Quality failure indicates the first sequence, vertical responsiveness the second sequence, and the evaluation the cognitive effect of the TQM in terms of action-correction. The reason for focusing on 'evaluation' as a separate part of the sequential rule is related to the notion that in terms of 'intervention' the evaluative aspect of the TQM account became an observable phenomenon. In Alingsås, the TQM was not implemented at the operational level and therefore, the evaluative activities of the vertical accounts remained a tacit and

non-observable phenomena.

In the following sections, it will be described how involvement of the three-part account sequence changed characteristics of the horizontal accounts and produced a behavioral effect on the pattern of evaluation and accountability justification.

5.8.1 The regulatory capacity of the TQM accounts

The case study showed that the regulatory capacity of the TQM accounts is related to the power of mobilizing the ‘failure accounts’ sequentially. But, these accounts could not control all of the processes of accountability justification *a priori*. Additionally, in the analysis of the sequential effects the subject of “*action correction*” should be distinguished from the subject of *textual regulation* (see Section 5.6.4.2). The first one is an inter-actional effect, and the second is the inter-textual effect of involving the vertical accounts. But, as the inter-actional and the inter-textual effects of the TQM accounts occur simultaneously the distinctions between the two may often be difficult. Buttny 1993, p. 60) emphasized on this notion by arguing that, “the connection between the account and evaluation does not appear as strong as the connection of conditional relevance between blame and the account”. Since the TQM account had a strong effect on the responses, thus the inter-actional and the inter-textual impacts became distinctively observable so some extent.

The action or evaluative effect of the TQM accounts is reflected in the concept of ‘intervention’ (see Section 5.6.4.2). Intervention consists of a set of terms that are reciprocally involved to provide a site for numerical encounters. We can say that by means of ‘intervention’ each individual interacted with one’s ‘behavior’. The case study showed that the inter-actional workings of the ‘intervention’ were related to the expectation that by such a mechanism the quality perception would be changed. As an example it was shown that implementation of TQM created a centralized management inside the local government. In connection with this, the perception of the “childcare managers” coupled with the view of “general management” entered into the act and vocabulary of the childcare administration. TQM also enforced a mechanism of self-control at an individual level. By focusing on the customer evaluation (e.g., acceptance-non-acceptance curve, see Appendix 9), the quality participants ensured what behaviors were expected of them.

Further, it structured the evaluative mechanism for others to control the individuals. By construction of the explicit measurable standards, transparency of the objectives for the assessment of failure the quality center and management could control the quality behavior at an individual level.

It was also shown that in terms of the account regulation (regulatory of shape) the justification systems of TQM became inter-textually relevant. By means of the TQM accounts the sequence of 'rating' was apparently involved to eliminate the pedagogic accounts, which were horizontal in nature. In the following sections the inter-textual effects of TQM will be further analyzed.

5.8.2 The influences of functional and face-saving accounts

To understand the pattern of the responsive accounts some distinctions needs to be made between various *sequences* by which agreement with the problematic events was regulated or disagreement was displayed. Agreement or disagreement may be tacit, which is non-observable- or may be strong which is often observable. For example such a lack of response, say by moving to another topic, can be considered as tacit agreement, for practical purposes with the canon of vertical accounts. In Chapter Three the categories of *functional*, *face-saving* and *relational* accounts were introduced to help in the understanding of the degree of agreement and disagreement with the predicament of vertical accounts.

Here the analytical concern is that the responsive accounts presented in the case study (see Section 5.6.4) strongly projected the domination of the "functional accounts" view from the vantage point of the inter-textual effect. This does not mean that the face-saving accounts are not in operation. On the contrary, in an environment where justification by vertical accounts is strongly emphasized, the face-saving accounts move into the background. They become non-observable phenomena operating, for example, when individuals collect the data from customers. The face-saving accounts may operate as tacit when individuals refuse to collect the data on the regular basis or when individuals 'modify' the data to defend themselves against the threat of "quality failure".

Further, we know that (see Chapter Three) the responsive accounts may be found in other kinds of language game, for example, in terms

of discretionary responses. In discretionary responses, the individuals account to explain by more familiar blames-accounts-sequence, in that relational accounts of the types of ‘self-presentational’, ‘actional’ and ‘descriptive’ are central (see Chapter Four, Section 4.6). In these accounts, the antecedent of vertical account or problematic event of quality failure does not control all processes of accounting.

The case study of Tynnered shows that relational accounts were transformed to the responsive accounts inter-textually in at least three different kinds of situated accomplishments. For the purpose of analysis I would like to name these sequences to ‘*failure accounts*’, ‘*problem-telling accounts*’ and ‘*preferred responses*’.

The ‘failure accounts’ were structured on the basis of customer rating and dominated the accountability. In the following sections characteristics of the ‘failure accounts’ will be further analyzed. The problem-telling accounts were implicit in characteristics, reflected, for example, in the evaluative pattern of ‘refusing to account by customer rating’. Finally, the ‘preferred responses’ were reflected in organization of account that displayed preferences for pedagogic quality as a discretionary method to manifest accountability. In the sequential environment of preferred accounts, the accounts do not work as responses to failure or problem, but rather capture disagreement.

5.8.3 TQM as a means for sequential processing of accountability – workings of the failure accounts

In analysing the vertical processes of accountability by means of ‘failure accounts’ two sequences are observable. The first sequence began from external *utterances* to *actions*. In practice the study examined how problematic incident of “quality failure” is being used to do in context, how it functions for the childcare members to act and account. The general point drawn from the empirical material is that an external utterance (signifier) can be used to perform a variety of inter-textual and inter-actional moves. One move is to withdraw from working with the relational accounts of the types of *praise* and *blame*, in order to leave space for the ‘customer questionnaires (see Section 5.7.4.3). In this way the work of relational accounts are ceased in a tacit way (it is not observable). Another move can have horizontal effects. For example, it was shown that in establishing the

auditing procedure, individuals from other units were required to audit the 'field work' and to evaluate the effect of 'intervention'. This movement can create a control environment from the horizontal side. A third move is related to the decisions for interconnection of the field models into the quality centre to create other types of rational accounts aimed to create a "market" for quality information dissemination. This latter choice (relating the rating to the needs of different interest groups) captures the 'demand' of accountability communication.

The second sequence of the 'failure accounts' began from *action to text*. In this sequence, the individuals move to the next step to examine the connectedness among the customer questionnaires and problematic events (deviances) for the context of resolution. Thus, to make accountability relevant for different interest groups by 'rating' means the second sequence should operate *procedurally* in order to examine the antecedents - quality failure - by means of consequents – intervention - (see Buttny 1993, p. 61 for the effects of antecedents and consequents sources on accountability) in order to make the account workable. In the case study, it was exemplified that a "quality centre" was established to act as a 'profit centre' (see Chapter Four). In this way, other types of 'failure accounts' were constructed for the purpose of further communication (see Section 5.6.5).

5.8.4 Weaknesses of the TQM accounts

As a new justification mechanism the main weakness of the TQM accounts is its focus on the customer (see the principle of evaluatory trap, Chapter Four, Section 4.7.3). This is a limitation for communicating the public service quality by its broad institutional, political and educational scope. Childcare quality involves in other types of evaluative experiences and concepts that can act as substitute anchors for "customer quality". Garvin (1988) has noticed that with regard to the product and production, the precise definition of quality is elusive. Having examined the various viewpoints, he has placed eight attributes to describe the quality. These are *performance, features, reliability, conformance, durability, serviceability, aesthetics* and *perceived quality*. In any case, it is clear that customer quality in terms of questionnaires is just one of the many relevant dimensions of quality. Due to multiplicity of meanings, Jönsson (1996) has emphasized that understanding of service quality is

dependent on multi-channel information.

Additionally, it is important to point out two other weaknesses. One is related to the emergence of ratee-rater relationships, and the other to the state of pedagogical tension. Drawing on Foucault (1972) the emergence of ratee-rater relationship is to be related to the discursive principle of *reversal*. That is to say, there are some negative effects related to the regulation of accountability by quality accounts, not recognized by TQM principles. For example, institutionalisation of the TQM accounts created a hierarchy of accountability in which individuals became accountable for rating (for failure) rather than for quality improvement. This means that TQM structures a system of justification that isolates the quality improvement by emphasizing the correspondence between quality failure and accounts for quality failure. It was also shown that elements of the quality improvement are related to the pedagogic discourse, and that rating focused only on a few physical variables.

5.8.5 Emergence of the Ratees-rators relationship

Implementation of the quality rating is involved in two accountability situations. The first implicates that ratees may be held accountable for self-rating. Ratees, as it is the case in Tynnered, may be asked to work on the basis of self-evaluation of results and interpretation of the quality information expressed in the field-models. She/he may only participate with the front-line managers and colleagues for studying the results, discussing the results, and using the results to guide development of activities. According to TQM premises, actors are sensitive to the processes of rating (London *et al.*, 1997), i.e., the ratees would attempt to show that the results led to behaviour change and improved performance (the cognitive and behavioural effects).

However, the single source feedback of the 'customer' may fail to provide an accountability environment that can be trusted by the ratees. There are paradoxical circumstances that work against it. One paradox is related to the notion of fairness. The ratees can argue that the ratings treated them unfairly. Negative feedback (the non-acceptance variables) will reduce the willingness of the ratees to provide rating. In one of the internal documents, quality centre showed dissatisfaction of the rating and quality assessment due to the lack of participation. In the case of accountability pressure actors may even provide inaccurate rating (London *et al.*, 1977).

Another paradox is related to the notion of account systematisation- a tendency to show rating as an end in itself, i.e., ratees may move to meet rating as the goal of their performance. This is a paradoxical situation in that the focus of the textual reporting takes the upper hand. Here, ratees become accountable for rating, not the customer.

In the second situation, ratees may be required to send the specifications to the raters or quality centre for the analysis and directives. Here, the establishment of central management and quality centre is considered as acting for an additional source of accountability. According to the conventional literature, accountability forces and mechanisms associated with the top management strengthen the actor's feelings of accountability (Dean & Bowen, 1994). Yet, the paradox arises from the voluminous preparations of the formal paper work, cost of the analysis, consultation and maintenance of the customer quality data. Klimoski (1994) has found that conformance to the structure of TQM reporting is coupled with risk for a high fix cost and decreasing chance of success. The case study showed that when the field-models were sent to the 'quality centre' they caused the emergences of other evaluative models and the volume of information construction dramatically increased.

5.8.6 State of tension between quality failure accounts and traditional pedagogic quality accounts

The study showed that there emerged a state of *tension* as to how the service quality must be presented. This conflict was reflected in a number of pedagogic concepts that were presented by the quality participants under the title of 'capabilities' (see Appendix 5). By presentation of these 'capabilities' the quality participants wanted to tell that TQM accounts are ineffective in presenting the qualities of the pedagogic work, which are often tacit or moral. These capabilities are achieved through professional work and by application of the pedagogic methodic. None of these concepts were visualized by the 'result variables' and 'field models' constructed by the TQM accounts. The study showed that the pedagogic quality is antithetical to the customer quality, in the sense that the former focuses on the improvement of the service delivery while the latter on the projection of the superiority of responding over the 'problem' of quality.

5.9 Conclusion

This case study focused on the sequential effect of the TQM in mobilizing the ‘problematic event of quality failure’ as a source of accountability. The study described the enforcement of customer measure as an important element of TQM program oriented to change the traditional accountability. It was shown that establishment of TQM provided a non-financial measure in order to replace the pedagogic quality and provide a framework for internal and external measures of performance control.

The following picture (5.6) exhibits how the TQM accounts emerged as a specific type of vertical accounts (management model) and characterized the care organization and management. Furthermore, the picture presents a number of statements that indicate the design of quality accounts by means of quality failure created a new system of accountability justification.

By analysing the sequential effect of TQM three types of responsive accounts were identified. These accounts were named to ‘failure accounts’, the ‘problem-telling accounts’ and the ‘preferred responses’. These accounts characterized in different ways the degree of agreement and disagreement with predicament of the vertical accounts, and the role of NPFM in structuring the emphasis of procedural accountability. The ‘failure accounts’ strongly projected the workings of functional accounts in the sense that they are structurally passive (see Chapter Three). The ‘failure accounts’ denotes the *procedural* effect of TQM involvement. This means that the local managers, who were prepared by TQM education, were held to account for “themselves” and for “others” in terms of failure accounts, a type of deviant representatives of their own responsibility. Conceiving of TQM-accountability as ongoing accomplishments (see Chapter Three) means we locate accountability manifestation in social situations by means of TQM procedures. It is important to notice that the normative conceptions that sustain the accountability of individuals to the procedure of TQM are somewhat different from those that sustain accountability to the categories of “profit centres”. Organization of accountability by “profit centres” focuses more on what accounts should “look like” or should be structured. Whereas, organization of accountability by procedure of TQM focuses not only on what accounts should be “look like” but also on how individuals should “act”. This means that procedural

effect of TQM is stronger than procedural effect of “profit centres”. In fact, TQM’s situational accomplishment goes one step further to include the accountability of various individuals at the operational level.

‘Problem-telling’ accounts denotes the emergence of accounts in *isolation* (see Harre, 1977) in the sense that they are tacit while communicating the state of tension between the relational accounts on the one hand, and the customer-based quality accounts on the other. Here, it is sufficient to say that problem-telling accounts are action related and implicit in characteristics, and therefore could not be observed empirically. For example, “refusing to account by customer questionnaire” is a type of problem-telling account that indicates tension but that cannot be empirically examined. The preferred accounts denoted the culture of “discretionary responsibility” in the sense that they were produced on the basis of professional care ethics. The study presented a list of concepts that describe pedagogic quality on the part of professional care ethic (see Appendix 5).

Figure 5.6 focuses on the passive pattern of the “failure accounts” that emerged sequentially, and strongly dominated the field of accountability. Therefore, the conclusion is that being held accountable by the assessment of ‘failure accounts’ does not communicate the quality as a trustful or judgmental phenomenon. Rather, it involves the use of functional accounts for justification or in a calculating process for giving reasons for one’s conduct in a series of repetitive and recursive accounts. The field-models, presented in the case study, indicate the point or direction of the behaviour, design of a new management for controlling the behaviour by non-financial measures. The study showed that TQM enforced inside the operational activities a type of measurable accounts in order to make organization, management and individual behaviour intelligible for the context of accountability resolution. TQM enforced a radically divergent attitude among organizational participants toward traditional method of relational accounts based on “praise”, “blame” and “reputation”.

A number of statements in below-exhibited model, drawn from the interpretation of documents, are presented. These statements indicate that by using TQM accounts in accountability organization, management and quality perception became ‘sequentially relevant’.

Noticeably, it was shown that enforcement of the TQM accounts had a deconstructive effect on the use of relational accounts in accountability. Whereas, the study could not find evidences that quality design by means of “quality failure” had effect on the improvement of childcare quality. Instead, by making the TQM superior accounts, attention was directed towards the procedures of customer quality reporting in order to construct a link between quality design (vertical account) and quality responses. In Chapter Six the procedural function of TQM will be further analysed.

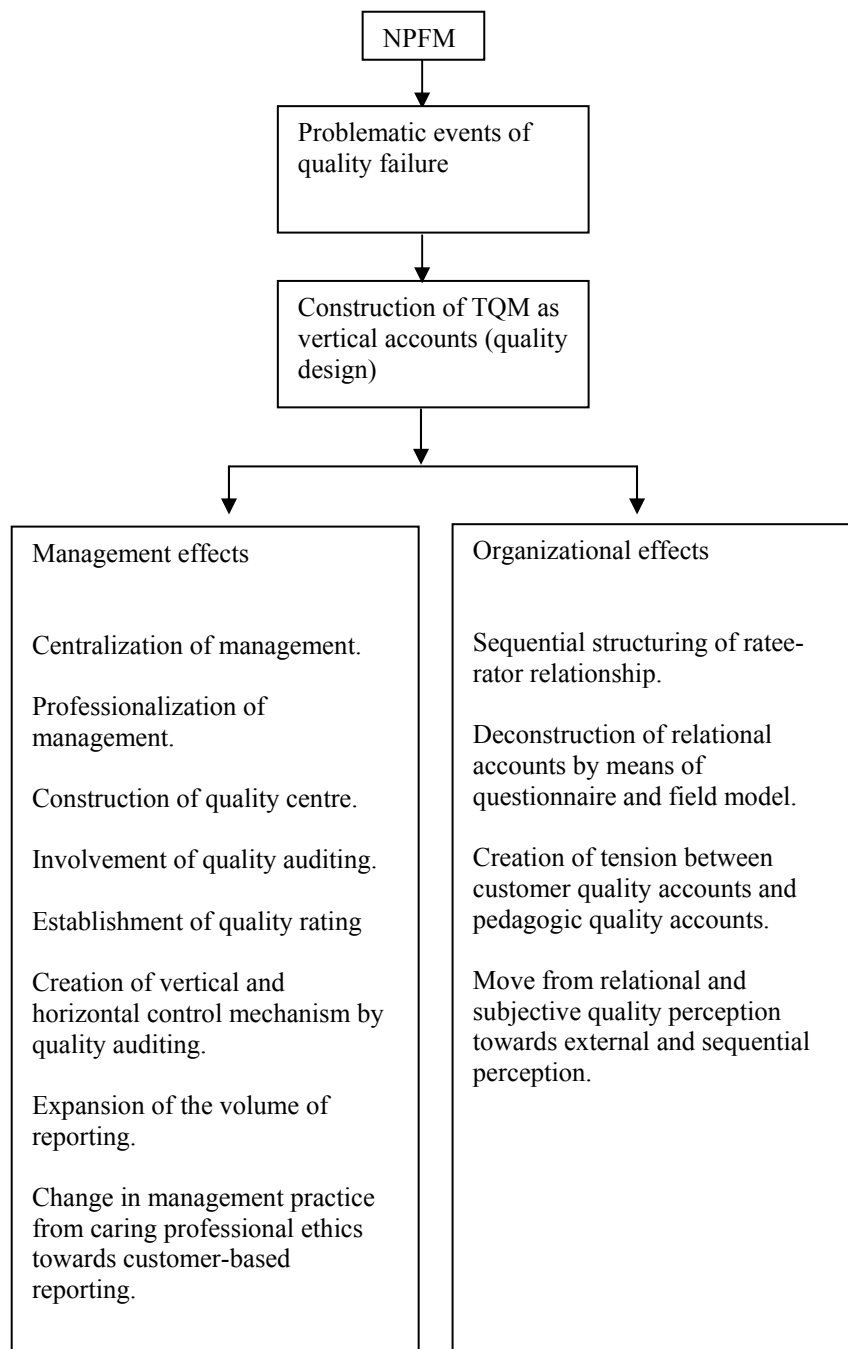


Figure 5.6: The effect of NPFM in organization of customer based quality accounts

Chapter Six

Final analysis

An expanded definition of the accountability process

6.1 Introduction

The questions addressed in the first chapter were grounded on the key hypothesis that was originally drawn from the work of Olson *et al.* (1998, Chapter 16). The hypothesis focuses on the notion that the NPFM reform may shift the characteristics of the horizontal accountability, “*from discretionary responsibility in action to formal accountability in text*”.

In Chapter Two a method appropriate for the understanding of the workings of accounts was presented. Briefly, this method focused on the construct of “articulation-making factors” as an interpretive device for understanding of the workings of vertical accounts in contexts. Terms like *boundary contrast, qualitative homogeneity, separate move-ability, [...] and joint formation* (see Chapter Two) are considered as articulation-making factors and they address various type of influences that professional management accounting may create. Presentation of articulation-making factors supported investigation of accountability as situated accomplishments. This means that in terms of these factors one could observe that an individual is held accountable in one situation to functional accounts, and in another situation to categories such as face-saving and relational accounts.

In order to examine the effect of NPFM accounts, a theoretical framework was presented. The theoretical framework focused on the reciprocal (inter-textual) work of the accounts in Olson *et al.*'s sense (1998) of influencing and constructing the NPFM accounts in contexts. To study accountability by accounts required an analytical concern for the categorization of the accounts, and methods attuned to what accounts work in the context. The flexible category of accounts in relation to which transformation of accountability from the basis of discretionary responsibility to professional management accounting could be investigated and analysed was presented. It was suggested that the accountability of persons to categories of vertical

(functional and face-saving) accounts is the key to understanding the maintenance of the NPFM order.

Two case studies were carried out. In these case studies, the empirical concern was to show how adoption of the professional management models provided contextual background for the local managers to carry out an accountability discourse. The study focused on the possibility of conducting the care activities with an eye to how these activities might be assessed by involving professional management accounting. By applying accounts as an analytical device, it could be shown that the vocabulary of professional management accounting was involved and transformed the traditional mode of accountability.

The study showed that at the operational level one set of vertical accounts (one model of management accounting) dominated the control of using accounts in accountability, and as a consequence the alternative forms of using accounts in accountability was eliminated or moved to the background. It was shown that in variety of ways, the relational accounts were eliminated or replaced by the face-saving and functional accounts. The point worth emphasizing is that the process of rendering some action accountable is an inter-textual accomplishment. This means that in situation of vertical involvement, individuals outline the accounts in relation to problematic event or institutional context of recognition. Further, the studies described that at the operational level (micro level) there are differences in the workings of the vertical accounts. The workings are varied not because of NPFM's *a priori* rule making influences, rather because they are "decentered" professionally and organized by procedural institution of the account organization (for example, by involvement of experts and methods) at the operational level. The procedural differences in forming accountability rested on a symmetry between production of accounts on the basis of responsibility and self-rule on the one hand and their recognition on the other - both in context of their circumstances. Another point that must be stress is related to the characteristics of vertical accounts. They emerged from situational context of NPFM accounts to serve the local management of accountability conduction in relation to normative conceptions of action and responsibility. The vertical accounts changed their original format, from time to time and from one local government to another local government, in order to mix with the operational language of accountability. Due to articulation factors of time and

rum (locality), as well as the contextual differences such as self-description and judgment, workings of the vertical accounts had their own rule-making procedures that were not controlled *a priori*. Thus, due to rule-making differences, the vertical accounts invoked two different logical grammars (professional management accounting models) for practicing accountability in each local government. Each logical grammar provided a context for account-givers to see the problematic events. Due to the rule making differences, the “profit failure” and the “quality failure” became a dominant accountability force in the respective local government. Thus the focus of vertical differences emphasized that the processes of using accounts in accountability is a procedural accomplishment. The account givers design their accounts in relation to how they might be accepted procedurally normal.

6.2 Framework of the chapter

In this chapter, the important threads of the previous chapters are pulled together in order to obtain more stringency and sharpness to the definitions of accountability. In order to do this we will return to the two case studies that provided some of the accountability rules in relation to which the responsive accounts were deployed and the meaning of accountability emerged. In order to redefine the sequential processes of accountability, in Section 6.3 a model for exhibition of the generic (recursive) characteristics of vertical accounts (Model II) is presented. By means of this model features of the first sequences of accounts are differentiated. Section 6.3.1 is devoted to macro analysis of the first sequences of accountability while Section 6.3.2 is devoted to the macro analysis of the second sequences of accountability.

In Section 6.4, a brief presentation of the case studies of Alingsås and Tynnered will be made. In Section 6.5 presents the microanalysis of the accountability processes. Here, the Model II is used to outline a generic structure for presentation of Model III that was outlined to validate the empirical materials drawn from each case study. Thus, the Model III exhibits both the procedural effects of the accountability sequences and the contextual effects of the local governments. It highlights categorization of accounts “within” the procedural effect of accountability sequences. By emphasising on the differences in the use of accounts it is specified that by involvement of a cohesive and vertically controlled accountability process two different modes of

accountability justifications were created. The foundation of these differences can primarily be detected by references to the transformational tensions arising from the association of the local managers with tradition of “discretionary responsibility”. The final sections are devoted to the presentations of contribution of the study and suggestion for further research.

6.3 Presentation of a model to define the sequences of accountability processes

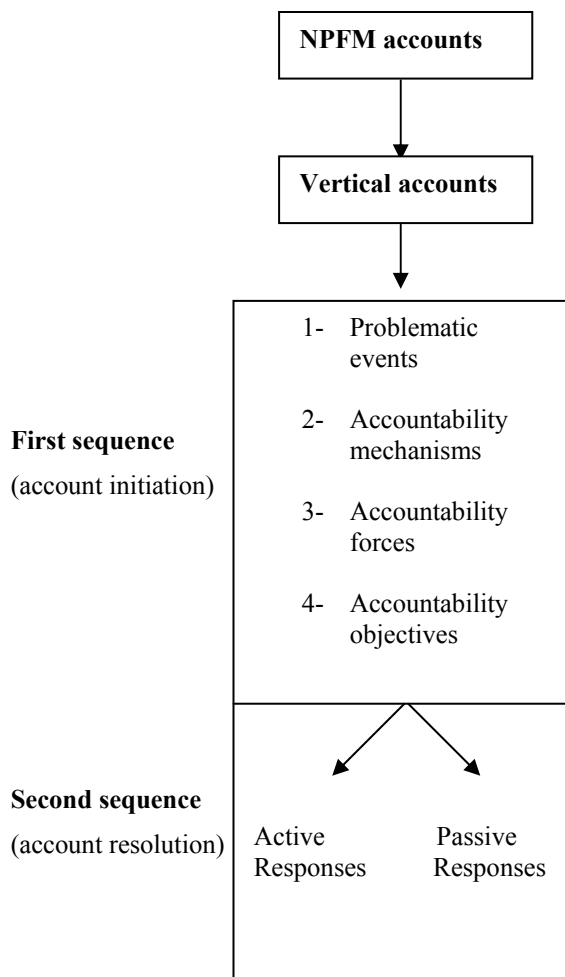
The following model provides a further stringency to the concept of account processes. Comparing with the Model I that presented in the Chapter Three, it provides some additional concepts by specifying the key forms and procedures that a local government of a particular type adopts if it is to be seen as a member of a wider institutions that goes through the NPFM reform. It focuses on the generic, and the procedural, characteristics of the vertical accounts. By presentation of this model one objective is to analyse accountability process from a macro perspective (see Section 6.3.1). Another objective is that by help of this model to focus on the processes of accountability by consideration of the empirical materials that are collected from the two local governments (see Section 6.4.3).

The Model II indicates that account processes have two sequences (see Chapter Three). These are the sequence of *initiation* and the sequence of *resolution*. The sequence of initiation focuses more on the evaluative function of the vertical accounts. It has effect on the responsibility and the sequential allocation of attention. Whereas, the sequence of resolution focuses on the structural effect (functional and face-saving effects) of the vertical accounts. It has a procedural effect on the practices of accountability. The case studies contributed to the understanding that the procedural effects are generic while subjective effects are specific. The term responsive accounts indicate the subjective effects. It helps understanding of the situational accomplishments in which a subject uses the functional and face-saving accounts - which are varied in characteristics - while they are controlled by a similar structural procedure.

Furthermore, the notion of procedural and subjective effect can help that the concept of vertical accounts to be specified one step further. We can say that the concept of vertical accounts is contingent, partly in the doctrine of the NPFM accounts (enunciative function of the

discourse), and partly in the criticism and evaluation (enunciating subject of the discourse) used by individuals to justify accountability.

The concepts of *problematic events*, *accountability mechanisms*, *accountability forces* and *accountability objectives*, are components of the first sequence that are procedurally involved. These components have (cognitive) effects on the responsibility of the individual (see Buttny, 1993). While, as a reaction to the first sequence a range of *passive* and *active responses* emerged. The responsive accounts characterize the second sequence. It is only the second sequence that demonstrates, objectively, the strategy of the account-givers in dealing with the problematic events in question. The problematic events are in fact the link points of account systematisation.



Model II: Exhibition of a sequential process of accountability.

The Model II, unfolds how the NPFM rules involved as the sequences of accounts. The concepts of *problematic events*, *mechanism*, *forces* and *objectives* are non-observable phenomena.

Together these concepts indicate the Foucaultian notion of “enunciating subject” of a discourse. Foucault (1972) emphasized on the subjective effect of a discourse by invoking the concept of “enunciating subject”. Thus, dispersion of the vertical accounts has a cognitive effect in the sense that they can assign the position of the account-givers in terms of evaluation. In the theoretical section it was explained that evaluation is a dimension in accounts that characterize the subjective effect of the vertical accounts in the sense that the subject may internalise certain operations in the horizon of their consciousness. The concept of “enunciating subject” focuses on the “verbal version of what is silently experienced by a character” (Foucault, 1972, p. 93). In emphasizing on the subjective experience, in the analysis that is presented in each case study, an attempt was made to make distinctions between the structural and evaluative effect of the vertical accounts, although both are mutually related phenomena (see Humphrey *et al.*, 1998).

The “enunciative function” is manifested in the “object” of the responsive accounts or in the procedures in which accounts are vertically organized. It is identical with the authors of formulation (see Foucault 1972, p. 95) or expectation that this formulation takes an institutional order. The “enunciative function” constructs the order of reporting in “objectivity”. On the other hand, processes of evaluation of accounts (or enunciating subject) are subjective experiences, difficult to be observed (Buttney, 1993), and have a tacit effect on the responsibility of the account-givers.

We can now say that the meanings of the vertical accounts are defined by its rules of use. The account-givers must analyse the relations between the vertical accounts, the operation that should follow them in order to be able to outline what should be said in responses. It is one of the characteristics proper to the “enunciative function” that links the vertical accounts to the subject of operation, and “by means of this operation and the statement in which it is embodied, his future statement and operation (as an enunciating subject, he accept this statement as his own law)” (see Foucault, 1972, p. 95).

Thus, in giving accounts, the account-givers first make the nature, magnitude, and consequences of the problematic events relevant. Secondly, by consideration of the vertical rules (as his/her own law), the account-givers try to formulate the problematic that is to be

accounted for. For the account-givers a technique to manage the vertically formulated *failure* and *criticism* is to formulate the problematic *prior to any other consideration* to display awareness of the issues at hand.

To be clear on the sequential function of the vertical accounts, the above model casts a light on the whole process of accountability, and exhibits the orientations of the accounts, from two sides. On the one side, the problematic events created the conditional relevance for the account as a response. But on the other, they outlined the pre-structured rules for the account-givers to make relevant the prior problematic events in production of the responses. We may analyse that the accounts processes consist of the sequential utterances from two different speakers. The first utterance (sequence) focuses on the priority of the problematic event in shaping the responsibility. Here, the account-giver must interpret the relation of the vertical accounts to what they state (their referent). The second utterance is an expectation of the responses that are organized in the language game of the first utterance (see the discursive power of adjacency pairs in Chapter Four). The first sequences of the pair make the occurrence of the second sequences expected or relevant. These two sequences work as an adjacency-pair organization, in the sense that a certain limited range of the responses may arise sequentially (see Buttny, 1993, p. 39).

6.3.1 Macro analysis of vertical accounts (sequence of initiation)

As it is illustrated in Model II, by means of the initiative sequences, the NPFM values entered into the processes of local government accountability. Application of these accounts created a mixing of sequence types in which: on the one hand, evaluation, and on the other hand, problematic events were recurred. It was also argued that in recurrence the account-givers face the competing demands of administering the institutional procedures (enunciative function) and her/his own evaluative perspective (enunciating subject). Here, the analytical concern is to see how the responses moved to achieve the respective ends. The case studies provided a general view in understanding the recurring problematic events and evaluation in terms of the appearances of accounts such as *prospective*, *justificatory* and *retrospective* accounts. Two of these terms, namely the *prospective* and *retrospective* accounts, were used in Chapter Four to

analyse the interview materials. The third term invoked here to denote a situation of accountability that arose in the 5th chapter, and casts light on the moments that the vertical accounts were used in accountability in serial without implication for decision-making.

When, the problematic events are strong, demands of administering accounts by institutional procedures of the vertical accounts are also strong. In this case, accountability is entirely oriented to the formulation of the problematic events so that accounts can be only used to explain, defend or answer the *criticism* or *failure*. In this situation we can say that accounts are *prospectively* organized by NPFM. The case studies showed how the problematic events of budgeting pressure and quality failure, combined with institutional procedures (accountability mechanisms, forces, and objectives) made the vertical accounts *prospectively* (prior to any consideration) relevant. However, it should be notified that in responses, it is not so clear that the account-givers “correctly” structure the accounts - or that they “validly” participate in the operation. The term “enunciating subject” is identical with a group of rules of using the vertical accounts in response, which may be varied from the canon of the central rules.

If the institutionalisation procedure is sufficiently strong the reporting structure can be routinized. In the case of routinization (persistence) the responsive accounts take the *justificatory* role. The *justificatory* role arises from the *pre-emptive accounting actions* of formulating the problematic events prior to being asked. The *justificatory* accounts reflect the instance of communication bureaucracy, in the sense that accountability is used as a site for production of the accounts in serial, and by volume (mass-production). In other terms the account-givers may be involved in the production of the voluminous series (repetitive) of accounts without being relevant to decision-making (see March 1987). The analytic concern here is that both the professional management accounting, and TQM, have the quality of involving in the *pre-emptive* functions. The pre-emptive function is related to the processes of accounts on the basis of anticipatory formulation (see Buttny, 1993). In terms of the effect of *justificatory* accounts the account-givers prepare volumes of the reports without being asked to prepare these reports. Thus, the *justificatory* orientation (is a property of enunciative function) of accountability involves in anticipatory formulation of the accounts to answer the criticism before it arises. The *justificatory* accounts have

a functional structure (but defensive and anticipatory in terms of value) and focuses on the accountability of the account-givers to produce accounts in series. The pre-emptive function emerges from the function of *accountability forces* identified as a component of the first sequence (see Model II).

The responsive accounts can also be seen *retrospectively* to frame the account-givers version of events. The active responses are often *retrospectively* prepared, in the sense that demands of administering accounts by institutional procedures are less emphasized. In the following section it will be discussed that in outlining the *retrospective* accounts, the account-givers use the personal, background information, judgment, (for example discretionary responsibility) as sources of accountability.

6.3.2 Macro analysis of the responsive accounts (sequence of resolution)

The approach taken for analysis of accountability process focused on the sequential organization of the accounts. It was argued that central to this organization is the use of “problematic events” that generates account processes that sustain the pervasive ordering of responsibility in terms of vertical accountability.

However, it is highly important to notice that the context of problematic events do not always shape the background or situational features which so to speak, surround the accounts. In outlining the accounts the individuals may be (retrospectively) involved in other contexts or background circumstances than problematic events. Thus, the accounting of an incident and the ascription of responsibility for it are not always enacted, or controlled, by rules of the vertical accounts, but by account-givers judgment. Jönsson (1996, p. 7) has described this situation of accountability by emphasizing on the concepts of “interpretation” and “trust”. According to his argument, the extent to which a person relies on information depends upon how persons interpret that information, and how trustful it appears to her/his view. “A statement is first understood and then it can be subjected to conceptual and structural analysis... a person sees the message as a matter of recognition” but they use other channels of information to interpret the message and outline the reports. Jönsson further emphasized that in communication “the sender does not have complete control over the outcome of the communicative initiative”.

In interpretation of accounts, and the use of accounts in accountability, social identity can also play a key role. The social identities such as professional care are sources of accountability, and can be used as a channel of information to process the accountability. According to Kolb (1984) the social identity of professional teachers provide members with a broad, learning and experiential range of discursive resources, in regards to which they practice accountability. In the analysis of the accounts-talk (Chapter Four) it was shown how the local managers through choices of different types of accounts reflexively present their skill in communication and display their actions beyond the bounds and normative rules of the vertical accounts. In the case study of Tynnered it was also shown how, through the institutional justification of the school law and personal and pedagogic skill, the account-givers were involved in the discursive options of sequencing the accountability away from the procedural bounds of the TQM accounts. The active responses in fact engage in a variety of sources of accountability often reflecting the co-creation of social identity through presentation of self by reference to the experiences, recognition of situated context, background knowledge etc. How a sequence of the active responses unfolds needs to be seen as a co-enactment between account-givers and her/his own view of reality (or based on the strategy of the choice of accounts for presentation of reality). This means that the 'workings of accounts' in each local government must also be related to its step-by-step integration into a set of relations, interests, commitments and competencies (see Czarniawska-Joerges, 1992).

By definition, context serves as a kind of 'site'- as a way to include those features of the setting not explicitly (possible to be) conceptualised by organizational rules of the vertical accounts. Context arises from the categories of persons (social identities, status, see Buttny, 1993), social relationship and personal knowledge (see Solli & Jönsson, 1997) the everyday activities and the face-to-face interaction (Goffman, 1967), discretionary responsibility (Olson & Sahlin-Andersson, 1998) and so on. The case studies focused more on the context of "discretionary responsibility" and showed how this context is used as a source of accountability. Accounts of consequences, outcomes, personal (self), pedagogic, judgmental, face-saving, actionable, and relational (see Chapter Four) are interactively affected. This means that in shaping these accounts both the vertical and personal contexts were involved.

The influences of the contexts will increase when credibility of the vertical accounts decreases. It was analysed that as a consequence of communication practices by canonical format of the vertical accounts all other alternatives might become disqualified (see Chapter Four). However, in certain situations, when credibility of the vertical accounts is questioned, a *transitional tension* between the “discretionary responsibility” and “formal-textual accountability” began to arise. Transitional tension describes conflicts between the abstract systems of the vertical accounts and the actionable accounts - accounts that are structured on the basis of judgment. The active responses resulted from such a conflict. In active responses, the account-givers account by making relevant some other contexts, by including, conditions, events, consequences or state-of-affair which do not recognized when the vertical accounts were formulated. Since the operative information is always operationally understandable (and is not available at the central level) there is always a conflict between what states by vertical accounts and how it is interpreted by account-givers at the operational level. Accounts of consequences presented in Chapter Four are examples of the active responses reflecting the conflict between the vertical and horizontal accounts.

The contextual effects are several and in some ways they are engaged in the processes of accountability. One contextual effect stems from the teamwork which is very typical in the childcare environment. Another contextual effect emerges from the notion of account as a self-imposed phenomenon (Boland & Schultze, 1995; Czarniawska-Joerges, 1995). According to Czarniawska-Joerges (1995) and Solli & Jönsson (1997) in giving accounts the actors attempt to construct and present themselves as the competent agents. In sum, how the account is inter-actionally accomplished in context may vary, i.e., what makes accounts sequentially relevant is how the actor treats the problematic event, and how actors engage the other contexts in the course of accounting.

The conclusion is that in the discourse of accountability, the contextual variations are engaged in the processes of constructing the “enunciating subject”. Based on the empirical materials that was presented in Chapters Four and Five the contextual effects created *transitional tension* for moving accounts from the basis of 'discretionary responsibility' towards the basis of 'formal-textual accountability. In *transitional tension*, the account-givers try to pick up those operational features that are considered crucial for practices

of accountability. The account givers select these features from the various contexts to inform others about their true actions.

6.4 Summary of the empirical materials

It was shown in Chapters Four and Five that the NPFM accounts were not self-explanatory. They should not be seen as a set of “factual statements”. They have “transsitional” character and meanings of them are dependent on the context in which they invoked. Conceiving of accountability as the practices of using of accounts means we must locate accountability emergences as on-going and situated accomplishments. Accounts are a set of discourses, are negotiable, and can be used for the purpose of socially accountable practices. Accounts are applied to structure the “problematic events” of the types of failure, inadequacy, ineffectiveness and the like; but they are not capable of transforming the meaning of “problematic events” effectively, in equal ways, and in all direction. This means that in relation to the operational activities, codes, norms, procedures, rules of interpretation and inference making are different from the one used for formulation of problematic events.

Generally speaking, the case studies showed that the situated accomplishments of the NPFM accounts constructed two sets of the vertical accounts at the operational levels. The emergence of these accounts were related not only to the formulation of two different problematic events, but also to the procedural workings or systems of placing and dispersion of the vertical concepts such as “profit centres” and “quality centres”, and involving them inside the horizontal accounts.

In the following sections, by presentations of the summaries of the case studies, the workings of the NPFM accounts at the operational levels will be further specified. The objective is to show the differences in the accountability process by describing how the vertical procedures were involved.

6.4.1 Case study of Alingsås – involvement of “profit centres”

The Alingsås case study showed that profit-based responsibility accounting had a sequential effect on the traditional accountability. The notion of the workings of accounts provided a useful analytic

device for examining how the professional accounting logic was sequentially involved.

In terms of budgeting pressure a “problematic event” was constructed. Accounting was involved in terms of the “profit centres”. Establishment of the “profit centres” had an effect on the deployment of the strategic choices of using the responsive accounts in accountability. This means that “profit centres” sequentially shaped the responsive utterances into becoming *consequential*, *functional* and *face-saving*.

The focus on the practices of using accounts in accountability showed the procedural effect of the vertical accounts through perspectives drawn from the empirical focuses on the childcare *organization, accounting and budgeting, and accounts-talk*. To trace these procedural effects accounts were interpreted within the continuum of the *relational* (based entirely on the judgment of the local managers), *face-saving* (partly judgmental, partly external) and *functional* (based entirely on the external conditions, or exposed to the sequential effect of the problematic incidents). The case study showed that as a whole, the traditional structure of accountability moved a way from the basis of “discretionary responsibility” towards the basis of face-saving and functional accounts.

The case study started by focusing on the sequential involvement of the vertical accounts. The budgeting pressure was identified as a dominant “problematic event”. Budgeting pressure required the involvement of ex-post accounting, for example, matching between budgeting and accounting that led to the establishment of “profit centres”. The “profit centres” were interpreted as the most dominant concepts (or as accountability forces) by which other aspects of the care organization was regulated. As a rule of organizing accounts the “profit centres” (like the adjacency pairs) structured a new management hierarchy called ‘area management’. The ‘area management’ then sequentially structured the process of ‘vertical decentration’ of the childcare organization. By enforcement of ‘vertical decentralization’ the horizontal link between various childcare units was broken down and the organization turned into smaller individualized units, acting in a chain of hierarchic accountability. The structure of the horizontal accounts that bounded these units together was changed. On the one hand, the management ‘autonomy’ was relatively increased while on the other, the unit control expanded

at arm's length.

It was further analysed that the ordering of the concepts in professional management categories such as budgeting/accounting, needs/goal, efficiency/effectiveness, input/output etc. meant that childcare events were communicated in a particular discourse. It was also shown that the regulatory rule of 'adjacency pairs' played a key role in the transformation of the traditional accountability. For example, instead of relating the outcomes to the service actions, the outcomes were related to the goal (profit). In this way, the traditional 'discretionary expense centres' were re-labelled and enacted in the 'profit centres'. Further, as part of the requirement of the 'profit accounts' a number of cost categories were created. These cost categories eliminated the reflexivity of the accounts in the sense that the personal judgment used to pick out accounts, by making sense of actions and needs, was replaced by pre-established categories.

The last parts of the case study focused on the effect of the vertical accounts on the account-talks. This focus showed emergences of the face-saving and functional accounts aligned with situations of accountability. The study provided examples of the accounts-talk by highlighting the (inter-textual) moments of success, failures, blame, praise, problems and frustrations. The focus on the accounts-talk showed that the general structure of the accounts-talk turned towards the problematic events of the profit deviation and the consequences arising from budgeting pressure. The study identified several types of the *defensive*, *remedial* and *consequential types of accounts* (see Chapter Four) arising from the transformational tension between discretionary responsibility and formal textual accountability.

The final conclusion was that under the discretionary responsibility, the local managers applied a more complex-decision-making, were more sure of their own capacity of taking committed responsibility, and based their actions and services more systematically in relation to the fresh and available local information (see even Jönsson, 1997). Under the pressure of the professional management, the resources and capacities turned towards the provision of the accounting-led textual reporting and functional ordering of the management and organization, relevant to the requirement of the professional management accountability.

6.4.2 Case study of Tynnered – involvement of “quality failure”

The profit-based responsibility accounting was introduced into the management of Tynnered long before it was introduced into Alingsås. As an answer to financial pressure (as a problematic event) the profit-based responsibility accounting was involved in the systems of accountability. As a consequence, “profit centre” and ‘vertically decentralized’ care organization were structured. The ‘profit centre’ operated as a mechanism of accountability interconnection between the operational activities and “profit centres”. The “profit centres” was adopted by the City Council at beginning of 1990’s, and its accounting rules were expanded step by step within the district governments (application of vertical rules to case).

The case study of Tynnered focused on the workings of the TQM accounts as an additional professional management method that dominated the accountability of the local government. The study examined the sequences of the responsive accounts and showed how agreement with the problematic events of “quality failure” was regulated or disagreement was displayed. Similar to the case study of Alingsås, in the background of the categories of *functional*, *face-saving* and *relational* accounts the degree of agreement and disagreement were studied. The analysis presented in this case study indicated that perception of the service quality was changed and a new model for the management and evaluation system was structured.

As a consequence of distributing the vertical concept of “quality failure” three types of the responsive accounts emerged. In Chapter Five the workings features of these accounts were distinctively described by characterizing these accounts in terms of the ‘*failure accounts*’ ‘*problem-telling accounts*’ and ‘*preferred accounts*’. These accounts fairly present the specific rules of using the TQM accounts in situation of accountability. The ‘failure accounts’ – whose characteristic was functional - dominated the field of accountability. The problem-telling accounts, whose characteristic was implicit, reflected the accountability instances of ‘refusing to collecting data for the purpose of customer rating’. For example, in TQM manuals that were prepared for orientation of quality accounts it was specified that “in several units quality participants failed to fill the forms and to provide a systematic account of customer evaluation”. Categorically,

it was analysed that the “problem-telling” accounts were defensive and created rupture in the sequential processes of accountability practices. Finally, the “preferred responses” as an active effort revealed the preferences for the pedagogic quality as a discretionary method. They captured tension or disagreement with the vertical accounts.

One of the interesting results of this case study was the notion that through the application of TQM the inter-actional, and the inter-textual effects could be observed explicitly. The action (or inter-actional) effect of TQM was reflected in the concept of ‘intervention’ (see Section 5.7.4). By focusing on the customer evaluation (e.g., acceptance-non-acceptance curve), the quality participants ensured the behavior that was expected of them. By construction of the explicit measurable standards, the transparency of the objectives for the assessment of failure, the quality center and management could then control the quality behavior. It was also exemplified that in terms of account regulation (regulatory of shape) the TQM accounts influenced the sequence of ‘rating’ into the accountability processes, apparently to eliminate the pedagogic accounts.

The general point was that the TQM accounts performed a variety of inter-textual and inter-actional moves. One move was to withdraw from working with the relational accounts of the types of *praise* and *blame*, in order to leave room for the ‘customer questionnaires’. Another move was the establishment of the auditing procedure by which the individuals from other units audited the ‘field work’ and evaluated the effect of ‘intervention’. This movement created a (received) control mechanism from the horizontal side. A third move was the establishment of a “quality center”. The objective of “quality center” was to expand the scope and dimension of the TQM by creation of market for ‘rating’-based information. Thus, the “quality center” provided accountability information relevant to different interest groups, and in this way the volume of reports expanded.

The conclusion was that the ‘quality failure’ accounts did not reflect the care quality trustfully, and they were assumed by the local managers as being uninformative. These accounts only focus on the *problem* of quality (not improvement of quality) and justify the solution. The field- models presented in the case study, indicated the point or direction of the behaviour and thereby the type of accounts that make this behaviour intelligible in the context of accountability

sequences. In sum, the study showed that combined with “profit centres”, the “quality centres” provided a stronger formal-textual model of accountability in the local government.

6.5 Microanalysis of the account processes

We can bring up a further stringency to the concept of the accountability process by paying more attention to the differences of workings of the vertical accounts, in two local governments. The two case studies revealed that there are interpretive differences in the meaning and nature of accountability. Given the divergence in the adoptive structures of the vertical accounts, it is not that surprising to find that NPFM ideas have been applied differently in different local governments.

However, the Model II showed that adoption of the new accountability is rest on a host of generic concepts (such as accountability mechanism accountability forces etc.). On the other hand, it is not clear that these generic concepts have the same particular significance or workings in different local settings. Thus, it is clear that adoption of vertical accounts (and their associated terminology) do not have one meaning in a range of contexts, and level of local government.

The construction of an accountability model for presentation of the structural similarity and contextual differences is, however, fraught with difficulties. A key problem is that of finding the balance between descriptions of the local governments accountability, and analysis of the accountability process presented in each case study. The processes of accountability varied in terms of structure (modes of expressions) and evaluation (cognitive or subjective effect). They were also varied considering the dispersions of the vertical ideas (accountability forces), persistence, canonical format, as well as the rules used (mechanisms) for the sequential structuring of the responsive accounts. Whereas, it had a generic characteristic in terms of procedural effects and orientation. Here, it is necessary to decide both what to compare, and how to compare, in order to explain the rules according to which the accounts were used to process the accountability.

In the local government of Tynnered there was the combination of “profit centres” and “quality centres” which were conjointly invol-

ved. The tendency towards presentation of accountability by means of the *functional accounts was strong*, and thus the possibility for the alternative choices was apparently limited. Under the strong effect of vertical accounts, personal evaluation (ethics and various views about the responsibility of the individuals) was less involved; a consequence of which was that the relational accounts moved into the background. We can say that the vertical rules of communication created misunderstanding in responsibility for quality improvement. In Alingsås, on the other hand, the effect of vertical accounts was not so strong, and the individuals could communicate accountability by using different themes and applying relational, defensive or face-saving accounts. This indicates that it was easier to describe the accounts in Alingsås in terms of relations between the account-givers, and what the account-givers say (or wanted to say, or said without wanting to), i.e., the account-givers could use more variations in accountability responses by engaging the self in accounts. The responsive accounts were selected by personal engagement of the account-givers in other contexts than the vertical context, in order to minimize the effect of problematic events. The alternative choices were limited in Tynnered, i.e., the canon of vertical accounts minimized the content of the operational information by eliminating the alternative channels).

In spite of this, by means of a number of concepts that are drawn from the empirical materials, analysis, and theoretical framework an attempt is made to interpret differences in the adoptive accountability languages of the respective local governments. The following model presents the processes of accounts, in terms of the differences in the workings of the vertical accounts, in the local governments of Alingsås and Tynnered, through constructs (conceptual abstractions, idealizations, categorizations and description of the vertical relationships).

Model III

Account processes	Cases	
	Local government of Alingsås	Local government (distric) of Tynnered
Problematic events (Sources of accountability)	Financial crisis	Service quality crisis
Accountability mechanism	Control by budgeting pressure combined with accounting, incorporated in method of responsibility accounting	Control by financial and non-financial incentives, involvement of rating incorporated in TQM
Accountability forces	Profit centres – expansion of measurable view	Profit and quality centres – expansion of TQM view
Accountability objectives	Verticalization of the reporting systems towards the problematic events – accountability arises from social control	Verticalization of the reporting systems, towards the problematic events– accountability arises from self and social control
Passive responses	Identifying themselves with ideals of professional management accounting, separation between responsibility and accountability, limitation in practicing discretionary responsibility	A strong emphasize on the textual practices of accountability controlled by expert systems of TQM and profit centres, Elimination of face-saving and relational accounts from textual practices.
Active responses	Discrediting the failure, using strategies of face-saving and remedial accounts	Movement of face-saving and relational accounts in the background

Model III: A comparison between the workings of NPFM accounts in local governments of Alingsås and Tynnered.

Problematic events: Problematic events are accountability sources. They are formulated by reference to the context of the central language in which the NPFM reform strategy is outlined. In order to enhance accountability each local government interprets the central language and structure the appropriate vertical accounts. In Alingsås such a source had its main basis in financial crisis and implemented (for practical purpose) as budgeting pressure to control accountability of the childcare organization. The budgeting pressure was ‘concre

tised' through matching the budget (as a standard plan) with accounting (outcome) in order to establish the 'profit centres'. Whereas in Tynnered, the main problematic event was derived from the service quality crisis and conceptualised as quality failure. By implementation of TQM the ideal of "customer quality" was objectively structured, and deviation from this ideal was measured and defined as quality failure. A "quality centre" was established in order to redefine the "quality failure", enhance the accountability, and interconnect the performance measures into the "strategy" of the hierarchic management.

Accountability mechanisms: This term addresses ways in which someone is held accountable. In order to enhance accountability different measures used as accountability mechanism. In conventional literature, it is often claimed "measures have impact on performance" or "measures derive performance" (Kaplan & Norton, 1993). The case studies showed that accountability mechanisms of "profit and quality" centres administrate the behaviour of the individuals by institutional procedure of routinization and self-control (see Roberts, 1991). For example, the creation of the preemptive accounting action arises from the involvement of accountability mechanisms in terms of its institutional effect. The accountability mechanisms provide procedural rules for institutionalisation of the *justificatory* responses. The case studies showed how the professional accounting, and TQM rules created procedural routine for the practices of the use of problematic events in a regular basis. In both local governments, the vertical accountability mechanisms worked confronting the actors with the digital measures and analytical confirmation.

Accountability forces: The accountability forces are related to the power of accounts in providing reasons for individuals to feel accountable in an expanded and causally interconnected chain of activities (see London *et al.*, 1997). The case studies showed that the power of profit and quality failure reshaped the responsibility of the actors to care about the textual accountability and expand this accountability to include other aspects of the care organizations. Accountability forces indicate existence of the workable linguistic structure that affects the actor's feelings of accountability e.g., not just to avoid negative budgeting result or to avoid negative rating assessments but to take responsibility for a range of other activities that could have a benefit for the content of formal textual account-

ability practices. That is, the boundary of sequential linking of accounts is beyond the mechanisms of “profit” and “quality” achievements. The notions of problematic events and involvement of the mechanisms of ‘profit’ and ‘quality’ centres enforce the recurring of the problematic events beyond the limit of these centres to include i.e., organizational forms and mode of communication. The case study of Alingsås showed that problematic events enforced an expanded range of account changes inside the natural stream of accounts-talk. The case study of Tynnered showed how accountability forces internalised through the educational courses and participation in procedural learning. It was shown how the pre-emptive accounts emerged and relational/face-saving accounts moved to the background. In terms of internalised accountability forces (power of enunciating subject) the customer information collected, the field-models structured, and control applied in an expanded manner at the horizontal level. It is a part of the strategy of the continuous improvement (Kaplan, 1994) and caring for activities that improve the vertical reports. These activities are enforced and guided by a particular logic for reflection on action and responsibility. Accountability forces provide beliefs and values for the importance of interconnecting the accountability sequentially by an expanded view. In sum, we can say that accountability forces arise from a set of chain effect disseminated by means of problematic events and mechanisms of profit and quality centres.

The *accountability objectives* point out what the actor is being held accountable for, for example, to act in line with the standard of the accounting for profit making (control by enunciative function of accounts), to respond to the customer requirement by correcting behaviour etc. In terms of accountability objective the individuals change the identity and become interlocutor – a person who search after a procedural reference which is externally valid in order to reduce the effect of accountability failure. The case studies showed that as an objective point of reference the individuals’ attention was directed towards the care for “reporting”. “Reporting” in functional and face-saving (prospective) accounts became the key *objectives* of accountability. *Accountability objectives* indicate the acceptance and interest in acquiring the behavioural or cognitive style of the NPFM education and learning. The profit and quality centres provided transparent ‘profit’ and ‘customer’ objectives. The situation of being held accountable must not be confused with the situation of being accused. The notion of problematic incidents of profit or quality

failure is what the actors are accused for. It is related to the source of accountability (source of enunciative function) that indicates failure. “To be blamed for failure” should be related to the initiated part of the accountability process and have effect on the responsibility of the actors. Whereas the strategies applied for administration of the responsive accounts by vertical procedures indicates what actors are accountable for. It is related to the property of accounts termed as “enunciating subject”. It means that in order to reduce the canonical effect of the first sequence individuals are enforced to develop an account strategy. This strategy is reflected in the responsive accounts. In sum, we can say that “accusation” arises from the problematic event that move to action, while “accountable for” arises from the utterances that move from action to resolution.

Passive responses indicate the situations of accountability where the functional accounts dominant, and that there is a state of tension between vertical rules of communication and individuals’ standpoint to express personal judgement. Ideally, the account-givers should be able to realize they make a judgement, then they move beyond it to recognize that this judgement reflects their a standpoints which is not vertically approved. Ironically, doing this requires judging judgement itself. This means that the individuals begin to recognize that something is wrong in their standpoints and they evaluate their perceptions as undesirably limiting them in communication. The empirical material showed that, the interlocutors (individuals who feel vertically accountable) identified themselves with ideal of management accounting and organized their responses by means of procedural rules interpreted from the standpoints of responsibility for “profit” and “quality”. In situations of passive responses, the individuals tend to avoid from disclosing the differences arising between contextual cues related to personal judgement and vertical rules related to vertical accountability. In this case, judgement of differences in evaluation, are a frequent source of misunderstandings and tensions between the individuals and vertical reports. From the analytical point of view we may interpret that in the ideal situation of passive responses the “enunciating subject” and “enunciating function” have an equal weight. It means that there is no possibility for the individuals to formulate accounts from the standpoints of “discretionary responsibility”.

Active responses indicate to the situated accomplishments of using relational and face-saving accounts. The active responses indicate to

the standpoint that tensions between the vertical and horizontal accounts stem from failure to realize that at the level of discretionary responsibility individuals operate by different understandings about accountability. By means of the face-saving accounts the individuals attempt to show others that in the context of vertical rules responsibility for the operational activities is misinterpreted. Additionally, the use of face-saving accounts in responses implicate that accountability does not operate with professionally determined global rules. This type of account draws the attention towards the capacity of the individuals at the operational level to appreciate diversity of accounts and differences in understandings, values, rules and actions. In short, by applying a face-saving strategy, actors draw on actionable cues, experiences and responsibility in order to display tension and paradoxes between personal judgement and vertical accounts (see Section 6.3.2).

In sum, the accountability process is seen to be formed by consideration of the five basic procedural components. Together these components define the procedural rules of using the vertical accounts to practice accountability. The process begins with the occurrence of (1) a problematic event which is external, and for which an (2) accountability mechanism is created. The account-givers are held accountable by the accountability mechanism. The accountability process takes persistence through an accountability force (3) or interlocutor's finding fault, criticism or failure beyond the limit of vertical mechanisms itself towards an evaluation of the opportunities in the other areas. The interlocutors search to expand their effort towards other activities that have the causal links with the factors that can reduce the criticism. This in turn leads the account-givers to offer (4) passive and (5) active responses. Thus, the types of problematic events used in the initiation of accounts, and rules used to outline the accounts in regards to the problematic events, are crucial for understanding of accountability and the individuals' strategy of using accounts in the sequential format.

6.6 Contribution of the study

The theoretical and empirical themes that are presented in this study contributed to the expansion of understanding of the textual relationships between accountability and professional accounting rules. The theoretical framework was constructed on the basis of literature and the earlier studies on the role of accounting in

reforming the public management.

The review of literature led to the outline of an *a priori* model for presentation of a process theory for study of accountability. This process theory was abstracted from the workings of accounts, explaining how institution of professional accounting is created, processed, altered, and reproduced in order to change the accountability by means of vertical accounts at the operational level. The theoretical framework contributed to the assumptions that accountability is best understood as a dynamic and ongoing process of exchanging accounts between the abstract systems of professional accounting and the concrete of operational activities. The theoretical framework categorized and conceptualised the accounts, defined their working capacity and proposed a process view for the investigation and analysis of accountability from the empirical perspective. The discursive approach of “functional”, “face-saving” and “relational” accounts presented in Chapter Three is to be considered as a contribution to the field of accounting and method of studying the workings of accounts for presenting accountability. The theoretical view (which is reflected in Model I) draws the attention to understand accountability as situated accomplishments.

The empirical focus involved in an iterative process of reading and conceptualising the “accountability”, collecting and analysing data, reconceptualizing, collecting and analysing additional data, writing and rewriting. It contributed to the development of the accountability process that showed how professional management accounting set limits on the local culture, and rationalized the local government accountability by restricting the responsibilities, opportunities, and alternatives, and thereby, increase the emphasize of vertical communication. The empirical focus highlighted the *procedural effect* of involving the vertical accounts at the operational level.

The focus of the theoretical framework and empirical materials contributed to the development of a generic (Model II) and a model for validation of the empirical findings (Model III). The Model III became a means for analysing accountability in terms of situated accomplishments. It improved understanding of the accountability change in the context of management accounting and through the inclusions of the factors of time and space (see Chapter Two). The model clearly exhibits a generic framework for the processes of accountability. It also describes the different sets of *procedural rules*

that represent constraints on the responsibility that individuals and collectives are likely to exercise. Since accounting-led categories such as “profit centres” and TQM are historical result of past experiences, the comparative model contributed to the conclusion that constraints of management accounting are open to modification over time and from one local government to another local government. Thus, the comparative model helped a presentation of the different logic of interaction and systems of justifications that reciprocally linked NPFM with accountability.

Finally, the study contributed to the understanding of accountability by drawing the focus of attention on a set of inter-textual (rather than inter-actional) activities that were carried out on the basis of categories of accounts. This means that the inter-textual focus encouraged the reflection on the responsive accounts and understanding for the discursive function of involving accounting in accountability. It encouraged the view that categories such as *functional* and *face-saving* accounts can be used as the indicators of how accountability is changed. Furthermore, the emphasis on the categories of “problematic incident” and the use of strategy for practicing the passive and active utterances contributed to the reflection that these are the driving force of the account systematisation; they are a linkage point for treating the horizontal accounts in a vertical structure.

6.7 Suggestions for the further research

The theoretical view of accountability process reflected in Model I Chapter Three has a generic characteristic. It was applied for the interpretation of the practices of accountability in two local governments. By means of these case studies this model was developed one step further and presented in Chapter Six (see Model II). The Model I and Model II can be tested in relation to both the private and public organizations in order to examine the function of management accounting models in the establishment of a textual accountability.

The closely related themes of research in this study may have orientations towards the empirical fields such as hospitals and schools administrated by both private and public management. At the time being these areas go through a fundamental accountability change by application of the private sector’s management methods

and models. As the case studies showed, the NPFM accounts and related accountability processes are capable of structuring the criteria of codifying different types of the vertical accounts. This means that the NPFM accounts are sources for the emergences of a range of professional management accounting models such as “Profit-based Responsibility Accounting”, TQM (Total Quality Management) and BSC (Balanced Scorecard) to name but a few, that can provide rules of language or propositions for deconstruction of the traditional accountability and construction of textual responses. These vertical accounts may substitute the traditional accountability in different ways that are worth to be examined.

The flexible categories of “relational”, “face-saving” and “functional” accounts theorized in Chapter Three and applied to improve the methodology, and used to analyze the collected empirical materials, have a widening significance for the study of change and analysis of accountability. These categories can be used to draw attention towards the variations of accountability practices at the operational levels of the private and public sectors.

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Interview questions

- 1- What are the most important issues in budgeting that local managers are working with?
- 2- What are the concrete results that you achieved?
- 3- How do you explain your budgeting result?
- 4- Did you find any barriers to your work?
- 5- How do you overcome the budgeting barriers?
- 6- If you need consultation concerning pedagogic or accounting, to whom do you refer?
- 7- Which kind of economic information do you use in your budgeting work?
- 8- How do you register the parents' idea?

Appendix 2a

Appendix 2b

Appendix 2c

Appendix 2d

Appendix 2e

Appendix 2f

Appendix 3

Appendix 4

Appendix 5

Appendix 6

Appendix 7

Appendix 8

Appendix 9