UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

The Impact of Culture when Performing an Administrative Reorganisation

A Case Study of the Norwegian School of Economics

Bachelor Thesis in Accounting, 15 hp
FEG313

Spring 2016

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Gothenburg, 2016

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Acknowledgement

To be able to pursue this thesis we have received help from different parts which we are truly grateful for. First, we would like to thank our supervisor, Olov Olson, for his support and advices during the process of generating this thesis. In addition, we would like to thank him for making the visits to the Norwegian School of Life Sciences and the Norwegian School of Economics possible. Second, we would like to thank the professor at the Norwegian School of Life Sciences for his kindness and help. His assistance to find and receive a background understanding has been valuable to carry along the thesis. At last we would like to thank the interviewees for participating, taking the time to do the interviews and their hospitality when offering us to use their office spaces. Without their contribution we would not have been able to understand the situation to this extent and reach the outcome of this thesis.

Abstract

Bachelor thesis in accounting, School of Business, Economics and Law at University of Gothenburg, spring 16
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Title: The Impact of Culture when Performing an Administrative Reorganisation - A Case Study of the Norwegian School of Economics

Background and problem: Academic institutions have a history of being structured with collegium culture. There is now a present discussion about the reallocation of power at these kinds of organisations turning to take on a management style similar to the one operating at corporations. The thesis will look at the impact of management control as a dependent factor of the resignation of the administrative director at the Norwegian School of Economics.

Purpose: The purpose of this thesis is to get an understanding of how the historical management control affected the acceptance of the management of the new administrative director at the Norwegian School of Economics between 2010 and 2013. It also aims to investigate the influence of internal culture at the institution of this case.

Thesis limitations: This thesis is limited to only look at the effects of the administrative reorganisation at Norwegian School of Economics between the years 2010 to 2013. It is produced to look at the power relations between the scholars and the management of the academic institution and do not consider possible effects on the administrative department or students at the institution.

Method: It is a qualitative study based upon five semi-structured interviews made with scholars at NHH. The respondents were more or less involved in the critique that was arisen at the academic institution during the case. The empirical data has been analysed in relation to a theoretical framework about the importance to view management control as a package by taking into account the administrative control, cultural control and communication.

Results and conclusions: The ignorance of former culture and its relationship with the present governance structure and the changes of the organisational design indicates to be the main explanation of the unwanted result of the management of the administrative director in this thesis. It caused a lack of balance in the power relations at the institution which made the scholars react on the situation.

Suggestions for future research: It would be interesting to take part of a larger study with the purpose to identify the majority of universities on the basis of internal culture and power perspective. Another suggestion is to study the relationship between administrative control and internal culture in a broader perspective to see if there is a tendency of which possessing the most influence at an academic institution.

Keywords: management control, administrative control, culture, power relations, communication, academic institution.

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1. Introduction

The introduction contains of a background which leads to a problem discussion and finishes with the purpose which will explain what the thesis aims to answer. This is then converted into one research question which is presented. The chapter will end with limitations to specify the area of the thesis.

1.1 Background

Higher education institutions are places with the aim to create and share long-term knowledge for society. The interest in getting a university degree has expanded and there are more students operating at academic institutions at present time than ever in the past. (Humphrey & Gendron, 2015) In order to handle the increase of students, a clear management control is needed. Academic institutions have a history of being structured with a strong collegium culture. This culture is characterised by giving great significance to scientific knowledge and expertise, and the leadership is shifting within the collegium to equals. (Sahlin & Eriksson-Zetterquist, 2016) This is equivalent with the fact that scholars have been seen as persons with great importance and participation in decision-making and in what will happen at the academic institutions.

1.2 Problem discussion

The collegium culture has been an unquestionable part of managing at academic institutions until the last decades when changes have been made at several universities. A struggle between the management and culture existing at corporations and the earlier collegium culture is transpiring. (Samuelsson, 2013) It is a present discussion about the reallocation of power from scholars towards the board at these kinds of organisations (Rothstein, 2016). Today the management control is in larger extent driven by the administration and managers who is setting the rules and priorities (Ginsberg, 2011). This change has faced some criticism from the institutions and it has caused troubles when trying to implement it in these kinds of organisations. The increased critique of the management control of higher education is important to take notice to and reflect why it is occurring.

Management control systems (MCS) are used in various extent in different organisation. It is about creating a sustainable balance between different parts in a MCS which fit in the stated organisation. The development of an imbalanced MCS can produce a non-dynamic environment. (Malmi & Brown, 2008) The Norwegian Government has an established law for both public and private owned academic institutions. The law which regulates limitations, for example, how universities may act in terms of what their governance should look like and how resources should be conveyed, contribute to a limitation in how one could use management control at academic institutions. (Kunnskapsdepartementet, LOV-2005-04-01-15) This affects the management control to be greater influenced by culture and the structure present at the institution. These management control systems have received less emphasis and the present literature possesses limited understanding. (Malmi & Brown, 2008) It is crucial to take this into account when considering control. However, it is something that one often fails with when changes of management are occurring at academic institutions.

This bachelor thesis aims to do a case study of the Norwegian School of Economics (NHH) to demonstrate this current problem and show an example exposing this in a quite evident manner. The case took place between 2010 and 2013 but it was not until the end of this period that the critique arose in the media which led to that the administrative director, Ole Hope, chose to quit. This thesis will look at the impact of management control as a dependent factor of the choice to resign made by the administrative director and the administrative reorganisation he enforced which led to this outcome.

1.3 Purpose

The purpose of this thesis is to get an understanding of how the historical management control affected the acceptance of the management of the new administrative director at the Norwegian School of Economics between 2010 and 2013. It also aims to investigate the influence of internal culture at the institution in this case. To reach this understanding, there is a need to outline the case scenario of the management time of the administrative director at NHH and examine why the scholars reacted on the situation.

1.4 Research question

This thesis aims to answer the question; *how did the historical management control and internal culture affect the management of the administrative director at NHH between 2010 and 2013?*

1.5 Thesis limitation

This thesis is limited to only look at the effects of the administrative reorganisation at Norwegian School of Economics between the years 2010 to 2013. It does not consider possible similar events at other academic institutions or the present state of NHH.

The study is produced in the perspective of scholars and do not consider possible effects at the administrative department or students at the institution. This is because it is the cultural power relations between the scholars and the management of the academic institution this study aim to observe.

2. Theoretical framework

In the theoretical framework, the theories of interest to the thesis will be presented. There is an emphasis on four different areas; MCS as a package, administrative control, cultural control, and communication. It closes with a summary of the different theories to enlarge the understanding of their relationship.

2.1 MCS package conceptual framework

According to Malmi and Brown (2008), management control systems (MCS) do not function on its own, it is connected in a network of different factors which influences its behaviour and outcomes. This thesis refer to MCS as a wide term and defines it by the entire management process including setting objectives, deciding favourable strategies to achieve these objectives, implementing the strategies and eliminate, or minimize the errors (Merchant & Otley, 2007 view Malmi & Brown, 2008). It has a close connection with handling the behaviour of employees to do as wished by the organisation (Merchant & Van der Stede, 2007 view Malmi & Brown, 2008).

The importance to view MSC as a broader system is argued as usefulness because of several reasons (Malmi & Brown, 2008). The factors interdependency of each other will affect the result if not taking in consideration all parts in a MCS system; it can cause erroneous outcomes (Fisher, 1998 view Malmi & Brown, 2008). Another importance not to isolate the perspective of MCS is that while some controls are getting a larger emphasis, there is a limited understanding for others, such as cultural and administrative control. If one have a wider understanding on the package of MCS it can impact and improve the aim to support organisational objectives, activities and performance. On the other hand, there are a number of challenges to take in consideration when looking at MCS as a package. It is important to understand the complex situation and the difficulty in establishing the definition of what the MSC contains in the present context, how they interact with each other and how one can empirically study it. (Malmi & Brown, 2008)

Malmi and Brown (2008) have distinguished five kinds of control in the conceptual framework; cultural, planning, cybernetic, reward and compensation, and administrative control. The categories are created on the distinction between decision-making and control in the process of management and actions used by managers to empower the direct behaviour of employees (Malmi & Brown, 2008). This thesis will emphasis two of the named characteristics, administrative and cultural control, since a university is both in need of a strong administrative and educational leadership. Administrative leadership contains of formal roles that exists in the institution, with a dean, heads of department and so on. (Middlehurst, 1996) But leadership can also be seen outside these formal and senior roles which Middlehurst (1996) calls educational. In this type, a big influence to leadership is the internal cultures that are located at universities, where the leadership will be influenced by, for example, historical and contemporary attitudes, behaviours and values (Middlehurst, 1996). It is therefore important to look at administrative and cultural control when studying an academic institution.

2.1.1 Administrative Control

Administrative control is located at the bottom of the MCS conceptual framework since it builds the structure which other control will be formed and preformed after. It involves directing the behaviour of employees through the structure of individuals and groups, what employees are accountable for and how tasks aim to be performed. This type of controls can be divided into three sub-groups. The first is **governance structure** which is how the board and management groups are structured and composed. (Malmi & Brown, 2008) It includes the formal lines of authority and accountability (Abernethy & Chua, 1996 view Malmi & Brown, 2008) and how the co-ordination between departments is practiced, such as how meetings are constructed and performed (Malmi & Brown, 2008). The second is **organisational design** which is signified by the structure of departments and working groups. This is something managers can use and it impacts the process of control. (Malmi & Brown, 2008) It can encourage specific contact and relationships within the organisation (Abernethy and Chua, 1996; Alvesson and Karreman, 2004; Emmanuel et al., 1990 view Malmi & Brown, 2008). It also limits the possibilities of which way one can act in the organisation and increases certain behaviour (Flamholtz, 1983 view Malmi & Brown, 2008). The third is **bureaucratic approach** which is distinguished by the use of policies and procedures. The aim of these control mechanisms is to specify the processes and behaviours within the organisation. (Malmi & Brown, 2008)

2.1.2 Cultural control

A cultural control implies the actions practiced by the individuals operating in the organisation (Malmi & Brown, 2008). They are based upon the common values, beliefs and social norms of the group which are used in a MCS to affect the behaviour of the employees (Flamholtz et al., 1985 view Malmi & Brown, 2008). Cultural control is formed by the ceremonies and rituals in the organisation which shape the values and beliefs (Ouchi, 1979 view Malmi & Brown, 2008), actions operating by seniors which they want the rest of the organisation to cope with (Simons, 1995 view Malmi & Brown, 2008) and visible expressions that will influence a certain common behaviour (Schein, 1997 view Malmi & Brown, 2008). Cultural control is broad, slow to change and affects the other types of control. Therefore, it is a contextual frame for what occurs in the rest of the organisation and is necessary to take in consideration when deciding the other parts of control. (Malmi & Brown, 2008) Furthermore, the next section contains different cultures operating at academic institutions which explain how the cultural control can be exposed and outlined.

2.2 Four internal cultures & power relations of higher education institutions

McNay (1996) has distinguished four types of culture which are notable at academic institutions. They explain the level of how tight or loose the policy definitions are and how well controlled the implementation of these policies and activities are at the organisation. They do not function entirely by themselves, instead they co-exist. The differences are to what extent the specific organisation chooses to balance them. It depends on factors such as traditions, leadership style, mission and external pressures. The model is divided into four categories; collegium, corporation, bureaucracy and enterprise. (McNay, 1996)

2.2.1 Collegium culture

The **collegium culture** is characteristic with freedom from external control, mainly from the government, and academic autonomy. Decisions are based upon the main activities – education and research and are usually taken in informal group networks. (McNay, 1996) It takes formation as a meritocracy where the ones which possess the most knowledge have the greatest authority and receives the trust of other colleagues to represent them (Sahlin & Eriksson-Zetterquist, 2016). The role of central authorities are therefore tolerant to the individuals and departments which are the ones having the most influence. It has an approach of leadership were authority of professional expertise, self regulation, academic freedom and autonomy is more valued and visible over time than positional power. (Bento, 2011) The timeframe is long and the characteristic of management is decentralised. In the collegium culture, the administration has an informal role to serve and be loyal to the university and its mission. They are divided between serving the noted needs of the community and answering to the central stab. (McNay, 1996)

Old-boyism is an expression referring to older, long-accomplished manly scholars within the organisation who through collegial network or/and network of friendship manage the distribution of resources and have a stronger authority. The judgement of what should be prioritised is decided under biased conditions and is affected by factors such as social characteristics, political standing points and relationships. (Gemzöe, 2010) This term has its source from the historical structure of higher education institutions when only scholars were members of the college of the faculty. Old-boyism can be viewed as a negative consequence of the collegium culture. (Sahlin & Eriksson-Zetterquist, 2016)

2.2.2 Corporation culture

The control tenses in the following type of culture. **Corporation culture** has the focus on power and the role of the authorities is directive. The decisions are primarily taken by management teams who are external persons, not elected within the organisation. This can provide a separation between management and what is practiced in reality. Senior employees can build collaborations outside the formal decision areas and in a political sense affect the process of negotiation, but the power is essentially located at the centre of the organisation and later distributed in the organisation. This put the administrative unit as an intermediate between departments and the board. They tend to have larger workload on control and planning tasks and can be seen to have greater importance to support the administrative director. (McNay, 1996) The centralised power apparent in this culture can in a stable environment encounter an unwillingness to adopt the activities from higher parts of the organisation or create a situation where professionals do not have any responsibilities (Handy, 1993 view McNay, 1996).

2.2.3 Bureaucracy culture

The importance of rules and equity are significant for the **bureaucracy culture**. Here the management style is formal and decisions urged to be taken by committees in the most rational way. As a consequence, the process of decision-making can take long time. Bureaucracy culture emphasis on stability and central authorities has a regulatory role in the

organisation. Administration on the other hand becomes analogous with a servant for the committee, conducts less personal activities in order to focus on the information-based decisions and procedures. (McNay, 1996)

2.2.4 Enterprise culture

Enterprise is the last identified culture and it focuses primarily on the clients. The decisions are based upon what is best for the customers and are provided by project teams close to them. Devolved leadership within the organisation is the management style symbolic of this culture and the performance of the central authorities is to provide support for those others. The administration has to move as close as possible to the client to make this approach available. It can signify emerges of administration within the decentralised organisation. (McNay, 1996)

2.3 Communication

Garcia (2012) defines communication as "an act of will directed toward a living entity that reacts" (p. 42). Communication is a part of a reorganisation because it can bring unwanted consequences if not well performed. For instance the efficiency will decrease if it is impulsive and self-indulgent. It is important to listen to the receivers of the message, be aware of the fact that people feel and think different about the activity and ensure that the understanding of why and how the actions aim to be taken is clear. It is about winning the trust of the audience. (Garcia, 2012) The communicator has to be accountable to receive respect from the organisation (Hallahan, 2015).

2.4 Summary of the theoretical framework

It is important to look at the organisation and the management control as a package; they are dependent to other parts. One can not only look at one type of control in an organisation, it can lead to inaccurate outcomes due to their affection on one another. The package in this thesis will primarily emphasis on administrative control, cultural control and communication. Administrative control includes governance structure, organisational design and bureaucratic approach which are parts the organisation has to adapt to its control since they create a structure that the organisation operates in. In addition, there is a need for the different types of administrative control to function together. They affect the actions within the organisation and in that way also the control. Cultural control is a broad kind of control and it takes long time to change. Four internal cultures have been presented in the theoretical framework which also concern power relations. Three of these are relevant for this thesis. The first is collegium culture where the emphasis is on professional expertise and academic authority which is more influent than positional power. The second is corporation culture where the authority is in the hands of external persons and the power is located at the centre of the organisation. In this culture there is a greater importance to support the administrative director. The last is bureaucratic culture, which is formal, regulatory and where the decision-making process is time consuming. The communication is important for the management control to be understood and carried out in a proper manner. It can result in unwanted behaviour if the communication is poorly performed. Furthermore, it is important that one as a communicator convey the meaning of the actions to receive the listeners trust.

In order to have a functioning management control, it is essential to take account of the different parts and its impact on the institution and one another. To disregard one or more parts will affect the output. To communicate the management control makes it more understandable for the employees and the awareness of existing culture and governance structure and its affection on choices and each other makes the decisions of other parts easier to compose.

3. Methodology

The methodology will describe the choices of method and the process of which this thesis has been produced. It includes a discussion about the validity and reliability of the thesis.

This thesis was based on a qualitative research. According to Bryman and Bell (2013), the main reason to use this method is that a case under examination has a lot of descriptive detail and in order to create a contextual understanding one shall use qualitative research. In this case, this was the situation. It was a fairly unusual case and whether or not there had been similar cases, it was difficult to compare and draw common conclusions when the cases were so specific to its context.

3.1 Research approach: Case study

Early in the process the authors had a thought of examine management control in the public sector. It is an interesting subject where many changes have been made over the past years. To approach a thesis topic the authors started with going to a supervisor presentation. During this presentation, the case which later came to be chosen was introduced. Directly at the presentation, it felt like an interesting topic since the authors previously, in own interest, had been on a similar path. A decision was made to contact the supervisor for a meeting where more information could be given and there could be a discussion around the topic. After the meeting, the authors decided to write the thesis in the suggested area. It should be clarified that the essay was not in order to satisfy any interest from NHH; instead the aspiration was to give contribution to a larger study that the supervisor was going to pursue.

3.1.1 Selection of case organisation

The choice of organisation was made due to three reasons. Firstly, this case was quite unusual if one looks at what happened and in what way. Second, it took place at NHH and thereof it became specifically linked to the particular academic institution. Finally, although there had been written some in the media and there had been made an evaluation report according to the school's requests, it had in general not been studied further around what actually happened. As a result to these reasons the choice of organisation was a natural choice when the decision to write about this particular case was taken.

3.1.1.1 The Norwegian School of Economics

The Norwegian School of Economics (NHH) is an academic institution located in Bergen, Norway. It opened in the year 1936 and in the beginning they only provided a two-year programme. (Norges Handelshøyskole (NHH), 2016a) The institution has six research faculties which are in business, economics, finance, management, communication and accounting (Norges Handelshøyskole (NHH), 2016b). NHH has approximately 400 employees, out of 210 are scholarly hired, and 3300 students are operating at NHH (Norges Handelshøyskole (NHH), 2016c).

3.1.2. Pre-study

In the preliminary study, the idea was to get a broad and clear perspective on what actually happened in addition of what was previously received by the supervisor. The authors went to the Norwegian University of Life Sciences in Ås, Norway, for two days to acquire this

information. The reason was to get access to all Norwegian articles and similar documents written during the stage the case took place which the authors were not able to receive in Sweden. Contact had been made with a professor at the School of Business at the Norwegian University of Life Sciences before the departure who the authors met when arriving to receive help to get access to the library. The authors and the professor had an informal conversation where he gave his observing view over the situation. This was used as an underlying understanding to know what should been searched for, but was not included as a part in this thesis.

3.2 Collection of data

3.2.1 Theoretical framework

At the beginning of the thesis period, the perception was that the main problematic with the administrative reorganisation was the effects on the work of the scholars. The authors thus had begun to study the theory of New Public Management (NPM). When carrying out the preliminary study in Ås it did arose suspicions that NPM was the wrong kind of theoretical framework for this case. After the interviews at NHH in Bergen it was confirmed that the theory was inadequate since the assignments of scholars were not affected in a direct manner. It was rather a situation about power relation which impacted the scholars and thereby the theoretical framework was rebuilt. In the aspect of weather to change theory in a study, Bryman and Bell (2013) states that one after collection of the result should return to the issues and theory, and thence consider doing changes and additions if necessary. The authors chose to keep the theory of MCS conceptual framework since it was considered to still be valid.

The theoretical framework is primarily based upon two main theoretical foundations. The first one is Malmi and Brown's "Management control systems as a Package - Opportunities, challenges and research directions" from 2008. It is applied as the main source to explain administrative and cultural control. The framework of Malmi and Brown also forms a groundwork which supports the rest of the theories in this thesis and makes all the parts connect with each other. The second theoretical base is McNay's chapter "From the Collegial Academy to Corporate Enterprise: The Changing Cultures of Universities" which is printed in Schuller's book "The Changing University?" from 1996. Here McNay's describes four internal cultures, which are used to explain different kinds of potential cultures existing in academic institutions. The enterprise culture will not be taken into consideration due to the choice of thesis limitation to not include the perspective of the students. In addition, the authors have used other sources which are believed to complement the main sources and hence clarify and improve the theoretical framework to accommodate better to the specific case study.

The authors received names of established authors in the beginning of the process from the supervisor, who was doing a study on the subject of NPM. Since the primarily ground of theory was dissected, the authors searched through the library of the university to found adequate theory. The papers and literature finally used in this thesis are the ones containing the most relevant theories for this thesis. The authors, just as Svensson and Ahrne (2015) describes, noted the existing data and thereafter processed and transmitted it to the reader.

3.2.2 Empirical data

3.2.2.1 Interviews

The empirical data was collected through semi-structured interviews. According to Bryman and Bell (2013) a semi-structured interview is based on open questions where the interviewee is invited to respond more freely and the answers can lead to follow-up questions. It was used to get as objective responses as possible without influencing the interviewee by the questions or the earlier knowledge about the case of the interviewers. The interviews were also formed in this manner for the ability to ask further questions if new information about the situation was followed by answers. It was especially useful to the consequence of this thesis when the understanding of the authors about the situation changed along with the interviews.

It is usual to create an interview guide in advance when using semi-structured interview (Bryman & Bell, 2013). The choice to do an interview guide was made for this thesis. It was first created a broad template where the authors chose to include five questions that gave an overview and where the answers could be created by the interviewee. Afterwards it was written related issues that were to clarify what was considered the most essential in the broader questions. To ask questions based on known information by the authors would mean that it would steer the interviewee in a certain direction, and therefore, these issues were avoided to a large extent in order to keep the conversation more open. The related issues were seen as a support to the authors to know if the relevant information had been received on each question and if not there were possibilities to ask follow-up questions. The five broader questions were sent to the interviewees in advance for them to study and get a greater understanding of what the authors wanted to get out of the interviews and for them to prepare to give the best possible answers. One negative aspect with sending the questions in advance might have been that they could prepare responses and hence might have had decided to avoid certain parts that otherwise would had been said in the "natural conversation." Given that the case happened a few years ago, it was believed that there might was rewarding for this thesis to send the questions in advance, as this might have meant that the interviewees acquaint themselves with the subject again.

The interviews took place at the offices of the interviewees. This because there was no opportunity to borrow a room at NHH and that there were no other areas where one could sit undisturbed. According to Eriksson-Zetterquist and Ahrne (2015), the place where the interview is held affects the relationship between the interviewee and the interviewer as well as the answers. Since the interviews in this thesis were held at each interviewee's office they were in a familiar environment which likely gave them a more relaxed feeling (Eriksson-Zetterquist & Ahrne, 2015). The authors believed that having the interviews at their offices might have had a positive effect on the outcome because it might have made them feel more comfortable. As the case still was quite sensitive, this convenience might have meant that they dared to express more than what they might had done if the interviews would been held in another place.

Normal time for an interview is somewhere between 45 minutes and one hour according to Eriksson-Zetterquist and Ahrne (2015). For this thesis the authors chose to reserve one hour

with each respondent. The lengths of the actual interviews differed; all the interviews lasted between 30 minutes and one hour. Some interviews did not last the entire hour as a result of how the conversation went and how detailed answers that were received from the respondent. A further aspect to consider is whether to have multiple interviews on the same day. One should not have more than four interviews a day since the need to be concentrated could be affected and it can be good to have time between the interviews in order to have time to absorb what has been said, and write down the essentials. (Eriksson-Zetterquist & Ahrne, 2015) According to this theory, the authors took the decision to have two interviews per day. The authors saw it as important to have time between the interviews; this was mainly related to that the recording was not possible in this case. It was therefore seen as optimal to write a fair copy of the notes before the next interview to be clear on what had been said during one specific interview.

When it came to the choice of which way the interviews were going to be documented the authors had a couple of ways to choose between. Bryman and Bell (2013) emphasizes the fact that in a qualitative interview one should make use of recording and then transcribing the outcome. The advantage of recording is that one can reflect on how the interviewee acts during the interview and not just focus on that one should take note of what is being said (Bryman & Bell, 2013). Meanwhile, Bryman and Bell (2013) points out that there is a cost by recording, it can affect the interviewee negatively by creating concern that the words will be preserved for the future. This was the reason why recording was not chosen for this thesis. It is believed to be the sensitivity around the case that took place. Instead, the outcome was such that one of the authors noted all the interviews and the other author asked questions and noted thereof behaviours. After the interviews the authors made a thorough review of the interviews to ensure that all material had been noted.

Description of the interviewees
All the selected respondents were involved during the administrative reorganisation at NHH. Some of the respondents had greater involvement and were a part of the active process and critique while others remained more in the background and observed the event. The authors hoped to get a wider picture of the case and be able to find a more objective image of what happened by getting information from different angles. Due to this choice of interviewees the thesis got a critical perspective since all of the interviewees had a more or less critical mind about the case.

Interviewee 1: A senior professor who was active in the criticism of the administrative reorganisation. This person was in a position where one became involved to high extent.

Interviewee 2: A senior professor who found oneself more in the background during the outcome. This person was in a position which to some extent became involved in the administrative reorganisation.

Interviewee 3: A senior professor who was active in the criticism of the administrative reorganisation. This person was in a position where one became involved to high extent.

Interviewee 4: A professor who was an active part in the administrative reorganisation. This due to that the person had the mandate over several things connected to the administrative reorganisation.

Interviewee 5: An assistant professor who found oneself more in the background during the outcome. This person was not in any position to affect what was going on with the administrative reorganisation.

According to Bryman and Bell (2013), it is important to treat the involvers' information such as of personal information and similar with the greatest possible care so that unauthorized persons can't access them. Therefore the authors chose to let all of the interviewees remain anonymous. The authors chose not to take into account for which respondent who said what when presenting the results in terms of answers obtained from the interviews in the section *4.3 The process* in the chapter *Empirical data*. This was partly because there was no purpose for the thesis to put weight on who said what but also to avoid conflicts and discussions since it could disclose who the respondents were by outlining for who said what.

3.2.2.2 Secondary data

The authors looked for information written in the press before the interviews were conducted by visiting Ås, described in the pre-study. In this thesis, sources from Dagens Næringsliv, Bergen Tidende and K7 Bulletin were primarily used. The first one is a daily, national newspaper specialized in business (Dagens Næringsliv, 2016), the second is the largest daily newspaper in Bergen (Bergens Tidende, 2016) and the last one is the student paper of NHH (K7 Bulletin, 2016). Through this three the authors believed to have collected data from a wide range of media which all had a little different interest and knowledge about the case, but at the same time are established and trustworthy sources.

After the critique of the case had arisen, the institution ordered an evaluation report on the situation by an external part. PwC made the evaluation of the administrative reorganisation which was used as a source. They had interviews with involved characters and got access to some non-official material which was valuable information for the construction of this thesis. It should though be taken in consideration that the evaluation report could be affected by the opinions of the producers and thereby the authors of this thesis used the information in the evaluation carefully and critical. The authors got informed in the interviews that some parts were performed from the viewpoint of the administrative director. This angle was neglected in the remaining part of this thesis due to not having an interview with the administrative director. The authors believed the information was valuable and was used in the extent it was mentioned by the interviewees.

3.3 Quality of this thesis

3.3.1 Delimitations

The authors tried to get an interview with someone with insights from the administration but no one that were contacted was interested or able to participate. It would have broadened the study to have perspective from different parts of the academic institution. The fact that the

thesis only has interviewees from the faculty might have had an impact on empirical data. The majority of the respondents were very critical to parts of the process which might have affected the outcome of this thesis.

When visiting Bergen for interviews, the authors had a picture of what happened with a fitted theory base. Since it was discovered that the case was not quite like the authors had understood it, adjustments had to be carried out gradually. The authors could still use issues from the interview guide in large. However, the outcomes of each issue differed to some extent. Since this was discovered so late it might have affected that the authors not quite got the results that otherwise could have been obtained.

3.3.2 Reliabilities and validations

Eriksson-Zetterquist and Ahrne (2015) discuss whether one should accept what is said in interviews. They describe that an interview can contain more than facts and experiences, there may be underlying personal values in the responses that affect the outcome of the interviews (Eriksson-Zetterquist & Ahrne, 2015). This is something that should be taken into consideration in the interviews in general but also the case study in particular. Scholars are considered knowledgeable individuals with high titles, thanks to committing years to research. Due to this perspective it can be assumed they had already created their own opinions about the case. This could mean that much of the results given by the interviewees had been the conclusions they had reached on their own. Hence, it might have affected our ability to get the most objective results possible. As mentioned above, the whole situation will affect to what comes out of an interview. This aspect has been taken in consideration while reviewing and writing the empirics based on the interviews and the authors have tried to get such an objective version of the situation as possible.

It is important to take in consideration the originally purpose of the information when processing the secondary data. It might have had a different aim than in the current thesis. Another factor to keep in mind is the objectivity of the writers. (Bryman & Bell, 2013) The journalists might have had an intention to catch the specific event in a specific configuration which made the authors treat the information gathered from the media principally to outline the event to get an understanding of the timeline of the situation. The authors tried to avoid information that could have been objectified in the press to prevent it from affecting this thesis.

4. Empirical data

The empirical data will begin with a presentation of the course of the event from the perspective of the media, followed by relevant information gathered from the evaluation report of PwC. The emphasis is on the last part of this chapter which is the summary of the data collected from the interviews.

4.1 The sequence of events at NHH

In 2007, NHH appointed a committee with the assignment to examine the management and organisation of NHH (K7 Bulletin, 2013). The mission of the project group was to evaluate the administrative organisation of NHH, its processes and the different roles that the employees had regarding duties and responsibilities. The reorganisation was to draw up proposals concerning how the administrative department of NHH could be more forward looking and proactive. (PricewaterhouseCoopers, 2013) Three years later, 2010, the management of NHH appointed Ole Hope to be the new administrative director (K7 Bulletin, 2013). Hope was hired at NHH with the expectations that he would be an energetic and innovative contribution to the academic institution. He was seen as an excellent candidate with good experiences for the administrative reorganisation. (Block Vagle, et al., 2013) Hope became the leading force, together with a new HR Manager, in the administrative reorganisation that started in December 2011 (K7 Bulletin, 2013). NHH had previously not carried out any similar administrative reorganisations and therefore did not have any previous experience. However, the HR manager and the administrative director were hired partly because they had the experience of reorganisations in the past. (PricewaterhouseCoopers, 2013) Already in the beginning of 2012 the criticism of the administrative reorganisation started. The first critics were the labour unions who felt like there was a lack of opportunity to participate and that the information flow did not work as it ought to. In the same year, the board received a message from the labour union in which they criticised the development of the administrative reorganisation. (K7 Bulletin, 2013) At a reorganisation one needs to take into consideration all of the different representatives of the various labour unions. Throughout the administrative reorganisation there was not much disagreement about the formal processes, instead it was related to the understanding and interpretation. PwC outlined in their evaluation report that they in several cases observed different perceptions of what was said and decided at meetings between the management and the labour union. (PricewaterhouseCoopers, 2013)

The new structure came into effect at NHH in June 2012. The criticism increased soon after the introduction, for example the "huvudombudsman" and the work environment authority pronounce that there was a growing tension and conflict level at NHH in general and at the HR department specifically. All the criticism resulted in that the management of NHH decided to follow up the entire event with an action plan. In 2013, the criticism continued to flow, hence anonymous letters were sent to the former dean. It was also sent a letter to the board in which 14 professors had signed. Later that month one of this 14 professors pronounced in Bergens Tidende that someone in management had to go. Simultaneously, Victor Norman described the management of NHH as exemplary. (K7 Bulletin, 2013) In April 2013, the dean re-elections took place and before the election there were clear signs in

the surveys conducted by the student newspaper K7 Bulletin that there would be a shift in the principal entry. The election of the dean was between two candidates, Frøystein Gjesdal and Victor Norman, where the last one was nominated by the students. The outcome of the election showed that there was a difference in which candidate who had support from the various parties. Norman was undoubtedly the first choice of the students, while Gjesdal got more votes from both the academic and administrative employees. (Skalleberg Gjerde, 2013a) Thus, Gjesdal became the new dean of NHH. (Skalleberg Gjerde, 2013b)

4.1.1 Results from the evaluation by PwC

A discovery that PwC did was that there was a cultural difference between the employees and the administration at NHH. The authorities were moving towards a management in which the criticism was directed at the control and that the administration got too much power. This type of management meant higher demands for a stronger control of the employees within the academic institution through measurement and reporting. In society there are always expectations on the survival, transparency and achievement in relations to the resources that the academic institution is assigned. This problem can be detected at several universities and within hospitals, and is not something unique at NHH. (PricewaterhouseCoopers, 2013)

The purpose of NHH is to research, educate and distribute these within the academic institution, the management and the administrative support. How this cooperation should work was uncertain and it created fragmentation. Before the administrative reorganisation, NHH was driven largely by union members, also called professional managers, therefore NHH had a more collegial and academic leadership. The decision-making process had a more informal approach with a short-term perspective that was considered to create less anxiety and through this create a more harmonious situation at NHH. There had been a culture where the professional managers were the decision makers of the business and where the administrative parties accepted the situation as such. (PricewaterhouseCoopers, 2013)

4.2 Governance structure of Norwegian academic institutions

What kind of management structure that academic institutions shall use has been under discussion for a long time. The law in Norway currently presents two different models of governance structure, which the state-owned universities can choose from. In the first model, the universities have a dean who is elected by votes. The dean then sits in one parliamentary term, which is four years, before it is re-election. The dean who is elected will under the same parliamentary term also sit as chairman of the board. If one choose this model, the university, also has an administrative director, which is responsible for all the administrative operations at the institution. The second choice of management model is to have a chairman who is externally added and then a dean who is employed. It is up to the academic institution itself to choose which model they shall use, based on their own interests. The decision on which model that will be applied is taken by the board. On June 26, 2015, a proposal for a legislative amendment was presented. The proposal is that the model number two, that is, to have a chairman who is externally added and then a dean who is employed and not voted on, is going to be the main model for the management of Norwegian academic institutions. However, the

proposal does not prevent from using model one, it will still be a choice made by the university and its board. (Det Kongelige Kunnskapsdepartement, 2015/2016)

NHH uses the first model in which an election is held every four years on who should be the dean of the academic institution. The dean is the academic leader and also the chairman of the board. One person currently has the right to sit two periods in total, giving a total of eight years. However, one has to be re-elected after four years to be able to sit the hole possible period. (Norges Handelshøyskole (NHH), 2016d) Jan I. Haaland was dean when the administrative reorganisation took place (Gillesvik, 2013). As a consequence of the case study Frøystein Gjesdal became the dean of NHH, and he still possesses this position. NHH also has an administrative director in charge of the administrative part of the academic institution (Norges Handelshøyskole (NHH), 2016e). As the case played out, Ole Hope was the administrative director of NHH (Buanes, 2013). Today, Nina Skage obtains this position (Norges Handelshøyskole (NHH), 2016f).

4.3 The process

4.3.1 Dependent factors of NHH in relation to the administrative reorganisation

The leadership of NHH could be defined as consensus-based and democratic. They had dual management at NHH which allowed the administration to have greater influence. The constellation between the administrative director and the dean depended on how well they could collaborate. Usually the dean had the main power and the administrative director was subordinate. It meant that the administration had less control with the current election system because the choice of dean was mainly scholars, namely the dean was a professor. In this case there was a lack of strong leadership by the current dean which led to increased power of the administrative director.

There existed six heads of department at NHH. As dean, it was important to have good contact with the heads of department who had some formal power over their own departments. The academic institution had a relatively decentralised structure before the administrative reorganisation. It could also be described like a matrix structure with departments, programme boards and committees in charge of specialised activities. It was up to the board to delegate the responsibilities to the different units.

It should be taken into consideration that NHH also conducted a rather large reconstruction of the building during the same period as the administrative reorganisation. This might affected the focus on the administrative reorganisation and might contribute to it ended up more in the background of the reconstruction.

4.3.2 The hiring of the administrative director

As earlier described, Ole Hope was hired as the new administrative director in the beginning of the process towards the administrative reorganisation. When he first came to NHH he was highly regarded, people described him as sympathetic, dynamic, full of energy and competent. Before Hope started at NHH he had both worked in the public and private sector at positions

similar to what he was supposed to do at the institution. He had a lot of experience and the plurality at NHH considered him to fit perfectly for the position.

Before Hope got assigned as administrative director he wrote a paper about change management at NHH which was funded by the company he previously worked at. This was not known information at the time he was hired, but was leaked later on. According to this information he had been promised funding for his studies if he quit working at the company. Apparently it was not the first company that he had acted irrationally at.

Things turned out different with Hope than expected. The school has a committee that looks for information before they hire anyone. Even though they did scan all the information they found about Hope, there were suspicions that certain discoveries were withheld within the academic institution and not shared to the committee. Thus, the committee did not know that there were more information, and they believed in the information that could be provided at that moment.

4.3.3 The aim of the administrative reorganisation

The reorganisation was introduced to only have an effect on the administration; there were no intension to make an importance on neither the faculty nor the scholars. It is adequate to mention that the scholars did not feel pressures to change their duties or activities due to the administrative reorganisation.

Hope believed there were too many administrative departments which reported directly to the administrative director. He wanted to slimmer the academic institution and simplify the structure by reducing the number of departments. In the opinion of Hope, the administration had become too large and specialised. He wanted to change this by merging departments and impose assistant sections under existing departments. It also meant a clearer separation of the administration and the faculty departments. There was also a desire that several persons should be able to do the same task and throughout this make the administration more efficient. This since they would not had been as dependent to receive the help of a specific employee to get a certain assignment done. The concept of a slimmer administration was that its focus would be on supporting scholars and students. Part of the administration felt that the communication with faculty and students could be too burdensome and had a negative influence towards that they did not have time with their other duties, namely that they got disrupted in the work. At the same time, the main production of the academic institution was education and research. The administration will fall along with the rest of the academic institution if the main production is not working as it should. Some would say that it is not important who is in the administration and what they do as long as they support the process of education and research.

One of the reasons to do the administrative reorganisation was to make the processes and activities at the institution more efficient, by using economies of scale, which Hope considered too soft. One of these parts was to shorten the time of the decision-making process. At NHH it could take some time, many were involved from different directions and had the authority to get a saying. Hope wanted the process to include less discussion and more

action. The culture at NHH tented to be rule-based on a high level. One had to go into detail on everything; many were involved and wanted to be a part of the decision-making. It made the processes take long time.

In the evaluation report that PwC conducted there was a part that some of the interviewees' terms as the version of Hope over what happened at NHH. There he mentioned the aims to get a more centralised management and economy which were not expressed as a central theme of the administrative reorganisation. He also said in the report that he wanted and tried to change the culture at the academic institution which were not noticed anywhere. These were parts the administrative director did not have power to impact in his position. Mentioned by all interviewees were that the purposes expressed that were about to happen was accepted and they saw the need of it. It was a good intention to tighten up the academic institution, which could be recognised as too loose. The board and the ones involved in the decision-making process all approved the project.

4.3.4 Changes due to the administrative reorganisation

Hope created an extra administrative layer with more directors who worked as support to strengthen his position and work. Those persons who approved with him and showed him loyalty were the ones he liked and trusted. They received advantages such as higher salary. Hope divided people in the administration into two groups, "winners" and "losers". The ones who supported him, they were the "winners" and the ones who had a negative sight on his work and way of doing things, they were the "losers". This created a clear division among employees in the administration. Hope chose to start a process against the "losers" where he tried to get rid of them. The administrative reorganisation also included movement of people between different positions and departments. There was a movement of one specific employee which several interviewees mentioned. It was not conducted in a nice or a proper manner. The person who was treated badly was also an active participant of the union which resulted in that the incident was taken with the greatest seriousness. The union chose to get involved and the investigation was further taken on legal grounds. This whole situation became big; one reason for this was because of the spread of confidential information which reached parts who were not involved.

Instead of achieving the goal of employees that could do more, the administration became even more divided and specialised due to the administrative reorganisation. It resulted in an administration that was largely separated from the rest of the academic institution and lived the life of its own. This fragmentation between faculty and administration became more explicit which created a larger administration. From the beginning had Hope announced an increase of employees at the administration which then would decrease. Instead they became even more than he had announced from the start. As a result of the above mentioned changes that Hope did, NHH ended up with an administrative structure that was more hierarchical than before.

It occurred some consolidations of different departments and it was particularly noticed three mergers. The two departments of marketing were merged into one. The IT department was a separate department with their own manager which was placed below the department of

economy and administration. Due to this the decisions and communication went from IT department to economy department who then report to the administrative director. The change that most interviewees brought up was the one linked to the international department. This department was the one that got affected the most since it was positioned below the student administration. Internationalisation was and still is something that is a very important supply of education at NHH and it has been during the past 25 years. The department had always done a good job both for the students and the teachers and it had since the start been a big success. The reorganisation of this department affected their work and created big resistance.

One change which Hope wished to make and tried to implement was the reallocation of the profits generated from the Executive Programme. The profits generated from the programme were distributed equally between the government, the faculty and the administration. Hope wanted to change this allocation so the total amount of resources assigned to the school went to the administration and non to the faculty. He submitted a proposal to the board where he claimed that this change had been approved by representatives from the departments for scholars. When they were given access to the document they denied that they had read the proposal and that they definitely not had accepted it. When Hope found out that the information had been disseminated to those involved, he was disturbed at the board for showing the paper to the representatives. He said that they had agreed on things that were not true. Suspicions were that the administrative director did this to get full control. Rather quickly after this accident the letter written by the scholars was send to the dean.

4.3.5 Critiques arisen due to the administrative reorganisation

One main concern with Hope was that he said he would do something and then he did the complete opposite. In addition, he said he had done that one thing he promised but that was not visible to others. One example of this was the plan of decreasing the administration, but in practise it got bigger.

The academic institution has a history where scholars have made the decisions. They have an advantage due to their salary and power. In this case the scholars did not get to be involved in the decision-making which they were used to in a larger extent. Therefore the scholars would try to reverse all the suggestions they did not like. At NHH decisions are constrained to be presented to and decided by the board. Hope took decisions without consulting with relevant parts and proposals were not shown before it was presented to the board. The administrative director and the dean had private meetings where they made decisions on their own. Some employees felt like it was more important for Hope to present the proposals to the board and make a decision than to discuss it with those who had a mandate about it. Even employees that should obtained information on what happened in the academic institution and would be giving advice in these matters because of the authority of their position experienced a sense of alienation. The problem was the exclusion in this situation and that they did not have the opportunity to be a part of a further discussion. The decisions were okay, there were no strange decisions, but one was not involved in the things that one was responsible for.

The communication about the administrative reorganisation with the board was something that functioned in a right manner before it was implemented. However, there were too little

information about what was going on during the process, both to the administration and the faculty. Employees did not know what was happening at the institution. It was inadequate communication at operational level which created insecurity. It was not explained to them what every department were supposed to do nor why. Hence, this impacted the understanding of the administrative reorganisation. Furthermore, the division of the administration created even more difficulties to know where to go with issues and wonderings.

The critics were dissatisfied with the process, they had been promised a different one. It was made without them being heard, namely it included too little involvement of the employees. It affected the entire administrative unit and created problems between employees and the board, but also internally between employees. The administrative employees felt threatened by the work of Hope. However, it did not affect the scholars in that manner. Yet they got worried about the situation of the bad dynamic at the administration. They did not like what they saw, it was not considered fair. It was difficult to have a situation where a part of the academic institution was so divided, approximately half of the administrative unit was for and the other half was against the changes. It was impossible to cooperate when one had such a conflict; it was difficult to manage the organisation as a whole. This thereof became an interest for the faculty. The scholars were scared that it would hurt the departments of research and the reputation of the school. This was strengthened by the negative face that was presented in the media.

The process was tried to be implemented too quickly. Hope pushed too long and too hard to reorganise and relocate people and departments. According to one of the respondents it takes time before you can implement something and evaluate the result from it. The way Hope managed was different from the former administrative director who was strict and fond of rules. The priority of other activities decreased since Hope solely focused on implementing the administrative reorganisation and other problems had to wait until everything else was resolved. NHH lost its flexibility at this time, became less efficient and even more isolated and categorised than before.

4.3.6 Consequences

The change was not that big, the aim was not to make a big difference in the academic institution. What happened was that a lot of individuals who liked to get involved did so even though they did not were a part of it. The administration tried to control during this period, however the senior scholars thought they should have the control and were afraid of losing it.

There was a fraction between scholars and the administration at the academic institution. Both wanted to mark their territory and it became a game over power. Some well-established members of the faculty who had strong opinions worked against the administrative reorganisation. They did not want to accept changes where their opinions had not been taken seriously. It could depend on the indications that the employees could be conservative and not willing to change their manner of how they produced and were being controlled. The changes were not in line with the former way of management of the academic institution.

It was a bad atmosphere in general at the institution; it spread from the administration to the remaining parts. NHH had a culture where many were proud to work at the institution; they took offense by the bad writings that the school received and felt like it was an attack on their work. One reaction was that informal information started to flow which made the loyalty for the academic institution decrease. Communication occurred outside the formal structure such as talk in the hallways and rumours. It made it hard to keep information secret. When people felt like they lost their way of doing things they talk to each other. However, the aspect that people are loyal to the academic institution probably impacted why they did not react sooner despite what they thought about the situation.

Employees at the administration criticised and complained through unofficial channels to the board but the board did not understand the extent to which the situation had reached. They understood that there was a conflict; however, they perceived it as if everything was under control. In addition, the criticism from the employees in the administration was not so loud, which resulted in them not being heard as much as wanted.

The union had representatives at all different levels in the academic institution and represented the individuals as a group. A large part of the conflicts had its basis after the implementation of the administrative reorganisation in the spring of 2012. The unions wrote letters to the board at several times and complained about the process. The unions and the board had a meeting before the summer. However, this did not lead to any noticeable actions. The board said they had a solution but people outside the board did not understand how it was handled. The information which was shared came from involved individuals who said more than they should.

An official letter from scholars at NHH was written to the dean. The persons who wrote it were a group of senior professors which had worked for a long time at the academic institution and were big names at NHH. They knew the persons involved in the process and were reacting on the bad working space created as a consequence of the administrative reorganisation. They did not agree on what was happening and was worried about the leadership style. Due to their ability and aptitude of getting involved in this kind of conflict, they chose to stand up for the group of employees who were resistant to the administrative reorganisation. If only the administration had expressed itself in the media then it would have been assumed that the scholars supported Hope. Within NHH the main objective was to educate and the other functions were to support according to the interviewees. The scholars were seen as the ones with greatest empowerment, without the core activity the academic institution was not functional. The informal power available at NHH showed that the scholars had more authority than the administration.

One interviewee mentioned having an unofficial conversation with the former dean where the interviewee said to him that he had to do something. Some people, especially Hope and the HR manager, lost a part of their reliance and faith during the process. The administrative director had to stand up in front of the board and explain what had happened as a consequence to the critiques. Conclusively, Hope made the decision to resign because of the episode. It was a decision only made by him but he was assumed to be affected by the difficult position he

was in and how he felt at NHH. In addition, some called in sick in the administration and others quitted just as Hope but on their own expenses. There were indications of underlying reasons such as the conflict during the administrative reorganisation that increased the resignation ratio.

Increased expenses were discovered after the situation had occurred as an effect of the administrative reorganisation. It was a consequence of the changes Hope did where the number of employees got bigger and the "winners" who supported him got bigger salaries. It brought an increase of expenses by approximately 30 % on salaries and other operating expenses. Even though this regards relatively small amounts it affected the research opportunities, namely not being able to do what they otherwise could have done with that same amount. This was not visible during the changing period, it was identified first afterwards and now NHH has to live with the consequences.

As a result of all these consequences, NHH have started to evaluate what could have been done differently. A discussed aspect is which model of management should be used at the academic institution. A plurality of the academic institution is critical to how it looks today and how it might have affected how the administrative reorganisation turned out. Due to this NHH have started to examine whether or not they should change to the model with an external dean.

5. Analysis

The analysis will follow the same order as the theoretical framework. It will examined the findings presented in the empirical data in relation to the established theories from the theoretical framework and analyse it against the separate parts; MCS package conceptual framework, administrative control, cultural control which develops to an analysis about internal cultures, and communication.

5.1 MCS package conceptual framework

Malmi and Brown (2008) refers to MCS as a wide term and defines it by the entire management process including setting objectives, deciding favourable strategies to achieve these objectives, implementing the strategies and eliminate, or minimize the errors. In order to perform MCS in this manner it is required that one take different aspects in consideration. However, this was not something that Hope did in a suitable manner. When setting objectives and strategies, his intentions were accepted at the institution. Though, one might question if the decided strategies and implementation were correct in relations to the administrative and cultural control that existed at NHH and if the effort was enough when trying to eliminate errors throughout communication. This was taken in consideration throughout the analysis to see why the management of Ole Hope was not accepted at NHH.

5.2 Administrative Control

The governance structure is how the board, management (Malmi & Brown, 2008) and formal line of authority are structured (Abernethy and Chua, 1996, view Malmi and Brown, 2008). NHH had an elected dean and an administrative director. According to the interviewees, the dean usually is the one in charge of the entire academic institution; he is the highest in the formal lines of authority. Historically at NHH there had been strong deans with a lot of power. The present dean during the case period was weak and it made room for the administrative director to increase the power position of the administration and himself. An aspect to the governance structure is that the implementation of the administrative reorganisation maybe did not fit within the current governance structure since they had an elected dean. The employees were expecting decisions and guidelines mainly from him/her but in this case it came from the administrative director who was an external. With the other model there would have been clarity in that the authority was in the hands of external parts and the management would have been more accepted. NHH has now, in retrospect, started to consider whether the structure is a good choice for the institution or if they should change to the other alternative. This could be seen as a result of the inadequate governance structure during the case.

Hope affected the organisational design by creating clearer division between the administration and the faculty through specialisation, reallocation and mergers of administrative departments. Malmi and Brown (2008) refers to the organisational design as it being something that managers can use to impact the process of control and encourage specific contact within the academic institution. Hope created more layers of directors to support his work which limited the possibilities of interaction between parts since the tasks and positions became more specialised. The division Hope organised between the

administrative employees, where the ones who supported him were the "winners" and the other ones were the "losers", benefited certain relationships by giving rewards to those who supported his system. The system of dividing people created an unpleasant environment and some changes which were implemented were not expressed. A resistance to the organisational design arose as a result of that the employees did not see or understand the changes.

According to Malmi and Brown (2008), the bureaucratic approach is distinguished by the use of policies and procedures with the aim to specify the processes and behaviours within the organisation. Hope did not follow the formal procedures that existed in the academic institution where many people used to be involved and the process of meetings took long time. He did not ask the people with the accurate position to be a part of the processes they were supposed to have a saying in. However, during the case, the administrative director and the dean had meetings without including others. Hope also promised one kind of procedure for the administrative reorganisation but later chose to do it in a different way which opened up for strong reactions. Through these patterns one could see that Hope attempted to exclude the existing bureaucratic approaches which were not possible. It created a contradictory environment and people reacted when they did not get to be involved in the extent they according to their title were supposed to.

The changes which Hope tried to make in the organisational design were not possible to pursue since they did not fit with the existing governance structure. This due to the lack of mandate that Hope had in his position. Hope also attempted to overlook the bureaucratic approach that existed at NHH by not taking into account the people who had something to say in the processes of change.

5.3 Cultural control

Cultural control is broad, slow to change and affects the other types of control (Malmi & Brown, 2008). It played an important role in the structure and control at NHH. Hope tried to implement the administrative reorganisation in a rapid manner. He did not take in consideration the strong meaning and power of culture at NHH, and the fact that it perhaps would meet resistance. Since it takes time to change, and he wanted results fast, the failure could be seen as a result of his need to rush. The outcome could have been different if he acknowledged the present culture and gave it more time.

As mentioned in the theoretical framework, cultural control can be viewed by visible expressions that will influence certain behaviour. The image of the school was something that was important for the employees and many were proud to work at NHH. They valued the recognition it received from external parts. The employees felt like it was an attack on their work and got negatively affected when the name of the academic institution started to be inflamed. It influenced some of the employees of the administration who chose to stay home sick or resign. Some scholars felt it as the final straw and reacted since it started to ruin the reputation of NHH.

5.3.1 Four internal cultures & power relations of higher education institutions

Historically in the academic institution, the seniors had authority due to their expertise. It is significant with the collegium culture where the ones possesses most knowledge have the greatest authority (Sahlin & Eriksson-Zetterquist, 2016). The work of the faculty had been the most important and they had therefore been included in the decision-making process. This is correctly referring to McNay (1996), who states that the decisions should be based up on the main activities. It was more important with expertise than which formal position one possessed. When the scholars of NHH did not get to be a part of the decision-making and did not get to know which decisions that were established they felt left out and that they lost their authority. This could be explained with old-boyism when long-accomplished scholars have a stronger authority and their judgement is prioritised although it might be biased (Gemzöe, 2010). A crucial event was the reallocation of the resources from the executive programme. The change was contra the wishes of the scholars and it made them react due to the position they felt they possessed. They wanted to save and maintain their position of power.

Referring to McNay (1996), the administration has an informal role to serve and be loyal to the university and its mission in the collegium culture. The faculty valued education and research and identified it as the main activities at NHH and the administration was seen as a supportive function to this. However, the administration had the opinion that they had no time to support the scholars because they then did not manage with their own individual tasks. The changes of Hope made the administration even more specialised on their administrative tasks and it caused a conflict of what the main value was for NHH. As a result, it increased the imbalance between groups within the academic institution. Furthermore, the freedom which is significant with the collegium culture got affected by the changes of the work assignments. It went from a former decentralised structure to more hierarchical which affected their freedom in which way they should express opinions etc.

In the aspects discussed in the two previous paragraphs whether the scholars had the main authority and what the purpose of the administration where, one could observe a power relation in which the administration did not get to be heard as much as the scholars. This could be seen both when the administration made complains and no visible change was made, but also the need of the faculty to go out and write an official letter. It was not enough only to get critique from the administration, this did not affect the situation. From this, one could see signs that the scholars still had the authority at a certain degree. Another perspective of this could be if it would not have been the professors who had written the letter, it would be questionable if they were behind the reaction from the administration or if they supported Hope and therefore neither would have received a change.

One reason why Hope was hired might have been the fact that he already operated within the institution since he wrote his paper there. He was already personally known and the scholars might have thought that he therefore knew the current balance of culture and would not try to change it. Later, they became afraid of losing their authority when they felt the changes. Instead of acting after the existing conditions and cultural aspects, Hope tried to implement a culture which had characteristics common with corporation culture. It has the focus on power

and usually contains external managers with directive management style (McNay, 1996). As a consequence of a weak dean at NHH it created an opportunity for the external administrative director to empower his position. Hope attempted to change the previous structure of the entire institution, instead of only the administration, which the reorganisation was supposed to surround. He created layers of supportive directors to increase his own position and made the administration more specialised which is strengthened in the theoretical framework. McNay (1996) also describes that the corporation culture can affect senior staff to build collaborations outside the formal decision areas. This could be seen at NHH throughout that information that was not supposed to leak was spread between staff, especially senior scholars anyhow.

Along with the two named culture one could notice characteristics from the bureaucratic culture. According to McNay (1996) the management style in the bureaucracy culture is formal and decisions urged to be taken by committees and in the most rational way. As mentioned in the empirical data, proposals were constrained to be presented to and decided by the board. This structure affected Hope in the extent that he was not able to make the final decisions. The board could therefore make others aware of the intentions of Hope. The committee was strongly established with the former culture acting in the academic institution where scholars had a position to know about discussions and decisions. Through that channel people got to hear about what Hope wanted and could react. One example was when he tried to reallocate the resources from the executive programme. The bureaucratic culture made it possible for critics to react before the proposals were accepted because the process of approving it took time.

The authors observed an attempt to change the culture in the academic institution from collegium to corporation culture in which the bureaucratic culture limited this transition. Furthermore, this could be strengthen by the discoveries in the evaluation report made by PwC where they described a collegial leadership existing at NHH that was moving towards a management where the administration got authority. The management of Hope was not received as he wanted it to be since he ignored the existing culture. This could be seen as a result of that cultural control is slow to change and he tried to implement the changes too fast. Since the culture was so ingrained in the academic institution, and the senior scholars had a history of strong involvement, they got scared to lose their position when they felt a small change. If Hope would have tried to do the cultural changes in a slower pace and if he had included the scholars in higher extent the outcome could had been different.

5.4 Communication

The efficiency decreases if the communicator has an underlying purpose of self-indulgent as mentioned in the theoretical framework. Hope valued to present the proposal to the board more than discussing it with other parts. His communication with the board could be seen as mainly self-fulfilling. It is important to listen to the receivers and show how and why activities occur (Garcia, 2012). Hope ignored this and the absence of communication affected the reception of the process of the administrative reorganisation. It created insecurity and a negative work environment which contributed to that some chose to leave the academic institution. Instead the communication occurred through informal channels and personal

networks which were important in the academic institution. This network was built on trust which, according to Hallahan (2015), is crucial for being accountable and getting respect. The decreasing faith of Hope due to his inadequate communication made the informal network more valuable. In addition, the informal channels might have affected the commonly held opinion of Hope in an even more critical way and might have unfavourably impacted his reputation.

The ignorance of consulting and involving other parts made the academic institution lose their trust in the work of Hope. Both the administration, the unions and the scholars tried to communicate the dissatisfaction through complains and letters but it did not lead to a reaction. The noise got so big it was not able to ignore it and it made Hope resign instead of changing his manner. If he had communicated in the right manner, namely to say what will happen, why and how to the parties involved, the outcome could have been different.

6. Conclusions

In the conclusions the purpose of the thesis will be answered. Suggestions to further studies will be presented on the impact of management control and internal cultures at academic institutions.

In this thesis, the authors tried to get an understanding of how the historical management control affected the acceptance of the management of Ole Hope and why it created a reaction at NHH.

During the operating time of Ole Hope, he attempted to neglect the previous management control and power relations at the academic institution in his implementation of the administrative reorganisation. A lack of balance was created when the historical governance structure remained while the changes in the organisational design were attempted to be implemented. In addition, the bureaucratic approach prevented Hope from excluding people who had a saying in the processes of change due to their position of mandate and right to certain information. He did not communicate with those who should be involved and there was a lack of understanding and clarity of what was going on among the employees. It increased the informal network and created a critical view towards the changes which led to that Hope faced criticism.

There were motives when studying the case that indicated that Hope tried to change the culture in the academic institution. He desired to do so quickly which was not possible since a new culture takes long time to establish and adapt to. The change was from the previous collegium culture, where the scholars were involved in the decision-making process and had high authority, towards a corporation culture. He attempted to minimize the involvement needed to control the employees by excluding them and instead expanding his own position. Scholars were afraid to lose their former authority and therefore felt the need to criticise the management of Hope.

Hope did not take into account parts of the management control existing at NHH. By disregarding the administrative and cultural control and its affection to one another, Hope excluded components of a functioning MCS. Throughout his choices he came across strong resistance which made it harder for him to continue his intended process. The ignorance of former culture, its relationship with the present governance structure and bureaucratic approach, and the changes of the organisational design are seen as the factors and explanations of the unwanted result of the management of Ole Hope. It caused a lack of balance in the power relations at the academic institution which made the scholars react on the situation.

6.1 Suggestions for further research

While the authors devoted themselves to this thesis, it brought several ideas that would have been interesting to investigate further, but which goes beyond the purpose of this thesis. Firstly, it would be interesting to take part of a larger study with the purpose to identify the majority of universities on the basis of an internal culture and power perspective. Secondly, it would also be possible to conduct a broader study on the same theory base as of this thesis. This suggested study could examine whether academic institutions could have a control in the form of governance structure, referring to administrative control, or if internal culture is the primarily control. Namely, one could study if this thesis purpose and result could be applied at other academic institutions and not just this case.

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Appendix 1 - interview guide

Model of request to the potential interviewees:

"Hello ….,

Our names are Josefin Andersson and Matilda Östlund and we are two students from the School of Business, Economics and Law at the University of Gothenburg. We aim to do a case study of the reorganisation of NHH and the affecting factors to those conflicts that occurred. The case is a part of a larger study pursued by our supervisor Olov Olson.

We are planning to visit Bergen during week 16 to perform interviews. The purpose of the interviews is to receive clarity in what the reorganisation meant in reality and through this information being able to understand why the changes resulted in the outcomes and reactions which they did. We are wondering if you have the possibility to participate in an interview? If yes, do you have opportunity to meet us during week 16? Which dates would be suitable for you?

Thank you in advance!

Best regards,
Josefin and Matilda"

Questions sent to interviewees after confirming participation:

1. Briefly, how was the management control before the reorganisation? What kind of management had NHH?

2. Which were the characteristics of the reorganisation?

3. What did the scholars get conveyed that the reorganisation would affect education and research? What was the outcome?

4. What changes created the critique?

5. Where there other critical aspects in the background that amplified the critique around the reorganisation? Especially issues regarding education and research, and particularly the measurement of teachers performance.