Bundling and Transformation of Management Control Innovations: A Case Study of the Integration of Total Quality Management and the Balanced Scorecard

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Abstract

The adoption and diffusion of fashionable management accounting and control innovations have been subject to extensive research. More recently, increasing attention has also been directed to the related issue of how organisations bundle design characteristics associated with different innovations. However, very limited empirical research has addressed this issue. This paper seeks to fill this gap by means of a case study of how elements of Total Quality Management (TQM) and the Balanced Scorecard were gradually bundled in a Swedish central government agency. Whilst both of these innovations encountered considerable implementation problems, they continued to exercise a lingering influence on the ‘new’ performance management system emerging in the organisation. The original adoption of these innovations can partly be explained from a managerial fashion perspective. However, the subsequent development of performance management features a more complex mix of explanatory factors of both intra-organisational and external, political origin. The study also draws attention to the notion of interpretative viability as a precursor of the re-construction of fashionable, but in some respects incompatible management control innovations as part of the bundling process. It thus contributes to the literature on management fashions by nuancing certain predictions concerning the adoption and rejection of innovations.

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Introduction

The past two decades have seen a wave of innovations in management accounting and control practices, notably epitomised by such notions as Activity Based Costing/Activity Based Management and the Balanced Scorecard to mention but a few novel techniques. The adoption and diffusion of such techniques have been extensively examined in the private (e.g., Bjørnenak, 1997; Brown et al., 2004; Gosselin, 1997; Malmi, 1999; Nielsen and Sørensen, 2004; Speckbacher et al., 2003) as well as the public sector (e.g., Chan, 2004; Jackson and Lapsley, 2003; Lapsley and Wright, 2004; Northcott and France, 2005). An important source of inspiration for much of this research has been the literature on management fads and fashions (e.g., Abrahamson, 1991, 1996; Abrahamson and Fairchild, 1999) suggesting that managerial innovations are popularised as a set of conceptual components which are more or less successfully adopted by organisations. A closely related research topic is that of how conceptual components, or design characteristics associated with different management accounting and control techniques are bundled together as innovations evolve (Ax and Bjørnenak, 2005; Bjørnenak and Olson, 1999).

This research has generated important insights into the driving forces behind the diffusion of innovations and the conceptual similarities and differences between popular accounting and control techniques. However, we still lack a deeper understanding of how the bundling process may unfold in individual organisations. Theorising about management fashions has neither fully recognised the intra-organisational dynamics energised beyond the adoption stage (Czarniawska and Sevón, 2004; Jackson, 2001; Newell et al., 2001) nor the interactions between different innovations (Abrahamson and Fairchild, 1999). Similarly, where the implementation and use of fashionable management accounting and control innovations have been subject to deeper, case study-based inquiries they have been examined in isolation from each other (see e.g., Aidemark, 2001; Anderson, 1995; Kasurinen, 2002; Malina and Selto, 2001; Malmi, 1997, 2001). The bundling phenomenon has only recently received explicit empirical attention (Ax and Bjørnenak, 2005). However, this emerging research has paid relatively one-sided attention to the supply of different innovations and has largely ignored the demand side as manifested by organisational experimenting with such innovations.

This paper seeks to advance this emerging literature by examining the transformation and bundling of two management techniques that have gained increasing popularity over the past two decades, namely Total Quality Management (TQM) and the Balanced Scorecard, beyond the adoption stage in a particular organisational setting. We do so by means of a case study in a Swedish central government agency illustrating how the bundling of elements associated with these two techniques is linked to the emergence of a ‘new’ performance management system.

To provide some initial guidance for the analysis we start by outlining the conceptual relationships between TQM and the Balanced Scorecard as they have been popularised in the literature. We then account for the research method applied. The empirical part of the paper starts with an overview of the supply of management innovations in Swedish central government before examining how such innovations have evolved in the case organisation. The concluding section summarises our main findings and implications for future research.
Conceptual Framework

The notions of TQM and the Balanced Scorecard have generated a vast literature in their own right. The purpose of this section is merely to provide an overview of the conceptual similarities and differences between these approaches and a tentative discussion of the tensions and dynamics that might be mobilised as key elements of these are bundled in organisations.

Whilst definitions of quality management abound (see Lengnick-Hall [1996] and Reeves and Bednar [1994] for reviews) few systematic attempts have been made to tease out the core design characteristics of TQM as specified by experts on the topic or popularly conceived among practitioners (Anderson et al., 1994; Hackman and Wageman, 1995). Such an ideational conceptualisation of TQM is warranted for the purpose of this paper as we are concerned with how organisations bundle its constitutive elements as it is popularised in a particular social setting. Although we recognise the wide range of interpretations of the notion of TQM that may evolve in practice (Collins, 2001) it is helpful to start the analysis with a review of its core design characteristics from such a perspective.

Based on the views of an expert panel, Anderson et al. (1994) condensed the fourteen TQM principles prescribed by Deming (1986) into a smaller set of key concepts emphasising the role of visionary leadership for stimulating cooperation and learning as vehicles of process management, continuous improvement and employee fulfilment with the ultimate objective of enhancing customer satisfaction. The development of customer-focused organisational practices was considered paramount and ideally permeating all other design characteristics geared towards the realisation of TQM (see also Dean and Bowen, 1994). Similarly, Hackman and Wageman (1995) revisited a number of classical TQM writings and identified the necessity of meeting customer needs as the primary motivation for TQM. Internal organisational practices, such as continuous improvement efforts, cross-functional teamwork and the development of process-orientated management techniques, were portrayed as subsidiary to this overriding priority. A similar conceptualisation of TQM was adopted by Westphal et al. (1997) in a rare empirical study of its diffusion as a set of prescriptive rules.

Whilst achievement of customer satisfaction or the fulfilment of customer needs are generally perceived as an overriding design priority, it is also possible to identify some consensus about the management control techniques required for the realisation of TQM. The development of an organisational climate conducive to cross-functional cooperation and process-orientated management is typically considered to necessitate lateral, rather than hierarchically orientated control practices (see e.g., Munro and Hatherly, 1993). Popular conceptualisations of TQM emphasise the need for mechanisms supporting lateral control, such as the empowerment of managers with cross-functional process responsibilities, team-based rewards and use of non-financial goals and performance measures indicating how internal processes and performance improvements contribute to customer satisfaction (see Hackman and Wageman, 1995; Johnson, 1992).

In contrast to TQM, the Balanced Scorecard gradually evolved as a strategic management tool with the ultimate aim of identifying the underlying performance drivers contributing to

1 See the Academy of Management Review (1994, Vol. 19, No. 3) for a number of theoretically informed reflections on the TQM literature. See Andon et al. (2005), Bukh and Malmi (2005) and Johansson et al. (2006) for recent reviews of the Balanced Scorecard literature.
financial results, especially shareholder value (see Kaplan and Norton, 1996a, 1996b). Although this shareholder-centred view of performance has in some cases (especially in the public sector) been replaced by a wider stakeholder focus, the rhetoric of leading Balanced Scorecard propagators strongly emphasise the need to align performance management with the overriding objective of maximising shareholder value (Ax and Bjørnenak, 2005). This is accomplished by linking the strategic vision of companies to a set of causally related indicators representing financial performance, customers’ views, internal business processes and innovation and learning aspects. Whereas early versions of the Balanced Scorecard (e.g., Kaplan and Norton, 1992) mainly emphasised the need to complement financial performance measures with non-financial ones, later refinements suggest that it should ideally be conceived of as a means of strategic goal alignment (e.g., Kaplan and Norton, 1996b). More recently, the strategic element has been further underlined by the transformation of the Balanced Scorecard concept into ‘strategy maps’ depicting an organisation’s strategy as a set of causally and temporally linked areas of priority (Kaplan and Norton, 2000, 2004).

The emphasis on strategic goal alignment reinforces the hierarchical orientation of the Balanced Scorecard. This is notably manifested by the suggestion that it constitutes a useful mechanism of disaggregating organisation-wide objectives and targets into personal scorecards for managers and employees at various hierarchical levels (Kaplan and Norton, 1996a). Although the possibilities of linking performance evaluation and rewards to team performance are occasionally recognised (e.g., Kaplan and Norton, 1996b), more critical assessments suggest that the Balanced Scorecard primarily reflects individualistic values pivoting around the notions of fair contracts and unequivocal accountability relationships (Bourguignon et al., 2004; Nørreklit et al., 2006). This emphasis on the individual as the key organisational agent and object of control reinforces hierarchical relationships based on a logic of command and obedience.

The hierarchical ordering of performance aspects is also reflected by the integration of performance measures into causal chains of leading and lagging indicators at various levels of aggregation (Kaplan and Norton, 1996b). The general idea is that causal linkages between financial and non-financial performance measures at one level should be easily transferable and consistent with the goals and performance indicators used at other levels. Hence individual-level aspects, such as employee morale and suggestions for improvement, are portrayed as causal ‘drivers’ of more organisation-wide concerns, such as scrap rates in production and customer satisfaction (Kaplan and Norton, 1996a). Such ‘cascading’ of performance indicators are considered pivotal for strategic goal alignment throughout the organisational hierarchy. Although the nature of causal relationships embedded in the Balanced Scorecard has been subject to critical debate (Abernethy et al., 2005; Bukh and Malmi, 2005; Nørreklit, 2000) their alleged prevalence constitutes a cornerstone of the rhetoric invoked by its propagators (Nørreklit, 2003).

This brief review of the notions of TQM and the Balanced Scorecard provides a basis for contrasting their core design characteristics as they have been popularised in the literature. Table 1 summarises this discussion with particular reference to how overriding and subsidiary design priorities, reflecting the fundamental motifs of these innovations, are linked to key management control features.

Insert Table 1 here!
A comparison of the core design characteristics in Table 1 reveals both diverging and overlapping concerns. Although the hierarchical, top-down approach embedded in control techniques such as the Balanced Scorecard has been portrayed as largely antithetical to the customer-focused and lateral emphasis of TQM (Johnson, 1992, 1994), there are some notable similarities between them. In contrast to traditional management accounting practices, the Balanced Scorecard propounds to represent a more externally focused perspective, especially by including customers’ views of the organisation and its products as an important driver of long-term financial performance (see Kaplan and Norton, 1992). In addition, both TQM and the Balanced Scorecard emphasise the need for continuous streamlining of operating processes and the learning aspects associated with innovation and improvement as key determinants of long-term competitiveness (Hoque, 2003).

Although similarities such as those outlined above have generated some optimistic commentaries concerning the complementarities of TQM and the Balanced Scorecard (Hoque, 2003), we need to take the potential tensions between lateral and hierarchical modes of control seriously. Indeed, Hackman and Wageman (1995) identified the need to empower organisational members without threatening hierarchical control as one of the key dilemmas in implementing TQM. Bundling management control features associated with TQM and the Balanced Scorecard would thus seem a risky affair. Even though some lateral control mechanisms (e.g., team-based rewards) may be reconciled with the Balanced Scorecard approach, there would seem to be significant barriers to a genuine synthesis with the broadly based participatory approach and empowerment embedded in ‘pure’ TQM. The overriding concern of the Balanced Scorecard is clearly that of creating managerial consensus about the strategic direction and communicating this down the organisational hierarchy (Kaplan and Norton, 1996a, 1996b; see Johansson et al. [2006], Nørreklit [2000] and Vaivio [2005] for critiques).

The discussion above suggests that TQM and the Balanced Scorecard may represent largely incompatible logics of management control if conceived of as monolithic ‘wholesale’ solutions. Indeed, fashionable management innovations are often supplied as such ‘wholesale’ solutions (Collins, 2000; Jackson, 2001). However, such a conception may be criticised for building on an overly static and rigid view, ignoring how organisations adapt management innovations to fit the context in which they are implemented. Alternative conceptualisations of the evolution of management fashions as pivoting around processes of organisational ‘translation’ (Czarniawska and Joerges, 1996; Czarniawska and Sevón, 2004) or ‘editing’ (Sahlin-Andersson, 1996) have been advanced. These approaches recognise that the meanings of management innovations are not fixed but may be open to negotiation and re-construction. This property has been affirmed by authors demonstrating how various management innovations embody a varying degree of interpretative viability stemming from the conceptual ambiguity inherent in these (Benders and van Veen, 2001). Interpretative viability increases the likelihood of innovations being compatible with a wider range of social settings and is sometimes deliberately maintained by suppliers of innovations (e.g., consultants) to increase market size. Innovations embodying a high degree of interpretative viability enable organisations to selectively adopt individual design characteristics whilst upholding a façade of having conformed wholeheartedly to the ethos underpinning such innovations.

Several authors have noted that the Balanced Scorecard, as applied in practice, exhibits features contributing to interpretative viability, such as loosely defined notions of balance and causality and a flexible approach to the stakeholder interests being served by its application (Ax and Bjørnenak, 2005; Modell, 2004; Nørreklit, 2003). Ax and Bjørnenak (2005)
demonstrated how such features may be conducive to bundling with other management control innovations. Similarly, field research shows how the hierarchical, top-down approach to control inherent in conventional conceptions of the Balanced Scorecard is inverted and transformed into a mechanism of empowerment and learning in the process of implementation (Aidemark, 2001). Conversely, empirical studies indicate that the implementation of TQM may indeed reinforce existing power structures and hierarchical relationships and effectively marginalise customer interests in the quest for operating efficiency (Lozeau et al., 2002; Mouritsen, 1997). Whilst these studies do not consider the relationship between TQM and the Balanced Scorecard it is conceivable that such transformations may facilitate the bundling of design characteristics associated with the two approaches.

To sum up the discussion in this section, the archetypical notions of TQM and the Balanced Scorecard are associated with management control features which, at a quick glance, may seem largely incompatible. Such incompatibilities are likely to exacerbate the bundling of design characteristics. However, a deeper examination of the bundling process requires some recognition of how innovations are transformed over time and the role of interpretative viability. We now turn to such an examination in the context of Swedish central government.

**Research Method**

The following empirical study is set in the context of Swedish central government and, more specifically, in a central government agency – the *Swedish National Board of Student Aid* (SNBSA) – experimenting with TQM-inspired practices as well as the Balanced Scorecard. Prior research and documentary evidence provide limited insights into the extent of diffusion of these innovations in Swedish central government, but suggest that they have gained in popularity over the past decade. Still, a review of this evidence provides a reasonably comprehensive overview of the processes shaping the supply of these management innovations in Swedish central government. This review was augmented by extensive interactions with senior civil servants through a research network constituted by representatives of a large number of central government agencies from which the case organisation was selected. Four formal interviews with key actors involved in the dissemination of the management innovations concerned in this context were also undertaken. These interactions and interviews enabled us to validate our review of the supply of these innovations in Swedish central government.

Our selection of the SNBSA was guided by the prospects of examining its relatively unique experiences of adopting multiple management techniques over a relatively short time-span. This offered a promising opportunity to fill the previously identified theoretical gap (cf. Eisenhardt, 1989; Yin, 1984). Although the issue of representativeness in relation to the larger population of central government agencies was of lesser concern, our interactions with other agencies indicated that some of the implementation problems encountered by this organisation are similar to those experienced by other agencies. A related study, comparing some aspects of this case (e.g., the consequences of TQM for customer orientation) with two other agencies also suggests that it reflects issues of wider significance (see Modell and Wiesel, 2006).

Data collection took place between 2004 and 2006 and primarily comprised semi-structured interviews and a number of secondary data sources. The interviews aimed at gaining an in-depth knowledge of the rationale behind the organisation’s adoption of various management techniques as well as canvassing a somewhat broader view of how these have been received in the organisation. We were also interested in how the organisation’s past and ongoing work
with developing such techniques had evolved over time. To this end, we depended on identifying informants with thorough insights into the organisational processes involved in the adoption and implementation of novel management techniques. Our initial contacts with the organisation indicated that these processes had primarily been driven by headquarters staff. Hence we started our more systematic data collection by interviewing seven members of headquarters staff extensively involved in the change initiatives concerned in late 2004. These interviews were relatively open-ended to capture a broad range of aspects related to the organisation’s past and ongoing efforts to implement novel management techniques.

In a second round of interviews in early 2005, the managers of three regional offices of varying size and geographical location were interviewed to probe into the wider experiences of the management techniques at the operating level. Follow-up interviews with these individuals and three members of headquarters staff were held about a year later to assess how the organisation’s ongoing work with developing a new performance management system evolved. The latter interviews were more focused to probe into issues emerging as particularly critical in the earlier research phases. Hence we introduced a longitudinal element in data collection procedures allowing us to gradually sharpen our focus on issues of key interest and gain a deeper understanding of emerging organisational practices. We also interviewed the government official in charge of monitoring the performance of the SNBSA and the new Director-General appointed in early 2006.

The interviews typically lasted between one and two hours. To stimulate an open dialogue and avoid bias related to potentially controversial or sensitive issues we refrained from taping interviews. However, extensive notes were taken and transcribed immediately after each interview. To compensate for the lack of tape recordings we adopted a systematic approach of respondent validation by returning our transcripts to the interviewees and asking for feedback. Whilst this proved useful for stimulating further dialogue with interviewees and probing deeper into certain issues (cf. Bloor, 1978), we are unable to use longer quotes from the interviews but mainly reproduce shorter statements and expressions for illustrative purposes. The interview transcripts and additional feedback were analysed based on a grid technique (Yin, 1984) whereby data were coded and explanatory patterns were mapped across various parts of the organisations.

Interviews were complemented with a range of documentary material. Of greatest importance for this study were internal planning documents and memos drawn up to document the organisation’s experiences of the management techniques under examination. We also had access to presentation material used for internal promotion of these management techniques and were able to observe a presentation of the organisation’s ongoing work with developing a new performance management system by the Chief Financial Officer. Throughout the research process we had ample opportunities to communicate informally with key informants who were also members of the larger research network. As a final means of validation, we returned a preliminary case study narrative to these key informants for feedback and discussion.

The Supply of Management Innovations in Swedish Central Government
Swedish central government agencies have been subject to an increasing element of ‘management by objectives’ or ‘managing for results’ over the past decades. Following budgetary reforms aimed at deregulation in the late 1980s, government control of agencies was gradually re-orientated towards a heavier emphasis on performance evaluation although the annual budgetary cycle and other planning activities still have an important influence on the structuring of evaluation procedures. However, even though ‘managing for results’ has been adopted as an ‘official’ governance and control mechanism throughout central government, several studies suggest that it co-exists with a lingering element of detailed regulations of operations (e.g., Holmblad Brunsson, 2002; National Financial Management Authority, 1999a, 1999b; Sundström, 2003). Moreover, the meaning of ‘managing for results’ remains vaguely defined as it has evolved on an incremental basis rather than as a result of a single, clearly identifiable and sweeping reform initiative. Overriding government objectives for agencies are often ambiguous and only loosely coupled to performance reporting. In addition, indicators reflecting the overall performance, or effectiveness, of agencies are sparsely used for management control purposes (Modell, 2006; Modell et al., in press). Still, ‘managing for results’ is now firmly embedded and questioned by few actors within central government. Modell (2006) argued that this may be due to the lack of rigid definitions of its contents and its adaptation to a wide range of operating contexts within central government.

The gradual evolution of ‘managing for results’ in the 1990s was paralleled by the diffusion of other management techniques among central government agencies. TQM and the Balanced Scorecard were two of the most salient innovations in this respect, displaying a varying degree of consistency with the ethos of ‘managing for results’. We briefly review the origins and development of these techniques in Swedish central government.

**Total Quality Management**

TQM-inspired practices began to diffuse across central government agencies on larger scale in the mid-1990s (Modell, 2006). A key source of inspiration in this respect was the *Swedish Institute for Quality Insurance* (SIQ). The SIQ is a non-governmental organisation dedicated to promoting ‘modern’ quality management practices within the private as well as the public sectors. To this end, the organisation undertakes a range of promotional activities, including conferences, training, ‘quality contests’ and the development of quality enhancement tools. The quality management practices emerging in several central government agencies since the mid-1990s have drawn more or less directly on these tools, especially the *SIQ Model for Performance Excellence* (Modell et al., in press). This model was, in turn, heavily inspired by tools developed by central standard-setters in the international TQM movement, such as the Malcolm Baldridge Award in the United States and the European Foundation for Quality Management (EFQM). The model bears testimony to key TQM principles such as a heavy emphasis on customer and process orientation, employee empowerment and continuous improvement. These aspects are funnelled into a measurement index for assessing organisational quality enhancement efforts, covering such areas as leadership, information and analysis, strategic planning, staff motivation and development, operating process orientation and results, and customer satisfaction. Customer satisfaction is currently weighted as the single most important assessment criterion accounting for 30 per cent of the total index score (SIQ, 2006). The SIQ has also contributed to the development and dissemination of various customer satisfaction measurement techniques, such as the Swedish National Quality Index.

2 In Swedish central government parlance, ‘management by objectives’ and ‘managing for results’ are typically used interchangeably. However, the latter term is more commonly accepted and we therefore use this consistently throughout this paper.
The SIQ has taken pains to portray the Model for Performance Excellence as a flexible management tool that is easily adaptable to a wide range of organisational settings and other management techniques. For example, the model is arguably compatible with other influential quality standards, such as ISO 9001. Similarly, the model does not only emphasise quality aspects but also the achievement of productivity and financial results and stresses the importance of multidimensional performance measurement (SIQ, 2006). This flexibility is also mirrored by the considerable variations in the degree to which TQM principles have permeated central government agencies. More broadly based examinations reveal that several agencies have implemented process-orientated organisational structures as a complement to hierarchical management control practices although few of them have conformed completely to TQM principles such as those advocated by the SIQ (National Council for Quality and Development, 2003a). Deeper case studies suggest that the adoption of the models promoted by the SIQ encountered considerable implementation problems and resistance but still left important vestiges in some agencies, such as a growing emphasis on systematic quality control and customer orientation (Modell et al., in press; Quist, 2003; Wiesel, 2006).

Whereas TQM-inspired practices started to diffuse across central government agencies without much government intervention, the Government has taken some steps towards furthering the dissemination of experiences from the adoption of novel quality management practices. Following an influential Government Bill emphasising quality enhancement from a citizen- and user-focused perspective (Swedish Parliament, 1997/98) a new advisory agency, the National Council for Quality and Development, was formed in 1999. The agency initiated a search for suitable quality management models for central government agencies but quickly concluded that it was preferable to continue developing models already emerging in practice, such as the SIQ Model for Performance Excellence (Modell et al., in press).

Following this initial search, the National Council for Quality and Development has documented emerging quality management practices in central government agencies and prescribed ways of further developing these in a series of reports (National Council for Quality and Development, 2003a, 2003b, 2004). Interestingly, however, emerging practices are here re-cast to predominantly emphasise process orientation as the main metaphor of change. Although the agency’s prescriptions are heavily influenced by the TQM literature and key concepts such as customer orientation still occupy an elevated position central government agencies mainly seem to have approached quality management under the banner of process orientation as a contrast to the hierarchical emphasis of the ‘managing for results’ system. The National Council for Quality and Development has also expended considerable efforts on explicating the importance of adopting a process-orientated perspective to avoid various dysfunctions of hierarchical control, such as a lack of attention to customer needs (see National Council for Quality and Development, 2004). However, little attention has been paid to the development of performance indicators to support quality enhancement.

Despite its concerns about the ‘managing for results’ system, the National Council for Quality and Development has occasionally de-emphasised the potential tensions between this hierarchical control model and process-orientated quality management. For example, in one of its early reports the agency declared that:

‘It is sometimes said that there is a tension between managing for results and process orientation. It is rather the other way around. Since results are being created in the processes, improvements in process functionality and better control of processes will generate better operating results. Neither are government demands for efficient
More recently, the agency has cautioned against the lack of inter-organisational process orientation stemming from the Government’s emphasis on the objectives of single agencies and has called for enhanced collaboration between agencies to better serve citizen and user needs (National Council for Quality and Development, 2004). However, the Government has been reluctant to endorse the appeals for far-reaching process orientation. It has insisted that agencies should conform to the hierarchical ‘managing for results’ system although it has recently emphasised the need to strengthen the system’s focus on citizen- or user-orientated indicators such as customer satisfaction (Modell et al., in press).

**The Balanced Scorecard**

Similar to the emergence of TQM-inspired practices, the Balanced Scorecard has diffused across central government agencies without much direct government intervention but through extensive involvement of private-sector consultants and other authoritative propagators. As early as 1996, the National Audit Office issued a report describing how the Balanced Scorecard might be used to support ‘managing for results’ within central government agencies (National Audit Office, 1996). The adoption of the Balanced Scorecard by various agencies has since been repeatedly documented in news articles and reports issued by the National Financial Management Authority (2000, 2006). A few common themes emerge from these reports on the use of the Balanced Scorecard in practice and prior empirical research in central government agencies.

First, the Balanced Scorecard is portrayed as largely compatible with the ethos of ‘managing for results’. Whilst some agencies have adopted the idea of linking the Balanced Scorecard to strategic visions and objectives others have aligned it to politically established objectives embedded in annual appropriation directives. Most agencies also disaggregate the objectives, targets and performance indicators to lower hierarchical levels although some only use the tool at an organisation-wide level and make limited use of it for management control. However, few, if any agencies use the Balanced Scorecard for distributing performance-based rewards (see also Carmona and Grönlund, 2003; Wiesel, 2006).

Second, similar to many private sector firms in Sweden (see Ax and Bjørnenak, 2005) most agencies have complemented the traditional categorisation of performance indicators into four perspectives with an explicit personnel or human resource perspective and have transformed the Balanced Scorecard to encompass a wider stakeholder focus (see also Carmona and Grönlund, 2003). Whilst the National Financial Management Authority recognises this as an important divergence from the original Balanced Scorecard concept, it endorses it as a development compatible with the Swedish tradition of emphasising employee interests more strongly than in the United States (National Financial Management Authority, 2000).

Finally, the notion of linking performance measures into causal chains of leading and lagging indicators seems to be poorly understood. Although the National Financial Management Authority emphasises the integration of various perspectives into a coherent and ‘holistic’ view of organisational performance, none of the agencies being described have made any greater strides towards this end. The Balanced Scorecard is primarily used as a means of categorising and linking objectives, targets and performance indicators within each

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3 The National Financial Management Authority was formed as an advisory agency in 1998 as the consultative role of the National Audit Office was separated from state auditing.
perspective but without much consideration of how various perspectives interrelate. The possibilities of continuously tracing causal relationships between various perspectives are also reduced by the lack of coordinated timing of the compilation of performance information in some agencies. Indicators within some perspectives are only reported at long intervals (e.g., annually) whilst others are subject to more frequent reporting (e.g., monthly).

Summary
To summarise, both TQM and the Balanced Scorecard have been promoted by a mixture of private and public sector propagators but only involving limited intervention by the Government. Government-sponsored promotion of these innovations has largely pivoted around the documentation and dissemination of emerging practices in central government agencies. This has resulted in a somewhat fragmented supply of management innovations. Novel management techniques, especially those inspired by TQM, are neither wholly compatible nor tightly coordinated with the ‘managing for results’ model forming the backbone of government control of agencies. In addition, the promotion of novel management techniques has involved some permutations and deviations from standard TQM and Balanced Scorecard prescriptions. We now turn to examine how such supply conditions have impinged on the transformation and bundling of management control innovations in the SNBSA.

Bundling and Transformation Processes in the Swedish National Board of Student Aid

Contextual Background
The SNBSA administers a range of state-subsidised financial support schemes geared towards secondary and tertiary education students and is held accountable to the Ministry of Education and Science. A substantial part of its operations entails administration of government grants and loans to university students and administration of re-payment schemes. The SNBSA was formed in 1964 and functioned as a supervisory body for a large number of autonomous regional student aid boards administering financial support schemes to university students. In 1992, these organisations were merged into a unified central government agency. However, the regional organisation was long retained as a strong local presence was considered important for serving students effectively. It is only recently that the number of regional offices has been reduced following the introduction of new operating practices and a need for re-structuring to meet demands for enhanced efficiency (see below).

In 2005, the SNBSA distributed 23 billion SEK in the form of various support schemes and administered outstanding loans of 175 billion SEK. Its operating budget is typically covered by state grants and fees charged to users of its services (e.g., administrative charges, penalty charges for delayed re-payments) in roughly equal proportions. In 2005, the total operating budget amounted to 728 million SEK and the agency employed around 1,000 staff. The organisation serves around two million individuals and has an important impact on the daily lives of a relatively large proportion of the population.

The overriding objectives of the SNBSA, as spelled out by the Government, pivot around its role in furthering enrolment in higher education such that economic, geographical and social differences in the student population are evened out. There is relatively broad political consensus concerning the importance of providing state-subsidised student aid to combat social segregation in higher education. However, very little information about how the agency

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4 1 SEK = approximately 0.11 Euro.
contributes to meeting these wider educational objectives is available in its external reporting and management control systems. By contrast, similar to many other central government agencies the SNBSA is subject to very detailed targets and reporting requirements covering a broad range of short-term operating aspects as well as financial performance.

This short-term emphasis has also been strongly reflected in the agency’s internal control practices. Office managers have budgetary responsibilities primarily comprising salaries and rental charges. However, budgetary control was long subordinate to more detailed and frequent control of operating aspects. Until the late 1990s, budgetary feedback was only provided to managers three times a year. By contrast, the organisation exercises very tight control of short-term service aspects such as lead times in processing loan applications and accessibility in terms of response times for telephone, mail and electronic mail. Interviewees argued that these performance aspects had always been of central concern within the SNBSA. For example, a member of headquarters staff with long experience from the agency characterised the organisation’s control practices as follows:

‘It is a very inward-looking perspective with a focus on lead times and responding to phone calls. It has been the same thing for the past 30 years.’

Achievement of short-term targets for such performance aspects is critical to maintain service levels and constitutes a considerable challenge for the organisation during certain parts of the year. Operations are highly cyclical, with a peak workload at the start of every university semester. Although the SNBSA takes considerable steps towards meeting such challenges through employment of temporary staff and re-allocation of resources, it has repeatedly been subject to public criticism and negative media attention for having excessively long lead times and poor accessibility. Complaints are also directly addressed to the Ministry of Education and Science. This has bred political concerns and has occasionally resulted in a strained relationship between the agency and the Minister of Education. Hence continuous monitoring of lead times and accessibility indicators has high priority within the Ministry. According to the government official in charge of performance monitoring, the Minister of Education takes a direct interest in these matters. In times of escalating public criticism, as was the case during the recent re-structuring of the organisation, the Ministry has also imposed increasingly detailed controls requiring monthly reporting of lead times and accessibility indicators from the agency.

Several interviewees claimed that the short-term emphasis of traditional control practices was reinforced by the leadership style of the senior management team in the 1990s. The former Director-General was characterised as a ‘charismatic’ person with a preference for direct intervention in day-to-day matters, but not always concerned with the long-term consequences for the organisation. Control practices were described as ‘ad-hoc’ and situated in the ‘back pocket’ of the Deputy Director-General but not involving extensive dialogue or feedback. One interviewee described management control practices as a matter of:

‘... receiving long letters [from the Deputy Director-General] and then you got a budget.’

This leadership style was associated with a culture that one office manager described as ‘bohemian’. She also characterised the Deputy Director-General, in particular, as a person who:

‘... absorbed every novelty, although he may not have had a vision of what to use it for.’
Consequently, a number of new technical solutions to facilitate payment procedures were introduced on the initiative of senior management. As explicated below, this willingness to experiment has also been manifested in the adoption of novel management techniques. Figure 1 illustrates the approximate dating of the changes unfolding since the late 1990s.

Insert Figure 1 here!

**The Adoption of Process Orientation**

Starting in 1998, the SNBSA has made a number of attempts to implement more process-orientated work practices, inspired by TQM principles. As a first step, a number of core operating processes were identified based on specific services provided to different categories of beneficiaries. These processes were ‘cross-functional’ in the sense that employees generally split their time between different services and processes. So called ‘process owners’, with a responsibility to develop these lateral processes, were also appointed and plans were drawn up to establish a central committee to ensure that these individuals received sufficient support and resources. However, the ‘process owners’ were not granted formal budgetary responsibilities, which remained with the regional office managers. Hence the new process-orientated responsibility areas came to overlap the hierarchical structure in place for management control.

This early experimenting with process orientation was heavily inspired by existing, TQM-based standards. An important source of inspiration was the recommendations issued by the SIQ. Documentary evidence testifies to the increasing service demands of users and the public criticism of the SNBSA as a general impetus for the need for a more customer-focused approach to operations. However, interviewees rather pointed to the existence of a smaller group of employees firmly convinced of the benefits of process orientation as a more direct driving force behind adoption and implementation. Implementation also relied heavily on external consultants. One member of headquarters staff thus characterised the adoption decision as follows:

‘It was a consultancy idea and a bit of a fashion thing but there was a problem of explaining the value added by process orientation.’

The Director-General supported the initiative. However, similar to the group of employees driving the implementation efforts, the reasons for his endorsement were not only guided by a striving for enhanced quality or efficiency. For example, one office manager suggested that a reason for his enthusiasm was that adoption of the SIQ model raised the prospects of winning quality awards.5

The work with process orientation continued after the appointment of a new Director-General in 1999. In 2001, these efforts were extended to headquarters functions to comprise administrative support services. However, the new Director-General was somewhat less enthusiastic about the merits of far-reaching process orientation. In particular, he was reluctant to devolve further authority to the ‘process owners’ and allocate substantial resources to them, but rather saw process orientation as a tool for improving operations. Hence the implementation of process-orientated control practices lost some of its momentum. Several interviewees claimed that the role of the ‘process owners’ became increasingly diffuse. The process orientation efforts at the headquarters level also gradually ground to a

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5 The SIQ arranges annual ‘contests’ modelled on the prestigious Malcolm Baldridge Award in the United States.
halt. In early 2002, a memo summarising an internal evaluation of the experiences of process orientation identified the following main problems:

- Unclear distribution of tasks and roles between various parts of the organisation and a feeling that process orientation was implemented in a top-down manner without much consultation between headquarters and regional offices.
- Unclear articulation of the responsibilities of the ‘process owners’ and failure to integrate these into management teams in charge of day-to-day, operating-level decisions.
- Lack of integration of local development initiatives linked to process orientation and failure to adopt a more holistic view of these efforts.
- Attitude problems among staff hindering a more customer-orientated approach to service delivery.

Whilst our interviews confirmed many of these observations, there were also indications of process orientation leaving an important legacy in the organisation. This was especially manifested by a striving for enhanced customer orientation. Even though use of the customer concept was said to have been somewhat alien to many employees, process orientation was claimed to have brought a ‘new language’ to the organisation. One regional office manager specified this by saying that:

‘The words that were introduced [as a result of process orientation] are still used. This is especially the case in the area of re-payments. The customer is placed centre stage and we try to look at the whole.’

The increasing customer orientation is also reflected in action. For example, the organisation now refers to ‘customers’ with special needs (e.g., beneficiaries with significant problems of re-paying loans) and have taken steps to provide more targeted services to these. Extensive efforts have also been made to train staff in customer management.

There were also indications of the changes towards enhanced customer orientation impinging on the organisation’s view of the meaning of performance. Although the work on process orientation did not involve any far-reaching attempts to devise new performance indicators to clarify the responsibilities of the ‘process owners’, customer satisfaction indexes were introduced for the organisation as a whole in 2001. These indicators have since formed a prominent role in the agency’s annual reports. As illustrated next, the emphasis on customer-orientated performance indicators also formed an integral part of the Balanced Scorecard-inspired performance measurement system evolving parallel to the striving for process orientation.

The Adoption of the Balanced Scorecard

In late 2000, the SNBSA started to develop a Balanced Scorecard-inspired performance management system, which was introduced more broadly in conjunction with the annual budgeting and planning process. According to one interviewee assuming a key role in this respect, the initial interest in this model originated from the new Director-General who ‘wanted to try something new and engaged consultants’. In an internal memo dated around the same time, the Director-General motivated the introduction of the system as follows:

‘To manage our task effectively and contribute to achievement of the educational policy objectives and simultaneously accommodate the demands of other stakeholders, the vision and overall objectives of the SNBSA have been further specified in comparison with last operating year through the development of the balanced
goalcard. In the card, there are four focus areas of utmost importance for operations with objectives, strategies, critical success factors and measures for each.’ (excerpt from internal memo dated September 20, 2000)

The innovation was thus portrayed as a broadly based and goal-directed performance management system which would be:

‘…both short-term and long-term in nature. With the help of this strategic goalcard control of operating activities is linked to the long-term vision and the strategies of the SNBSA.’ (excerpt from internal memo dated September 20, 2000)

Similarly, promotional material used for internal dissemination of the innovation primarily justifies its use with reference to general shortcomings of traditional control systems being emphasised in the Balanced Scorecard literature, such as the provision misleading information for decision-making, a lack of non-financial and more externally focused performance measures and risks of sub-optimisation (cf. Kaplan and Norton, 1992, 1996b), rather than more specific, contextualised descriptions of the challenges facing the SNBSA. Hence, the justifications for adopting the new system resonated with much of the rhetoric surrounding the Balanced Scorecard (cf. Nørreklit, 2003). However, the change in terminology, with the notion of ‘scorecard’ being replaced by ‘goalcard’, was conditioned by the overly obtrusive connotations of the former term, or as one interviewee explained:

‘We were not allowed to say scorecard, because then it seemed too much like control.’

Similar to the work on process orientation, the implementation of the ‘goalcards’ was driven by a small group of enthusiasts under the influence of a range of external sources. One member of this group claimed that she first encountered the notion of the Balanced Scorecard while attending an executive management class at a nearby business school and described herself as ‘totally converted’ to the idea. Several interviewees also emphasised the extensive involvement of consultants in introducing the concept more broadly in the organisation and developing it to fit the SNBSA. However, even though one interviewee suggested that the consultants gave the system ‘an SNBSA touch’, a more dominant feeling was that it only entailed limited adjustments in comparison with the original Balanced Scorecard model (which seemed well-known to most interviewees). For example, one member of headquarters staff described the system gradually evolving as ‘the Balanced Scorecard straight off the shelf’. Another interviewee referred to one of the publications on the topic by the National Financial Management Authority as ‘the Bible’ for how to devise such systems in the organisation. The ‘goalcards’ subsequently emerging also show considerable affinity to the Balanced Scorecard concept (see Figure 2).

Insert Figure 2 here!

The ‘goalcards’ gradually evolved over the coming years. However, the development of the system primarily involved compilation of existing performance indicators into the various focus areas rather than a more open-ended search for suitable indicators linked to a coherent analysis of the organisation’s strategy. For example, customer satisfaction was identified as an overriding performance criterion within the customer perspective and linked to the customer satisfaction indexes emerging from the TQM-inspired change efforts (see Figure 2). However, the development of the ‘goalcards’ was not tightly coordinated with the parallel efforts to implement process-orientated work practices. Neither was any analysis undertaken of the link between customer satisfaction and the over-riding political objectives of the SNBSA pivoting around its effects on enrolment in higher education. Similar to many other Swedish
organisations in the public as well as the private sectors, the ‘goalcards’ also encompass a clearly defined employee perspective (cf. Ax and Bjørnenak, 2005; National Financial Management Authority, 2000, 2006). However, the organisation relied on the information in its existing employee development plans to assess achievement of the objectives established within this perspective.

The organisation-wide ‘goalcard’ depicted in Figure 2 was also transformed into office-specific ‘goalcards’, featuring a stronger emphasis on short-term targets and performance indicators. However, these ‘goalcards’ mainly included measures which had long been of key concern in the organisation, such as lead times and accessibility indicators, without much analysis of how they contributed to achievement of more overriding objectives. Thus, one member of headquarters staff summarised the efforts to compile performance indicators as follows:

‘We found a lot of measures, but it turned out to have a very operational focus. We were not able to capture the more long-term measures.’

Although the general idea of balancing short- and long-term performance measures and linking these into chains of leading and lagging indicators was emphasised in promotional material accompanying the ‘goalcards’, little of this materialised in the actual development of the system. At the outset, the idea of balance was described as a matter of:

‘… achieving balance between the various focus areas being established and also balance between the various levels of the organisation’ (excerpt from internal memo dated September 20, 2000)

In the subsequent development of the system, however, the emphasis on the ‘goalcards’ for disaggregating performance measurement across various hierarchical levels gained the upper hand. Whilst little effort was expended on analysing or mapping causal relationships between various focus areas, the importance of disaggregating the ‘goalcards’ to the level of individual employees was emphasised at an early stage by the Director-General. This task was assigned to the office managers, who would then use the individual ‘goalcards’ for systematically evaluating how individual employees contributed to meet the overall vision and objectives of the SNBSA. However, our interviews conveyed a picture of relatively mixed progress in this respect. Far from all office managers seem to have made whole-hearted efforts to this end, with one arguing that he preferred ongoing, personal contacts with subordinates and another seeing the ‘goalcards’ as a ‘bureaucratic tool’ and never ‘fully apprehending it’. Even where more concerted efforts were made to use the ‘goalcards’ at the individual level, the opinion was that this did not result in tighter control.

Our interviews also suggest that the ‘goalcards’ encountered a range of additional implementation problems. A widespread concern among headquarters staff as well as office managers was that the latter had not been sufficiently involved in the development and implementation of the system, which progressed in a top-down manner. Another frequently voiced perception was that the purpose behind the ‘goalcards’ was unclear and that relatively little emphasis was placed on regular use of the system for performance evaluation based on quantifiable criteria. Similarly, the Chief Financial Officer explained that budgetary control evolved on a largely ‘parallel’ basis and was tightened to encompass more frequent (monthly) feedback to office managers but not linked to other performance evaluation practices. She went on by saying that:
‘The problem within the SNBSA is that control of operations and financial control have never been linked together.’

This observation was not only attributed to the evolution of the ‘goalcards’, but also to the old culture of the organisation where ‘things got done’ by means of informal communication and decision-making. As explicated below, however, the striving for enhanced formality has been accentuated in recent years as a result of the ensuing development of performance management.

Towards a ‘New’ Performance Management System
During this period of experimenting with novel management techniques, the financial situation of the SNBSA deteriorated considerably. Costs increased steadily as a result of several factors such as growing operating volumes and investments in computer systems. In addition, new operating procedures were implemented. Between 2001 and 2003, a centralised call-centre function was built up to re-distribute incoming telephone calls across regional offices and thus improve capacity utilisation and accessibility. However, this initially led to additional cost increases, which were only partially compensated for through government funding.

In 2003, a major re-structuring of the organisation was initiated to cut operating costs and capitalise on the new work practices being established. A review of headquarters functions was initiated and the number of regional offices was reduced from 24 to 13. Workloads were also gradually redistributed such that the administration of certain types of services was concentrated to a smaller number of offices. Consequently, the number of staff was reduced by about 200 to the current level of around 1,000. These changes caused considerable upheaval and were accompanied by a period of temporarily deteriorating service levels, public criticism and negative media attention. Several interviewees recalled these changes as highly stressful. Managerial attention was also absorbed to the detriment of the development of novel control practices. For example, one office manager explained that the implementation of process orientation and the ‘goalcards’ ‘stopped dead’ as a result of the managerial efforts expended on organisational re-structuring. Similarly, the Chief Financial Officer described 2003 as a ‘lost year’ as far as the development of control practices was concerned.

Coming out of this period of re-organisation, however, the SNBSA re-energised the efforts to develop the organisation’s control practices. In 2004, a small team of ‘strategists’, several of whom had previously been extensively involved in the work on process orientation and the ‘goalcards’, was formed to assist the Director-General in this matter. The task of this group was to undertake a comprehensive review of the organisation’s strategy and produce a coherent, long-term plan for the development of the SNBSA.

An overriding ambition in the ensuing development of the long-term, strategic plan was to better align short-term improvement efforts to the objectives of the SNBSA than had been the case in the previous experimenting with process orientation and the ‘goalcards’. However, some key elements of these initiatives were retained. The vision of the SNBSA as a ‘progressive and active service agency’ was further specified into three broadly defined objectives largely corresponding to those found in the organisation-wide ‘goalcards’, namely: (1) enjoying full citizen confidence, (2) conducting operations in an efficient, lawful and democratic manner and (3) being an attractive workplace. Interviewees extensively involved in strategic planning also emphasised the continuity between this initiative and the previous change efforts, especially as far as the heightened attention to improved customer service is concerned. One of them explained that customer orientation was:
‘… the objective with highest priority. Everything we do is linked to that.’

However, he also explained that the meaning of the customer concept was becoming increasingly blurred as a result of the conflation of this with the broader, citizen-focused reform agenda evolving in Swedish central government since the late 1990s. Similarly, other interviewees stressed that an important impetus behind the strategic planning efforts was the striving to link internal control practices more closely to political priorities being reflected by this reform agenda. Indeed, the need to operate in an ‘efficient, lawful and democratic’ manner is tangential to the Government Bill forming the starting point for this reform movement (Swedish Parliament, 1997/98), where these three words feature prominently as descriptors of what government operations should aspire to. Also, the overall importance of citizen orientation was strongly emphasised in the planning documents produced by the ‘strategists’. The language of citizen orientation is here used largely interchangeably with that of improved customer service. For example, the need for improved customer service was justified as follows:

‘The transformation from exercising a purely administrative role to becoming a widely appreciated, service-orientated agency that effectively meets the needs of the “new citizen” will bring demands for change in the SNBSA. The demands imply that development of operations and the concomitant development of services need to be increasingly citizen-driven to meet requests for simple and constantly available, but also individualised and qualified service.’ (excerpt from internal planning document, dated August 26, 2004)

A key part of the work on developing a more long-term strategy for the SNBSA in line with the objectives outlined above was the so-called ‘target maps’ being developed by the ‘strategists’. These are graphical representations linking the overriding objectives to more specific functional strategies, which are then further specified into targets over a period of three years. However, the targets for each functional strategy are not identical across the years, but are to be updated as targets for the previous year are achieved. In addition, the targets reflect different, causally linked performance aspects believed to contribute to the achievement of long-term objectives. Targets for the current year are translated into more specific, short-term action plans, which are also updated as certain actions and projects are completed. One office manager thus characterised the target map as a ‘living document’ that is regularly updated.

The ‘target map’ was more widely introduced to office managers in the early half of 2005 and was then further elaborated. The development work continued after the appointment of a new Director-General in early 2006 who fully supported this initiative but also initiated some simplifications of the design of the ‘target map’, which had now grown into very extensive graphic exhibits (covering four large paper sheets). A number of short-term targets were removed and some broad areas of priority were added to further specify the strategies emanating from the overriding objectives. The resultant ‘target map’, included in the strategic plan for the SNBSA for 2006-2009, is provided in Figure 3.

Insert Figure 3 here!

The ‘target map’ shows some similarity to the logic of the ‘goalcards’, especially the emphasis on linking short-term targets to long-term objectives and strategies. In addition, performance indicators introduced as a result of the TQM-inspired change efforts, such as customer satisfaction indexes, occupy a prominent position as a key target. Such linkages to previous change efforts were also emphasised by staff occupying key positions in the
development of the ‘target map’. For example, one of the ‘strategists’, who was also heavily involved in the organisation’s prior experimenting with various management techniques, exclaimed that:

‘The new system is also a Balanced Scorecard, but nobody has realised that.’

She went on by saying that the main similarity with the ‘goalcards’ was the emphasis on the three overriding objectives and the ambition to adopt a holistic view of the relationships between them. In a follow-up interview, she reiterated this view, saying that she saw the ‘target map’ as ‘something in between TQM and the Balanced Scorecard’ and emphasised the close link between short-term action plans and targets as an important means of stimulating continuous improvement.

In contrast to the previous change efforts, however, the development of the ‘target map’ was an entirely internal project unfolding without much explicit influence from external sources. When queried about whether the system had been inspired by the notion of ‘strategy maps’ (Kaplan and Norton, 2000, 2004), which is akin to the logic embedded in the ‘target map’, no interviewee showed any greater familiarity with this concept. Neither were any external consultants involved, but the ‘strategists’ emphasised that the ambition had been to start ‘from scratch’. Rather than compiling existing performance measures into the ‘target map’, as was the case with the ‘goalcards’, a more open-ended approach was adopted starting with the identification of causally related objectives and targets and then initiating a search for suitable indicators linked to these. At the time of our follow-up interviewees (early 2006) no fixed set of key performance indicators had yet been established but some of the ‘strategists’ were still in the process of developing a ‘catalogue of measures’. The advantages of this approach was emphasised by one of the ‘strategists’ who contrasted it with the work on the ‘goalcards’ saying that:

‘We did not have any help from consultants which was good, because from them we only got the model [ie. the Balanced Scorecard].’

The justifications for the enhanced emphasis on strategic planning and development of the ‘target map’ largely pivoted around the need to revitalise the organisation after a period of radical and stressful change. Promotional material used to introduce the strategic planning activities to employees emphasised the need for a ‘fresh start’ and setting the organisation ‘on course for 2008’ after having gone through ‘one of the biggest changes ever’ in the history of the SNBSA. The need for a more coherent long-term plan was also justified by the need to counterbalance the constant pressures on the SNBSA to take short-term actions to meet customer demands. Similarly, interviewees stressed the nature of the initiative as a response to the ‘crisis’ that the SNBSA had recently experienced. This was especially emphasised by the office managers and was generally appreciated as it shifted their attention from the daily grind. For example, one of them stated that the ‘target map’ had implied a ‘born again experience’ for her. Office managers also felt more involved in the work on ‘target map’ than the previous efforts to implement process orientation and the ‘goalcards’.

An important reason for this feeling of involvement was that senior management had taken greater pains to engage staff in a dialogue than was the case in the previous change efforts. The Director-General expended considerable efforts on communicating the meaning of the ‘target map’ to office managers and other managerial staff through personal meetings. In addition, office managers were invited to suggest changes in the model as part of its continuous development throughout 2005. Concomitantly, the system gradually started to be
used for performance evaluation three times per year and as an integral part of the annual planning and budgeting process. Office managers felt that this had enhanced their understanding of the system. In particular, the new visualisation of the linkages between short-term action plans and various targets was appreciated at it clarified the impact of specific efforts on the long-term strategy of the organisation. Yet, several interviewees emphasised that implementation of the ‘target map’ had progressed in a largely top-down manner. One of the ‘strategists’ found this paradoxical, arguing that:

‘… there is more centralised control today, but it is also more accepted. Earlier on, there was a lot of internal talk about how centralised the SNBSA was, but now nobody reacts against it.’

However, our follow-up interviews in early 2006 revealed that the system had not yet had any major impact on short-term control practices. Some of the ‘strategists’ also voiced concerns regarding the limited efforts of office managers to communicate the meaning of the strategy and the ‘target map’ to lower-level employees and thus realise the ambition of top management to develop the latter into an organisation-wide control system. This testifies to the striving to formalise control of individual employees introduced by the organisation’s prior experimenting with the ‘goalcards’.

Concluding Discussion

This study constitutes a first attempt to examine how contemporary management control innovations are bundled and transformed in an individual organisation. Although the notion of bundling has recently attracted increasing interest in the management accounting literature (Ax and Bjørnenak, 2005; Bjørnenak and Olson, 1999), very limited empirical insights have been provided into the organisational processes through which it is brought about. Similarly, the literature on management fashions, constituting an important source of inspiration in this respect, has been largely silent about how individual organisations re-combine and integrate design characteristics associated with different management innovations.

Our findings draw attention to the active role of the SNBSA in bundling elements of different management control innovations over time, but also how differences in supply conditions and other contextual factors impinge on the process of transformation. Starting with the design characteristics of the two innovations, our findings confirm prior research suggesting that both TQM and the Balanced Scorecard embody considerable interpretative viability (Aidemark, 2001; Ax and Bjørnenak, 2005; Lozeau et al., 2002; Modell, 2004; Mouritsen, 1997). In the context of Swedish central government, the lack of fixed, pre-specified meanings of TQM has enabled organisations to selectively adopt certain design characteristics, such as process and customer orientation, without slavishly complying with ‘wholesale’ versions of this innovation. This may facilitate the bundling of TQM-inspired elements with control systems that are more compatible with the hierarchical logic traditionally dominating Swedish central government agencies (see also Modell et al., in press). In the case of the SNBSA, this is reflected by the organisation’s retention of some core TQM characteristics, such as the use of customer satisfaction as a key overriding performance criterion. By incorporating customer satisfaction into the Balanced Scorecard-inspired ‘goalcards’ and linking it to the broader issue of citizen confidence in the development of the ‘target map’ this remnant of TQM has survived. Similarly, the notions of strategic goal alignment and leading and lagging performance indicators, introduced through the organisation’s experimenting with the Balanced Scorecard, have not only survived, but even been reinforced as a result of the development of the ‘target map’. However, this also involved some re-interpretation of the
The highly selective retention of design characteristics associated TQM, such as the emphasis on customer satisfaction, may also be explained by political factors. Whilst the initial adoption of TQM-inspired practices as well as the Balanced Scorecard by the SNBSA can clearly be explained by the fashion perspective, given the limited element of reasoned, cost/benefit-centred choice and the considerable influence from authoritative sources outside Swedish central government (cf. Abrahamson, 1991; Malmi, 1999), political factors have also conditioned the retention of design characteristics in the new control system. Political pressures on the SNBSA to become more accessible to users appear to have played an important, but less direct role in initiating the organisational search for new solutions to improve quality management. The political reform climate has also been conducive to retention of the emphasis on customer satisfaction as a means of manifesting the striving for enhanced citizen orientation. By contrast, process orientation has received little support from the political level, but has rather been promoted by less influential actors such as the National Council for Quality and Development (see also Modell et al., in press).

The fashion perspective as articulated by Abrahamson (1991, 1996) is neither sufficient for explaining the subsequent development of the ‘target map’. A more complex mix of explanatory factors, including enhanced emphasis on goal-directed, long-range planning and the need to revitalise the organisation after a stressful period of radical re-structuring, has been at work in this respect. However, although the development of the ‘target map’ emerged as an internal initiative without much influence from external sources, it entailed some recombination of design characteristics associated with the organisation’s previous experimenting with TQM- and the Balanced Scorecard-inspired practices. Hence the fashion perspective cannot be completely rejected as an explanation for the long-term development of control practices in the organisation.
Our findings also indicate that the bundling of management control innovations may have some impact on organisational practices beyond the merely superficial re-combination of faddish managerial techniques. Although the experimenting with various management control innovations has so far had a relatively limited impact on the organisation’s short-term control practices, it has impinged on other operating aspects. For example, the work on process orientation has resulted in a number of concrete steps towards enhanced customer orientation. Moreover, even though our study was somewhat limited in time and scope it suggests that the organisation’s experimenting with process orientation and the ‘goalcards’ has stimulated some managerial learning facilitating the subsequent implementation of the ‘target map’. Whilst implementation of the latter system has also progressed in a top-down manner, senior management seems to have taken stock of these earlier experiences by adopting a more participatory and better coordinated approach and communicating the meaning of the system to office managers. Consequently, office managers seem more committed to the new system than was the case with process orientation and the ‘goalcards’. However, it is still too early to make a more definite assessment of the outcome of implementation.

These findings suggest at least two refinements to the fashion perspective in explaining the bundling phenomenon. First, the view of fashionable management innovations as relatively transient phenomena, characterised by limited stability and impact on core organisational practices (cf. Abrahamson, 1996; Abrahamson and Fairchild, 1999, Collins, 2000; Jackson, 2001), needs to be nuanced. Our findings confirm prior research suggesting that fashion-driven adoption of management control innovations is associated with considerable implementation problems (Modell, 2004; Northcott and France, 2005). However, categorising the largely ‘failed’ implementation of process orientation and the ‘goalcards’ in the SNBSA as organisational ‘rejection’ of these innovations (cf. Abrahamson, 1991) would be an oversimplification given their lingering influence on the ‘new’ performance management system evolving in the organisation.

Second, our findings underscore the need to pay greater attention to the re-construction of the meanings of management innovations in a particular organisational context over time. The fashion perspective has been criticised for not paying sufficient attention to such aspects (Czarniawska and Joerges, 1996; Czarniawska and Sevón, 2004; Sahlin-Andersson, 1996). Doing so may result in a better understanding of why tensions between different innovations are reduced such that the transition between them is somewhat smoother than is generally the case where strong pressures to adopt fashionable techniques prevail (cf. Abrahamson, 1996; Abrahamson and Fairchild, 1999).

Whilst our findings suggest that the bundling process may form unpredictable trajectories, which are probably best explored through longitudinal field studies, we also believe that they have some implications for the predominantly cross-sectional, survey-based literature on the adoption of management control innovations. This literature has paid scant attention to the complexity of implementation processes and has concentrated on individual innovations (Modell, 2007). Our findings underscore the need for further development of such research by examining how prior organisational experiences of adopting management control innovations impinge on the implementation of a particular innovation. To capture the complexity of such issues, survey research should be extended to examine organisational histories of adopting various innovations. In addition, such research may be enriched by qualitative methods probing into the processes whereby design characteristics associated with different innovations are bundled in a few, carefully selected organisations. A mixed methods approach
would thus seem a promising avenue for examining the adoption and implementation of management control innovations (cf. Modell, 2005).

At a more general level, this paper also contributes to the recent debate on whether management accounting research should concentrate on largely fashion-driven innovations (Ittner and Larcker, 2001, 2002 vs. Zimmerman, 2001). Our findings illustrate that such innovations do matter in organisations. Even though they may prove problematic from the perspective of implementation, they might play an important role in the continuous shaping of a wide range of organisational practices. Moreover, the combination of such innovations may result in unexpected outcomes. We thus concur with Ittner and Larcker (2002) in that the role of fashionable management control innovations is certainly worthy of serious academic research. However, more attention needs to be paid to the bundling of such innovations than has hitherto been the case. By focusing on how organisations make selective use of the constituent elements of innovations over time rather than being pre-occupied with managerial fashions per se, we may be better positioned to capture the more fundamental role of such elements for the purpose of management control (cf. Weick, 2001)
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<th>TQM</th>
<th>Balanced Scorecard</th>
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<tr>
<td><strong>Overriding design priority.</strong></td>
<td>Customer satisfaction/fulfilment of</td>
<td>Shareholder value/financial performance.</td>
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<td></td>
<td>customer needs.</td>
<td></td>
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<td><strong>Subsidiary design priorities.</strong></td>
<td>Continuous improvement.</td>
<td>Elicit customer views.</td>
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<td></td>
<td>Process orientation.</td>
<td>Internal process improvement.</td>
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<tr>
<td></td>
<td>Cooperation and learning.</td>
<td>Innovation and learning.</td>
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<tr>
<td><strong>Key management control features.</strong></td>
<td>Lateral orientation:</td>
<td>Hierarchical orientation:</td>
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<tr>
<td></td>
<td>- cross-functional process responsibilities,</td>
<td>- strategic goal alignment,</td>
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<td></td>
<td>- team-based rewards,</td>
<td>- individualistic evaluation and reward practices,</td>
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<td></td>
<td>- non-financial goals and performance measures.</td>
<td>- ‘cascading’ of causally linked financial and non-financial performance measures.</td>
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Table 1. Core design characteristics of TQM and the Balanced Scorecard.
Figure 1. Approximate dating of the adoption and implementation of management control innovations in the SNBSA.
Figure 2. The organisation-wide ‘goalcard’ of the SNBSA in 2003.
The SNBSA is a progressive and active service agency. The SNBSA enjoys citizen confidence. The operations of the SNBSA are efficient, lawful and democratic from a government and citizen perspective. The SNBSA is an attractive workplace.

### Vision and objectives.

**The SNBSA is a progressive and active service agency.**

- The SNBSA enjoys citizen confidence.
- The operations of the SNBSA are efficient, lawful and democratic from a government and citizen perspective.
- The SNBSA is an attractive workplace.

### Strategies

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<th>IT strategy</th>
<th>Rules strategy</th>
<th>Competence and staff supply strategy</th>
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<tr>
<td>Work smarter, better use of IT adapted to people.</td>
<td>Better and more coherent rules.</td>
<td>Improved accessibility and openness.</td>
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<td>Enhanced employee commitment.</td>
</tr>
</tbody>
</table>

### Overriding priorities

- Work smarter, better use of IT adapted to people.
- Better and more coherent rules.
- Improved accessibility and openness.
- More efficient repayment routines.
- Enhanced employee commitment.

### Targets 2008/09

<table>
<thead>
<tr>
<th>IT strategy</th>
<th>Rules strategy</th>
<th>Competence and staff supply strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost per customer should be reduced by 4-6% 2006-09.</td>
<td>Simpler rules and improved quality.</td>
<td>Customer satisfaction index increasing by one unit/year from 2006.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Repayment of loans should increase by 6% 2006-09.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employee satisfaction index increasing by one unit/year.</td>
</tr>
</tbody>
</table>

### Targets 2007

- [ ]

### Targets 2006

- [ ]

### Action plans 2006

- [ ]

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Figure 3. Simplified depiction of the ‘target map’ of the SNBSA in 2006.