

FORMAL CONTROLS AND INTELLIGENT ACCOUNTABILITY

An interpretive case study on intra-
organisational accountability

By

Grete Helle

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I

INTRODUCTORY CHAPTER

1. INTRODUCTION

Accountability – “the giving and demanding of reasons for conduct” (Roberts & Scapens, 1985, p. 447) – is argued to be the most important social function of accounting (Ahrens & Chapman, 2002) as it influences organisational practices by outlining expectations and demanding ex post accounts (Munro & Mouritsen, 1996). How one is held accountable and for what are argued to shape not only employees’ identities (Messner, 2009; Munro & Mouritsen, 1996; Roberts, 1991; Shearer, 2002), but also how employees perceive themselves as part of a group (Ahrens, 1996; Frow, Marginson, & Ogden, 2005; Goretzki & Messner, 2016), how employees interpret their responsibilities (Bovens, 1998; Kamuf, 2007; McKernan, 2012; Pedersen, 2013; Roberts, 2009), and what is considered to be ‘good management’ (Ahrens, 1996; Dent, 1991). Accountability processes can thus have vastly different influences on organisational practice (e.g., Ahrens, 1996; Frow et al., 2005; Jönsson & Macintosh, 1997; Lerner & Tetlock, 1999; Roberts, 1991).

As accountability is closely connected to individuals’ subjective perceptions of their responsibilities to themselves and others, it is argued to be a ‘morally significant practice’ (Messner, 2009; Roberts, 1991, 2001; Schweiker, 1993; Shearer, 2002). However, a shared concern in the accountability literature is that formal controls may reduce responsibility to what must be accounted for (e.g., Cooper, 2015; McKernan, 2012; Messner, 2009; Roberts, 1991, 2009, 2018; Shearer, 2002). For instance, according to Messner (2009, p. 918), the literature adopting a critical perspective on accountability argues that “extant management accounting practices embody a rather restricted form of accountability that falls short of our mutual responsibilities as more than economic subjects”.

This concern is directed at the language and assumptions of economic theory, which treats employees as self-maximising agents who cannot be trusted. Given such assumptions, formal controls are needed to produce accountability processes that constrain the opportunistic behaviour of the agent, often through monitoring, incentives or sanctions (Jensen & Meckling, 1976b; Roberts, 2001; Vosselman, 2016). Such assumptions regarding human nature and the resulting controls reflect and promote instrumental rationality, which is argued to produce instrumental accountability (Vosselman, 2016). This type of accountability emphasises compliance, discipline and output-related performance measurements and incentives in a way that masks the complexity and uncertainty of organisational reality, and reduces reflection and

thought (Alvesson & Spicer, 2012; Kamuf, 2007; McKernan, 2012; Roberts, 2009, 2018; Vosselman, 2016).

However, an established stream of literature has argued that formal controls need to be viewed as embedded in the wider frameworks of accountability. Within these frameworks, controls can influence both identity and structures, and the relevance of the controls is confirmed or rejected through interactions (e.g., Roberts, 2001; Roberts & Scapens, 1985; Willmott, 1996).

Building on the assumption that the self is continually constructed through social interactions (e.g., Roberts, 2001, 1991; Shearer, 2002), research adopting a critical perspective on accountability argues that the practice and discourse promoted by economic theory may have a self-fulfilling influence on the individual (Kamuf, 2007; McKernan, 2012; Roberts, 2001; Shearer, 2002; Vosselman, 2016). Therefore, the portrayal of individuals as purely economic agents will construct identity in such a manner that individuals are obligated only to themselves, making them narcissistically preoccupied with how they are seen by others (e.g., Messner, 2009; Roberts, 1991, 2009, 2018; Shearer, 2002). Vosselman (2016, p. 612) refers to this performativity of economic theory as a “performance management paradox”, as performance management may create the very behaviour it tries to attenuate.

Consequently, the critique is not only directed at the assumptions and language of economic theory, but also at extant accounting practices called ‘traditional’ or ‘hierarchical’ management controls, such as budgets or responsibility accounting (Van der Meer-Kooistra & Scapens, 2008; Vosselman, 2016). The argument suggests that such controls have a tendency to individualise organisational action. In other words, they focus individuals on fulfilling or being seen as fulfilling the demands made of them, but they do not encourage them to reflect on the wider consequences of their actions (e.g., Cooper, 2015; McKernan, 2012; Messner, 2009; Pedersen, 2013; Roberts, 2009, 2018; Shearer, 2002).

This criticism has fostered the rethinking of accountability in ways that acknowledge our moral responsibility and intersubjectivity (Kamuf, 2007; Roberts, 2009, 2018; Schweiker, 1993; Shearer, 2002). However, there are limited empirical studies on such alternative forms of accountability. Moreover, previous research along these lines has primarily treated formal controls as needing to be balanced, compensated for or simply removed.

The extant literature asks for informal socialising processes (Frow et al., 2005; Goretzki & Messner, 2016; Jönsson, 1996; Roberts, 1991, 1996, 2001), for counter-practices that allow for

time to think and reflect (Kamuf, 2007; McKernan, 2012), for an absence of accounts (Catasús, 2008), and for an alternative ethic (Roberts, 2009; Shearer, 2002) that can foster a more ‘intelligent’ accountability that “enacts our responsibility for others, and for each other” (Roberts, 2009, p. 967). Common among these calls is an attempt to restore accountability as a morally significant practice that reflects the individual’s role in the community and responsibility in a way that allows for uncertainty and vulnerability. However, the role of formal controls in such forms of accountability is unclear, as the calls to rethink accountability refer to less calculation and measurement, more open discussion, and more active reflection on the wider consequences of individual behaviour (e.g., Catasús, 2008; Jönsson, 1996; Kamuf, 2007; McKernan, 2012; Roberts, 2009; Shearer, 2002). Hence, the calls reflect a concern that formal controls may reduce responsibility to what is made visible through the accounts. In order to allow for responsibility, one must reduce formal controls and allow for more informal mechanisms (e.g., Bauman, 1994; Catasús, 2008; Jönsson, 1996; Kamuf, 2007; McKernan, 2012; Roberts, 1991, 1996).

This dissertation questions whether controls have a role to play in such alternative accountability processes. It builds on and examines the notion of intelligent accountability, a form of accountability that tries to address the complexity of organisational practices rather than what is made transparent (Roberts, 2009, 2018). While the role of formal controls in such accountability processes remains unclear, Roberts (2009, 2018) recognises that we cannot manage without them. Shearer (2002) suggests that formal controls may actually help us acknowledge our obligation to the Other, while Roberts (2009, 2018) proposes that transparency through, for instance, formal controls can help us understand and make sense of operational complexity if approached intelligently. However, we still have limited knowledge of what this entails or how it is attempted in organisations.

The purpose of this dissertation is to expand our theoretical understanding of intra-organisational accountability processes by examining the potential for formal controls to contribute to intelligent accountability processes. Hence, it challenges the view that formal controls necessarily foster instrumental accountability processes that have a tendency to individualise organisational action. While an established debate makes it clear that this is the case in many situations (e.g., Alvesson & Spicer, 2012; Cooper, 2015; Roberts, 2018), this dissertation questions whether formal controls can play a facilitating role in which they help

limit individualising and instrumental tendencies by stimulating more intelligent accountability processes.

Based on the above problematization, the dissertation poses the following overarching research question:

How do formal controls contribute to intelligent accountability processes?

To answer this question, the dissertation presents three academic papers that answer three sub-research questions:

- a) How do control and trust interact as a company changes its accountability styles?
- b) How does overlapping accountability for performance measures interact with lateral coordination processes?
- c) Can accountability be intelligent? If so, what informs such processes?

All three papers are based on an interpretive case study of a Norwegian multinational energy company with a dynamic management control system based on Beyond Budgeting principles. This represents a critical case in the accountability debate, as both the company's context and management philosophy differ from the Anglo-Saxon context that dominates the literature. While Norwegian society is characterised by high levels of trust and decentralised organisations (Schramm-Nielsen, Lawrence, & Sivesind, 2004), characteristics that are echoed in the case company's management philosophy, the Anglo-Saxon context is informed by the assumption that the world works "on the basis of an exploitive capitalistic system", where companies operating under community rather than hierarchical control may be viewed as naïve (Jönsson & Macintosh, 1997, p. 368). The case is therefore expected to have strategic importance, as it can allow for logical deductions in the form of 'if formal controls produce solely instrumental accountability processes in this case, then it applies to all cases' (Flyvbjerg, 2006). The case can thereby add to our understanding of how formal controls may influence accountability processes.

The study adopts an ethnomethodologically informed approach in which the primary data-collection methods consisted of qualitative shadowing (Czarniawska-Joerges, 2007; McDonald, 2005), site visits and observations, which were supported by semi-structured interviews and document analyses. This allows for a study of the 'logic of practice' together with the 'logic of representations' (Czarniawska, 2001), which is particularly important, as accountability

processes are both implicit and explicit. Furthermore, as accountability processes are continuously evolving, the data were collected in two rounds approximately one year apart (in 2016 and 2017). The first round focused on exploring the company's accountability processes and organisational practices, while the second round was explanatory in nature, and sought to explain the accountability processes and their influence on organisational practice.

The dissertation emphasises “thick” descriptions, and the discussion is validated through authenticity and plausibility (Lukka & Modell, 2010). It aims to contribute to the accountability debate by examining the role of formal controls in intelligent accountability processes.

1.1. Contributions

This dissertation contributes to the accountability literature by expanding the image of accountability. For instance, it shows that formal controls can be used for empowerment, as a signal of trust, to encourage employees to take responsibility and to facilitate a shared understanding of interdependencies. Importantly, while the extant literature argues for an absence of or reduction in formal controls, this dissertation provides a more nuanced picture in which formal controls can be part of a more intelligent form of accountability.

The first paper connects accountability with the trust and control duality, and argues that the duality can be understood by studying accountability processes. Furthermore, by analysing how employee behaviour and formal controls are interpreted as relational signals, the paper provides empirical support for Roberts' (2001) argument that accountability processes informed by formal controls can produce both trust and distrust. Moreover, the paper contributes to the management control debate (Johansson & Baldvinsdottir, 2003; Long, 2018; Van der Meer-Kooistra & Vosselman, 2000) by explaining how formal controls interact with trust over time, showing how formal controls shape organisational practices and demonstrating how trust changes formal controls. Hence, the paper shows that what has previously been termed as a ‘classic dilemma’ (Frow et al., 2005; Long, 2018), ‘paradox’ or ‘tension’ (Spreitzer & Mishra, 1999; Van der Meer-Kooistra & Scapens, 2008) within the management control literature needs to be studied as a duality in which trust and formal controls interact and develop together over time (Möllering, 2005; Vosselman & Van der Meer-Kooistra, 2009).

The second paper explains how accountability based on performance measures led to conflicting interpretations of interdependencies between units, which influenced coordination practices. The paper contributes to the accountability debate by showing how formal controls

can create accountability processes that frame employees as part of a group in ways that influence their interpretation of interdependence (Frow et al., 2005; Goretzki & Messner, 2016). The paper also shows how formal controls used for coordination are neither hierarchical nor lateral, but rather create both individual and overlapping accountabilities depending on their design and the individuals or units to which they apply, which in turn influences coordination between units.

The third paper explains how formal controls can help foster intelligent accountability, potentially limiting the destructive influence from what the literature argues are ‘traditional’ or ‘hierarchical’ management controls (Van der Meer-Kooistra & Scapens, 2008; Vosselman, 2016). The paper shows how the case company’s employees interpreted accountability as actively taking responsibility, an interpretation that was informed by the management philosophy, formal controls, holistic performance evaluations and an emphasis on learning. This paper challenges the critical literature on accountability (e.g., Cooper, 2015; Kamuf, 2007; McKernan, 2012; Shearer, 2002) by demonstrating how accountability can be intelligent. It also further develops the notion of ‘intelligent accountability’ (Roberts, 2009, 2018). The paper contributes to the management control literature by showing how formal controls can foster accountability processes that are more intelligent, such that they are concerned with making sense of what lies behind the numbers in a manner that motivates reflections on responsibility.

The remainder of this introductory chapter briefly introduces the dissertation’s theoretical foundation. As an in-depth theoretical framework is provided in each paper, this introductory chapter centres on the underlying problematization that motivates the overarching research question – the role of formal controls in frameworks of accountability. Thereafter, I present the research methodology, the empirical case and the abstracts of the three papers before summarising the papers and offering some overarching conclusions.

2. THEORETICAL BACKGROUND

2.1. Accountability as a morally significant practice

Accountability can be seen as “a chronic feature of daily conduct” (Giddens, 1979, p. 57) and in its broadest sense, it simply refers to “the giving and demanding of reasons for conduct” (Roberts & Scapens, 1985, p. 447). While the definition is easy to accept, the practice of accountability is more complex and dynamic, as it is both context dependent and subjective, containing explicit and implicit expectations that one will have to justify one’s beliefs, actions

or feeling to others (e.g., Ahrens, 1996; Lerner & Tetlock, 1999; Sinclair, 1995). Even when formal controls are carefully defined, accountability processes may still be elusive, as the meaning of what we say and do may be open to multiple interpretations (Ahrens & Chapman, 2002; Willmott, 1996). These interpretations, in turn, shape and reconstitute accountability processes (Boland, 1993). Hence, accountability is a reflexive component of social action in which the rationality on which it builds is simultaneously reproduced through interactions (Ahrens, 1996; Garfinkle, 1967).

In contrast to responsibility, which is often connected to internal control and morality, accountability is typically associated with external controls and instrumentality (Lindkvist & Llewellyn, 2003). However, this view fails to acknowledge the relationship as a duality. We cannot clearly distinguish between the concepts because they both draw on and influence each other. For instance, Bovens (1998, p. 26) proposes that accountability can be seen as a passive form of responsibility that requires the individual to account for previous actions by answering the question “Why did you do it?”. However, Bovens (1998) suggests that an active form of responsibility should be seen as a virtue, as it is concerned with the future. This type of responsibility arises from the question “What is to be done?”. These two forms are inherently related because expectations about accountability shape subjective perceptions of responsibility (Bovens, 1998; McKernan, 2012). Thus, accountability can be seen as having both ethical and moral dimensions. It is a ‘morally significant practice’ that reflects intersubjectivity as well as moral responsibility (e.g., Messner, 2009; Roberts, 1991, 2009; Schweiker, 1993; Shearer, 2002)¹.

While there is widespread agreement that accountability is a morally significant practice, research adopting a critical perspective on accountability argues that formal controls threaten to reduce individual responsibility. Therefore, the following section offers a discussion of possible ways to rethink accountability and the role that formal controls play in these accountability processes.

2.2. Accountability and formal controls

From an agency theory perspective, accountability processes are a function of formal controls where the principal requires accounts from the agent for the authorities and responsibilities that

¹ An in-depth discussion of the relationship between accountability and responsibility can be found in the third paper of this dissertation.

have been granted (Bijlsma-Frankema & Costa, 2005; Jensen & Meckling, 1976b; Laughlin, 1996). In this view, accountability processes are informed by an instrumental rationality that is associated with output-related incentives and monitoring with the purpose of reducing opportunistic behaviour (Laughlin, 1996; Vosselman, 2016). However, given the perception of accountability as a reflexive component of social action, agency theory offers a limited and narrow understanding of accountability that fails to acknowledge the complex, reflexive and interrelated character of social interactions. Therefore, in contrast to the agency theory perspective, formal controls need to be seen as embedded in the wider frameworks of accountability, meaning that formal controls can influence structures as well as actors' identities. The relevance of the controls is confirmed or rejected through interactions (e.g., Roberts, 2001; Roberts & Scapens, 1985; Willmott, 1996).

2.2.1. The role of formal controls in the wider accountability frameworks

In the accountability debate, a common criticism concerns the restrictive nature of extant accounting practices (e.g., Messner, 2009; Roberts, 1991; Roberts & Scapens, 1985; Shearer, 2002; Vosselman, 2016). This criticism has fostered a discussion of alternative accountability processes. However, the role of formal controls in such alternative accountability processes remains unclear. While some authors argue for informal accountability processes to balance or complement the accountabilities resulting from formal controls (Frow et al., 2005; Goretzki & Messner, 2016; Jönsson, 1996; Roberts, 1991, 1996, 2001; Vosselman, 2016), others argue for an absence of accounts (Catasús, 2008), counter-practices (Kamuf, 2007; McKernan, 2012), or alternative ethics (Roberts, 2009, 2018; Shearer, 2002).

Distinguishing between informal and formal accountability processes

A classical distinction that has formed the accountability debate in recent decades is Roberts' (1991) distinction between hierarchical (or individualising) and socialising forms of accountability, where the former is influenced by formal controls and the latter takes place in the informal areas of the organisation. As Roberts (1991, p. 355) writes:

Hierarchical forms of accountability, in which accounting currently plays a central role, serve to produce and reproduce an individualized sense of self; a sense of the self as essentially solitary and singular, nervously preoccupied with how one is seen. These effects are contrasted with what are described as socialising forms of accountability which flourish in the informal spaces of organisations, and which confirm self in a way that emphasizes the interdependence of self and others.

This distinction has been argued to portray an overly dichotomised view of organisational reality (Lindkvist & Llewellyn, 2003), and Roberts (2009, 2018) later expanded his argument to ask for a more ‘intelligent’ accountability. However, the academic debate has long revolved around the potentially destructive influence of formal controls and the balancing, compensating nature of informal interaction (Frow et al., 2005; Goretzki & Messner, 2016).

Frow et al. (2005), for instance, showed how hierarchical or individualising accountability processes resulting from a budget were complemented with a negotiated, shared or socialising accountability, which enabled the management of interdependencies. The socialising accountability processes occurred informally given managers’ preferences for face-to-face discussions. However, they were facilitated by formal procedures, such as a management bonus scheme and an process-improvement tool, which provided a framework that stimulated informal cooperation and served as a backup when informal arrangements were not feasible or broke down. Similarly, Goretzki and Messner (2016) illustrate how different hierarchical accountabilities complicated coordination in planning meetings. Notably, in those meetings, managers sought to strengthen each other’s commitment to a common cause and to balance competing objectives, which fostered a form of socialising accountability. Hence, the managers enacted a form of joint responsibility for activities that needed to be managed across functional boundaries. Both these studies are examples of how the challenges associated with accountabilities resulting from formal controls can be managed through informal processes. These informal processes were however supported by formal procedures or meetings, which provided frameworks or arenas for informal cooperation.

While he does not discuss individualising or socialising accountability, Jönsson (1996, p. 115) argues for the benefits of trust, which requires a form of accountability that is informally constructed as “lateral responsibility, based on ethos rather than hierarchical power” and which can emerge from open communication. As such, Jönsson (1996) differentiates between lateral and informal accountability and hierarchical and formal accountability, and argues that the lateral and informal structures in the organisation can facilitate learning and enable adaptation through dialogue across hierarchical boundaries.

Vosselman (2016) argues for a duality between relational response-ability and instrumental accountability, between calculative behaviour and dialogue, and between instrumentality and relationality. Drawing on Roberts’ (1991, 1996, 2001) distinction, he suggests that:

The *instrumental* accountability in a “nexus of contracts” is *centred*: a visible hand (management) is holding *calculable selves* responsible for their actions and/or outcomes of their actions. Conversely, *relational response-ability* in a social network is *a-centred*: it originates from the interconnected intentions of individuals at local positions. It encourages and channels intrinsic motivation, committed behaviour, and self-realization and it pushes purely economic and opportunistic interests to the periphery. (Vosselman, 2016, p. 618)

Instead of basing accountability processes on mistrust, Vosselman (2016) suggests that individuals can be mobilised through trust and a more relational frame of accountability. He argues that both instrumental accountability and relational response-ability are necessary, but that instrumental accountability should be moved to the background to avoid the possible ‘performance management paradox’ in which performance management creates the self-opportunistic behaviour it tries to attenuate. Hence, formal controls need to be complemented with a relational frame of accountability that overpowers purely economic self-interest (Vosselman, 2016).

The research on accountability has thus been characterised by dichotomies: hierarchical-horizontal, formal-informal, individualising-socialising and instrumental-relational. In these dichotomies, formal controls are balanced or complemented by informal processes. However, some researchers take a more critical stance on formal controls, and argue for a counter-practice or the absence of accounts.

A counter-practice or absence of accounts

The emphasis on open communication, which is evident in socialising accountability (Roberts, 1991), lateral responsibility (Jönsson, 2006) and relational response-ability (Vosselman, 2016), is prevalent in many attempts to re-think accountability. While Frow et al. (2005) show that such open communication can be stimulated by formal controls, other researchers argue that it is only possible if formal controls are reduced. Kamuf (2007), for instance, argues for a counter-practice in which we stop calculating and counting, and instead leave room for reflection and thought. This counter-practice, which has been labelled ‘account-er-ability’, is argued to be “a practice of resisting accountability demands while giving accounts” (Joannides, 2012, p. 244). McKernan (2012, p. 259) similarly argues for accountability as a gift and testimony, where the testimony “always opens a relation with the other in a way that calculative forms of accountability do not” and the gift “opens a space for responsibility and accountability beyond

obligation". These conceptualizations attempt to cover a practice through which accounts can be given without obligation and calculation. As such, they reflect resistance to formal controls.

While he does not argue for resistance, Catasús (2008) suggests that an absence of accountability may foster responsibility. Similar to the above-mentioned literature, he criticises the general maxim of "when in doubt – measure more" and argues that "organisations that offhandedly prefer presence of accounts to absence, risk to be stuck in the blame (and fame) game of accountability" (Catasús, 2008, p. 1016). This reflects the argument in the critical literature on accountability that the practice of accountability undermines responsibility (e.g., McKernan, 2012; Messner, 2009; Shearer, 2002) and fosters individuals who are calculable 'entrepreneurs of the self' who are concerned with advancing their own self-image (e.g., Cooper, 2015; Roberts, 1991). However, the absence of accounts may foster responsibility, where "action is taken (or not taken) not on account of what the forum of accountability may decide afterwards, but whether one considers oneself responsible" (Catasús, 2008, p. 1016). By allowing for the absence of accounting, one can stimulate reflection on the right thing to do on the basis of wider moral obligations.

Alternative ethics – from for-itself to for-the-other

Whereas Catasús (2008) suggests that responsibility can be enhanced through the absence of accounts, both Shearer (2002) and Roberts (2009) argue for a Levinasian view of ethics. This view sees the individual not as "the self-interested opportunist of economic thought, but rather an irretrievably relational entity who cannot but be caught up in responsibility for [its] neighbour" (Roberts, 2009, p. 967).

Shearer (2002, p. 544) argues that the language of economic accounts needs an infusion of a "countervailing ethic that takes seriously the intersubjective obligation to the Other" because accountability relationships constructed through economic discourse are "ethically inadequate to capture the full moral obligation of interpersonal accountability". Hence, although accountability needs to start with the other rather than with the self, the discourse of economic theory is incapable of capturing this moral obligation. The rationale behind this argument fits the criticism discussed above that accountability reduces responsibility as individuals become concerned with advancing their own self-image. Shearer (2002, p. 565) contends that this represents an internalization of homo economicus: "the more the rationale of economics pervades our sense of ourselves as human subjects, the more we begin to see ourselves, and our rights and obligations in relation to others, in economic terms". Consequently, individuals

become unaccountable to the wider society, as accountability revolves around justifying individuals' own actions for their own sake. While this reflects the argument in the literature advocating for a reduction of formal controls, Shearer (2002, p. 570) takes a more pragmatic stance, contending that:

Accountants *can* help to make our economic institutions more *responsive* to the other, by seeking an accountability that formally recognizes the obligation to the other – even if it does not and cannot reflect the ordinary relationship from which this obligation derives.

Hence, while formal controls can never fully capture our moral obligation to the Other, they can help recognise and acknowledge this obligation (for a fuller discussion of critical perspectives on accountability, see Messner, 2009).

Shearer (2002) calls for the implementation of broader accountability through 'social accounting', such as social and environmental reporting, which acknowledges all stakeholders. Roberts (2009, 2018) centres his discussion on the accountability processes within companies, arguing that a more intelligent accountability can be achieved if we recognise our own incoherence. In his discussion of the limits of transparency as the ideal form of control, he draws on Butler's (2005) argument that individual conduct can never be fully transparent, not even to the individual in question. Therefore, accountability must adopt an ethic of humility towards one's own limitations, and an ethic of generosity and patience towards the limitations of others. By acknowledging that no one is perfect, one can move towards a more intelligent form of accountability in which open communication and learning take precedence over instrumentality and blame. In this way, accountability can regain an institutional (rather than individual) focus "as an essential vehicle through which we recognise and manage our responsibilities to and for each other" (Roberts, 2018, p. 54).

The call for more 'intelligent' accountability was first voiced by O'Neill (2002) in a lecture series questioning the supposed crisis of trust. O'Neill (2002, p. 58) asked for accountability processes that offer "substantive and knowledgeable independent judgement of an institution's or professional's work". Roberts further developed the notion and introduced it to the management accounting debate in his critique of transparency as a form of accountability (2009) and later in his exploration of the genesis of its antithesis – "a self-conscious choice by managers to focus exclusively on fulfilling, or being seen to fulfil, the demands of external

transparency” (2018, p. 53). He argued that managing only what is transparent leads to a decoupling of management from operational complexity, as it becomes functional for managers to ignore what is not made visible by the numbers. The task of managing operational complexity is then left to the employees, “a task made more difficult by the contradictions and conflicts created by the intrusion of managerial demands to meet ill-informed and thereby ill-conceived targets and objectives” (Roberts, 2018, p. 53).

In intelligent accountability, there is acknowledgement and acceptance of organisational complexity and human limitations, which stimulates open communication and an emphasis on learning. Accounts relate to a particular context and involve active enquiry in a manner that can be extended over time. In contrast to accountability as transparency, an intelligent approach to accountability is more reflexive – it seeks to reflect, rather than reduce and conceal, our wider responsibilities as well as intersubjectivity. As such, intelligent accountability has the potential to “be a more compassionate form of accountability which expresses and enacts our responsibility for others, and for each other, rather than just for myself” (Roberts, 2009, p. 967).

While Roberts (2009, 2018) shows that organisations cannot manage *only with* transparency, he also recognises that large organisations cannot manage *without* transparency. Hence, organisations need formal controls, but those controls should be used intelligently in a way that acknowledges what transparency conceals. As he argues:

At best transparency furnishes us with indicators that must then be explored and discussed in a way that relates them back to the always more complex and invisible interdependencies of a particular context. (...) The focus of accountability would then be more on learning about the unintended consequences of my conduct for others, rather than a competitive attempt to attract praise to the self and shift blame to others. (Roberts, 2018, p. 54)

The arguments for an alternative ethic that allows for more intelligent accountability do not explicitly address the role of formal controls. Instead, they relate to how individuals are held accountable and for what. Hence, intelligent accountability is neither a counter-practice nor a complete absence of accounts. Moreover, it is not *either* formal or informal. It reflects arguments in the extant literature that not everything has to be transparent or measured, and that open communication and an emphasis on learning are also possible through accounts. Intelligent accountability demands a change in how individuals are held accountable (i.e., the

procedural aspect of accountability) and for what in a way that acknowledges uncertainty and the limits of transparency. Vosselman (2016) argues for a duality between instrumental and relational frames of accountability, where the instrumental frames are pushed to the background. Roberts (2009, 2018) suggests that instrumentality is something that needs to be approached and used intelligently. While this may be interpreted as pushing instrumentality to the background, it can also be seen as a part of intelligent accountability, as intelligent accountability attempts to acknowledge the weaknesses of instrumentality, and to use indicators and measures to make sense of and guide complex operational interdependencies.

This dissertation aims to contribute to this debate by discussing how formal controls may contribute to such intelligent accountability processes.

3. RESEARCH METHODOLOGY

3.1. Ontological and epistemological stance

In his discussion of giving an account as a “rationalization of action”, Roberts (2001, p. 1549) argues that “the constant giving and demanding of reasons for conduct – cannot be viewed as a mere supplement to an already formed subjectivity, but rather need to be understood as central to the construction of subjectivity itself”. Thus, the self is “produced and reproduced in the routines of everyday interaction” (Roberts, 2001, p. 1551). This view is widely shared in the accountability literature (e.g., McKernan, 2012; Messner, 2009; Shearer, 2002). Drawing on this argumentation, I take an ontological stance that reality is continuously constructed through social interaction. However, I adopt the stance of social constructionism with a certain element of realism, as “things do not just occur in the minds of people, but they also tend to become intersubjectively objectified in the interaction between them and therefore explainable and real in their tangible consequences” (Kakkuri-Knuuttila, Lukka, & Kuorikoski, 2008, p. 288).

Building on the ontological assumption that management accounting and accountability processes have both objective structures and subjective interpretations (Chua, 1986; Hopper & Powell, 1985; Kakkuri-Knuuttila et al., 2008; Lukka & Modell, 2010; Modell, 2010, 2019), I adhere to the epistemological position that a combination of an emic and an etic perspective is needed to accumulate knowledge. Therefore, I adopt an interpretive methodological approach.

The aim of an interpretive approach is to make sense of human action and the meanings attached to issues in everyday life (Chua, 1986; Hopper & Powell, 1985; Kakkuri-Knuuttila et

al., 2008). These meanings are only accessible through interpretation and an emic perspective (i.e., the perspective of a native insider). In other words, an examination of how the research subjects themselves develop meaning is needed (Kakkuri-Knuuttila et al., 2008; Lukka & Modell, 2010). By emphasising the richness of a social phenomenon, Lukka and Modell (2010, p. 464) argue that an interpretive researcher can achieve a “holistic, rather than atomistic, analysis recognising that meanings are shaped in interaction between people and a broad range of human and non-human aspects”.

While the emphasis in interpretive research is on the emic perspective, this perspective must be accompanied by an etic perspective in which the researcher’s interpretations of the phenomena are central for generating explanations (e.g., Ahrens, 2008; Kakkuri-Knuuttila et al., 2008; Lukka and Modell, 2010). In the absence of an etic perspective, the study will be a descriptive presentation of interpretations without theoretical relevance (Kakkuri-Knuuttila et al., 2008). Therefore, researchers need to assume an etic position “as theoretically informed outsiders mapping out what is already known about the events and tendencies they are trying to explain from other contexts” (Modell, 2019, p. 24).

This ontological and epistemological stance informs my research and methodological choices in that I try to combine the emic and the etic perspectives through abductive reasoning in which I continuously move “back and forth between theory and empirical data” with an aim of generating explanations (Lukka & Modell, 2010, p. 473). These efforts are discussed in the following section.

3.2. Research method

To gain insight into the emic perspective, I conducted an ethnomethodologically inspired case study that focused on four units within one company. This approach allowed for the development of an in-depth understanding of a highly complex organisation and enabled me to make sense of activities, processes and developments in that company. The complexity of the organisation made studying different units within the company appropriate, as there were significant variations between the units. It also allowed me to analyse how the same management controls were embedded in accountability processes in similar but different organisational contexts.

An important reason for choosing this approach was the desire to gain in-depth knowledge about the actual practices in the company. More specifically, I wished to gain insights into the

‘logic of practice’ and not only the ‘logic of representation’ (Czarniawska, 2001). Drawing on the work of Hopwood (1972, 1983), Roberts and Scapens (1985, p. 447) emphasise the need for in-depth study:

An individual’s account of systems only tells the researcher what that individual would like, or believes the system to be. To understand the actual operation of systems it is necessary to go beyond such descriptive accounts and to study the conditions and consequences of actual practices.

Hence, to make sense of how organisational aspects became intersubjectively objectified, I needed to understand what lay behind the accounts given and study actual practices. Case studies are argued to be suitable when the research aim is to study the nature of management accounting practices, especially in terms of how formal controls are designed and used (Scapens, 1990). The use of formal controls is particularly important in studies of accountability processes, as the literature emphasises the relevance of informal and implicit processes (Frow et al., 2005; Goretzki & Messner, 2016; Lerner & Tetlock, 1999; Roberts, 1991).

To gain insights into these informal practices, I sought to study how individuals made sense of their everyday existence (Hammersley & Atkinson, 2007) by adopting an ethnomethodologically inspired research method that emphasised qualitative shadowing. Qualitative shadowing entails closely following an individual ‘like a shadow’, and is distinguished from quantitative shadowing techniques by the fact that the researcher is gathering data focused on purpose and meaning in addition to data on actions (McDonald, 2005). Qualitative shadowing techniques are well suited for documenting simultaneous managerial processes, the interdependencies of those processes and the ways in which competing demands are resolved (McDonald, 2005). Through extensive field notes, observations and conversations, I could gain an in-depth understanding of everyday practices in the organisation (McDonald, 2005). This research approach enabled me to generate an emic understanding and made it possible to develop ‘thick’ descriptions of actor’s meanings (Lukka & Modell, 2010).

Throughout the research process, my search for an emic understanding was accompanied by theoretical insights, as I continuously tried to make sense of and explain the empirical data through theory by assuming an etic position. By moving back and forth between these positions

– trying to gain an understanding of the insider perspective while remaining an outsider (Modell, 2019) – I aimed to develop theoretically informed explanations for my empirical observations through abductive reasoning (Lukka & Modell, 2010). Such an abductive approach implies “inference to the best explanation” where researchers have to engage in an ongoing process of “remaining open to new explanations while ruling out explanations deemed less plausible as they move back and forth between theory and empirical data” (Lukka and Modell, 2010, pp. 467-468). Moving back and forth between theory and empirical data was a continuous process both during and after the data collection. The methodological decision to collect data in two separate rounds further enabled this approach, as I returned to the field a year after trying to theoretically make sense of the previously collected data. The data-collection process is discussed in section 3.4.

3.3. Case selection

The case was selected because a research project funded by the case company provided invaluable access. I believed that a study of accountability processes within this specific company would be of theoretical and practical interest for two reasons. First, the Norwegian context distinguishes itself from the often-studied Anglo-Saxon context in that it has a stronger emphasis on community and equality (Schramm-Nielsen et al., 2004). Second, the case company has had a management control system inspired by Beyond Budgeting for more than a decade. This management philosophy builds on the fundamental assumptions that employees should be trusted rather than controlled (Hope & Fraser, 2003). Therefore, the dissertation represents a critical case study in which finding the strict instrumental accountability processes that are criticised in the accountability literature was ‘least likely’. This implies that the case may have strategic importance for the accountability debate (Flyvbjerg, 2006). The Norwegian context and the Beyond Budgeting philosophy are discussed in sections 4.1 and 4.2, respectively.

3.4. Data collection

Data was collected in two rounds approximately one year apart, in 2016 and in 2017, in order to study potential developments, as accountability processes are continuously shaped through interactions. This data-collection process also facilitated an abductive research approach that combined both an emic and an etic perspective.

As the company operated a complex matrix structure, my first request was to study the management of one platform and a unit that supported that platform. The reason for centring

the analysis on this management level was to ensure that the managers who were shadowed had some influence over the use of the formal controls, and that they were in a position where they both gave and demanded accounts. In addition, to understand the perspectives of both the people demanding accounts and those giving accounts to the manager, semi-structured interviews were held with the manager's superior and subordinate managers as well as the manager's controller.

During the initial discussions, it became clear that company representatives saw major differences between the onshore business area and the offshore business area. The representatives viewed the offshore business area as more bureaucratic because of its considerably larger size and they believed the unit was strongly influenced by the high oil prices that had lasted for more than a decade. The onshore business area was viewed as more organic and better at operating on small margins, as it was a smaller organisation in a highly competitive market environment. Based on these differences, the study was extended to include one operational unit and one support unit in the onshore business area in order to allow for a more comprehensive understanding of the company. My requests were communicated to several units through the project's company representatives.

As such, the dissertation builds on a study of four units within the company: the platform and its support unit, called the multifield unit; and the plant and its support unit, called technical support. Three of the units agreed to participate after being asked by the company representatives, while the technical support unit asked to be part of the study, which it viewed as a learning opportunity.

The data collection consisted of five days of shadowing each unit's manager, three in the first round and two in the second, as well as semi-structured interviews with each unit's manager, one subordinate manager, the superior manager and controller. Supplementary interviews were conducted whenever needed to develop a broader understanding of issues related to the research questions. For instance, an engineer working with the platform was interviewed in order to gain an understanding of the platform's interdependencies. In total, the data were gathered through 20 days of shadowing (179 hours), 38 interviews with 27 different people, 38 hours of other observations and conversations with employees, and a 48-hour site visit to the

platform in the North Sea. A summary is provided in Table 1, while a list of the interviews can be found in Appendix A.²

During the shadowing period, detailed field notes were taken and a daily journal was kept in order to instantly reflect on the impressions from the field and how those impressions could be informed by theory. To become familiar with the company’s internal and external context, I also studied the company’s history and development through public and private documents, and engaged in conversations with representatives from the company and the specific units. Throughout the research process, there was open communication between the company representatives, the key informants and myself.

Table 1: List of data collected

	Shadowing	Interviews	Observations/site visits
Platform			
- Round 1	3 days (22.5h)	5 (7.5h)	9.25h observation/conversation
- Round 2	2 days (20.5h)	5 (8h)	10h observation/conversation 48h visit on the platform
Multifield unit			
- Round 1	3 days (25.5h)	6 (14.5h)	3h conversation, 2h observation
- Round 2	2 days (21.5h)	4 (5.5h)	
Plant			
- Round 1	3 days (25h)	4 (6h)	1.5h tour of the plant, 2h safety course 7h observation/conversation
- Round 2	2 days (17.5h)	3 (5.5h)	0.5h observation
Technical support			
- Round 1	3 days (30h)	5 (7.25h)	3h conversation
- Round 2	2 days (16.5h)	6 (9h)	Tour of a different plant
Total	20 days (179h)	38 (63.25h)	≈ 38h +48h offshore

3.5. Analysis approach

The initial research agenda was to explore how the management control system influenced the company’s accountability processes and how these processes influenced operational practice. This research agenda remained somewhat consistent throughout the project, but what started as a broad explorative study emphasising Beyond Budgeting, management control and accountability became more oriented towards the accountability literature as the study evolved. This occurred for several reasons. First, I developed a deeper theoretical understanding of the relationship between management controls and accountability, where formal controls are embedded within the wider framework of accountability and, hence, should be studied as part

² Before the data collection commenced, I was granted permission to store and collect data by the Norwegian Centre for Research Data (NSD) according to their requirements.

of this framework. Second, there was a need to focus the research in order to contribute to the accountability literature. Initial research avenues, such as Beyond Budgeting, rules and regulations, remained part of the story, but I do not seek to contribute to these academic debates.

Based on the initial research agenda, the first round of data collection was explorative in nature, as it sought to understand the company and its matrix, accountability processes and management controls, as well as the influence of the management controls and accountability processes on organisational practice. The primary aim of this round was to develop an emic perspective by exploring how the research subjects themselves developed meaning. More specifically, I wished to understand what it meant for them to be accountable. During the first round of data collection, I noticed that what was viewed as ‘good management’ had changed rather drastically in the company’s recent history. To try to understand the change, an initial analysis was undertaken to map the company’s development as well as the various initiatives and changes onto a timeline. This served as the basis for the first paper, and contributed to my understanding of the company and its context. The first round of data collection also highlighted the complexity of the matrix as well as the interdependencies of the units’ tasks and responsibilities. As such, I sought to understand this complexity and interrelatedness, and how the research subjects experienced these aspects. Finally, the first round sought to explore whether the company’s accountability processes could be understood as individualising or socialising (Roberts, 1991, 1996) based on an initial assumption that accountability processes within a Norwegian company with a Beyond Budgeting inspired management control system would differ from the individualising emphasis evident in the extant literature.

The second round of data collection was more explanatory in nature, as it aimed to combine the emic perspective with a more etic perspective, and to explain the changes in what was viewed as ‘good management’ and how the units worked together. Another goal was to enhance my understanding of the accountability processes in line with the socialising and individualising characteristics. This round also allowed for the investigation of various reflections based on the first round and the continued examination of the academic literature.

Following an abductive approach, the data were coded along several avenues both during and after the data-collection process. The first avenue focused on perceptions of changing styles of accountability, which later developed into an analysis of trust and control as a duality. The second avenue revolved around understanding and try to explain how the units coordinated

their interdependencies. The third avenue initially centred on whether the company's management controls were of an individualising or socialising character, thereby building on Roberts' (1991, 1996, 2001) early work. This third avenue eventually developed into an examination of the potential for making accountability more intelligent, building on Roberts' later work (2009, 2018), as a deeper theoretical understanding was gained and as the empirical observations made it clear that the understanding of accountability in the company could not be divided into strictly individualising or socialising processes.

Hence, for all three papers, the emic perspective was consistently supplemented with attempts to view the data as an outsider, and to question how understandings and events could be made sense of through theory. This led to several changes in focus during the research process. For instance, the styles of accountability paper evolved to discuss trust and control, as the empirical data and theoretical insights opened up for new explanations and questioned existing avenues.

Two additional research avenues were explored: the influence of Beyond Budgeting and a change in the company's system for rules and regulations. However, these avenues were not developed further given my decision to focus on the three avenues discussed above.

All three papers build on the same data but, often, they rely on different parts of the interviews or different incidents that occurred during shadowing. For instance, discussions on how things changed in the company after the oil price fell are used in the first paper, while the understanding of interdependencies along with observations of formal and informal meetings inform the second paper. However, as the papers share the same overarching motivation (i.e., understanding the role of formal controls in intelligent accountability processes), the empirical data in the papers overlap when quotes or instances inform the analysis of several social phenomenon. An in-depth description of the analytical approach for the first three research avenues is provided in each of the papers.

3.6. The need for impartiality

Qualitative shadowing entails spending an extensive amount of time with the shadowed person, which may make the researcher sympathetic to that person's views and interpretations. Even though the researcher does not intervene, there is a risk of "going native" (Jönsson & Lukka, 2007). I was conscious of this risk from the beginning. During the data-collection process, I continuously reflected on my role as an objective observer. Furthermore, by shadowing four managers in different parts of the organisation and by limiting the shadowing to a set number

of days, I reduced the risk of being biased towards one manager's perspective. The risk of going native was also mitigated when analysing the data in order to provide a theoretical contribution. By analysing the emic understandings from an etic perspective, I distanced myself from the data site, which allowed for a theoretical analysis of the practical phenomenon.

My understanding and perceptions of the case company have also been informed by close family connections with the company, as my mother and my uncle work for the company. While my mother works in a different area than the area that I studied, my uncle played a central role in the company's Beyond Budgeting journey. However, neither were involved in the study. Rather than bias my findings, these relationships made it possible for me to easily clarify practical questions regarding the company, and to further explore and challenge my perceptions, which served to test the plausibility of my findings beyond the units studied.

The risk of being biased towards the company was accentuated in the final stage of the research process, as I accepted an offer of employment from the company. Although my acceptance of the position reflects my positive perception of the company, the offer was made more than a year after data collection was completed. My employment will not begin until September 2019, which is well after this dissertation will be submitted.

An additional consideration related to ensuring authenticity is the fact that the study benefited from being part of the ACTION research program, which was funded by the case company. It is important for researchers to avoid dependencies that may weaken impartiality. However, the funding was provided on an unconditional basis without any specifications regarding its use. The company and the research institution have a long-standing relationship based on mutual respect, where the company expects researchers to exhibit strong academic integrity, and to provide objective and impartial findings. Furthermore, this long-standing relationship means that there is a good understanding of the context and history of the company, as knowledge has been accumulated over time and across several research disciplines. This accumulated knowledge provided me with a rare opportunity to gain further insights into the company.

While the above-mentioned aspects could have influenced my perceptions and findings, I was conscious of this risk throughout the research process. I have therefore strived to challenge my own perceptions through theoretical analyses and my efforts to adopt an etic perspective. I have also used discussions with my supervisors, colleagues and other researchers for this purpose, as well as presentations of my research at several academic conferences. While my connections

to the company suggest a risk in relation to my impartiality, they also provided me with valuable knowledge that researchers without these connections would find it challenging to access.

4. EMPIRICAL CASE

The case company, 'OilCo', is a multinational energy company, which employed approximately 21,600 people spread across 30 countries in 2017. The company was established by the Norwegian government in the early 1970s to ensure Norwegian participation in the development and production of oil, and to build expertise that could form the basis for a national oil industry. In 2001, OilCo was partially privatised through a listing on both the Oslo Stock Exchange and the New York Stock Exchange. The Norwegian government has since remained the majority shareholder, with 67% of the shares as of April 2018. There is generally strong support for state ownership in Norway (Lie, 2016). Although the state remains the largest shareholder, OilCo is run as a private company.

OilCo's main activities include the exploration and production of oil, gas and alternative energy sources. The study focuses on the Norwegian production of oil and gas. The level of analysis centres on the management of one platform and one plant as well as the management of two technical units supporting those production facilities. The technical unit supporting the platform owned specific equipment on the platform, such as cranes, turbines and the security network. This unit worked across all platforms on the Norwegian continental shelf and served as a centre of expertise for these equipment types. This unit's main objective was to ensure economies of scale in the maintenance and operation of equipment present on all platforms. The technical unit supporting the plant had broader responsibilities, as the onshore business area was smaller than the offshore business area. The unit worked across all onshore production sites, where it oversaw the technical quality of the installations, and it had a subdivision located at each plant. Both technical units were service centres that allocated costs to the operational units they served. The platform and the plant were profit centres. An in-depth description of each unit is provided in the second paper, while the first paper presents the development of the company in recent years.

4.1. The Norwegian context

Bauman's (1994) narration of the beliefs of two philosophers helps demonstrate why studying accountability within different contexts may be strategically important. Bauman (1994)

describes two philosophers with distinct views on human behaviour, and argues that their views are shaped by the lives they lived and their experiences. Knud Logstrup lived his whole life in Copenhagen, where royals cycled in the streets and left their bikes on the pavement without fear of them being stolen. Bauman (1994, p. 2) argued that Logstrup believed “it is a characteristic of human life that we mutually trust each other ... initially we believe one another’s word; initially we trust each other”. Leon Shetov was hunted in Russia for his faith and later had to live in exile in a foreign country. He had an opposing view on human nature that, according to Bauman (1994, p. 2), “in each of our neighbours we fear a wolf ... we see danger, danger only”. Bauman (1994) suggests that our views of others depend on the world in which we live. Shetov, who lived his life being hunted, saw danger everywhere, while Logstrup, who lived in tranquil Copenhagen, had no reason to distrust others. This view of others also reflects our beliefs about ourselves as “people treated like wolves tend to be wolf-like; people treated with trust tend to become trust-worthy. What we think of each other matters” (Bauman, 1994, p. 2).

Whereas Bauman contrasts Denmark with Russia, several researchers in the management accounting field have argued that the Scandinavian context distinguishes itself from the Anglo-Saxon context, which dominates the accountability literature (Jönsson, 1996; Jönsson & Macintosh, 1997; Lindkvist & Llewellyn, 2003). Jönsson and Macintosh (1997, pp. 367-368), for instance, motivate their study by stating that when Swedish academics presented organisations as “highly democratic, cooperative, gender-neutral, non-hierarchical, humanistic, and high in trust”, UK-based critical accounting theorist “quickly moved to problematize what they called the Swedes’ naïve version”. Lindkvist and Llewellyn (2003, p. 258) argue that accountability and responsibility in Scandinavian and British organisations differ, and suggest that the two countries have different views on hierarchy:

The predominant Anglo-American metaphor for a hierarchy is the vertical axis (or ladder) and this tends to promote an upward looking anxiety and a lateral neglect of the existence of commonalities of interest with colleagues. In contrast, Swedes tend to envisage a hierarchy in terms of a pyramid, making them somewhat less inclined to forget their co-workers and subordinates in accountability relationships.

The Nordic countries are generally seen as a cluster that shares values, history and culture. Thus, the Norwegian context is similar to the Swedish context described above (Inglehart et al., 2014; Schramm-Nielsen et al., 2004). As in the Swedish and Danish contexts, Norwegian

society is characterised by high levels of trust (Inglehart et al., 2014; Schramm-Nielsen et al., 2004; Vrålstad, 2012). In fact, the case company was built around the management philosophy that people can be trusted. Therefore, the case allows for an in-depth study of how accountability and responsibility are understood and made sense of in this context. As such, it, represents a critical case in the accountability literature (Flyvbjerg, 2006)

This dissertation further distinguishes itself from previous research by studying a company that has had a management control system inspired by Beyond Budgeting for more than a decade. The company's management philosophy emphasises sound managerial judgement and individual reflexivity (Bourmistrov & Kaarbøe, 2013). While these two aspects contribute to making the study a critical case, we cannot distinguish between them or draw any causal inferences from either the context or the management philosophy. The two aspects are inseparable in this study, as the company is both situated in Norway and has a Beyond Budgeting management control system. The following section briefly introduces the Beyond Budgeting philosophy, after which OilCo's management control system is described.

4.2. The Beyond Budgeting philosophy

Whereas agency theory is based on the neoclassical assumption that subordinates cannot be trusted (e.g., Jensen & Meckling, 1976b), which McGregor calls 'theory X', the Beyond Budgeting philosophy is argued to build on the assumptions of McGregor's theory Y (Bogsnes, 2009). The foundation of McGregor's (1957) theory Y, a new theory on management, was the argument that management should be based on more accurate assumptions about human motivation and nature, where "people are *not* by nature passive or resistant to organisational needs. They have become so as a result of experience in organisations" (McGregor, 1957, p. 169). McGregor (1957) thus argues for a reversed causality of human nature. In his view, people are not inherently self-interested but have become so through organisations, management philosophies, policy and practices based on these assumptions. Therefore, proponents of Beyond Budgeting argue that it is a management *philosophy*, as it is not simply about removing the budget but about removing the assumptions on which the budgeting practice is built. More specifically, they suggest that organisations need to move beyond command and control toward empowerment and adaptation (Bogsnes, 2009; Hope & Fraser, 2003).

The practical implementation of Beyond Budgeting includes unbundling the budgeting functions into three independent processes that serve different purposes: forecasting, target

setting and resource allocation (Bogsnes, 2009; Henttu-Aho & Järvinen, 2013; Østergren & Stensaker, 2011). Although some researchers view the implementation of Beyond Budgeting as a strictly operational change (Henttu-Aho & Järvinen, 2013), an established stream of literature argues that Beyond Budgeting is primarily about a change in mindset that reflects the need to change the management philosophy (Becker, 2014; Bourmistrov & Kaarbøe, 2013; O'Grady & Akroyd, 2016). The required mindset change involves increasing trust in employees and reducing top-down controls as accountability processes move away from hierarchy towards individual reflexivity and an emphasis on giving employees the discretion to use their own sound judgement (Bourmistrov & Kaarbøe, 2013). Clearly defining the concept of Beyond Budgeting is challenging, as it may differ from company to company. However, all companies that label themselves as Beyond Budgeting companies build their management control systems on a set of principles outlined by the Beyond Budgeting Institute.

4.3. Beyond Budgeting in OilCo

OilCo adopted a Beyond Budgeting inspired management model in 2005 with the intention to integrate its human resources and financial control systems into a more holistic system that consistently supported the same management philosophy (Østergren & Stensaker, 2011). To more closely integrate strategy with the financial aspects of the organisation, management combined the two processes in an operating model called “Ambition to Action”. The model consisted of five key principles. First, performance should be about performing better than peers. Second, employees should do the right thing, guided by the OilCo handbook, their personalised Ambition to Action plan, decision criteria and authority and sound judgement. Third, within that execution framework, resources should be made available on a case-by-case basis. Fourth, business follow-up should be forward-looking and action-oriented. Lastly, performance evaluations should involve a holistic assessment of both delivery and behaviour. As part of the implementation of Ambition to Action, the budgeting process was separated into three independent practices: target setting, realistic forecasting and case-based resource allocation.

The target-setting process, which was separated from the forecasting process, was based on external expectations and competitor performance. The targets were intentionally made to be stretch targets in order to transition decision makers from ‘comfort’ zones to ‘stretch’ zones (Bourmistrov & Kaarbøe, 2013). In their study of the adoption and implementation of Beyond Budgeting in OilCo, Østergren and Stensaker (2011) found that the target-setting process

became more centralised as a result of strategic ambitions being based on market opportunities and competitor movements.

The planning process, which outlined how the targets would be achieved, became more decentralised, as the units were given more discretion (Østergren & Stensaker, 2011). The planning process included both action plans and forecasts, where the forecasts were regularly updated to offer a realistic image of expected costs and revenues.

The resource-allocation process was not based on the forecasts or targets, but occurred on a case-by-case basis. Decisions regarding investments, regardless of size, did not occur at a specific time of the year. Instead, they were continually made as the need arose. In OilCo, managers have the authority to grant resources up to a certain cost level. If the scope of the investment is greater than the manager has authority to approve, the decision is moved to the next hierarchical level. The governing documentation lays out these levels and describes who should be involved in the decision-making process. The departments regularly hold meetings in which everyone who should be involved in certain decisions is represented.

5. THE PAPERS

The dissertation consists of three empirical papers. In the following, I present the abstracts of each paper. An overview of each paper's purpose, research question, findings and contributions is provided in Table 2.

(Un)intended signals:

A study of trust and control when accountability styles change

Grete Helle
Norwegian School of Economics

ABSTRACT

Previous research has typically treated trust and control as a dualism – two related but different concepts that can complement or substitute each other. This dualism perspective has been criticised for failing to reflect the complexity of the relationship. Researchers have therefore called for examinations of trust and control as a duality, acknowledging that the relationship is dynamic and interrelated. Building on an interaction perspective, this paper argues that controls both need and produce trust, and that trust both needs and produces control. As such, the paper contributes to the theoretical development of trust and control as a duality in an intra-organisational context. Using a case company's changing style of accountability as a narrative device to explain normative expectations within the company, this paper discusses how trust and control interact as normative expectations change over time. By identifying four interactions, the paper empirically shows that trust is not static or independent, and that the trust and control duality can be understood by viewing and analysing behaviour as relational signals. The interactions further show how 'stronger' controls may be perceived as legitimate if the receiving party agrees with the negative expectations that the controls are meant to offset. In addition, the interactions show how other organisational factors may be interpreted as unintended relational signals of trust or distrust.

Keywords: Control, trust, interaction perspective, accountability, duality, dualism.

Coordination and accountability:

A case study of shared versus coherent performance measures

Grete Helle, Sabina Du Rietz³ and Katarina Kaarbøe
Norwegian School of Economics

ABSTRACT

Two of management accounting's core purposes, coordination and control, can sometimes collide. For example, recent accountability studies have shown that performance measures that foster individual and hierarchical accountability may hinder lateral coordination. This is interesting, as the coordination literature generally views performance measures as a hierarchical coordination tool and overlooks their effects on lateral coordination. Moreover, the accountability literature suggests that by aligning or sharing accountability, we can avoid conflicting accountabilities. Based on these arguments, we add to the sparse literature on shared performance measures by studying how two different kinds of overlapping accountability (for coherent versus shared performance measures) interact with lateral coordination processes. We present two empirical cases of coordination between two units (one operational unit and one support unit) that show that performance measurements, which have traditionally been viewed as hierarchical coordination mechanisms, can indeed foster lateral coordination. However, the two kinds of overlapping accountability affect coordination in different ways, as the performance measures influence units' interpretations of interdependence and, hence, the perceived need for lateral coordination. We demonstrate that different units can interpret interdependence in different ways, and that only shared performance measures avoid framing contests and facilitate lateral coordination.

Keywords: Coordination, accountability, interdependence, performance measures, shared accountability, conflicting accountability

Revise and resubmit in Management Accounting Research

³ Örebro University, Sweden; affiliated with NHH, Norwegian School of Economics.

Intelligent accountability:

A case study of accountability as responsibility

Grete Helle
Norwegian School of Economics

John Roberts
University of Sydney Business School

ABSTRACT

The paper aims to expand our theoretical knowledge on intra-organisational accountability processes by examining the notion of ‘intelligent accountability’ through an interpretive case study of a Norwegian energy company. While several researchers have pointed to a need to rethink accountability in ways that reflect both our obligations to others and our wider moral responsibility, studies of how such accountability arises in organisations are limited. In contrast to the extant literature, we find that the case company’s employees understand accountability as taking active responsibility. This understanding is influenced by four practices: holistic performance evaluations, dynamic formal controls, an emphasis on learning and a management philosophy based on the view that employees should be empowered to use their own sound judgement. These practices both reflect and foster a more intelligent approach to accountability that tries to address the complexity of organisational practices rather than what is made transparent. Two aspects of these practices are particularly influential in making accountability more intelligent. First, employees are given the discretion to act responsibly. Second, there is an understanding that managers do not have or need to have all of the answers. This stimulates open communication with an emphasis on learning, which lays the foundation for accountability processes that reflect responsibility and intersubjectivity. The paper contributes to the accountability debate by questioning the view that instrumental accountability dominates in organisations and by empirically showing that accountability can be approached intelligently in such a way that organisational complexity and uncertainty are acknowledged rather than smoothed over. In addition, the paper expands the notion of intelligent accountability by suggesting that it can be supported by formal controls.

Keywords: Accountability, intelligent accountability, responsibility, management control

Table 2: Summary of the papers

	<i>Paper 1</i>	<i>Paper 2</i>	<i>Paper 3</i>
<i>Purpose</i>	To expand our theoretical understanding of trust and control as a duality in an intra-organisational context.	To improve our understanding of the interaction between two potentially conflicting aims of performance measures: coordination and control by means of accountability.	To expand our theoretical knowledge of intra-organisational accountability processes by examining the notion of 'intelligent accountability'.
<i>Research question</i>	How do control and trust interact as a company changes its accountability styles?	How does overlapping accountability for performance measures interact with lateral coordination processes?	Can accountability be intelligent? If so, what informs such processes?
<i>Findings</i>	<p>Identifies four interactions that support and expand our knowledge of the relationship between trust and control.</p> <ul style="list-style-type: none"> - Stronger controls did not change trust. - Employees signalled cooperative behaviour by aligning operational practices with formal controls. - Reduced controls were perceived as a relational signal of commitment and trust. - Other aspects of the organisation were perceived as unintended relational signals of distrust. 	<p>Based on who is formally accountable and for what, employees interpreted interdepartmental dependencies, sometimes in conflicting ways. These interpretations informed the perceived need for coordination.</p> <p>Interpretations of shared accountability are crucial for avoiding framing contests and achieving lateral coordination.</p>	<p>Respondents did not clearly distinguish between accountability and responsibility. Rather, they interpreted accountability as actively taking responsibility. Four aspects seemed to inform the development of an intelligent form of accountability in the case company:</p> <ul style="list-style-type: none"> - Holistic performance evaluations. - Dynamic formal controls. - Managers' emphasis on learning rather than blame. - The management philosophy.
<i>Contribution</i>	<p>Expands theoretical knowledge of trust and control as a duality by identifying four interactions over time.</p> <p>Shows that trust is not static or independent, and that the duality can be understood by viewing and analysing behaviour as relational signals.</p> <p>Shows the importance of a shared perception of the legitimacy of negative expectations.</p> <p>Shows that formal controls can facilitate empowerment and provide support in a manner that can build trust.</p>	<p>Explains how interdependencies are interpreted, sometimes differently, and informed by accountabilities arising from formal controls.</p> <p>Shows how and why coordination mechanisms are not necessarily hierarchical or lateral, but rather informed by how they are used and to whom they apply.</p> <p>Shows how formal controls can shape employees and units as members of a larger community.</p>	<p>Further develops the notion of 'intelligent accountability' and explains how a company's formal controls can contribute to making accountability more intelligent.</p> <p>Shows how accountability can be interpreted as actively taking responsibility.</p> <p>Challenges the critical literature on accountability by explaining how accountability can be made more intelligent.</p>

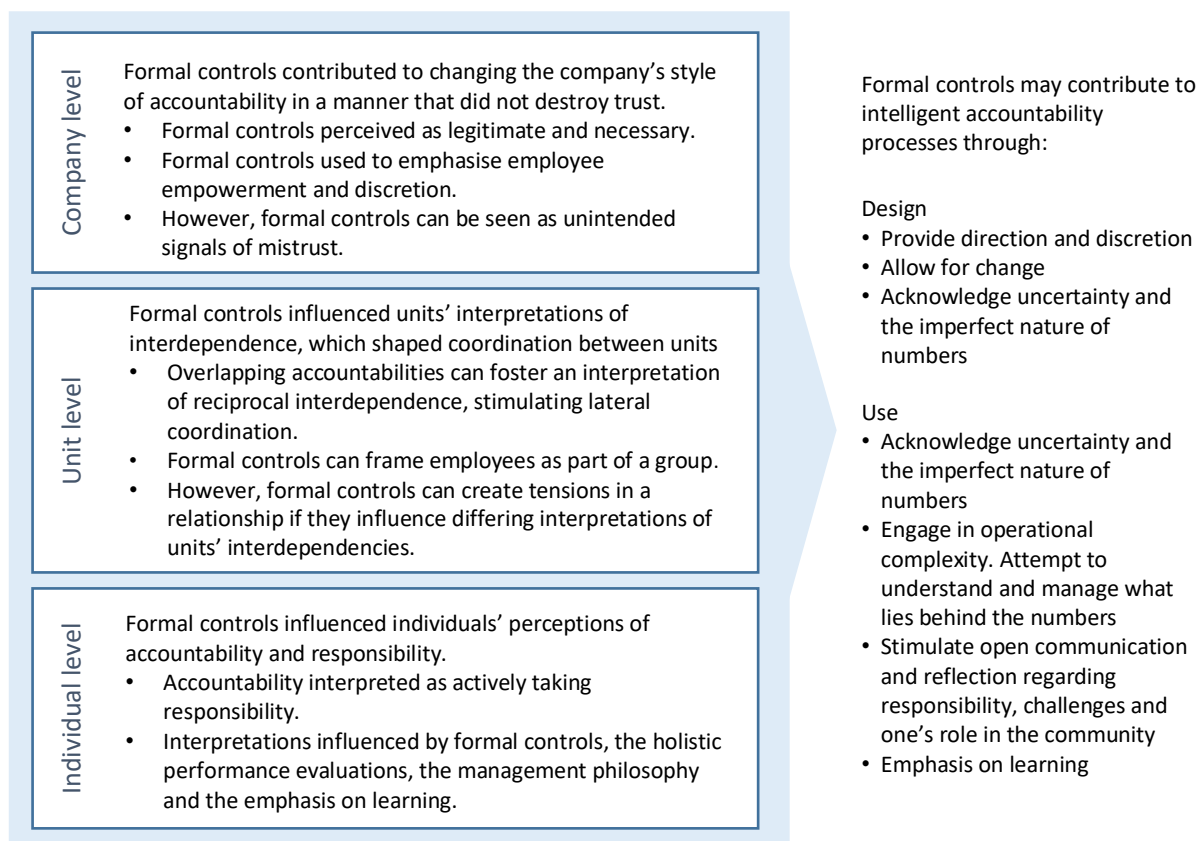
6. DISCUSSION AND CONCLUSION

6.1. Combining the results

Through three papers addressing different management control issues and analysing accountability processes at different levels, this dissertation seeks to answer the research question: *How do formal controls contribute to intelligent accountability processes?*

To answer this overarching research question, the dissertation analyses accountability processes at different organisational levels, how trust and control interacted as the company's accountability style changed, how accountabilities influenced coordination between units, and how individuals perceived their accountability and what influenced those perceptions. Together, the three papers portray a more nuanced image of formal controls than the image presented in the literature adopting a critical perspective on accountability. For instance, formal controls do not necessarily individualise action. Instead, they can: 1) signal trust and empowerment, 2) stimulate lateral coordination and 3) contribute to a broader interpretation of accountability as actively taking responsibility.

Figure 1: Combining the results



At the company level, the first paper finds that formal controls contributed to shaping companywide accountability styles and unifying employees in an understanding of what good management means. In addition, it shows how the development of new accountability processes through formal controls did not necessarily damage existing trust, as the extant literature suggests (Johansson & Baldvinsdottir, 2003; Long, 2018; Tomkins, 2001; Van der Meer-Kooistra & Scapens, 2008). Instead, the formal controls supported the employees in new tasks and were seen as legitimate, as employees agreed with the need to change faster than they could manage alone. While the controls were perceived as stronger and as limiting employees' discretion, they still allowed for local discretion, such that employees could make investments or increase operational expenditures if they believed it was the right thing to do. Formal controls were also used to facilitate empowerment and encourage employees to take responsibility. However, the paper also finds that formal controls may be perceived as unintentional signals of distrust, which highlights the importance of employee interpretations of formal controls.

At the unit level, the second paper explains how performance measures designed to stimulate lateral coordination when accountabilities overlapped contributed to both shared and differing interpretations of interdependence. Previous research has found that formal controls foster accountabilities that hinder lateral coordination and that coordination can only be achieved through informal mechanisms (Frow et al., 2005; Goretzki & Messner, 2016). The shared performance measures stimulated ongoing discussions between units in one of the cases and, thereby, allowed for continuous mutual adaptation. However, the coherent performance measures in the second case contributed to tensions in the relationship, as there were disagreements on how coordination should occur. As such, in line with Frow et al.'s (2005) findings, the paper shows how formal controls may stimulate lateral coordination, but this depends on a shared interpretation of interdependence. Hence, in contrast to the literature arguing that formal controls complicate or hinder lateral coordination (Abernethy & Lillis, 1995; Chenhall, 2008; Goretzki & Messner, 2016; Van der Meer-Kooistra & Scapens, 2008), this paper shows that formal controls can influence individuals' and units' interpretations of dependencies and, hence, their role in the community. This, in turn, can stimulate cooperation and coordination, and not necessarily serve to individualise action.

At the individual level, the third paper shows that individuals interpreted accountability as actively taking responsibility. Hence, accountability was not reduced to what was made visible

through accounts but based on continuous discussions and reflections regarding what should be done. This interpretation was informed by formal controls, which were dynamic and provided employees with the discretion to act responsibly (i.e., on the basis of what the individual believed was right, not on what the individual needed to do to achieve pre-determined results; Bauman, 1994). The formal controls that acknowledged the uncertainty of operations and the impossibility of knowing what good performance looked like in advance together with the continuous emphasis on open communication and learning stimulated intelligent accountability processes in which accounts were made with regard to a specific context. Those accounts contained rich information that was followed up on over time. The paper thus distinguishes itself from literature adopting a critical perspective on accountability (e.g., Kamuf, 2007; McKernan, 2012) by exploring the notion of intelligent accountability and expanding that notion by discussing the role of formal controls.

The dissertation thus shows that, contrary to the common understanding in the extant literature (e.g., McKernan, 2012; Roberts, 1991; Tomkins, 2001), formal controls can signal trust and empowerment, foster lateral coordination, and contribute to an intelligent approach to accountability. However, these aspects depend on the ability to design controls in a way that acknowledges organisational uncertainty and human limitations; on the ability to ensure that the design allows for the management of what lies behind the measures, not only what the measures make visible; and on the stimulation of open communication and learning. These findings support Roberts' (2009, 2018) optimistic call for a more intelligent approach to accountability and expand his work by discussing the role of formal controls in such processes.

6.2. Contributions

This dissertation challenges the view that formal controls serve to individualise organisational action by studying accountability processes at different organisational levels. Previous research adopting a critical perspective on accountability has argued that informal or lateral mechanisms are needed to compensate for or balance the destructive influence of formal controls (Frow et al., 2005; Goretzki & Messner, 2016; Jönsson, 1996; Roberts, 1991, 1996), that we need a counter-practice to or an absence of accounting (Catasús, 2008; Kamuf, 2007; McKernan, 2012), or that we need to build accountability processes based on alternative ethics (Roberts, 2009; Shearer, 2002). Whereas these conceptualisations suggest that the role of formal controls is unclear, that formal controls are unwanted, or that they need to be balanced or offset, this

dissertation demonstrates that formal controls can contribute to an intelligent approach to accountability.

By studying how formal controls are embedded in wider frameworks of accountability at different organisational levels, this dissertation contributes to the accountability debate by expanding the image of accountability to show that formal controls can contribute to intelligent accountability processes if they are designed and used in certain ways. Whereas this question is directly addressed in the third paper, the two firsts papers investigate how formal controls can influence accountability processes in ways that go beyond a strictly instrumental focus. Specifically, the first paper expands our understanding of the potential of formal controls by showing how formal controls stimulate empowerment, provide support and encourage responsible behaviour. These findings contradict the argument found in critical literature on accountability that formal controls reduce responsibility (e.g., Cooper, 2015; McKernan, 2012; Roberts, 2018; Shearer, 2002). The second paper expands our understanding of the potential in formal controls by showing how formal controls can frame employees and units as parts of a larger community in a manner that stimulates lateral coordination. This contradicts the argument in the extant literature that formal controls serve to individualise organisational behaviour (Roberts, 1991, e.g., 1996; Shearer, 2002). Hence, rather than needing to be balanced, formal controls can signal trust in employees and shape individuals and units as part of a wider community.

The third paper and the dissertation as a whole find that formal controls can contribute to intelligent accountability processes through their design and use. They can change the procedural aspect of accountability (i.e., how employees are held accountable) as well as the areas for which employees are held accountable in a manner that acknowledges uncertainty and the limits of transparency.

This dissertation finds that the design of formal controls can contribute to intelligent accountability processes by providing employees with the discretion to use their own 'sound judgement', by being dynamic in the sense that changes can be made when necessary and by basing performance evaluations on more than meeting pre-defined targets. The case company based its management control system on the belief that one cannot know what good performance looks like in advance. The dissertation examines how this underlying belief is manifested in the formal controls and how it influences accountability processes. The findings indicate that the controls do not limit responsibility to only what must be accounted for, which

is the overall concern in the critical debate (e.g., Cooper, 2015; McKernan, 2012; Roberts, 2018; Shearer, 2002). Instead, they stimulate reflections on wider responsibilities and consequences of actions in a way that fosters open communication and learning.

This is further reflected in the holistic performance evaluations, which exemplify how the design and use of formal controls are intertwined. While the company's formal procedure for performance evaluations clearly states that evaluations are equally based on performance measures and on how those measures are met, managers find it challenging to evaluate behaviour in this way. The research shows that managers tried to engage in the complexity of the operation rather than distancing themselves and becoming 'strategically ignorant', as Roberts (2018) warns. It also demonstrates the conscious effort by managers to manage what the measures conceal by adopting an intelligent approach to accountability that centres on rich information regarding specific contexts that can be followed over time. However, this intelligent approach requires each manager to make this effort, which is more demanding than simply relying on performance measures. Therefore, the presence of formal controls that are dynamic, provide direction and discretion, and the acknowledgement that good performance is not determined by pre-defined measures are not enough to make accountability processes intelligent, as the opportunities present in the controls need to be used.

Hence, the use of formal controls must be based on the recognition of uncertainty and the limits of transparency in order to encourage managers to engage in operational complexity by attempting to understand and manage what lies behind the numbers. Through open communication regarding responsibilities, challenges and one's role in the community, managers can use formal controls to shape accountability in a way that stimulates learning and development. As Roberts (2018, p. 54) argues, accountability can then "regain a proper institutional rather than individual focus, and function as an essential vehicle through which we recognise and manage our responsibilities to and for each other within the complex systems of relations upon which we each depend for success".

The findings presented here support Roberts' (2009, 2018) argument that accountability can be made more intelligent by stimulating open communication and learning. The dissertation contributes to this debate by empirically exploring the notion of intelligent accountability and by examining the role of formal controls in these processes. The design and use of formal controls in the case company also resonates with Catasús' (2008) argument that an absence of accounts may allow for responsibility. While controls and accountability are not absent in the

case company, the company's accountability practices emphasise learning, and they leave more room for reason and discussion than strict instrumental accountability processes. Hence, the company actively tries to avoid a "blame (and fame) game", and employees are encouraged to reflect on their own responsibility and act on the basis of what they believe is right rather than on what the "forum of accountability may decide afterwards" (Catasús, 2008, p. 1016). Hence, in practice, formal controls may help stimulate reflections on responsibility.

Hence, the relationship between formal control and accountability is more nuanced than is portrayed in the literature adopting a critical perspective on accountability. Formal controls and informal processes cannot be juxtaposed in a way that produces strictly hierarchical/lateral, individualising/socialising, or instrumental/communicative accountability. For instance, the dissertation shows that formal controls may stimulate lateral coordination and facilitate a uniform understanding of good management. Furthermore, the findings indicate that processes that can be seen as instrumental can be used intelligently by, for instance, acknowledging that performance measures always conceal more than they reveal. The dissertation hence expands our theoretical understanding of intra-organisational accountability processes by arguing that we need to view formal controls as potential resources that may contribute to a more intelligent accountability, not simply as elements that need to be balanced or removed.

Whereas the overall dissertation focuses on the how formal controls can contribute to intelligent accountability processes, the papers provide examples of instances in which accounts are more instrumental. As such, striving for intelligent accountability is not an end state but rather a continuous endeavour, as it involves the everyday practice and interaction of demanding and giving accounts to managers, employees and peers. Therefore, the dissertation argues that intelligent accountability needs to be continuously strived for in order to reduce the risk of managing only what is transparent. While the dissertation challenges the critical view on accountability by arguing that formal controls can help make accountability processes intelligent, the findings underscore the importance of the critical debate for developing knowledge on the potential destructive influence of accountability. Only by understanding the threats and potentially damaging consequences of managing only what is transparent can one begin to explore the meaning of intelligent accountability and how it can be promoted.

6.3. Implications for practice

The dissertation has several implications for practice. It shows how the design and use of formal controls can shape accountability processes that influence employees' perceptions of the level

of trust in the organisation, how units coordinate and how employees are motivated to consider what is best for the company as a whole rather. Overall, to make accountability processes intelligent, the dissertation suggests that formal controls should be based on the acknowledgement of organisational uncertainty and human limitations in foreseeing the future. Moreover, formal controls need to be dynamic to enable changes. They must also allow for employee discretion, while performance evaluations need to look beyond the achievement of pre-defined measures. Furthermore, the opportunities provided in the design should be used in a manner that stimulates open communication and learning.

The first paper shows that relational signals of commitment are vital in the interaction between control and trust, and that controls are not necessarily detrimental to or beneficial for trust building. The interpretation of the relational signals determines how controls interact with trust. The paper highlights two aspects that may have important implications for practice. First, the paper demonstrates the importance of communication in achieving change and signalling commitment. If employees agree on the need to change but do not have the ability to change at the speed demanded, controls may be perceived as legitimate and supportive rather than as signals of mistrust. Second, the paper shows that employees can interpret other aspects of the organisation (e.g., central centres of expertise) as signals of mistrust even though that interpretation might not be intended.

The second paper shows the importance of shared interpretations of interdependence for achieving coordination and demonstrates how shared performance measures can help stimulate this interpretation. However, it also shows that performance measures can give rise to different interpretations of interdependence, which can lead to tensions in coordination. For instance, as in the case with performance measures on different aggregation levels, performance measures can foster different prioritisations and, thus, different views on the level of dependence between the units. In the case where the performance measures were uniformly shared, continuous communication and mutual adjustments occurred, as both units agreed that they were highly dependent on each other to fulfil the shared targets. The paper also shows how performance measures can both stimulate and create challenges for lateral coordination.

The third paper discusses the potential destructive influence of formal controls and demonstrates how organisations may attempt to make accountability more intelligent (i.e., how organisations can attempt to withstand the pressure to manage only what is made transparent). The paper argues that accountability processes can stimulate reflections on wider responsibility

and the consequences of actions beyond the implications for the individual or the individual's unit. As such, it shows that the destructive influence of formal controls can be mitigated by building accountability processes regarding the need to manage what is not made visible through pre-determined measures. By acknowledging uncertainty and complexity, accountability processes can be more concerned with understanding operational practices in a manner that stimulates open communication and learning. Employees can then reflect on their wider responsibility instead of limiting their focus to what makes them look good in the eyes of their managers.

6.4. Suggestions for future research

This dissertation has contributed to the literature on accountability and management control by presenting three empirical studies that introduce an alternative perspective to the accountability debate. Based on the findings presented here, future research should continue to examine the potential for making accountability processes 'intelligent'. The potentially destructive influence of formal controls is well documented in the extant literature. In contrast, this dissertation begins to address how formal controls can contribute to intelligent accountability processes by focusing on possibilities and opportunities rather than limitations. However, this dissertation has presented the case of one company. Additional knowledge of other organisations with other formal controls and settings is needed to build a theoretical understanding of intelligent accountability.

Furthermore, the papers in this dissertation propose several avenues for further research. The first paper argues that we need to build more theoretical knowledge on trust and control as a duality within the intra-organisational management accounting and control literature. While that paper and the study by Johansson and Baldvinsdottir (2003) examine how trust and control interact, and how the duality influences practice and change, there is still a limited basis on which to build knowledge. The literature on inter-organisational relationships (e.g., Mahama & Chua, 2016; Vosselman & Van der Meer-Kooistra, 2009) has provided knowledge that could be valuable for studies within companies. However, the context, power relationships and construction of accountability processes in inter-organisational relationships differ from the situation within a company. The paper argues that the duality can be further examined by analysing interpretations of relational signals in different organisations over time.

The second paper criticises the contingency perspective that dominates the management control literature on coordination. It argues that future research should adopt a more emic perspective

in order to understand how and why units interpret interdependencies in specific ways, and how the opposing goals of performance measures are managed in organisations.

While the third paper shares the concern regarding the dominance of instrumental accountability, it shows that there are situations in which accountability can be made more intelligent. Thus, there is a need to further empirically examine how this occurs in other organisations or contexts in order to build theoretical knowledge on why and how organisations can move away from the dominance of instrumental accountability and further develop the notion of intelligent accountability. It would also be of interest to further study what motivates accountability processes, such as what separates companies aiming for more intelligent accountability from those that view instrumental accountability as the gold standard of control.

Appendix A: List of interviews

Interview	Position	Unit	Time (hours)
#1-1	Director	Plant	2
#1-2	Superordinate manager	Plant	1.5
#1-3	Operational manager	Plant	1
#1-4	Controller	Plant	1.5
#1-5	Manager	Plant support	2
#1-6	Technical manager	Plant support	0.75
#1-7	Manager, governing documentation	Plant support	1.5
#1-8	Subordinate manager, governing documentation	Plant support	1.5
#1-9	Controller	Plant support	1.5
#1-10	Director	Platform	2
#1-11	Superordinate manager	Platform	1.5
#1-12	Operational manager	Platform	1.5
#1-13	Engineer	Platform	1
#1-14	Controller	Platform	1.5
#1-15	Manager	Platform unit	2
#1-16	Superordinate manager	Platform support	1.5
#1-17	Equipment manager 1	Platform support	1.5
#1-18	Equipment manager 2	Platform support	1.5
#1-19	Controller 1	Platform support	1.5
#1-20	Controller 2	Platform support	1.5
#2-1	Director	Plant	2
#2-2	Operational manager	Plant	2
#2-3	Controller	Plant	1.5
#2-4	Manager 1	Plant support	2
#2-5	Manager 2	Plant support	1.5
#2-6	Technical manager	Plant support	1
#2-7	Manager, governing documentation	Plant support	1.5
#2-8	Manager, governing documentation 2	Plant support	1.5
#2-9	Controller	Plant support	1.5
#2-10	Director	Platform	2
#2-11	Resource manager	Platform	2
#2-12	Maintenance manager	Platform	1
#2-13	Engineer	Platform	1
#2-14	Controller	Platform	2
#2-15	Manager	Platform support	1
#2-16	Equipment manager 1	Platform support	1.5
#2-17	Equipment manager 2	Platform support	1.5
#2-18	Controller	Platform support	1.5

Appendix B: Example of an interview guide

Introduction: Information about the interviewer, the research project, confidentiality and informed consent. Acceptance of use of recorder.

Questions:

1. Background of the interviewee
 - a. Can you tell me about yourself and your background?
 - b. Current position? Previous positions? How long have you been with the company?
2. Information about the unit
 - a. Can you tell me out your unit's role in the business area?
 - b. What challenges have the unit had, and what are the challenges now and going forward?
 - c. How is the unit organised? Who is involved in the operation (other units)?
 - d. What are the most important drivers for the profitability/success of the unit?
3. Responsibility and accountability
 - a. How would you describe your responsibility?
 - b. What does accountability mean to you?
 - c. What do you think it means to 'increase accountability'?
 - d. For what and to whom are your unit accountable?
 - e. For what and to whom do you experience that you are accountable?
 - f. Do you perceive it to be a difference between what you are accountable for, and for what you are personally responsible?
 - g. Has there been an increased focus on accountability? Any pros/cons with this focus?
4. Interdependencies
 - a. You work towards many different units, where the responsibility often is shared. How do you work with coordination and cooperation? Examples?
 - b. To whom is it important that you have a good dialogue?
 - c. Are you experiencing any challenges regarding coordination? Why?
5. The management control system
 - a. How are strategic targets and KPIs developed, and what part do you have?
 - b. Can you tell me about your unit's ambition to action (scorecard)?
 - c. Are there any contradictions in the KPIs?
 - d. How do you work towards the KPIs?
 - e. How do you influence the scorecards of other units and vice versa?
 - f. What do you mean are the biggest challenges with the management control system as it stands today?
6. Performance evaluation
 - a. What is a good performance for you and your unit?
 - b. Which person's opinion is the most important when you evaluate your own performance?
 - c. How is your performance evaluated? What consequences does it have?
 - d. If you could decide, how do you want to be evaluated?

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II

PAPER 1

(Un)intended signals:

A study of trust and control when accountability styles change

Grete Helle
Norwegian School of Economics

ABSTRACT

Previous research has typically treated trust and control as a dualism – two related but different concepts that can complement or substitute each other. This dualism perspective has been criticised for failing to reflect the complexity of the relationship. Researchers have therefore called for examinations of trust and control as a duality, acknowledging that the relationship is dynamic and interrelated. Building on an interaction perspective, this paper argues that controls both need and produce trust, and that trust both needs and produces control. As such, the paper contributes to the theoretical development of trust and control as a duality in an intra-organisational context. Using a case company's changing style of accountability as a narrative device to explain normative expectations within the company, this paper discusses how trust and control interact as normative expectations change over time. By identifying four interactions, the paper empirically shows that trust is not static or independent, and that the trust and control duality can be understood by viewing and analysing behaviour as relational signals. The interactions further show how 'stronger' controls may be perceived as legitimate if the receiving party agrees with the negative expectations that the controls are meant to offset. In addition, the interactions show how other organisational factors may be interpreted as unintended relational signals of trust or distrust.

Keywords: Control, trust, interaction perspective, accountability, duality, dualism.

1. INTRODUCTION

This paper examines one of the fundamental challenges faced by modern organisations – the relationship between trust in empowered employees on the one hand and the need for predictable goal achievement and control on the other (Frow et al., 2005; Long, 2018; Van der Meer-Kooistra & Scapens, 2008; Vosselman & Van der Meer-Kooistra, 2009). Traditional management control research has been concerned with ensuring that employees act in line with company interests (Chenhall, 2003; Merchant & Otley, 2007; D. T. Otley, 1999). Whereas agency theory suggests that companies must limit the vulnerability and uncertainty that arise when decision-making power is delegated through control mechanisms (e.g., Bemelmans-Videc et al., 2007; Jensen and Meckling, 1976), several other researchers argue for the benefits of trust (e.g., Dirks and Ferrin, 2001; Long, 2018; Roberts, 2001; Van der Meer-Kooistra and Scapens, 2008; Weber et al., 2005). For instance, accepting vulnerability and believing that others will behave in the best interests of the company (e.g., Rousseau and Burt, 1998; Tomkins, 2001) are argued to result in more positive attitudes, higher levels of cooperation and superior performance (Dirks & Ferrin, 2001; Long, 2018; Weber et al., 2005). However, how to handle the relationship between trust and control is argued to be an omnipresent dilemma, as applying too strong controls may limit employees motivation and destroy their trust, while applying too weak controls may fail to provide employees with direction (Long, 2018)⁴.

While the relationship between trust and control is treated as a classic dilemma in the literature, there is little consensus regarding the relationship (Bijlsma-Frankema & Costa, 2005; Möllering, 2005; Vosselman & Van der Meer-Kooistra, 2009; Woolthuis, Hillebrand, & Nooteboom, 2005). The confusion results from the assumption that trust and control are a *dualism* (Möllering, 2005; Vosselman & Van der Meer-Kooistra, 2009). If trust and control are a dualism, the concepts belong together but are simultaneously two distinct concepts that for instance can be seen as substitutes or complements (Das & Teng, 1998, 2001; Dekker, 2004; Emsley & Kidon, 2007; Spreitzer & Mishra, 1999; Tomkins, 2001; Van der Meer-Kooistra & Scapens, 2008; Van der Meer-Kooistra & Vosselman, 2000; Woolthuis et al., 2005).

Some researchers argue that limiting our focus to a dualism perspective downplays the dynamic between the concepts and limits the potential for theoretical development (Bijlsma-Frankema & Costa, 2005; Mahama & Chua, 2016; Möllering, 2005; Vosselman & Van der Meer-Kooistra,

⁴ Strong/weak controls can also be regarded as tight/loose controls (see for instance Simons, 1990). Common for the terms are that strong/tight controls imply less employee discretion and more monitoring.

2009). Vosselman and Van der Meer-Kooistra (2009) introduce an alternative perspective — the interaction perspective — which builds on the assumption that control and trust are an interrelated dynamic in which controls both need and produce trust, and trust both needs and produces controls.

In this perspective, trust and control are viewed as a *duality* in which positive expectations of others are formed through actors' interpretations of the “complex interactions between structural influences on actors and the possibility of either benevolent or malevolent action” (Möllering, 2005, p. 283). In contrast to a dualism perspective, where the concepts are related but separable, a duality perspective argues for the inseparability of trust and control as “trust and control each assume the existence of the other, refer to each other and create each other, but remain irreducible to each other” (Möllering, 2005, p. 283). Hence, by viewing trust and control as a duality we can start to explore the many potentials for different interactions and their influences, rather than limiting the relationship to two interactions where trust and control either substitute or complement each other.

Building on an interaction perspective, this paper aims to expand our theoretical understanding of trust and control as a duality in an intra-organisational context. To study how trust and control interact, and to capture the many facets of trust, the paper uses a case company's style of accountability as a narrative device (Czarniawska, 1998; Johansson & Baldvinsdottir, 2003). In addition to providing a context in which the interaction between trust and control can be discussed, accountability styles are suitable for studies of trust and control as they reflect normative expectations regarding what is considered to be ‘good management’. As trust is built through signalling commitment by behaving in line with such normative expectations over time (Vosselman, 2016), it is interesting to analyse what happens to the trust and control duality when the normative expectations change. By studying changes in accountability styles, it is possible to examine how the formal controls become aligned with the public discourse and the organisation's operational practices, disrupting previous normative expectations and over time building others. Therefore, in this examination of trust and control as a duality, the paper poses the following research question:

How do control and trust interact as a company changes its accountability styles?

To address this question, the paper draws on an interpretive case study in which the case company needed to drastically change its internal operations in order to remain competitive

both before and after the decline in the oil price in 2014. Using detailed data on formal controls, operational practices and public discourse, the paper demonstrates how new accountability styles were developed over three phases. The first phase, the *growth* phase, shows the style of accountability before the change, which is characterised as an operational style of accountability. The second phase, the *cost* phase, brought ambitious cost targets and a centralised improvement program, which started to change accountability processes within the company and began to move it towards a financial style of accountability. In the third phase, the *value* phase, the company attempted to reduce the corporate controls and emphasise empowerment and local ownership, thereby balancing operational and financial issues in a profit-oriented style of accountability.

The paper identifies four interactions that expand our understanding of the relationship between trust and control. The first interaction shows how, contrary to previous research (Johansson & Baldvinsdottir, 2003; Long, 2018; Tomkins, 2001; Van der Meer-Kooistra & Scapens, 2008), stronger controls did not affect trust, as they were seen as both necessary and legitimate. The second interaction shows how employees signalled cooperative behaviour by aligning operational practices with the formal controls, thereby building trust. The third interaction shows that the reduction in controls was perceived as a relational signal that top management had trust in employees' abilities. At the same time, employees no longer viewed the controls as legitimate, as they had proven that they could change operational practices. The fourth interaction shows how other aspects (e.g., changes in units' operational models and the introduction of central 'centres of excellence') were perceived as unintended relational signals of negative expectations about local units' abilities, which had the potential to hinder the building of trust.

This analysis allows us to contribute to the literature on trust and control as a duality (Möllering, 2005; Vosselman & Van der Meer-Kooistra, 2009) by empirically showing that trust is continuously built through interpretations of relational signals, where the signals cannot be separated from the formal controls as the controls also are interpreted as signals. Furthermore, while some of the interactions identified are consistent with a dualism perspective (e.g., Emsley and Kidon, 2007; Johansson and Baldvinsdottir, 2003; Tomkins, 2001; Woolthuis et al., 2005), the analysis shows that the interactions are more complex. They are not simply about removing or adding controls but about how the relational signals and the controls are perceived.

The following section elaborates on the theoretical foundation of the analysis. After the description of the research setting and methodology, the case is presented before the answer to the research question and avenues for further research are discussed.

2. THE TRUST AND CONTROL RELATIONSHIP

2.1. From avoiding to accepting vulnerability

The literature on management control has typically been interested in how organisations and managers ensure that employees are behaving in accordance with the organisation's objectives and strategies (Chenhall, 2003; Merchant & Otley, 2007; D. T. Otley, 1999). Thus, controls serve to compensate for or reduce negative behavioural expectations, i.e., fear of opportunistic behaviour (Baldvinsdottir, 2013; Vosselman & Van der Meer-Kooistra, 2009). From an agency theory perspective, controls help align the interests of employees with the interests of the company, thereby reducing the principal's vulnerability when decision-making power is delegated to the agent (Jensen & Meckling, 1976b).

However, there is consensus in both practice and the academic literature that trust plays an important role in organisations (Christ, Sedatole, Towry, & Thomas, 2008; Dirks & Ferrin, 2001; Long, 2018; Roberts, 2001; Van der Meer-Kooistra & Scapens, 2008; Weber et al., 2005) and that management control systems built solely on the assumptions of agency theory may be self-fulfilling in practice (Roberts, 2001; Vosselman, 2016). Vosselman (2016, p. 12) refers to this as "the performance management paradox", where the controls intended to attenuate opportunistic behaviour may, in fact, produce such behaviour. Van der Meer-Kooistra and Scapens (2008, p. 381) share this concern, which they connect to trust by arguing that the real danger of traditional management control systems that emphasise hierarchical control is that they "could constrain the autonomy of the parties and thereby severely inhibit the creation of trust".

Although control and trust have the common goal of reducing uncertainty (Vosselman & Van der Meer-Kooistra, 2009), trust generally implies accepting, rather than trying to reduce, vulnerability and expecting that others will act in line with the company's interests (Bijlsma-Frankema & Costa, 2005; Johansson & Baldvinsdottir, 2003; Möllering, 2005; Tomkins, 2001; Vosselman & Van der Meer-Kooistra, 2009). However, trust is an elusive concept that has been defined as a psychological state (Mayer, Davis, & Schoorman, 1995), an accomplishment and practice (Mahama & Chua, 2016), an aspiration and quasi-object (Mouritsen & Thrane, 2006),

and a belief (Tomkins, 2001). One shared tenet in the literature is that trust, regardless of whether it is something one does or has, entails positive expectations regarding the actions of others (e.g., Bijlsma-Frankema and Costa, 2005; Möllering, 2005; Vosselman and Van der Meer-Kooistra, 2009). This refers to the trustor's positive expectations of the trustee's ability, benevolence and integrity (Mayer et al., 1995). In other words, the trustor believes that the trustee has the ability to influence a specific domain, that the trustee wants to do good by the trustor and not strictly act in his or her own self-interest, and that the trustee will adhere to a set of principles that the trustor finds acceptable (Mayer et al., 1995).

While there is some agreement regarding the underlying character of trust as involving positive expectations of others' actions informed by perceptions of ability, benevolence and integrity, there is less agreement on the relationship between trust and control. Dekker (2004), for instance, views trust as a form of social control, while Das and Teng (1998) echo Tomkins' (2001) argument that trust is the absence of control because "when it is possible to fully trust a partner, there is no need to control its behaviour" (Das & Teng, 1998, p. 498). This paper hence focuses on formal controls, e.g., performance measures, rules and regulations, and top management initiatives that limit or expand employees' discretion.

2.2. Trust and control as a duality – an interaction perspective

The relationship between trust and control has been termed an inherent tension, a paradox (Spreitzer & Mishra, 1999; Van der Meer-Kooistra & Scapens, 2008), and an omnipresent dilemma (Long, 2018). This reflects the predominant view in the extant research that trust and control act as a *dualism* (Möllering, 2005; Vosselman & Van der Meer-Kooistra, 2009) in which the two concepts either substitute or complement each other (Das & Teng, 1998, 2001; Dekker, 2004; Emsley & Kidon, 2007; Spreitzer & Mishra, 1999; Tomkins, 2001; Van der Meer-Kooistra & Scapens, 2008; Van der Meer-Kooistra & Vosselman, 2000). When viewed as substitutes, the two concepts are seen as inversely related, implying that more control leads to less trust and vice versa (Dekker, 2004; Mayer et al., 1995; Spreitzer & Mishra, 1999; Van der Meer-Kooistra & Vosselman, 2000). In contrast, researchers arguing for a complementary relationship suggest that trust and control can be mutually reinforcing (Emsley & Kidon, 2007; Tomkins, 2001; Van der Meer-Kooistra & Scapens, 2008; Woolthuis et al., 2005).

Recent research has challenged this dualism perspective, arguing that the relationship between trust and control is more complex and dynamic (Cristina Costa & Bijlsma-Frankema, 2007; Mahama & Chua, 2016; Minnaar, Vosselman, van Veen-Dirks, & Zahir-ul-Hassan, 2017;

Möllering, 2005; Mouritsen & Thrane, 2006; Vosselman & Van der Meer-Kooistra, 2009). Möllering (2005, p. 284), for instance, calls for examining trust and control as a *duality*, which implies that trust and control are irreducible to each other, using the philosophical debate regarding ‘body’ and ‘soul’ as an example. Viewed as a dualism “humans have a body on the one hand and a soul on the other”, but viewed as a duality being human means that “the body needs a soul and the soul needs a body”. Hence, if something is a duality, one concept cannot be separated from the other. Building on the duality perspective, researchers have begun to view trust and control as an interaction (Mahama & Chua, 2016; Minnaar et al., 2017; Vosselman & Van der Meer-Kooistra, 2009; Woolthuis et al., 2005). Trust and control do not simply substitute or complement each other, but *interact*, meaning that changes in control might hinder or aid trust building, and trust may influence the design and use of controls (Möllering, 2005; Vosselman & Van der Meer-Kooistra, 2009).

In this view, formal controls are seen as compensating for negative behavioural expectations, potentially producing a situation in which there are neither negative nor positive behavioural expectations (Baldvinsdottir, 2013; Vosselman & Van der Meer-Kooistra, 2009; Woolthuis et al., 2005). As such, formal controls ensure that there is no distrust and no negative expectations, while trust entails positive expectations regarding “the ability, benevolence and integrity of the other party” (Vosselman & Van der Meer-Kooistra, 2009, p. 272). Trust cannot be achieved through formal controls. Instead, it must be built through relationships (Baldvinsdottir, 2013; Mahama & Chua, 2016; Minnaar et al., 2017; Möllering, 2005; Powell, 1996; Vosselman & Van der Meer-Kooistra, 2009) and voluntary decisions to signal cooperative behaviour (Vosselman & Van der Meer-Kooistra, 2009). Such voluntary decisions are viewed as signals of commitment to the relationship (Vosselman & Van der Meer-Kooistra, 2009; Woolthuis et al., 2005). Trust is hence a result of agency, where parties in the relationship signal commitment, while the absence of distrust is a result of formal controls (Möllering, 2005; Vosselman & Van der Meer-Kooistra, 2009).⁵

A signal of commitment to the relationship indicates that one is behaving in line with normative expectations and wants to preserve the stability of the relationship (Lindenberg, 2000; Vosselman & Van der Meer-Kooistra, 2009; Woolthuis et al., 2005). When each party wants

⁵ While the use of formal controls can be seen as a relational signal that builds trust, as shown in two of Woolthuis et al.’s (2005) cases where the contract itself was viewed as a signal of commitment, this paper argues that the individual’s use of the controls, rather than the controls themselves, produces the signals.

to remain in the relationship, they take an interest in strengthening and stabilising each other's normative expectations. By showing their commitment to the stable normative expectations by behaving in a trustworthy manner (i.e., by displaying ability, benevolence and integrity), the parties can avoid the damage associated with individuals pursuing individual gains or preventing individual losses at the expense of the relationship (Vosselman & Van der Meer-Kooistra, 2009). Hence, Vosselman and Van der Meer-Kooistra (2009, p. 275) argue that “a party will trust his partner if he understands from his partner's behavioural signals that the partner has stable cooperative behaviour, based on normative goals”. Positive behavioural expectations, trust, are thus based on an understanding built gradually through the continuous interpretation of relational signals, behavioural signals of commitment to the relationship.

Vosselman and Van der Meer-Kooistra (2009) argue that to capture the benefits of the interaction, the controls have to compensate for all legitimate negative expectations, e.g. fear of opportunism. If the controls undercompensate for those expectations, the trust-building process may be hindered, as interests are not sufficiently aligned and distrust remains. This can lead to the introduction of additional controls, which can serve to both remove the basis for distrust and signal trust, as applying more legitimate controls may signal a commitment to the relationship (Vosselman & Van der Meer-Kooistra, 2009; Woolthuis et al., 2005). However, the ‘paradox of performance management’ referred to in the management control literature (Vosselman, 2016) represents a situation in which controls overcompensate for negative expectations. In such situations, if the parties involved are already committed to the relationship and its normative expectations, they may perceive the controls as illegitimate, which can lead to a loss of commitment as individuals seek to pursue gains or prevent losses at the expense of the relationship (Vosselman & Van der Meer-Kooistra, 2009).

While research on trust and control in the management accounting field has focused on the inter-firm relationship (e.g., Mahama and Chua, 2016; Minnaar et al., 2017; Tomkins, 2001; Vosselman and Van der Meer-Kooistra, 2009), Johansson and Baldvinsdottir (2003) study the relationship in two different companies over time. Without explicitly challenging the dualism perspective, they show that trust and control cannot be restricted to either substitutes or complements. In their study, trust was reduced when control increased in a consultancy firm (i.e., a substitutive relationship) and controls helped build trust in a manufacturing firm (i.e., a complementary relationship). They argue that accounting can facilitate trust building but that this depends on how accounting is used by those involved – accounting can be used to signal both trust and distrust. In the case of the consultancy firm, a well-established trust relationship

between managers and consultants was threatened after a manager started to hold the consultants accountable for their invoicing. Despite experiencing financial pressure, this attempt to introduce stronger controls led “to confusion, tension and protest” (Johansson & Baldvinsdottir, 2003, pp. 226–227). In this case, the manager withheld information from the employees, suspected selfish behaviour and refused to listen to explanations, which both signalled distrust and resulted in distrust. In the case of the manufacturing firm, trust was initially very low, but the use of an accounting report, supported by the accountant providing the report, created trust (Johansson & Baldvinsdottir, 2003).

The findings in that case support Tomkins’ (2001) argument that control may be necessary in the early stages of a relationship or when trust is low, as it can help build trust, but that an insistence on high levels of control may compromise trust by signalling distrust. However, this paper argues that the different dynamics may be better explained by adopting an interaction perspective which acknowledge that other aspects of controls may influence the relationship than simply being high or low, e.g., the context, what they regard and how they are perceived.

Therefore, building on an interaction perspective, this paper aims to contribute to the theoretical development of trust and control as a duality in an intra-organisational context through an in-depth analysis of a company’s accountability style over time. The following section elaborates on how styles of accountability can serve as a narrative device, and why studying accountability processes can provide insights into the relationship between trust and control.

3. ACCOUNTABILITY STYLES – ALIGNING NORMATIVE EXPECTATIONS

Trust is a problematic concept in research, as it concerns subjective expectations and interpretations that cannot be made explicit (Jönsson & Macintosh, 1997). Jönsson and Macintosh (1997) therefore argue that trust can only be described discursively through examples. Similar to Johansson and Baldvinsdottir (2003), this paper attempts to capture the many facets of trust using a narrative, which in its “most basic form, requires at least three elements: an original state of affairs, an action or an event, and the consequent state of affairs” (Czarniawska, 1998, p. 2). More specifically, this paper analyses changes in accountability styles and uses these changes as a narrative device to present an original state, a change and an end state.

In addition to serving as a narrative device, the changes in accountability style can also provide insights into the trust and control duality. While accountability is often introduced as a way to

ensure control in the absence of trust (O'Neill, 2002; Roberts, 2018), Roberts (2001, p. 1549) argues that trust (or distrust) is “an outcome of ongoing processes and practices of accountability in and around the corporation”. Hence, although accountability processes are mostly associated with control, they also reflect trust (or distrust). Therefore, studies of accountability processes can provide insights into the trust and control relationship, as they reflect employee discretion and influence as well as managerial demands and consequences of action.

The notion ‘styles of accountability’ was first introduced by Ahrens (1996, p. 140) as a heuristic device that explicates the wide and unspecific notions of ‘good management’ to which organisational members hold themselves and others accountable. Building on Ahrens’ (1996) study, an organisation’s style of accountability can thus be seen as the alignment of three aspects – public discourse, formal controls, and operational practice – that reflects the alignment of normative expectations within a relationship (Ahrens, 1996). These expectations are constantly evolving as people are held accountable, either by reinforcing or altering existing perceptions of what are viewed as legitimate actions (Ahrens, 1996; Lerner & Tetlock, 1999; Roberts, 1991; Roberts & Scapens, 1985). As trust is built through behaving in line with such normative expectations, changing accountability style is a suitable situation for studying how trust and control interact as it presents a situation where the normative expectations of which trust is built are changing.

4. RESEARCH SETTING AND METHODOLOGY

4.1. Research setting

To examine trust and control as a duality, the paper presents an interpretive case study of a company, hereafter called ‘OilCo’, which changed from an operational style of accountability to a profit-oriented style. OilCo is a multi-national energy company that employed approximately 21,600 employees spread over 30 countries in 2017. The study focuses on the Norwegian production of oil and gas. The level of analysis is centred on the management of one platform and one refinery as well as the management of two technical units that supported these production facilities. OilCo was selected because the company represents a ‘critical’ case (Flyvbjerg, 2006) in the management control literature, as Norwegian society generally has high levels of trust (Inglehart et al., 2014; Schramm-Nielsen et al., 2004; Vrålstad, 2012) and because the company has had a beyond budgeting inspired management control system for over a decade. The presence of this type of control system contributes to this being a ‘critical’ case

(Flyvbjerg, 2006), as that system builds on a belief that hierarchical control should be reduced and employees should be trusted to use their own sound judgement. Hence, the case company and its employees are embedded in a belief that people can be trusted.

4.2. Data collection

As this paper seeks to analyse the *development* of the trust and control relationship, data collection was undertaken in two rounds approximately one year apart (2016 and 2017). The author shadowed (Czarniawska-Joerges, 2007; McDonald, 2005) each of four managers for three days in the first round and for two days in the second round. In addition, semi-structured interviews were conducted with the managers, their subordinate and superior managers, and the unit's controller.

Supplementary interviews were conducted in order to develop a broader understanding of the company and specific issues. For instance, one engineer was interviewed to gain a deeper understanding of how operational practice had evolved over time. Detailed field notes were taken during the shadowing periods and a daily journal was kept to allow for instant reflection on impressions from the field. To become familiar with OilCo's internal and external context, the author studied the company's history and development through public and private documents, newspapers, and conversations with company representatives. The shadowing involved several site visits as well as participation in meetings. This enabled the author to gain the proximity that is necessary when conducting field studies (Jordan & Messner, 2012) and to gain insight to the 'logic of practice' – not only the 'logic of representation' (Czarniawska, 2001).

In total, the study is based on 38 interviews with 27 different people, 179 hours of shadowing, 38 hours of other observations (e.g., meetings between management and employee representatives), and a 48-hour visit to an offshore platform. The research process was characterised by open communication between the researcher and the key informants.

4.3. Analysis approach

The overarching research objectives when initiating the data collection were to gain an understanding of the accountability processes within OilCo and to analyse how the company's management control system influenced those processes, as the management control system differed from 'traditional' systems by emphasising trust in lower-level employees and dynamic formal controls. However, in the first round of data collection, it became clear that what the

managers viewed as ‘good management’ had changed since the launch of the cost-reduction initiative, which gave the impression that the style of accountability had changed. To investigate this impression further, the author went back and forth between the data and the literature. To make sense of the development narrated in the interviews, the data were decomposed and coded into successive phases, each separated by top management initiatives. This temporal bracketing (Langley, 1999) enabled an analysis of the style of accountability within each phase and an examination of how each successive phase was influenced by the previous phase.

The first stage of the analysis centred on analysing the development of OilCo’s style of accountability. In the second round of data collection, the researcher presented the various phases to several the respondents to check the validity of the initial analysis. All the respondents indicated that the descriptions accurately reflected the company’s development.

During the analysis of the development of accountability styles, it became evident that the development in OilCo represented interactions between trust and control that did not concur with the view of trust and control as a dualism. Therefore, the second stage of the analysis focused on analysing how trust and control interacted and developed over the three phases, which were initially mapped through abductive reasoning.

A challenge arose in this stage. The literature largely adheres to descriptions of control as ‘high/low’ (Tomkins, 2001) or ‘harder/softer’ (Johansson & Baldvinsdottir, 2003; Long, 2018). In contrast, this paper attempts to describe the mechanisms argued to inflict more (or stronger) control in order to help the reader understand what lies behind the concepts. In addition, the understanding of the various degrees of control in the OilCo case is based on the discretion that the controls provide the individual, and built on the perception of the respondents. If the controls change in a way that the respondent experience as limiting on its discretion, they are ‘stronger’. If they are perceived as providing more room to manoeuvre, they are ‘weaker’. This is because when individuals have the discretion to choose how to act and what to prioritise, it implies that there is little external control over their actions. Notably, however, this does not automatically imply that there is more trust in the relationship as the dualism perspective would argue. It reflects an absence of negative behavioural expectations rather than a presence of positive behavioural expectations.

The analysis led to the identification of four interactions between trust and control. First, stronger controls did not affect trust, as they were seen as both necessary and legitimate.

Second, trust was built as employees changed operational practice. Third, a reduction in controls was seen as signals of trust in employees' abilities. And fourth, other aspects in the organisations, e.g., the introduction of 'centres of excellence', were perceived as signals of distrust.

When analysing these interactions, the relevance of 'relational signals' became evident. Relational signals are widely defined in the literature as signals that one remains committed to the relationship by seeking to stabilise each other's normative expectations (Vosselman & Van der Meer-Kooistra, 2009). The aim in this regard was to identify such relational signals by analysing both the behaviour, and the interpretation of behaviour, among both employees and management (e.g., changes in operational practice, top management's communication designed to "empower people", and the employees' reactions).

A second challenge is the intangible character of trust in the sense that it is primarily founded in an individual's subjective perceptions, and that there is not necessarily a one-on-one relationship between the trustor's perceptions and the trustee's perceptions. In other words, a trustor can have positive expectations of the trustee, but the trustee may perceive otherwise. While the intangible character of trust makes it difficult to study (Jönsson, 1996; Jönsson & Macintosh, 1997), contributions to knowledge development on trust and control as a duality can be made by presenting and analysing stated and observed perceptions. To capture the many facets of trust, the paper uses styles of accountability as a narrative device (Czarniawska, 1998; Johansson & Baldvinsdottir, 2003). This enables a presentation of an original state (i.e., the operational style of accountability), events, actions, and a consequence (i.e., the profit-oriented style of accountability).

4.4. Management control in OilCo

OilCo operates a broad framework of management control inspired by the normative beyond budgeting philosophy. The practical implementation of beyond budgeting includes unbundling the budgeting functions in three independent processes that all serve different purposes: targets, forecasts and case-by-case resource allocation (Bogsnes, 2009; Henttu-Aho & Järvinen, 2013; Østergren & Stensaker, 2011). Although some researchers view beyond budgeting as an operational change (Henttu-Aho & Järvinen, 2013), previous studies on OilCo argue that beyond budgeting represents a change in mindsets when employees are trusted (Bourmistrov & Kaarbøe, 2013). For instance, Bourmistrov and Kaarbøe (2013) found that OilCo's implementation of management controls inspired by beyond budgeting could be seen as an

information-supply innovation that facilitated a transition in the mindset and behaviour of decision makers. The mindset change was associated with increased trust in employees and reduced hierarchical controls, as accountability processes shifted away from hierarchy and towards individual reflexivity (Bourmistrov & Kaarbøe, 2013). Previous studies on OilCo as well as the data make it clear that the company has a strong management philosophy founded on the belief that employees can and should be trusted and empowered to use their own sound judgement. This fundamental belief is also reflected in the formal controls – the unbundled budget process – which allow for discretion and encourage individual reflection.

5. CHANGING THE STYLE OF ACCOUNTABILITY

The changes in accountability style can be divided into three phases, each emphasising different strategic objectives; growth, cost and value. The phases represent the changes in formal controls, operational practices and public discourse, and they reflect how the shared understanding of ‘good management’ – that is, OilCo’s style of accountability – evolved (Ahrens, 1996). The discussion of the phases also highlights how the use of controls evolved and interacted with trust through relational signals, and demonstrates their influence on managers’ autonomy and discretion. Table 3 summarises the different phases.

5.1. Phase 1 – *Growth*

5.1.1. Context

Due to the continued high oil price and its growth strategy, OilCo enjoyed high profitability for several years. However, actors in the industry had been competing for the same resources for decades. This competition bid up the general price level in the industry to a point where suppliers could demand considerably higher prices for goods sold to the oil and gas industry than they could demand from other parts of society. Given this context, we call this the “growth” phase.

5.1.2. Public discourse

As the limitations in the market related to personnel, parts and vessels, rather than capital, the public discourse in the industry reflected limited attention to costs, as the platform’s controller pointed out:

It was not as if they were throwing money out the window, but... I think the whole industry was a bit like that. (Controller, platform, #1-14)

Table 3: Summary of the phases

	Phase 1: Growth	Phase 2: Cost	Phase 3: Value
	2014		2016
			2017 -
Context	- Growth strategy	- Change in strategic focus from growth to cost reduction (February 2014)	- Change in strategic focus from cost reduction to value
Style of accountability	<i>Operational</i>	<i>Financial</i>	<i>Profit-oriented</i>
Public discourse	- High oil price - High competition for market resources - Aim: Maximise production	- Drop in oil price (autumn 2014). From USD 115 to a low point at USD 28 in 2015 - “Oil crisis” - Aim: Achieve a sustainable cost level	- Oil price stable at >USD40 - “Crisis” referred to in retrospect - Aim: Maintain the sustainable cost level
(Central) formal controls	- Production target	- Cost targets - OTE program	- Cost and production targets - Decentralisation of the management system
Operational practice	- Technical superiority - Engineers free to do as they wish	- Evaluation of what is ‘good enough’ - Financial perspective significantly influences decisions	- Continued evaluation of what is ‘good enough’ - More centrally run units/projects - Financial and technical focus
Trust and control interactions	Employees and management have positive expectations regarding the other’s benevolence, ability and integrity; stable relationship. Management philosophy emphasises trust in employees embedded in the organisation, and creates normative expectations regarding employee influence and discretion	New controls not perceived as representing a lack of trust, but viewed as legitimate; reduced autonomy accepted and appreciated in transition period Controls not perceived as a result of negative expectations of employees’ benevolence and integrity, but about their ability to achieve the required changes at the speed demanded	Reduction in controls signals that employees are trusted to maintain the cost focus without formal controls limiting their discretion Centrally run units/projects perceived as unintended signals of distrust, contradicting the management philosophy of employee empowerment

Hence, the controller’s statement reflects that there was a general understanding that costs were not very important simply because the gain from one extra barrel of oil was so high. Some of the headlines from Norway’s biggest business newspaper, *Dagens Næringsliv*, reflected this

view: “Record high order book” and “[The oil and energy minister] want’s to maintain record activity level on the [Norwegian continental] shelf”.

The public discourse in the industry and in OilCo itself focused on maximising production.

5.1.3. Formal controls

Given the fact that its management control system was inspired by beyond budgeting, the formal controls in OilCo were mainly performance targets, rules and regulations. The formal controls reflected an operational style of accountability based on an ambitious production volume target (i.e., annual production of 2.5 million barrels of oil equivalent by 2016) and a modest cost target (i.e., costs should not rise more than inflation). However, even beating inflation was not deemed important, as explained by another controller:

We have always been very clear on targets. ... for production and safety ... Other KPIs have sort of become less important. (Controller 1, platform support, #1-20)

In other words, some targets, like those related to costs, were not deemed important according to controller for the platform’s support unit. Conversations with managers during the shadowing days indicated that the production target was a strong driver of the development of costs to an unsustainable cost level. As one manager stated:

Our growth target of 2.5 million barrels led us to initiate far too many projects. We hired too many people. ... It is a bit scary that we spent so much ... that we managed to sit and watch break-even prices at such high levels. (Manager, platform support, #2-15)

The production target was thus interpreted by the managers as the dominant formal control in the growth phase. However, the target was in line with the general public discourse at the time. It was also aligned with OilCo’s operational practice.

5.1.4. Operational practice

In the growth phase, engineers were free to focus on what they found interesting, which created a race to find alternative solutions and facilitated innovation:

[In phase 1, the engineers] wanted to deliver even more and do something in an even newer way. ... If they had done it once before, they wanted to do something different. (Resource manager, platform, #2-11)

Hence, according to the platform's resource manager, innovation and technical superiority were sufficient justification for actions. The emphasis on production volumes resulted in a one-sided accountability process in which managers were held accountable for the quality and technical superiority of the solutions. They were given significant freedom to achieve these goals, while there was no discussion of the value added. As the platform's controller stated:

When it comes to costs, I think they just bought whatever they needed. They spent the money because there were no questions about it. (Controller, platform, #1-14)

Consequently, managers were not held accountable for costs by their superior managers or their peers. Instead, they were held accountable for production volume and technical superiority, which aligned operational practice with the formal controls and the public discourse. This results in what we have chosen to call an *operational* style of accountability reflecting stable normative expectations of 'appropriate action' – that is, everything that could bring OilCo closer to the production target and that reflected high technical quality.

5.1.5. The trust and control relationship

The statements from the resource manager and the controller at the platform reflects, in line with the company's management philosophy, that employees were given significant degrees of freedom to work towards the production target. This was also emphasised by a manager in the platform's support unit:

We had relatively free rein. ... The company had a very comfortable debt ratio, so there was enough money. Therefore, we were pretty much allowed to do whatever we wanted. (Equipment manager 2, platform support, #1-18)

The discretion that employees experienced, which was embedded in the management philosophy, signalled that top management trusted employees' abilities, benevolence and integrity, as they had the freedom to do whatever they found necessary to reach the production target. We understand this as if the relationship between top management and the employees in this phase was characterised by a shared commitment to the normative expectations of the accountability style and positive expectations regarding each other's behaviour.

This phase represents an "original state of affairs" (Czarniawska, 1998, p. 2) in the narrative and does not represent interaction between trust and control. The narrative's "action or event"

(Czarniawska, 1998, p. 2) initiated a new phase where the accountability style was disrupted by the recognition that the cost level was unsustainable.

5.2. Phase 2 – Cost

5.2.1. Context

The operational style of accountability and the normative expectations changed in the spring of 2014 when OilCo announced a strategic shift from growth to cost consciousness. We have therefore called this phase “cost”. The change was motivated by poor performance on cost parameters when benchmarked against peers, pressure from the stock market, and the acknowledgement within OilCo that costs were growing out of control. In the autumn of 2014, the oil price dropped dramatically from USD 115 per barrel to USD 53. It reached a low of USD 28 in 2015.

5.2.2. Public discourse

The public discourse started to change before OilCo launched its cost-reduction initiative, as costs across the industry were reaching unsustainable levels. In the beginning of 2014, a journalist reporting for *Dagens Næringsliv* from an oil and gas conference in Houston wrote: “Even though the oil price is stable at above USD 100 per barrel, cost reduction is the big theme for the conference, which brings together some of the industry’s most powerful actors” (Bertelsen, 2014).

Later the same month, OilCo launched its new cost-reduction initiative. This initiative influenced the public discourse in the domestic industry owing to OilCo’s role as a market leader in the country as well as the consequences of OilCo’s reduced activity level and general cost focus for its suppliers. Moreover, when the oil price fell, OilCo and the industry as a whole came under considerable financial pressure. While OilCo did not alter its change agenda, it gained momentum.

OilCo never referred to the fall in the oil price as a ‘crisis’. However, the public discourse among politicians, the media and other companies repeatedly referenced to the ‘oil crisis’. The activity level on the Norwegian continental shelf declined and many suppliers were left without projects. This was reflected in headlines from *Dagens Næringsliv* in 2015 and 2016: “Believes the oil crisis will continue”, “More than 35,000 lost jobs in the oil industry”, “The oil crisis scares Norwegian students”, and “NHO (the Norwegian trade association): The oil crisis spreads across the entire country”.

Therefore, the cost-reduction initiative together with the fall in the oil price led to a change in the discourse revolving around both OilCo and the industry at large. That change reflected the focus on achieving sustainable cost levels for the industry.

5.2.3. Formal controls

The strategic change was announced through the introduction of a stretch target to reduce capital expenditures by USD 5 billion over three years and lower operational expenditures by 30%. At the Capital Markets Day, the previous ambitious production target was only mentioned in a footnote to the CFO's presentation. That footnote acknowledged that OilCo expected it to take three to four years longer to reach the production target as a result of the cost-reduction initiative.

Therefore, the practical driver of the change in accountability style was the cost target, which introduced financial controls. This involved holding managers accountable for the costs they generated. Set on an overarching level (i.e., several units worked toward an overarching target, often on installation or field level), the targets were viewed within the organisation as extremely ambitious. In this regard, the manager of the platform's support unit emphasised the targets' stretch nature as well as their control characteristics:

There has been much greater pressure to reach the targets in recent years. ... There is enormous pressure within the organisation to achieve them. The focus in the company has changed from being ... volume oriented to being cost oriented – or value oriented.
(Manager, Platform support, #1-15)

As the manager stressed, the controls in the form of cost targets shifted employees' focus and managerial attention when compared to the growth phase. They were perceived as 'stronger' because of their restrictive nature relative to the production target, i.e. instead of being innovative and free to optimise technical superiority almost as they wished employees rather needed to find areas to reduce spending as the previous justifications were not sufficient.

When top management announced the strategic shift through the introduction of the cost targets, it also introduced an improvement program aimed at increasing operational efficiency, known as the OilCo Technical Efficiency (OTE) program. The central aspects of the program were to simplify, industrialise and standardise solutions, and the program was run by engineers. Together with the cost targets, the OTE program influenced how solutions and quality were evaluated. Previously, technical superiority was valued, but cost efficiency became key at this

point. One phrase that was often heard during the shadowing and observation periods was: “There is no need to build a Lamborghini if a Volvo can do the job just as good and just as safe”. For instance, while OilCo previously had a practice of drilling long and complex wells, the OTE program introduced a cost-per-well target, which forced the drilling engineers to re-evaluate their practices and start drilling shorter, less challenging wells.

The OTE program hence introduced additional controls on local units, as it determined what those units could do from a technical perspective, thereby limiting employee discretion. This technical expertise, which was consistent with the financial perspective of the cost targets, challenged the previous dominant operational practice in which engineers could focus solely on technical superiority. In turn, it influenced the operational practice.

5.2.4. Operational practice

The change in operational practice first emerged in the finance and accounting functions, which began questioning cost levels. After the strategic shift in 2014, the finance and accounting function for the platform started to hold regular monthly meetings to discuss monthly spending. In the beginning, the discussions were retrospective and looked at OilCo’s costs in the past. The discussions changed over the years, becoming more proactive and using the accounting information to look for opportunities. As the platform’s controller expressed:

We have been doing this for two years, now, so it has become easier to look a bit ahead into ways we can avoid spending money. (Controller, platform, #1-14)

The accounting function’s growing awareness of the cost implications of decisions further influenced operational practices, as operational managers were held accountable for costs. Hence, the financial perspective was given more managerial attention, and management accountants became a more active supporter for operational managers. The platform’s controller argued that the operational managers were expected to take more ownership over the costs they generated:

In the beginning, I sat and presented the numbers to them, but now the head of operations and maintenance want the people responsible for the units to familiarise themselves with the numbers in advance of the meeting and to then present those numbers themselves. ... Then you gain more ownership over them. (Controller, platform, #1-14)

As such, the operational managers were expected to ‘know their numbers’. This term came up repeatedly in formal meetings and informal conversations. Thus, the managers were not simply accountable for figures on a spreadsheet – they were accountable for knowing what was behind the numbers (e.g., the drivers, the jobs they covered). The practice of discussing and ‘owning’ the most relevant cost items increased the managers’ understanding of their own operations by adding accounting knowledge to the prevailing operational knowledge. As the controller continued:

When they see what they actually have done during the month, they have a much stronger reaction: ‘Oh, that job. Yes.’ Then, the next time, they might think, ‘Maybe I can look a little further into that matter to see whether it is possible to get it done a bit cheaper’. (Controller, platform, #1-14)

The statements by the platform’s controller highlight how being held accountable for costs fostered greater ownership of the numbers among operational managers and, thus, introduced a financial perspective to their technical, everyday operations. Over time, this influenced operational practice. Such discussions were also repeatedly witnessed during the shadowing in all of the units studied, as managers both asked questions to understand what was behind the numbers, and were challenged by their own managers and peers to explain the underlying drivers and their plans for improving the situation. The author also shadowed managers in several meetings that addressed specific cost items. Common to all of these meetings was the identification of potential cost improvements. The units involved in the focal cost item discussed various solutions in work groups. The size of the work groups varied based on the scope of the cost item and how many units it involved. Individual initiatives were also highlighted in both formal meetings and informal conversations. For instance, one engineer found that the maintenance of a tall chimney at the plant could be handled by using a crane instead of putting up scaffolding. This was highlighted by the manager in both formal meetings and informal conversations in the following days as a good example of how practices could be changed by finding new solutions.

The introduction of accountability for costs also led to voluntary changes in other control mechanisms. For instance, the platform’s support unit saw a need to change its internal accounting model to show the costs it actually generated:

[The previous] model was built in a way that allowed us to make decisions on what should be done and not done, without us getting the financial consequences. The financial consequences went straight to the operation. They still do, but we have taken the responsibility for the cost centres to which these costs relate and we must approve them. (Equipment Manager 1, platform support, #1-17)

While the unit was formally a service centre that allocated all costs to the operational units it supported, it struggled when expected to account for the costs it generated because of the accounting model. As the manager stated, when there was limited financial control, the unit merely decided what needed to be done. After the model was changed, the unit could easily identify its own costs and, thus, evaluate and challenge existing procedures in order to improve them.

Together with the new demands from the OTE program, the researcher observed that the cost agenda permeated the general discussion and changed the practical understanding of what was important, as discussions shifted towards what was 'good enough'. This questioning moved OilCo into a new era, as the platform's support unit's controller stated:

We have moved into a different era where there are more discussions regarding what we actually need to do. How much do we have to do? Can we manage with less? (Controller, platform support, #1-20)

This quote reflects observations from the shadowing indicating that employees were continuously challenged on cost levels. There was acknowledgement that things might have been too 'shiny' in the past. For instance, if a pump worked and was not experiencing any problems, then it was no longer necessary to replace it. In the past, accountability only related to the quality of solutions and equipment. In this phase, the cost targets ensured that there was also accountability for the cost and value drivers. In addition, the OTE program held employees accountable for other technical parameters, which helped align local operational practices with the formal controls. What was previously viewed as good management was now perceived as poor management (e.g., drilling a long, complex well if a simpler one would provide almost the same level of production). The OTE program was important in this alignment, as it introduced controls ensuring the alignment of the technical perspective with the financial perspective.

In the cost phase, new formal controls disrupted the stable relationship and normative expectations present in the growth phase. However, as the new controls became aligned with

public discourse and operational practice, what we call a *financial* style of accountability developed.

Previous research has warned about the dangers of introducing more control in settings characterised by mutual trust, arguing that additional controls may signal negative behavioural expectations and, hence, be destructive for existing trust (Long, 2018; Tomkins, 2001; Van der Meer-Kooistra & Scapens, 2008). The following demonstrates that the controls neither reduced nor increased the trust present in the growth phase.

5.2.5. The trust and control relationship

The market situation and the cost targets led to greater pressure to reach the targets and cost discussions permeated the organisation, as employees were continuously held accountable for costs. As one engineer at the platform humorously stated:

[Spending] is everywhere ... it governs almost everything we do [laughing]. No matter what we do, the question almost always is: "Have you looked at all options? Can you lower this cost?". (Engineer, platform, #1-13)

The emphasis on cost targets can be seen as a limitation of managers' discretion, as the 'free rein' from the growth phase was tightened. Engineers could no longer do 'pretty much whatever they wanted', as all decisions and actions needed to be in line with the new cost targets. However, the targets did not oppose the management philosophy that employees should be trusted to use their own sound judgement, as managers still had the freedom to decide what should be done to reach the ambitious targets. Previous practice was unacceptable, but as long as the employees acted in line with the new formal controls, they had the discretion to use their own judgement. This was evident in the focus on "owning" the numbers, the development of work groups and individual initiatives.

The OTE program was a centrally driven program in which engineers went to the operational units to find ways of standardising and simplifying the operational practice. In some ways, they told local units what to do. The program was characterised as involving top-heavy control by the manager of the platform's support unit:

OTE was top-heavy control of what you could and could not do – a radicalisation of a number of areas. (Manager, platform support, #2-15)

As such, the programme restricted local employees' discretion. Interestingly, however, while the manager characterised the program as 'top heavy', he viewed it as essential in achieving change. The platform manager shared this perception and attributed the achieved cost reductions to the controls in the form of the cost targets and the OTE program. When asked about which mechanisms she viewed as important for getting the organisation 'on board' with the new cost focus, the manager answered:

Management's willingness and ability to implement, and the OTE program. Even if it was large and heavy and involved a lot of people, it brought us further and helped us increase our production efficiency – the fact that one actually held back and did not say 'yes' to everything – that we as managers also started to think about it. (Manager, platform, #2-10)

Despite the introduction of what was perceived as 'stronger' controls, the manager thus argued that the program helped achieve a goal that could not otherwise have been met. Another manager elaborated on this perception that the stronger controls did not give rise to negative reactions when asked if OTE changed the discretion allotted to individual platforms:

Well, it did to a certain degree because higher requirements were set centrally with regards to showing, for instance, that a project was good enough. There were probably more central controls that made some people feel they had a smaller mandate than they had previously. However, I have not seen any indications that this was a challenge. ... Everyone cannot move in their own direction if we want to run such an initiative. (Resource manager, platform, #2-11)

The quote shows that the OTE program was perceived as a stronger, top-heavy control that reduced managers' autonomy. However, it was not perceived as a challenge. Rather, the manager argued that the stronger controls were necessary in order to make sure everyone was moving in the same direction.

Two interactions between trust and control can be found in this phase. First, the introduction of what was perceived as 'stronger' controls did not influence trust as the controls were argued by employees to be necessary. Notably, in this case, there is a clear difference between what was viewed as 'good management' in the cost phase and the growth phase. None of the respondents and none of the employees encountered during the shadowing viewed the practices in the growth phase as sound or acceptable. Therefore, although the controls were not negotiated, the

employees agreed that they were necessary, which indicates that they were perceived as legitimate.

Second, the changes in operational practice built trust in employees' ability to change. Rather than being reluctant to change, the employees engaged in these discussions, shifted operational practices and developed new normative expectations. These relational signals from the employees indicated that they remained committed to the relationship and OilCo's strategic agenda. In other words, they signalled that employees could be trusted. In addition, the voluntary change in the accounting model by the offshore support unit can be seen as a relational signal from the employees that they were committed to the new financial style of accountability. The voluntary change both influenced operational practice and changed the formal controls. As such, it is an example of how relational signals and trust building are entangled with formal controls, as the change in the accounting model can be seen as a relational signal of commitment that could build trust.

In summary, there is no indication that trust was either reduced or strengthened as a result of the new targets and the OTE program. Employees perceived the controls as legitimate. Top management questioned employees' abilities to achieve the necessary changes in the required time, which employees agreed to. However, the controls were not perceived as portraying negative expectations about employees' benevolence or integrity, in contrast to the consultancy case in Johansson and Baldvinsdottir (2003). The relational signals from employees that they were committed to the relationship showed that they had the ability to manage the cost focus and to move OilCo into a new phase, the "value" phase, which in this narrative represents "the consequent state of affairs" (Czarniawska, 1998, p. 2).

5.3. Phase 3 – *Value*

5.3.1. Context

The value phase was characterised by a corporate aim of moving 'from program to culture', thereby ending the OTE program and emphasising the empowerment of lower-level employees. Top management's communication centred on the need for local units and lower-level employees to take responsibility for cost reductions in order to keep pressure on costs without the centrally run OTE program. Furthermore, in line with the public discourse, top management emphasised value in the form of long-term profit rather than solely costs or production. We thus call this the "value" phase.

5.3.2. Public discourse

In 2017, the outlook in the industry was generally more optimistic. The activity level was rising and the oil price had stabilised somewhat above USD 40 per barrel. Those involved began to carefully refer, in retrospect, to the ‘oil crisis’, and the public discourse revolved around how the industry could remain competitive and avoid the market circumstances that had led to the high costs in the past. The headlines in *Dagens Næringsliv* reflected this careful optimism in 2017: “New oil projects create 100,000 new full-time-equivalent positions”, “Strong growth in new oil jobs”, “Oil-service entrepreneur [name] has been in a three year slump. Now he sees small signs of improvement”.

As such, the public discourse was centred on rebuilding the activity level while maintaining the cost level.

5.3.3. Formal controls

In the value phase, the OTE program was finalised and the cost targets remained unchanged. However, the production target again received more attention, as the emphasis was on maximising long-term value rather than simply reducing costs or increasing production. The changes in formal controls and top management’s expectations can be divided into initiatives that increased or reduced employees’ perceived discretion for different areas.

Increasing employee discretion

Top management signalled its expectations of employees by emphasising the empowerment of lower-level employees. Formally, a new leadership principle – ‘empower people’ – was introduced. While empowerment and trust are theoretically two distinct concepts, the respondents typically equated empowerment with perceived trust. If they were empowered, it meant that top management had positive expectations of their ability, benevolence and integrity. This emphasis on empowerment and trust was not new, as the management philosophy was built on the assumption that empowered employees should be trusted to use their own sound judgement. While this was clear in the growth phase, the restrictions on employee discretion had overshadowed it in the cost phase. In the value phase, the emphasis on empowerment was subject to renewed managerial attention. The platform’s resource manager elaborated on the increased emphasis on empowerment in this phase:

In this company, we have generally had a lot of focus on ‘responsibility to the line’ and ‘empowerment’, and that we should be able to ‘take our manoeuvring space’, that ‘the

ones who wears the shoe knows where it is pressing’, and so on. This has been important. It was not made clear through a campaign, but it is an important focus for our top management. (Resource manager, platform, #2-11)

While the quote begins by addressing empowerment as a central and long-standing part of OilCo’s philosophy, it ends with an indication of the increased managerial attention paid to empowerment in the value phase. This emphasis was also evident in the implementation of lean principles, where operational units were encouraged to work on continuous improvements from the bottom up and to continue changing operational practice over time. The managerial aim in this phase was to ensure that the units internalised the new normative expectations of what ‘good management’ entailed in order to introduce a profit-oriented style of accountability.

In addition to the managerial focus on empowerment, the decentralisation of OilCo’s management system changed established formal controls. The management system that outlined the company’s rules and procedures was previously run by a central unit located far from the operational units. By giving each operational business area authority over its own rules, the controls were changed in a manner that gave the business areas more discretion in shaping the system to fit their own operations. One operational manager perceived the intention of the change as follows:

My perception is that the aim is to give those who feel the consequences of [the management system] more authority to shape [it]. (Equipment manager 2, platform support, #1-18)

Hence, the change in the management system signalled that the operational units were best suited to handle that system, which was consistent with the emphasis on empowerment.

Limiting employees’ discretion by removing local tasks

Despite the cancellation of the OTE program, other corporate initiatives continued to influence OilCo without being perceived as formal controls. A COO business area was established to further improve operational efficiency and achieve economies of scale, and the company went through small reorganisations where the operational model in the offshore unit was changed so that there were fewer people in the operational management group and more tasks were moved to cross-sectional units. As this study was coming to an end, there was an ongoing discussion in OilCo regarding the best way to handle platform maintenance. Corporate’s proposed solution was to standardise maintenance in project teams that moved across several platforms. In

addition, more ‘centres of expertise’ were established in both business areas, which moved tasks from the local operation to central units (e.g., a centrally run digitalisation project). Therefore, standardising and optimising solutions still influenced operations, and they were mainly driven by centrally located projects or designated centres of expertise. These developments influenced units’ discretion by relocating some of the task responsibility to other parts of the organisation or by holding units accountable to a central unit. These new initiatives were seen as contradictory to the initiatives related to ‘empowering people’:

We are supposed to stay lean. At the same time, there are many initiatives coming from above [the central units/projects] now. That is something that is contradictory for me. (Technical subordinate manager 3, plant support, #2-8)

This manager went on to explain her view that the central initiatives bypassed local managers. Even though this was not a conscious move, it reduced motivation and created frustration among the local managers:

We get things [demands/changes] from the top and that is because they are impatient. I sort of understand it but, at the same time, the organisation needs room to breathe. Also, when things come from the top down, people are bypassed. I know that it is not conscious. People do their best and they are just trying to take the initiative, so it is about knowing the organisation well enough. However, it creates frustration and reduces motivation. (Technical subordinate manager 3, plant support, #2-8)

The manager did not question the intentions of the people bypassing the employees, but stated that they simply did not know the local organisation well enough. Therefore, the initiatives were not perceived as formal controls even though they changed accountability processes as employees were held accountable to a central unit. Furthermore, it reduced local employees’ discretion as the central units interfered in their responsibility area, sometimes bypassing the local employees, which led to questions regarding the central unit’s knowledge of local units’ abilities.

5.3.4. Operational practice

While the pressure to reduce costs persisted, the researcher’s perceptions during the shadowing were that the justifications for actions in the value phase related to value, and that they reflected a more balanced view of both production and costs. As such, there were no drastic changes in operational practice, as discussions still centred on what was ‘good enough’. However, while

the cost initiatives continued, more investment decisions were also being made, which led to what we call a profit-oriented style of accountability, as the public discourse, formal controls and operational practice shifted from a strict focus on cost to a focus on value. For instance, when discussing the drilling program – the plan for which wells should be drilled and when – the discussion focused on which alternative would generate the highest profit in the long term. The participants agreed that they could accept higher-than-expected costs if the well was more profitable in the long run. The discussion was hence balanced between the production target and the target for costs, complemented by a long-term perspective.

5.3.5. The trust and control relationship

In the value phase the centrally run OTE program was terminated, as the OTE program was incorporated into the accountability processes, and as a belief was being communicated from top management that the local operational units had the ability to manage the balance between production and costs on their own. This ability was signalled in the cost phase when employees engaged in the new style of accountability by changing their operational practices and even their own controls. The termination of the OTE program and the initiatives to increase employee discretion (e.g., the emphasis on empowerment and the decentralisation of the management system) can be interpreted as a result of two factors. First, employees' relational signals of commitment in the cost phase showed that they could be trusted and that they had developed the ability to keep pressure on costs. By ending the OTE program and increasing employees' discretion, e.g. by giving employees more room to change and improve the management system, top management signalled its belief that the employees had this ability and, hence, its trust that the employees would not return to their old practices. Second, while the stronger controls were perceived as legitimate in the cost phase, the legitimisation of those controls depended on an agreement that employees were unable to change on their own. As employees proved their ability and trustworthiness, the controls would no longer be viewed as legitimate.

While the initiatives to increase employees' discretion signalled trust in employees and operational units, thereby potentially building trust in the relationship, other initiatives (e.g., changing units' operational models and introducing central 'centres of expertise') aimed at increasing economies of scale and simultaneously reduced employees' discretion by removing tasks or having central units interfering in local responsibilities. In other words, they sent opposing signals.

Hence, also in this phase we identified two interactions between trust and control. The first interaction was how the reduction in formal controls, i.e. the finalisation of the OTE program and the changes in the management system, signalled trust in employees' abilities to continue the cost focus, which was a response to the signals from the employees in the last phase that they were committed to the relationship. This interaction with trust was informed by top management's communication that it now believed the local units could handle the situation on their own. In other words, top management signalled that it trusted the employees. Moreover, top management changed other formal controls that had been in place for decades (i.e., the management system) in order to provide local units with more discretion to shape their own work processes. The decentralisation of the management system was accompanied by the messages that employees were best equipped to manage the system and that top management had positive expectations of their behaviour, which signified that the employees were trusted. Hence, the controls and the changes in those controls cannot be seen in isolation from signals of trust or distrust.

The second interaction however shows how other aspects of the organisation were perceived as unintended signals of distrust. While controls were removed and management signalled that employees were trusted, other initiatives in the value phase influenced employees' interpretation of top management's relational signals. Whereas the initiatives that increased employees' discretion were positively received, the introduction of centrally run units and projects was seen as conflicting with top management's communication. As the technical manager stated:

[The CEO] came with this "empowering people" and that was great. In my opinion, if we are to succeed, we need to do just that. However, at the same time there was something else. Especially the COO [business area] works very "top down". In other words, they have a completely different interpretation of "empowering people" than I have. (Technical subordinate manager 3, plant support, #2-8)

The top-down initiatives were hence seen as contradicting the emphasis on empowerment, which even led the manager to question the company's management philosophy:

I am beginning to wonder whether the management philosophy of OilCo still is the same as mine. (Technical subordinate manager 3, plant support, #2-8)

For years, the management philosophy had been based on the assumption that empowered employees should be trusted to use their own sound judgement. In the quote, the manager questions whether that philosophy had changed and whether employees were no longer trusted. The central initiatives and projects were thus perceived as unintended signals that the local units did not have the ability to manage on their own, which contradicted the signals about empowerment, thereby potentially damaging the building of trust.

6. CONCLUDING DISCUSSION

In responding to the call to examine trust and control as a duality (Möllering, 2005; Vosselman & Van der Meer-Kooistra, 2009), this paper has asked how control and trust interact as a company changes its style of accountability. The changes in accountability style create a narrative that allows for an analysis of the many facets of trust. In addition, as a style of accountability outlines the normative expectations that organisational members have of themselves and others (Ahrens, 1996), and as trust is built through voluntary signals of commitment that arise from behaving in line with normative expectations (Vosselman & Van der Meer-Kooistra, 2009), it is interesting to analyse how trust and control interact as normative expectations change. The empirical analysis has identified four ‘interactions’ between trust and control that contribute to our theoretical knowledge of how trust and control interact in ways that are more complex and interrelated than suggested by the dualism perspective.

6.1. Four interactions

The first interaction occurred when the introduction of what was perceived as ‘stronger’ controls in the cost phase did not destroy trust even though they limited employees’ discretion and disrupted the normative expectations from the growth phase.

This contradicts the argument found in previous literature that the introduction of stronger controls is detrimental to existing trust and additional attempts at trust building (Long, 2018; Tomkins, 2001; Van der Meer-Kooistra & Scapens, 2008), potentially leading to the opportunistic behaviours the controls seek to prevent (Vosselman, 2016). Johansson and Baldvinsdottir (2003), for instance, showed how increased control in a consultancy firm destroyed a relationship characterised by mutual trust. This was not the case in OilCo. The interaction in OilCo can be explained by viewing the relationship between trust and control as a duality in which trust is built through continuous interpretations of relational signals (Möllering, 2005; Vosselman & Van der Meer-Kooistra, 2009). Instead of destroying trust, the

new controls in the cost phase were seen as legitimate, meaning that the employees agreed with the negative expectations the controls sought to compensate for. A potential reason for this was partly that they were seen as necessary in light of the public discourse. Furthermore, the controls were not viewed as signalling reduced commitment to the relationship, but as a belief that employees were unable to change at the required speed. Despite the perceived negative expectations of employees' abilities, the controls were not viewed as indicating negative expectations regarding their benevolence and integrity. This differs from the situation in the consultancy firm, where the controls were perceived as signalling distrust. The consultants were not only unable to change quickly but they were also unwilling in the eyes of the manager. Thus, while the consultancy firm faced circumstances that could give controls legitimacy, the controls were seen as illegitimate, which destroyed the relationship (Johansson & Baldvinsdottir, 2003).

The interaction in OilCo differs in that the employees agreed with the need for a drastic change and with the view that they did not have the ability to change by themselves. Therefore, the perceived stronger controls were seen as legitimate and supportive for achieving the necessary change. This suggests that negative expectations regarding ability are not necessarily destructive for the relationship as long as the trustee agrees.

Previous research has argued that controls may build trust by signalling a willingness to commit to a relationship (Tomkins, 2001; Vosselman & Van der Meer-Kooistra, 2009; Woolthuis et al., 2005). However, this was not the case in this first interaction, as the controls were interpreted as negative expectations of abilities rather than as signals of commitment. The controls did not serve to either build or destroy trust, which contradicts arguments based on the dualism perspective (Emsley & Kidon, 2007; Johansson & Baldvinsdottir, 2003; Tomkins & Groves, 1983; Van der Meer-Kooistra & Scapens, 2008; Woolthuis et al., 2005).

The second interaction occurred when trust was gradually built in the cost phase, as employees signalled voluntary commitment to the relationship by aligning operational practice with the formal controls (i.e., changing the style of accountability). They hence demonstrated cooperative behaviour and, unlike the consultancy firm (Johansson & Baldvinsdottir, 2003), a willingness to change. This is consistent with the argument in the extant literature that trust is built through experience and learning (Möllering, 2005; Powell, 1996; Tomkins, 2001). This study adds to this stream of literature by empirically showing that the actions of the employees can be seen as relational signals indicating their commitment to the relationship. In addition,

we show how formal controls can be involved in this signalling. In OilCo, formal controls (i.e., the accounting model in the offshore support unit) were voluntarily changed to help account for costs. Hence, changes in controls can be perceived as relational signals of commitment. While this would previously have been viewed as complementary, such that controls help build trust (Tomkins, 2001), we argue that it is the interpretation of the relational signals that serve to build trust, not the controls itself.

The third interaction related to how the trust built in the cost phase led to a reduction of formal controls in the value phase. While consistent with the literature arguing that controls need to be reduced as trust is built (Johansson & Baldvinsdottir, 2003; Long, 2018; Tomkins, 2001; Van der Meer-Kooistra & Scapens, 2008), we suggest that the process is more complex than simply 'more trust demands less control'. First, the OTE program was terminated, as there was an understanding that the controls it introduced would not be viewed as legitimate as the urgency for change was reduced when the public discourse evolved, and after the local units had demonstrated their ability to handle the cost pressure. The legitimacy of controls is hence determined by how the employees perceive the legitimacy of negative expectations. The employees initially agreed that they did not have the ability to handle the changes themselves, which meant that they viewed the controls as legitimate. As employees proved their ability, the continuation of the controls would be seen as illegitimate. Second, the reduction of controls in the value phase showed that we cannot separate controls from trust, as we cannot separate the changes in controls from top management's communication or employees' interpretations of those changes as relational signals. In OilCo, the changes in controls were accompanied by signals that employees were trusted. Therefore, this paper argues that it is the combination, rather than the changes in the controls alone, that serves to build trust.

The fourth interaction revolved around the fact that relational signals of trust were undermined by other initiatives interpreted as contradictory. This supports the argument that trust is built through continuous interpretations of relational signals (Vosselman & Van der Meer-Kooistra, 2009) and adds to the interaction perspective by showing that even initiatives that were not perceived as controls (or even perceived as intended) were interpreted as signals of negative expectations regarding the local units' abilities. Thus, in contrast to the cost phase, where the negative expectations about employees' abilities were not perceived as signals of general distrust, the employees did not agree in the value phase. Therefore, employees' interpretations of signals are based on what is seen as appropriate practice or what is required in a given context, which is consistent with the findings of Mahama and Chua (2016).

6.2. Interpretations of (un)intended relational signals shape the duality

This paper contributes to the interaction perspective on trust and control, which argues that trust and control cannot be separated into two separate concepts (Möllering, 2005; Vosselman & Van der Meer-Kooistra, 2009). It does so by identifying four ‘interactions’ that portray the dynamic and interrelated nature of the duality. Through the interactions, the paper has shown that trust is not static or independent but built through continuous interpretations of relational signals that are influenced by what is seen as appropriate in light of public discourse and wider normative expectations. For instance, the public discourse in the phases influenced the perceived necessity and legitimacy of the formal controls.

More specifically, the paper has shown that the interaction between trust and control can be understood by viewing behaviour as relational signals, and by analysing the interpretation of and responses to those signals. Previous research has only indicated the role of signals in building trust, showing how signals of trustworthiness can be sent through information, associations (Stolowy, Messner, Jeanjean, & Richard Baker, 2014) and actions (Mahama & Chua, 2016; Woolthuis et al., 2005). While some studies argue that signals can lead to an ‘illusion of trustworthiness’ (Stolowy et al., 2014) or a ‘game’ (Bacharach & Gambetta, 2001), we argue that trust and control as a duality can be understood by analysing how parties in a relationship interpret behaviour as relational signals of commitment. Even though signals can be used to create an illusion, the studies show the power of signals within the trust and control duality meaning that while it is not necessarily true what is signalled, what matters is how the signals are interpreted. Through analysing these interpretations, we can begin to understand how trust and control interact in ways that reduce uncertainty.

Furthermore, we have shown how stronger controls may be perceived as legitimate if the receiving party agrees with the negative expectations that the controls are meant to offset. In this regard, the paper expands Vosselman and Van der Meer-Kooistra’s (2009) argument that controls need to compensate for legitimate negative expectations by emphasising the importance of shared perceptions of the legitimacy of those expectations. The controls were viewed as legitimate in the cost phase, as the employees agreed that they did not have the necessary abilities. However, they were not viewed as legitimate in the value phase, as the employees believed that they had proven their ability to address the cost issue.

In addition, the study has shown how the trust and control relationship can be influenced by other factors in the organisation, e.g. reorganisations, which suggests that initiatives may be

interpreted as signals of distrust even when those signals are not intentional. This has implications for future research, which should adopt a broader perspective than simply analysing reactions to formal controls.

6.3. Avenues for further research

This paper has discussed formal controls. If one expands our definition of control to include informal controls, such as trust as a social control, the duality becomes even clearer. For instance, taking ownership implies discretion in dealing with the new challenges and, in a way, puts the employee in the control seat, as he or she has the relevant information and decision-making authority. This is an example of a situation in which it is difficult to separate trust from control. The employee has authority and discretion over his or her area but must meet the expectations of and provide accounts to senior managers and OTE engineers.

Hypothetically, if we tried to remove trust from this narrative, top management would have to limit employees' autonomy, directly tell employees what to do and intensively monitor their actions. Therefore, the interaction between controls and trust occurs in a way that signals commitment to shared normative expectations (Lindenberg, 2000; Vosselman & Van der Meer-Kooistra, 2009). Normative expectations are also an example of the challenge of separating trust from control, as the new style of accountability reflects both controls and behavioural expectations. The new style of accountability made it possible for top management to change controls, as employees held themselves and others accountable in relation to the new notion of "good management". Thus, the accountability style enabled not only trust in employees but also control in relationships at lower levels of the organisation as the social rules changed. Hence, it is possible to question whether a reduction in hierarchical controls actually implies 'less' control of operations. The exercise of this control shifts from top management to the employees themselves. Hence, trust and control cannot be separated, as the increased signalling of trust stems from a belief that managers can control their own behaviour as well as the behaviour of others in line with the new accountability style. While this broad definition of control would make the study of duality even more challenging, it would be an interesting area for future research.

Furthermore, both trust and control can be separated into different types (e.g., Emsley and Kidon, 2007; Stolowy et al., 2014). This paper has focused on the interaction between trust and formal controls. However, future studies could benefit from analysing the interactions among the different types. This study serves as an initial step that provides an in-depth narrative, which

can be used to further develop theory on the trust and control duality. One avenue would be to study the trust and control relationship from the levels of top management, local management and employees in order to be more explicit on intentions and beliefs. Such studies may benefit from the use of trust sociograms (Johansson & Baldvinsdottir, 2003).

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III

PAPER 2

Coordination and accountability:

A case study of shared versus coherent performance measures

Grete Helle, Sabina Du Rietz⁶ and Katarina Kaarbøe
Norwegian School of Economics

ABSTRACT

Two of management accounting's core purposes, coordination and control, can sometimes collide. For example, recent accountability studies have shown that performance measures that foster individual and hierarchical accountability may hinder lateral coordination. This is interesting, as the coordination literature generally views performance measures as a hierarchical coordination tool and overlooks their effects on lateral coordination. Moreover, the accountability literature suggests that by aligning or sharing accountability, we can avoid conflicting accountabilities. Based on these arguments, we add to the sparse literature on shared performance measures by studying how two different kinds of overlapping accountability (for coherent versus shared performance measures) interact with lateral coordination processes. We present two empirical cases of coordination between two units (one operational unit and one support unit) that show that performance measurements, which have traditionally been viewed as hierarchical coordination mechanisms, can indeed foster lateral coordination. However, the two kinds of overlapping accountability affect coordination in different ways, as the performance measures influence units' interpretations of interdependence and, hence, the perceived need for lateral coordination. We demonstrate that different units can interpret interdependence in different ways, and that only shared performance measures avoid framing contests and facilitate lateral coordination.

Keywords: Coordination, accountability, interdependence, performance measures, shared accountability, conflicting accountability

⁶ Örebro University, Sweden; affiliated with NHH, Norwegian School of Economics.

1. INTRODUCTION

Two of management accounting's core tasks are coordination and control. Performance measures, for example, can be used to both coordinate the work of employees (Galbraith, 1973) and control their work by means of formal accountability (Roberts & Scapens, 1985). Even when management uses performance measures for only one of these purposes, they are likely to affect both coordination and control.

Moreover, in line with the budgeting literature (Ekholm & Wallin, 2000; Frow, Marginson, & Ogden, 2010), the accountability literature indicates that these two purposes of management accounting can collide. In Goretzki and Messner's (2016) study, the different hierarchical accountabilities and targets to which the sales and production managers were subjected complicated lateral coordination in planning meetings. That study suggests that formal controls that foster individual and hierarchical accountability may hinder lateral coordination. Similarly, Frow et al. (2005) find that employees need to supplement formal management control processes with informal social interaction in order to reconcile the need for cooperation with individual-level accountability for specific objectives and targets.

Building on these insights from the accountability literature, the purpose of the present study is to further our understanding of how these two potentially conflicting aims of performance measures – coordination and control by means of accountability – interact. We are particularly interested in how performance measures and their formal accountability interact with lateral coordination. This is an area worthy of study, as the accountability literature has shown that accountability unintentionally interacts with lateral coordination (Ezzamel & Willmott, 1998; Frow et al., 2005; Goretzki & Messner, 2016). Moreover, the coordination literature has primarily viewed performance measures as hierarchical coordination mechanisms (Abernethy & Lillis, 1995; Galbraith, 1973) and overlooked the potential of performance measures to affect lateral coordination.

The accountability literature proposes that conflicting accountabilities, which hindered lateral coordination in Goretzki and Messner (2016), can be avoided by aligning or sharing accountabilities (Messner, 2009). The former should help avoid trade-offs of different interests, while the latter should strengthen each person's commitment to the decided course of action. For example, when a group of employees share accountability for group performance, the group members depend on each other to achieve their targets (Ezzamel & Willmott, 1998). In contrast,

different individual hierarchical accountabilities may hinder a common understanding of ‘the problem’ and make lateral coordination difficult (Goretzki & Messner, 2016). Therefore, the accountability literature shows how performance measures can create different types of ‘goal interdependence’ (Poon, Pike, & Tjosvold, 2001; Thomas, 1957) and, thereby, also a need for coordination.

In this paper, we study how overlapping accountability for performance measures interacts with lateral coordination processes. While the extant literature has focused on how individual (Frow et al., 2005) and conflicting (Goretzki & Messner, 2016) hierarchical accountabilities interact with lateral coordination, this study adds to the sparse literature on shared performance measures (Ezzamel & Willmott, 1998; Van der Meer-Kooistra & Scapens, 2008). This is not only a rarely studied type of performance measure but also, as Messner (2009) has indicated, a promising one for those wishing to avoid conflicting accountabilities. For this purpose, our study seeks to answer the research question: *How does overlapping accountability for performance measures interact with lateral coordination processes?*

Empirically, we study two cases of overlapping accountability between units within the same organisation. In both cases, accountabilities for performance measures overlap between an operational unit and a support unit. However, the performance measures differ slightly in the two cases. In one case, the units share the same performance measure (i.e., ‘shared performance measures’). In other words, a uniform measure is applied to both the operational unit and the support unit. In the other case, the performance measures are focused on the same target but on different aggregation levels. For the operational unit, the target relates only to that unit’s operations, while the same target for the service unit covers a number of platforms. We label this kind of overlapping but not uniform accountability for performance measures as ‘coherent performance measures’.

We find that overlapping performance measures that are intended to facilitate lateral coordination between units can both hinder and facilitate lateral coordination. Coordination was eased in the case with uniformly shared accountability for performance measures. In contrast, in the case with coherent performance measures, the units interpreted their interdepartmental dependencies in conflicting ways. Consequently, the units could not agree on the type of lateral coordination needed. This case thus demonstrates that interpretations of interdependence can conflict. In other words, the parties may not believe that they facilitate or hinder the work of

the other party to the same extent, which can hinder lateral coordination. Taken together, the cases add to our understanding of how overlapping accountability for performance measures interacts with lateral coordination and how certain kinds of overlapping accountability (i.e., uniformly shared performance measures) facilitate lateral coordination.

2. PERFORMANCE MEASURES AND COORDINATION

In this section, we integrate theories about coordination from the management control and accountability literature. First, we investigate the classical organisational literature on coordination (Galbraith, 1973; Thompson, 1967), which still shapes and is developed by management control studies (Abernethy & Lillis, 1995; Chenhall, 2008). Second, we review accountability studies that have taken an interest in coordination (Goretzki & Messner, 2016; Messner, 2009; Rowe, Birnberg, & Shields, 2008). Finally, we summarise what we know about how accountability for performance measures interacts with lateral coordination.

2.1 Coordination through performance measures in the management control literature

Coordination is defined as “managing dependencies between activities” (Malone & Crowston, 1994, p. 4). Thus, coordination is generally seen as a response to interdependencies between, for instance, employees or departments. According to Thompson (1967), we should expect to find different coordination devices given different types of interdependence. Thompson (1967) was one of the first to suggest that there should be a “match” between the need for coordination and management control tools.

According to the management control literature, interdependence and the need for coordination result from the division of labour and task segregation (Galbraith, 1973; Mintzberg, 1979). This is a classical view, as theorists such as Durkheim and Spencer viewed the division of labour as a basis for interdependence (Thomas, 1957). Within the classical coordination literature, Thompson (1967) developed a typology of three types of interdependence that remains popular. In *pooled interdependence*, each business unit performs its own functions and does not directly depend on other units even though it contributes to the success of the whole enterprise. *Sequential interdependence* occurs when one unit produces an output necessary for the next unit’s performance. In *reciprocal interdependence*, the output of one department becomes the input of another in a cyclical manner. Thompson (1967) subsequently describes three forms of coordination for these forms of interdependence: standardization, planning and mutual

adjustment. Thus, Thompson (1967) foremost focuses on a certain kind of interdependence, which the social psychology literature has labelled ‘means-interdependence’ (Thomas, 1957). However, like the social psychology literature, he notes that at least one of these types of interdependence – sequential interdependence – is not symmetrical. In his work, Thompson (1967) does not identify performance measures as a coordination tool. Instead, he sees them as assessment tools that can be used to identify the separate contributions of interdependent units.

Following Thompson, Galbraith (1973) suggests that coordination should be adapted to the organisational model (i.e., mechanistic or organic)⁷ and reflect task uncertainty. Moreover, he adds a number of coordination mechanisms, which he categorises as lateral or hierarchical. For the mechanistic model, Galbraith (1973) suggests hierarchical coordination through such mechanisms as ‘rules and processes’, ‘hierarchical managers’, and ‘goals and targets’. The latter type most resembles what we call performance measures. Rules and processes specify necessary behaviours in advance. If everyone adopts the specified behaviours, the resulting aggregate response is a coordinated pattern of behaviour. Hierarchical managers should be used in combination with rules. When an unanticipated event occurs, the problem should be referred to the manager, who then makes a decision. Targets and goals bring decisions down to the point of action. In this regard, Galbraith (1973) discusses how goals can be used for coordination. He provides an example of a design group that has goals for weight, design man-hours and completion date, which are not to be exceeded. Operating within these targets provides the group with discretion at the local subtask level and, if the goals are not met, hierarchy is relied upon to resolve coordination. In this way, as with rules, interdependent groups are coordinated without a need for them to communicate with each other.

However, these three hierarchical coordination mechanisms may not be enough according to Galbraith (1973). As task uncertainty increases, the number of exceptions that need to be dealt with through the hierarchy increases, eventually overloading the system. In such situations, Galbraith (1973) suggests adding lateral coordination mechanisms, such as “direct contact”, “liaison roles” and “task forces and teams”.

Management control studies still largely adhere to the core ideas outlined above. For instance, in line with the idea that there can be a match between certain contingencies and certain

⁷ These two classical models were first suggested in the seminal work of Burns and Stalker (1961).

management accounting tools, Macintosh and Daft (1987) suggest that employees emphasise different parts of the management control system depending on departmental dependencies. These authors measure the use of three different management controls – standard operating protocols, operating budgets and statistical reports – and relate differences in their use to departmental dependencies. The study shows that departments with reciprocal interdependence make less use of formal management controls.

More recently, the literature has begun to investigate whether it is primarily the kind of management accounting tools that matters or the way in which they are used. In this regard, Abernethy and Lillis (1995) use a quantitative study to examine the link between manufacturing strategy and two dimensions of an organisation's management control system: structural arrangements and performance measurements. They hypothesise that such a strategy requires the combined efforts of those functional units required to satisfy customer demands and, thus, performance measures that encourage interfunctional co-operation. Such measures could include cycle times on product variations, delivery performance, and assessments of the manufacturing unit's ability to vary product characteristics or develop new products. Like Galbraith (1973), when these authors investigate coordination through performance measures, they focus on what is covered by the measures and not the units to which they apply. Their findings show that firms pursuing flexibility felt it was more important to get the structural arrangements right than to ensure the best design of performance-measurement systems.

In a test of the contingency-based idea of a match between organisational and management accounting systems, Gerdin (2005) finds some support for the expected relationships among departmental interdependence, organisational structure and the design of management accounting systems (MAS). However, he also finds a high proportion of traditional management accounting tools among lateral units (i.e., reciprocally dependent decentralised units). He suggests that one explanation for this finding could be that the traditional financially-oriented MAS, like budgets, can induce managers to coordinate with other departments. In this way, controls can also be used for coordination and planning. The units may view financial MAS information aggregated around objects, such as products or projects, rather than organisational units, as more useful.

We need to take into account not only the content of performance measures but also to whom they apply and their use within the focal context to see whether they facilitate coordination.

Otley (2016, p. 46) challenges contingency theories by asking “Are we concerned just with the existence of specific techniques in an organisation, or also with the extent and manner of their use?”. As we will see, the accountability literature has insights to offer in this regard.

2.2. How accountability interacts with coordination

While one of the core tasks of management accounting is coordination, another is control, which can occur by means of accountability. Recently, several studies in the accountability literature have highlighted how control by means of accountability may interact with coordination. One of these studies, Goretzki and Messner (2016), discusses how tensions among different accountabilities can make coordination difficult. These authors find that tensions emerge in planning meetings when managers voice contrasting or competing understandings of a problem. They show that these understandings are related to managers’ perceptions of their own hierarchical accountabilities and those of other managers. In Goretzki and Messner’s (2016) case, the different hierarchical accountabilities to which the sales and production managers were subjected complicated coordination in planning meetings. The study thus suggests that formal controls that foster individual and hierarchical accountability may hinder lateral coordination (Goretzki & Messner, 2016).

In situations where accountabilities do not encourage the kind of coordination needed, employees may use additional management controls or informal methods to achieve lateral coordination. In the matrix organisation studied by Frow et al. (2005), budgetary controls were designed as an individualising form of accountability. However, managers were aware that part of their accountability required the management of interdependencies. Therefore, the managers informally negotiated cooperation through face-to-face discussions, which were reinforced and facilitated through formal control procedures, such as a management bonus scheme and a formal improvement process. Similarly, despite competing hierarchical accountabilities, Goretzki and Messner (2016) find that managers enacted a form of joint responsibility for activities that needed to be managed across functional boundaries in planning meetings.

In these two studies, management appeared unaware of the consequences of formal accountabilities for lateral coordination. However, performance measures can also be introduced with the purpose of creating shared or team accountabilities. In the case of StitchCo (Ezzamel & Willmott, 1998), a team-based performance-measurement system was introduced to create a sense of responsibility towards and commitment to fellow team members. The

company's previous system, which was based on individual performance measures, had led to the recognition of individual workers as "hard working". In contrast, team-based and shared accountability rewarded interdependence and required the evaluation and supervision of fellow team members. The new shared accountabilities enforced lateral coordination and interfered with friendships within the team. As a result, the team members resented the new system.

Rowe et al. (2008) also show how management accounting can be used to improve lateral coordination. In their study of responsibility accounting, these authors describe how accounting conveys implicit frames or explicit lines of demarcation that either group or separate employees and, thereby, influence employees' behaviours. Rowe et al. (2008) use the social psychology literature on relational framing to explain how the design of responsibility-centre boundaries support the framing and reframing of managers as either individuals or members of a group. The framing also affects how they understand their social situation and, consequently, their social motives. The theory predicts that boundaries between individuals evoke competitive self-interested behaviours. In contrast, a group frame is associated with cooperative and group-interested behaviours.

Thus, the accountability studies show that formal controls can be designed in different ways and, as a result, either encourage or complicate lateral coordination. Whereas the coordination studies, such as Abernethy and Lillis (1995), focus on the kinds of activities that are measured by performance measures, they overlook those individuals or units being measured. In contrast to the coordination literature, the accountability studies have long recognised the ability of performance measures to frame and create boundaries among employees (Roberts & Scapens, 1985). Hence, the accountability literature shows that employees may share accountability for performance measures and that these 'accountability lines' influence their identities (Ezzamel & Willmott, 1998) and their understanding of a task (Goretzki & Messner, 2016). Moreover, as Rowe et al. (2008) show, management accounting of a traditional, hierarchical kind can also seek to enforce cooperation and coordination. For example, competitive (e.g., separate accounting reports) and cooperative (e.g., consolidated, shared accounting reports) boundaries can explain different behaviours.

Hence, the accountability literature shows that accountability for performance measures can create an experience of interdependence among employees (Ezzamel & Willmott, 1998; Rowe et al., 2008), which the budgeting literature has called 'goal interdependence' (Poon et al., 99

2001). In cases of goal interdependence, the efforts of each person with a common goal help others attain the communal end. In other words, the efforts of each person act as substitutes for the efforts of another person in moving everyone toward the joint goal (Thomas, 1957). Therefore, while organisational structure can create interdependence, accountability can create it too. The ways in which a manager believes that his or her goals relate to those of other team members influences the expectations, actions and consequences of interaction (Poon et al., 2001). Moreover, as we know from the coordination literature, interdependence shapes the type of coordination that will be used.

We take these insights from the accountability literature and propose that accountability for performance measures shapes employees' interpretation of their *interdependence*. Moreover, we focus on overlapping accountability for performance measures because, as Messner (2009) proposes, aligning or sharing accountability could be one way to avoid conflicting accountabilities. In this regard, the following sub-question to our main research question guides our analysis: *How do overlapping accountabilities for performance measures influence employees' views of their interdependence?*

We also take the insight from the coordination literature that different kinds of interdependencies shape different kinds of coordination processes. However, while the coordination literature takes interdependencies as a given and as a result of the formal organisational and work structures, the accountability literature (e.g., Roberts & Scapens, 1985) leads us to argue that interdepartmental dependencies are experienced and interpreted by employees. Consequently, our second sub-question to our main research question is the following: *How do perceived interdependencies influence lateral coordination processes?*

3. RESEARCH SETTING AND DESIGN

The analysis is based on an interpretive case study of two operational units and two of their support units. The case company, hereafter called OilCo, is a multinational energy company that had more than 20,000 employees in 30 countries in 2017. The company's main activities include the exploration, development and production of oil and gas as well as alternative energy sources. The study centres on the company's operations in Norway, which is the company's primary location. OilCo's organisational configuration comprises a matrix structure in which operational units are separated from support units. In this study, we focus on one operational

unit and one support unit in the offshore business area, hereafter called the *platform* and the *multifield unit*. We also study one operational and one support unit in the onshore business area, hereafter called the *plant* and *technical support*. As such, the study centres on the management of one platform and one plant as well as the management of two functional expertise units supporting the platform and the plant (see Figure 1 in the Appendix C).

As the case company had a sophisticated matrix structure, our first request to the company was to study the management of one platform and the management of a unit that supported that platform. During the initial talks, it became clear that company representatives saw major differences between the onshore and offshore business areas. The representatives viewed the offshore business area as more bureaucratic owing to its considerably larger size and they believed the unit was strongly influenced by the previously high oil prices. The onshore business area was viewed as more organic and better at operating on small margins, as it was a smaller organisation in a highly competitive market environment. Based on these differences, we extended our study to include one operational unit and one support unit in the onshore business area in order to allow for a more comprehensive understanding of the company.

The lead author conducted semi-structured interviews with the unit managers as well as their subordinate managers, superior managers and controllers to gain a thorough understanding of the accountabilities of the manager and the unit, the interdependencies between the unit and other units, and the unit's financial perspective. Supplementary interviews were conducted with other members of the unit in order to enhance our understanding of how the members perceived their unit's accountability and interdependencies. For instance, two subordinate managers were interviewed in the multifield unit, as the different equipment managers⁸ had varying accountabilities. A total of 38 interviews were conducted with 27 different people. All interviews were transcribed and manually coded.

In addition, the main author shadowed (Czarniawska-Joerges, 2007; McDonald, 2005) the four unit managers for three days during the first round of data collection and two days during the second round (approximately one year apart), which resulted in a total of 179 hours of

⁸ The multifield unit consists of different professional disciplines, where each discipline is in charge of specific equipment (e.g., cranes, turbines). The subordinate managers in the multifield unit are referred to as 'equipment managers', as each manager is in charge of a particular type of equipment that is present on all platforms.

shadowing. The aim in this regard was to gain an in-depth understanding of the workings of the units as well as insights into the 'logic of practice' rather than the 'logic of representation' (Czarniawska, 2001). This also enabled the researchers to study the use of the performance measures in practice (Scapens, 1990). Notes were continuously taken during the shadowing periods. Those notes were supplemented with a field diary covering general impressions as well as thoughts on how the observations could be informed by theory. Other observations (totalling 38 hours) were conducted in meetings related to the research objective, such as the platform's weekly production meetings. In addition, the main author spent 48 hours on the offshore platform to gain an understanding of operations and employee life on the platform.

The shadowing, interviews and observations were supplemented with data gathered from internal and external documents, such as PowerPoint presentations, governing documents, internal communications, annual reports, news articles and press releases. The main author was given access to the company's intranet and could freely access most of the information. We also engaged in open dialogue with company representatives before, during and after data collection with an option to return to the field if we felt doing so was necessary.

3.1. Analysis approach

Data analysis began with a careful reading of the transcripts and field notes with the aim of developing an understanding of each unit's accountabilities, interdependencies and methods of coordinating with the other unit. We started by analysing the interdependencies and coordination mechanisms in accordance with Thompson's (1967) typology of dependence as well as Galbraith's (1973) classification of hierarchical and lateral mechanisms.

After this initial mapping, we saw clear differences between the two cases in terms of perceived interdependencies and the use of coordination mechanisms. Moreover, in one case, tensions were evident between the units. After further analysis, we realised that the tensions were influenced by whether the units had similar or conflicting views of their interdependence. As the organisational context and structure were largely the same in both cases, the differences could not be fully explained by these factors.

Our analysis then delved into the question of why units had similar or conflicting interpretations of interdependence, which brought us back to the accountability literature. After going back and forth between the data and previous literature, and making sense of our observations

through abduction (Ahrens & Chapman, 2006; Lukka & Modell, 2010), we structured our analysis to first empirically answer the two sub-research questions informed by theoretical concepts before analysing those empirical answers in light of previous research in order to answer the overarching research question. Therefore, our empirical description of the two cases is structured around the two sub-research questions: 1) *How do overlapping accountabilities for performance measures influence employees' views of interdependence?* 2) *How do perceived interdependencies influence lateral coordination processes?* These questions reflect an empirical description informed by previous research and theoretical concepts. The theoretical analysis is presented in section six, which answers the research question: *How does overlapping accountability for performance measures interact with lateral coordination processes?*

In the following section, we present the case company's management control system before presenting the two cases.

4. THE CASE OF OILCO

4.1 Management controls in OilCo

The case company operates a management control system inspired by the Beyond Budgeting philosophy. This means that it has decomposed the budget process into three independent processes: targets, forecasts and case-by-case resource allocation. The aim in this regard is to provide employees with the discretion and freedom necessary to adapt to changing circumstances.

The first process, target setting, is a yearly process in which strategic ambitions are translated into overarching stretch targets based on external expectations and competitor performance. Previous studies of OilCo found that the target-setting process became more centralised after the implementation of the Beyond Budgeting system because the targets were founded on strategy (Østergren & Stensaker, 2011). However, despite this centralisation, Østergren and Stensaker (2011) showed that lower-level employees were given more room to address ways of achieving the targets across hierarchical boundaries.

While the target-setting process is at a strategic level, the forecast process addresses how the company should work towards the targets. Forecasts are meant to provide a realistic image of expected costs and revenues. As such, they need to be updated regularly as business conditions

change. There will therefore often be a gap between forecasts and targets. Based on realistic forecasts, action planning is meant to identify and clarify what the organisation needs to do to close the gap and involve all units that influence the overall target.

The third process, resource allocation, is not based on the forecasts or performance measures, but on each individual case. Decisions regarding both operational and capital expenditures, regardless of size, are not made at a specific time of the year. Instead, they are made continually as the need arises.

4.2. The two cases

4.2.1. Case 1: Sequential Support

In the first case, we studied the coordination between two departments in the offshore business area: an offshore platform and the multifield unit. The multifield unit, which served as a centralised pool of expertise for all platforms on the Norwegian continental shelf, was established to standardise operations and improve efficiency in the maintenance of certain equipment that was used on all platforms. The unit was organised around these equipment types with one ‘equipment manager’ responsible for each type of equipment. The unit’s purpose was thus to achieve economies of scale in tasks that had previously been handled by the platforms themselves.⁹

Geographically, the two departments were managed from two different Norwegian cities. As the multifield unit served all platforms on the Norwegian continental shelf, it only sent people to the focal platform to do specific jobs. In other words, the multifield unit did not have engineers present on the platform at all times.

The offshore business area was also supported by several other units. Notably, the multifield unit was the only unit that did not have liaison officers (i.e., employees who were closely integrated with the platform’s daily operations) on the platform. The business area had enjoyed high profitability for several years and it had served as OilCo’s core business since the company’s foundation. However, after a strategic change from maximising production to reducing costs, which was followed by a sudden drop in oil prices in 2014, the pressure to

⁹ After a merger in 2007, four disciplines were moved from the platforms to a separate horizontal unit in 2009. Two more disciplines were moved to the multifield unit in 2015 to further standardise operations and improve efficiency.

improve efficiency and achieve ambitious cost targets increased. This reinforced the focus on achieving economies of scale. The cost-reduction initiative had a significant impact on the offshore business area, which also experienced substantial financial pressure when the oil price fell. These factors influenced the target-setting process.

According to several managers, the nature of the target-setting process varied. At times, it was a thorough bottom-up process, while other years it was handled by top management. As one equipment manager in the multifield unit explained, regardless of where the process started, the final targets were always a mix of suggestions from top management and local employees:

A good [scorecard] has been through a massage [between the top and the bottom], which results in a good mix. Some things trickle all the way up and other things trickle all the way down. (Equipment manager 1, multifield unit, #1-17)

However, the manager continued by explaining that this was not the case when it came to the current performance measures related to costs, which were a top-down initiative:

The cost focus is a typical directive from the top. When [the multifield unit's superior manager] says we need to cut maintenance costs by 50%, that comes from [the management group for the whole business area]. That's a clear message from the top. You cannot say "no, we are only doing 10%". You have to go along with it and support it. It is a pretty strict and strong piece of guidance. (Equipment manager 1, multifield unit, #1-17)

The multifield unit's superior manager similarly expressed himself in a meeting, stating that "next year, there has to be much stronger ownership of the KPIs in [the business area] because this year we only got them handed out". Therefore, the performance measures for costs in the sequential support case were decided by top management.

4.2.2. Case 2: Liaison support

The second case covers coordination between two departments in the onshore business area: the plant and the technical support unit. The business area in this case was much smaller than in the first case. While the offshore business area consisted of more than 30 platforms, there were fewer than 10 onshore installations. The units in this case had the same organisational structure as in the first case – a local operational unit and a central support unit. However, while

the multifield unit was geographically distant from the platforms and served them on an as-needed basis, technical support had a subunit located at the plant, where the subunits' employees served as liaisons.

The technical support manager was located at OilCo's headquarters but the technical support employees were spread across all of the plants. As such, each plant had a technical support unit headed by the plant's technical manager, who was a member of the plant's management committee. The technical manager was formally a member of technical support but reported to both the plant director and the technical support manager. Consequently, technical support was more closely integrated into the daily operations of the plant than the multifield unit was with the platform.

The onshore business area was also a part of the cost-reduction initiative. However, it had initiated its own cost-reduction agenda several years before, and the fall in oil price actually had a positive impact on its operations, as crude oil was a key input (rather than an output) in its operations. However, the business area was operating in a market with strong international competition from companies located in countries with lower cost levels, especially in terms of wages. Therefore, to stay in business, the plant also had ambitious cost targets, but the process was less top down than in the offshore business area:

We try to ensure a process in which everyone is responsible for their own targets and everyone makes suggestions on their targets. We are then challenged by the corporate level. In general, it is an iterative process. (Controller, technical support, #1-9)

Hence, while there are similarities between the cases, there are also notable differences. The cases thus provide two examples of how overlapping accountability for performance measures interacts with coordination.

5. TWO WAYS OF COORDINATING SUPPORT

This section presents the findings from the two cases, which illustrate two ways of coordinating support within the same management control system but with differing contexts. For each case, we show the aspects for which the units were accountable, their interpretations of their interdependence and how these interpretations influenced coordination.

5.1. Case 1: Sequential support

5.1.1. Accountability relationships – use of coherent performance measures

Rules, regulations and performance measures made the platform director formally accountable for everything that happened on the platform. He viewed his main responsibility as “delivering safe and efficient production” (Director, platform, #1-10). To achieve this goal, he was dependent on the functional expertise of several other specialised units that were organised in their own hierarchical lines.

One of these units was the multifield unit, which had “independent responsibility for some of [the platform’s] equipment” (Director, platform, #1-10), a responsibility that had previously been held by the platform itself. As expressed by the multifield unit’s superior manager:

[The multifield unit] is somewhat special because it is system responsible, discipline responsible and maintenance responsible. It executes everything itself, so it really owns all [of the equipment types]. (Superior manager, multifield unit, #1-16)

As the superior manager stated, the multifield unit could work somewhat independently towards achieving economies of scale in equipment maintenance. However, even with its “independent responsibility”,¹⁰ the platform director still had the final word on the work carried out at the platform, which had financial accountability:

Even if we say that we need to spend 50 million to fix [object a], then [the platform manager] can say, “Listen, I have to spend 50 million on [object b], which means that I do not have the money”. He is the one making the decisions and we have to cooperate. (Superior manager, multifield unit, #1-16)

According to the multifield unit’s superior manager, the platform was responsible for examining the multifield unit’s recommendations and plans from the platform’s perspective. At the same time, the multifield unit was responsible for analysing the platform’s needs given its aggregated perspective on all platforms. This was reflected in the performance measures and the units’ scorecards (see the Appendix C for an example). While the platform had a scorecard for its own performance, the multifield unit’s scorecard aggregated performance measures from

¹⁰ The Norwegian language does not differentiate between ‘responsible’ and ‘accountable’, and it includes only a term for ‘responsible’. Accountability can be viewed as being held responsible. When translating the quotes, we only used ‘accountable’ if that word was used by the interviewees themselves.

all platforms. For instance, the platform was made financially accountable through a performance measure that required it to reduce the platform's costs by 40%. However, the multifield unit was financially accountable for the equipment on a more aggregated level. The multifield unit had the same performance measure (i.e., to reduce costs by 40%), but that measure applied to the aggregated costs for equipment across all platforms. We have thus chosen to call the performance measures *coherent* but not shared (see Figure 2 in the Appendix C). While the performance measures were coherent, they sometimes encouraged conflicting prioritisations, as discussed by one equipment manager in the multifield unit:

What is best for [the company] is not necessarily best for an employee working on one installation and accounting for the results of one installation. (Equipment manager, multifield unit, #1-17)

This manager felt that while the platform had formal decision-making power with regard to the resources used on that platform, the multifield unit prioritised its own staff across the platforms as it wished. The coherent performance measures thus made it possible for the multifield unit to achieve its performance measure even if it did not reduce the costs of the equipment on the platform (e.g., it could reduce costs on another platform by 80%).

The quotes from the superior manager and the equipment manager in the multifield unit show that there were two situations in which the different, but overlapping, hierarchical accountabilities fostered tensions between the units. The first arose when the multifield unit wished to do something on the platform to fulfil its own responsibilities and the platform rejected that idea. The second occurred if the platform wanted the multifield unit to do something on the platform so that the platform could fulfil its responsibilities but the multifield unit rejected the idea because it prioritised other platforms. Therefore, one unit's rejection of an idea was perceived as an obstacle for the other unit in its attempts to achieve its performance measures.

In this case, tensions arose because the hierarchical accountabilities overlapped but allowed for conflicting prioritisations. The multifield unit influenced the platform's performance but was not accountable for only that platform's performance. Similarly, the platform influenced the multifield unit's performance but was primarily accountable for its own performance. While both units understood the different hierarchical accountabilities, they had different

interpretations of their dependence on each other and they disagreed on how that dependence should be coordinated.

5.1.2. Interpreted dependence – reciprocal versus sequential

One indication that the units interpreted their dependencies differently was evident in the ways in which they worked to achieve their performance measures. The multifield unit was driven by its overall aim of increasing economies of scale in the maintenance of the equipment for which it was responsible. The best way to do this, the employees argued, was to optimise the unit's "portfolio", as one equipment manager explained:

We say that we work on a portfolio. My target is to run all [equipment] on the [Norwegian continental] shelf in the most affordable way. We work on a variety of improvement activities. ... We have [x number] of installations that all have similar systems. If we manage to reduce the use of suppliers, streamline maintenance, have an effective way of handling maintenance, have good contracts with suppliers, have an operational support centre ... if we make all of these elements as affordable as possible, then we can reduce the [cost] of equipment maintenance. (Equipment manager 1, multifield unit, #2-16)

The manager also acknowledged that it was acceptable to discuss ways of reducing costs with individual platforms, but the gains from such dialogues were often lower than if the multifield unit worked independently on improving the equipment portfolio. Thus, the multifield unit focused on the aggregate cost target rather than the platform's cost target, and argued that doing so would eventually benefit the platforms. Given the aim of increasing the economies of scale, the multifield unit organised itself as a slim unit that was geographically distant from the platforms. As the equipment manager stated:

We are a relatively slim organisation. If we are going to have an effect [i.e., achieve economies of scale], then we must be slim. If we could wish for something, it would be complete trust. (Equipment manager 1, multifield unit, #1-17)

The managers in the multifield unit believed that the unit needed to be small in order to achieve economies of scale. The unit did not view itself as highly dependent on input from the platforms. Instead, it wanted to work independently and it desired trust from the platforms. From the multifield unit's point of view, the platforms did not have to adjust their operations to

accommodate it as long as it delivered on expectations. This reflects an interpretation of interdependence as *sequential*, which implies that as long as the multifield unit delivered as expected, the platform could continue its operations without a need for coordination.

However, the equipment manager's statement also indicates that the platform did not have the same interpretation as the multifield unit, as the equipment manager *wished* for "complete trust". This was confirmed by the platform director, who stated:

We have the perception that [the multifield unit] plans somewhat differently than we would. They are pretty independent when they do their job. When they get to the platform, they need a local person from our organisation to guide them. That has not always been perceived by our people as optimal. (Director, platform, #1-10)

This shows that the multifield unit did not include the platform in its work. The platform director continued by explaining his view that the two units needed to work together on reducing costs:

[The multifield unit's] costs are also our costs. ... Therefore, there has been quite a bit of dialogue regarding how to best manage the jobs together. This means that when there is a need to replace a turbine and they need a mechanic, they need to use our [mechanic]. (Platform director, #1-10)

The platform director hence seemed slightly frustrated and wanted the multifield unit to include the platform's employees in its activities in order to reduce costs and optimise the use of personnel.

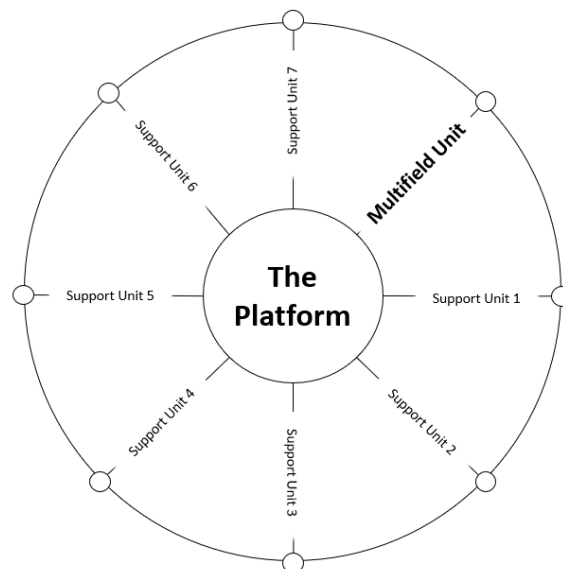
The platform's superior manager more explicitly described the platform's interdependencies by comparing the platform and its dependent unit to a wheel (Figure 2):

We are at the centre but we cannot get anything done. We are completely dependent on everyone around us. If one ... part of the wheel is not functioning, then it is going to be a very bumpy ride. (Superior manager, platform, #1-11)

The metaphor of the wheel shows how the platform viewed itself as highly dependent on its support units to achieve its performance goals. The platform was the centre of the wheel – it was the hub or the main task to which all support units contributed. As the manager stated:

The [platform] is the hub. That is where it begins, as everything gathers around the hub and there are concrete deliveries from each area. Drilling contributes to the hub. [Petroleum technology, subsea, the multifield unit, logistics] – all of these contribute to our tasks. (Superior manager, platform, #1-11)

Figure 2: The wheel of interdependencies (based on descriptions given in interviews)



As evident in the superior manager’s statements and shown in Figure 1, the platform depended on several other technical-support units in addition to the multifield unit. However, the multifield unit differed from the other support units in its desire to work sequentially. While the other support units had designated employees in liaison roles who were devoted to the platform, the multifield unit distinguished itself in terms of its distance from the platform. For instance, the platform director held a weekly meeting with all units involved in the platform’s operations. This meeting was sometimes referred to as the “Hub Meeting”. The multifield unit did not take part in these meetings. In fact, the multifield unit was only present in the platform’s organisation at a lower level and only when the operational plan was discussed. When shadowing the platform director, the researcher rarely met employees from the multifield unit and vice versa. During the first round of shadowing the multifield unit’s manager, participation in meetings was discussed:

One of the lower-level managers in the multifield unit was asked by a platform director to participate and to represent the multifield unit in a meeting. The concern was that if

the manager of the multifield unit said that it was ok, it might indicate that other lower-level managers had to participate in the platform's meetings. During the discussion, one of the other equipment managers also mentioned that his lower-level managers are consistently invited to platform meetings, but that he had told those managers not to take part if there were no explicit jobs to answer for. (Field report, multifield unit, round 1, day 3)

While there was limited lateral contact between the units, the platform's superior manager argued that the multifield unit was dependent on the platform to achieve its goals:

The challenge with our governing mechanisms is that some of our enablers, especially [the multifield unit], have been a bit like "Just give us money and we will fix it. Otherwise, leave us alone". This is a bit of an exaggeration ... What I believe is important is the following: they are responsible for certain deliveries, but there is something about paying attention and being supportive [that enables] you to help remove bottlenecks if they appear. (Superior manager, platform, #1-11)

Hence, while the multifield unit served as a support unit, the superior manager felt that the platform also needed to support the multifield unit. He believed that the two units could quickly adjust their actions if they worked together. According to those working on the platform, such adjustments were often necessary, a view that also was reflected in the platform director's argument that they needed to work together to reduce costs and optimise the use of personnel. The platform's view that the multifield unit was also dependent on the platform reflects an interpretation of dependence as *reciprocal*, as each unit needed support from the other.

In summary, the above discussion shows that the two units had different interpretations of their interdependence. The multifield unit viewed its association with the platform as a linear, one-way relationship in which it could deliver services without being dependent on the platform's support. In contrast, the platform viewed the relationship as bidirectional. The platform received deliveries from the multifield unit but it also needed to support that unit.

5.1.3. Tensions in coordination – planning versus mutual adjustments

The need to continuously adjust actions required direct lateral contact and continuous information transmissions between the two units. However, the multifield unit did not see a need for such mutual adjustments and believed that the overlapping accountabilities could be

handled through planning, as each individual platform constituted only a small part of its overall responsibility. This interpretation made the multifield unit reluctant to engage in direct lateral contact. Consequently, the requirement to continuously adjust actions was interpreted by the multifield unit as entailing a need for increased reporting, which restricted the potential to achieve economies of scale:

They want more reports. This creates a dilemma – if we must report as they ask, then we lose the benefit of the economies of scale gained from working horizontally. (Equipment manager 2, multifield unit, #1-18)

Hence, what the superior manager at the platform argued was “paying attention to removing bottlenecks and providing support” was perceived by the multifield unit as increasing the need for reporting. In other words, the multifield unit did not see a need for this type of support. According to the multifield unit, the coordination necessary between the two units could be achieved through planning alone:

[When we are going to a platform,] we need access, then we need to get on the plan and we must package our work in a sensible way so that we can alert the platform prior to our arrival. A lot of coordination is necessary. We need to be good at getting our work on the platform’s plan. (Equipment manager 1, multifield unit, #1-17)

As such, if the multifield unit added its jobs to the operational plan in good time, neither unit should need to adjust its actions. Based on this argument, there was limited use of the lateral coordination mechanisms suggested by Galbraith (1973), such as direct lateral contact, liaison roles, task forces and teams, in the intersection between the multifield unit and the platform. The only lateral contact occurred in relation to adding the work to the operational plan. Although one employee communicated with the platforms in this regard, the purpose of his presence was to provide the platform with information about the work rather than to coordinate or make adjustments.

Central coordination mechanisms used by both the multifield unit and the platform were *goals* and *targets* in the form of performance measures. Although the performance measures were on different levels, they were *coherent*. Consequently, they ensured that units on the same hierarchical level were interested in the same objectives. As such, they are an example of aligned accountabilities (Messner, 2009). The target-setting *process* could also serve as a lateral

coordination mechanism if it required lateral units to interact and to agree on the translation of the strategy into performance measures. The superior manager of the multifield unit emphasised the importance of this coordination:

When we had a process in [my unit] on strategy, we defined several key performance indicators [KPIs] for me and my team, and we spent a lot of time with the platforms to make sure that they had the same KPIs. (Superior manager, multifield unit, #1-16)

This process was not an area for direct coordination between the two units but between their managers. The aim was to ensure that the performance measures at lower organisational levels were coherent.

Gaps between forecasts and performance measures were discussed by the other support units and handled through direct lateral contact. However, because of the different interpretations of interdependence, the gap did not bring the multifield unit and the platform together. Notably, however, the other support units participated in mutual adjustments through action plans:

We have monthly meetings with every support unit, which we call “enabler meetings”. At those meetings, ... we discuss the use of funds. How much have we used to get this done? How does the forecast look in terms of reaching our target by the end of the year? ... In those meetings, we establish action plans and discuss the potential ... Then a joint, creative discussion begins. (Director, platform, #1-10)

This “joint, creative discussion” regarding potential in the area in which accountability overlaps reflected the perception that the interdependencies between the units were so complex that the issues were better handled together. In this situation, gaps between forecasts and targets became arenas for mutual adjustments. In contrast, the multifield unit’s reluctance to participate in these arenas led the platform to use performance measures as an additional coordination mechanism in the relationship. In this regard, the multifield unit was assigned performance measures in relation to the individual platform. As there was little direct lateral contact, these performance measures were not necessarily coherent:

The challenge is that the targets are locked at some point but another level can decide that “[the multifield unit] must have a tougher target. [The multifield unit] needs to deliver more. We do not achieve [our target] if the others do not [deliver more]”. Then

they set their targets without anchoring them horizontally, so we are making each other worse.

If a manager receives a new target from his [hierarchical] line, then he thinks “I cannot achieve this if they do not. They have to cut their costs in half. ... Now they have to figure out what they must do to halve their costs at my field. I do not care about the other fields, but with me they are going to halve the costs”. (Equipment manager 1, multifield unit, #2-17)

The platform had a performance measure of reducing its costs by 40% and the multifield unit had a performance measure of reducing the aggregated costs for its equipment by 40%. However, according to the equipment manager in the multifield unit, one platform assigned a performance measure to the multifield unit that required it to reduce the costs of the equipment located on the platform by 50%. In contrast, with units that shared the view of interdependence as reciprocal, the platform entered into “creative discussions” on how to reach the platform’s target.

While the platform assigned incoherent performance measures to the multifield unit, the multifield unit was not held accountable for these new measures by upper management. The multifield unit’s superior manager was primarily concerned with economics of scale, as reflected in a management review meeting, where one of the first questions asked was: “What are the biggest threats to achieving economies of scale?”. One equipment manager answered: “We have a process that covers the long term. We do not have the capacity to fix short-term issues”. Later in the meeting, it emerged that there was a lot of noise from the operational units because they felt that the multifield unit was not “close enough”. This was deemed to be a consequence of the challenge of proving the economies of scale. The multifield unit felt that if it could show the operational units that it was achieving economies of scale, the noise would be reduced.

As in Goretzki and Messner’s (2016) study, much of the lateral coordination between the platform and its other support units took place in planning meetings. As there were several uncertainties and ambiguities regarding the plans, these meetings and the original plan brought the relevant stakeholders together in direct lateral contact to discuss priorities, risks and

opportunities. Therefore, the plan laid the foundation for continuous mutual adjustments, as the platform director stated:

We use the operational plan as the basis for discussions in our [director] meetings. We go through it and there is reshuffling all the time. Then we clearly see why that activity should be moved or prioritised. ... That understanding becomes “quality assured” when everyone is present. (Director, platform, #1-10)

This reshuffling described by the platform director reflected the platform’s view that planning in itself was not enough to achieve good coordination – mutual adjustments were required, as they enabled the units to create a common understanding of an uncertain future. However, as with forecasting and action plans, this required the participation of both units. Given the multifield unit’s small size and capacity, it was reluctant to participate in planning meetings, which were time consuming. This was identified as a “source of noise” by the new manager of the multifield unit:¹¹

When I analyse the noise sources in relation to [the multifield unit], there is one key aspect – we do not participate in all of the meetings that people feel we should be attending. (Manager, multifield unit, #2-15)

This manager thus highlighted the different demands for coordination between the units, which created tensions, or ‘noise’, in the relationship. The tensions between the two units sometimes led to issues being raised to a higher hierarchical level:

I do not know how many rounds of discussions we have had in the multifield unit when one of my [equipment managers] says “no” to something ... Then the demand comes from a much higher level on the other side [the platform’s hierarchical line]. (Manager, multifield unit, #2-15)

This reflects another of Galbraith’s (1973) hierarchical mechanisms: hierarchical managers. However, while this is coordination in the sense that it helps manage dependencies, raising an issue to a higher hierarchical level implies a failure of lateral coordination. From the platform’s perspective, this “insufficient” lateral coordination was a conscious choice by the multifield

¹¹ A new manager was appointed in the multifield unit right before the second round of data collection.

unit, which was reluctant to participate in the arenas that promoted direct lateral contact, as shown in the above discussion regarding the multifield unit’s participation in meetings.

Table 4 shows our findings for the sequential support case. The units had different interpretations of their interdependence, which were informed by the fact that their accountabilities were defined at different levels (aggregate versus individual). A central aspect of the differing interpretations was the performance measures, which were on the individual level for the platform and the aggregated level for the multifield unit. On the one hand, the platform believed that the multifield unit depended on its support to provide deliveries to the platform. This reflects a recursive, bi-directional relationship and implies an interpretation of dependence as reciprocal. In line with Thompson (1967), the platform argued that there was a need for coordination through mutual adjustments made during, for instance, meetings, and that direct lateral contact and liaison roles were important. On the other hand, the multifield unit argued that it performed better when it worked sequentially and delivered as expected without the platform’s involvement. This reflects a linear relationship between the unit and the platforms, which implies an interpretation of dependencies as sequential.

Table 4: Summary of the sequential support case

	Unit	Accountability	Interpretation of interdependencies	Coordination mechanisms
Sequential support	The platform	Platform performance	Reciprocal	<u>Hierarchical coordination</u> - Rules and work processes - Coherent performance measures
	The multifield unit	Maintenance of equipment across all platforms	Sequential	<u>Lateral coordination</u> - Coherent performance measures - Meetings - Operational plan

Consequently, the multifield unit was reluctant to engage in lateral coordination mechanisms beyond the coherent performance measures, as it viewed plans as sufficient for handling the overlapping accountabilities. This discussion shows that the units mainly relied on hierarchical coordination mechanisms (Galbraith, 1973) even though several lateral mechanisms were available. It also indicates that the disagreement over lateral coordination fostered more stringent hierarchical mechanisms, such as the performance measures assigned by the platform.

5.2. Case 2: Liaison support

5.2.1. Accountability relationships – use of shared performance measures

The plant director was “responsible for basically everything that goes on at [the plant]” (Director, plant, #1-1) but he depended on other units with their own hierarchical lines, one of which was technical support. Technical support was responsible for the overall technical quality and optimisation of all plants, but it was divided into units dedicated to each individual plant. The technical support unit located at the plant, headed by the technical manager, was primarily responsible for the plant’s “technical quality and production optimisation” (Technical manager, technical support, #1-6). The plant director had final decision-making authority even in matters concerning technical quality, as he had a “single point of accountability” (Manager, technical support, #1-5). Technical support thus simply offered the plant support and advisory functions.

This reflects the clarification of the overlapping accountabilities between the units that had been made when there were uncertainties regarding who had the final say in decisions regarding technical quality at the plant. Previously, the plant director had been accountable for everything at the plant, while the technical support manager had been accountable for technical quality and optimisation. However, they agreed that the technical support manager could not be accountable because she did not have decision-making authority in practice. She argued that she was “responsible” for the technical quality and optimisation, while the plant director was “accountable” because he made the decisions. Hence, the technical support unit served more as an advisor than an instructor.

The plant’s technical manager had three scorecards: the plant’s scorecard, which was often called the “director’s scorecard”; one for her own unit at the plant; and one for the technical support unit as a whole. Hence, although she had one scorecard for technical support, she was also accountable for the plant’s performance through the plant’s scorecard, and the plant’s scorecard was often prioritised when the scorecards contradicted each other. Like the maintenance and operational managers, the plant’s technical manager was accountable for the plant’s cost-performance measure. The performance measures on the plant’s scorecard were thus *shared* by the plant and the technical support unit located at the plant, which was run by the technical manager.

5.2.2. Shared view of dependencies – reciprocal

In contrast to the sequential support case, the plant and the technical support unit viewed themselves as mutually dependent. Whereas the multifield unit distanced itself from the platform, arguing that it could best fulfil its responsibility sequentially, technical support argued that its responsibilities could not be fulfilled without help from the plant. Thus, for the majority of actions taken by technical support, the plant needed to adjust its own actions. Usually, the actions needed to be agreed on together:

Often, when we in [technical support] have a delivery for which we are responsible, we have to call in not only our own resources but also other resources to make sure it becomes what it should be – that it is the best it can be. There is a lot of such task-based matrix work. (Technical manager, technical support, #1-6)

When asked directly if the technical support unit was dependent on the operational and maintenance units, the manager quickly responded:

Yes, and the other way around of course. (Technical manager, technical support, #1-6)

It was clear to the manager that for the unit to do its job, it needed to involve people from the other units. In other words, technical support did not simply decide what to do on its own because the tasks for which it was responsible were dependent on and influenced others. Therefore, technical support argued that it could not simply deliver a service to the plant in a linear, one-way relationship – the other units needed to be involved. The operational manager described a recursive relationship in which decisions had to be made together because one unit's responsibilities could not be clearly separated from those of the others. To address challenges, the units needed continuous lateral contact in order to discuss potential solutions. Both units in this case viewed their interdependence as *reciprocal*, as each unit was highly dependent on the other to fulfil its responsibilities (Thompson, 1967). The quotes also show that the units coordinated through *mutual adjustments* (Thompson, 1967) and by involving each other in their decision making. Such mutual adjustments were also visible in the coordination mechanisms the units ordinarily used, as discussed in the following section.

5.2.3. Coordination through continuous interaction

As the two units agreed that their interdependence was reciprocal, technical support placed a large group of engineers headed by the technical manager at the plant. Thus, in contrast to the

sequential support case, technical support was located at the plant, where the engineers served as liaisons between the two units. While this presence of liaison officers is one form of lateral coordination mechanism, the units also used other mechanisms.

The performance measures that were coherent in the sequential support case were *shared* by the units in this case. For instance, the plant and technical support both aimed for a regularity (production as a percentage of the plant's capacity) of 96% for the plant. The performance measures were on the plant level, and all units contributed directly or indirectly to those measures.

To achieve the ambitious, shared performance measures, the units used the *forecast process* and *action plans* as lateral coordination mechanisms. While planning is a coordination mechanism usually associated with sequential interdependence, the forecast process and action plans determined which mutual adjustments could be made. In line with recent research (Chenhall, 2008; Gerdin, 2005; Van der Meer-Kooistra & Scapens, 2008), this shows that hierarchical tools can be used in flexible ways. Although this was similar to the platform's use of the operational plan, it differed from the planning done by the multifield unit, as the multifield unit saw the plan as the final product. In this case, the forecast process and action plans served as the basis for mutual adjustments. While the targets for the performance measures reflected the organisation's ambitions, no one really knew *how* they were going to achieve those targets. Action plans for reaching those targets were based on the current situation, while realistic forecasts were used to show where the units were headed. The technical manager stated that the units at the plant worked more on action plans for specific tasks than on action plans for each unit, thereby emphasising that most issues could not be handled by a single unit – they were all dependent on each other:

The way the [director's] scorecard is now, it is also our scorecard. The action plan is partly task focused and partly for a unit. We want to get to where we only have action plans for tasks. Not “this should be done by [the safety unit], this should be done by [operation A] and this should be done by [operation B]”, but “*we* are going to work on, let us say, process safety”. ... We need to be better at thinking about tasks – then the interaction comes on its own. (Technical manager, technical support, #1-6)

This quote emphasises two key aspects. First, the technical manager viewed the director's (the plant's) scorecard as "our scorecard", which highlights the performance measures shared with the plant. Second, through the use of "we", the technical manager indicated that all units at the plant wanted to move away from unit-level action plans towards task-level action plans, as doing so would not only make lateral coordination easier by reducing the boundaries between units but also facilitate mutual adjustments, as several units had to work together to achieve the performance measures. Hence, while the shared performance measures served as hierarchical coordination mechanisms as argued by Galbraith (1973), they also acted as lateral coordination mechanisms by bringing people from different units together to discuss the actions needed to reach the target.

In addition to the performance measures, forecasts and action plans, resource allocation also served as a coordination mechanism. While the plant director had the final word in decisions (i.e., was accountable), decisions were made by the plant's management group, of which the technical manager was an equal member. For instance, the plant initiated an extensive (and expensive) maintenance program shortly before the second round of data collection. The resource-application process began with a need to improve certain areas of the plant and the development of a business case in which all units participated. A decision was then made by the management committee. In this particular program, the money was spent by maintenance but the program was designed by technical support. While the maintenance manager was formally accountable for the spending, technical support was equally accountable because the two units made the decision together:

We have made a decision in [the management group] to spend money on the surface program. It is a coincidence that [the costs] ended up with [the maintenance manager] – he has the maintenance [costs]. (Technical manager, technical support, #2-6)

This is an example of a "collectivization of judgement" in which individuals reach social agreements that lead to shared responsibility for a decision within a group (Goretzki and Messner, 2016). It is also an example of continuous mutual adjustments, as the units had to cooperate, share information and adjust their operations to accommodate and develop this new program.

The ambitious performance measures, action plans and resource-allocation processes were all elements of OilCo's management control system. Interestingly, in this case, the processes created lateral coordination arenas, while the processes in the sequential support case were only used within each unit. In that case, the lack of participation reinforced the use of hierarchical coordination mechanisms.

In addition to the coordination arenas generated by the de-bundled budget process, the units in this case relied on several other coordination mechanisms. As in the sequential support case, the units in this case used *meetings* and *operational plans* to coordinate actions. However, these mechanisms were used more actively, as technical support participated at the same level as the other units. When the main author shadowed the managers in the sequential support case, she saw almost no interaction between the two units, as the multifield unit did not participate in the platform's meetings. In this case, however, we often observed formal and informal meetings involving both the plant director and the technical manager. For instance, the technical manager participated in the weekly management committee meeting. In these meetings, units would discuss challenges they were facing to get input and feedback from the others. If necessary, one unit would adjust its operations in order to support another unit's needs. For instance, the maintenance unit asked the technical support unit for advice on how to address a problem with the existing plan that was revealed during an inspection.

Moreover, the management committee in this case believed that the units needed to meet both informally and formally to discuss challenges and opportunities. As argued by the operational manager, this enabled the two units to build relationships and achieve a joint understanding:

Cooperation depends on how you choose to meet and how you choose to communicate. ... We need to get together and bring the right competences. Then we can achieve both the understanding and the cooperation that is necessary – more than we can by “meeting” via mail or phone. Therefore, we try to meet in person because it builds relationships and creates a much better joint image. It is also much easier to agree that we want to move in a certain direction. (Operational manager, plant, #1-3)

This quote clearly shows the value the manager attributed to direct lateral contact as a coordination mechanism. The interviewees believed that such contact reduced ambiguity and created a common understanding, similar to the findings of Goretzki and Messner (2016). In

addition to the formal and informal meetings, the units also actively used *cross-functional groups* (Abernethy & Lillis, 1995) or *task forces* (Galbraith, 1973) in which people from different units and with different experiences came together to solve, clarify or improve certain processes, intersections or tasks. The mandate of each group depended on the focal challenge. For instance, a cross-functional group was initiated to look at the value stream in the maintenance process. When establishing this group, the director argued that the group should be supported by the operational or technical manager. The reasoning was that there were significant dependencies between the units, such that having one of the other unit's managers in the group would ensure a good understanding of the challenges faced by maintenance as well as how each unit influenced the maintenance process.

Another practice that informed coordination in the liaison support case that was not present in the sequential support case was the regular changes in managers' positions at the plant and across units. For instance, the technical manager had previously served as a project manager, and the manager she replaced became an operational manager. All three of these roles were part of the plant's management committee. When asked if there were many disagreements regarding priorities between the different units at the plant, the operational manager answered:

No, I do not think so. I think part of the reason is that we have been better at changing positions in recent years. I worked as a maintenance manager for five years and now I am in operations. Therefore, I know exactly which challenges and opportunities the maintenance manager is facing. It helps that we understand each other. The production or operational manager, who was previously a project manager for several years, is now the technical manager. (Operational manager, plant #1-3)

This statement supports Galbraith's (1973) argument that regular changes in management positions improve direct lateral coordination because the managers have an understanding of each other's situation.

Table 5 presents the findings for the liaison support case. We find shared cross-functional accountability organised around the plant. In contrast to the sequential support case, both units interpreted their interdependence as reciprocal, which can be partly explained by the shared

performance measures. Lastly, as with the sequential support case, interpretations were reinforced by the chosen coordination mechanisms.

Table 5: Summary of the two cases

	Unit	Accountability	Interpretation of interdependencies	Coordination mechanisms
Sequential support	The platform	Platform performance	Reciprocal	<u>Hierarchical coordination</u> - Rules and work processes - Coherent performance measures
	The multifield unit	Maintenance of equipment across all platforms	Sequential	<u>Lateral coordination</u> - Coherent performance measures - Meetings - Operational plan
Liaison support	The plant	Plant performance	Reciprocal	<u>Hierarchical coordination</u> - Rules and work processes - Shared performance measures - Action plans - Joint resource allocation
	Technical support	Technical quality at all plants	Reciprocal	<u>Lateral coordination</u> - Liaison officers - Shared performance measures - Action plans and forecasts - Joint resource allocation - Meetings - Operational plan - Cross-functional groups (teams and task forces) - Rotation among positions

In summary, the empirical presentation of the two cases has been informed by two sub-questions. First, we asked: *How does overlapping accountability for performance measures influence employees' views of their interdependence?* In column 3 of Table 5, we show how accountabilities arising from the performance measures influenced employees' perceptions of their units' dependence on other units. Interestingly, in the sequential support case, we find that despite the introduction of coherent performance measures aimed at the same strategic objectives, the result was conflicting perceptions of interdependence. In contrast, the liaison support case shows how accountability for shared performance measures fostered a shared perception of interdependence.

Second, we asked: *How do perceived interdependencies influence coordination processes?* In column 4 of Table 5, we show that the two cases used different coordination mechanisms. In

the sequential support case, conflicting perceptions of interdependence created tensions in coordination, which limited the use of lateral coordination mechanisms and increased the use of hierarchical mechanisms, such as performance measures and hierarchical managers. The liaison support case shows that mutual adjustments can be made when both units perceive interdependence as reciprocal. In this case, mutual adjustments were achieved by placing more emphasis on lateral coordination mechanisms, especially the use of liaison officers. While we characterise the coordination mechanisms as either hierarchical or lateral, the table shows that the same mechanism (e.g., performance measures) can be both hierarchical and lateral.

6. DISCUSSION

The motivation for this paper was a desire to improve our understanding of how two potentially conflicting aims of performance measures – coordination and control by means of accountability – interact. We find that accountability for performance measures interacts with lateral coordination by shaping how employees and units perceive their interdependence and, thereby, also their perceived need for coordination.

Our study highlights three aspects of how overlapping accountability for performance measures interacts with lateral coordination. First, we investigate different kinds of overlapping accountabilities for performance measures – coherent versus shared – and find that they interact differently with lateral coordination. Consequently, we need to distinguish between these kinds of overlapping accountability.

Second, we find that shared performance measures fostered a uniform interpretation of the interdependence and, thereby, a need for lateral coordination. They facilitated coordination because the two units agreed on how to coordinate and which tools to use. As shared performance measures can interact and facilitate lateral coordination in this way, we argue that they are not solely a hierarchical coordination tool. Consequently, we question the coordination literature's dichotomy of hierarchical and lateral coordination tools (Galbraith, 1973).

Third, in the case of coherent performance measures, we show how this form of overlapping accountability allows for conflicting views of the units' interdependence and, thus, disagreement about their need for lateral coordination. These conflicting interpretations of interdependence explain why the available lateral coordination mechanisms were not used in this case and why the units resorted to hierarchical means of coordination. In this context, we

illustrate that the alignment of accountabilities (Messner, 2009) through coherent performance measures is not enough to avoid conflicts.

6.1. Coherent versus shared performance measures

Previous research provides limited insights into the use of shared performance measures to facilitate lateral coordination. While van der Meer-Kooistra and Scapens (2008) find that shared performance measures are part of a governance structure that enables lateral coordination, they do not offer a detailed explanation of how this happens beyond giving units the discretion to make mutual adjustments. Moreover, they take the shared interpretation of interdependence as reciprocal as a given. In the StitchCo case, Ezzamel and Willmott (1998) show how the introduction of shared performance measures created a responsibility to collaboratively organise the work process, as the responsibility for coordinating activities moved from management to team members. Instead of working solely on their individual tasks and being rewarded for those efforts, employees were forced to “worry about five other people” (Ezzamel & Willmott, 1998, p. 383). The workers effectively interpreted the new shared accountability that resulted from team-based performance measures as a form of interdependence, which they resented. Hence, the StitchCo case tells us that shared performance measures can influence employees’ interpretation of dependence. However, “employees’ acceptance of collective responsibility for teamwork is by no means a forgone conclusion” (Ezzamel & Willmott, 1998, p. 392). In contrast, in the liaison support case presented here, the units welcomed the shared accountability for performance measures and, in line with Van der Meer-Kooistra and Scapens’ (2008) argument, the performance measures provided the units with the discretion to work together. As such, our study confirms that formal accountabilities shape interpretations of interdependence, such as goal interdependence (Poon et al., 2001), and demonstrates how those interpretations influence coordination.

Moreover, our study highlights a variation of performance measures that lies between shared and individual measures – coherent performance measures. In our first case, the performance measures were coherent and aimed at cost reduction *on different organisational levels*. Such coherent performance measures ensured interdependence between the units, but the units’ accountabilities differed. As the multifield unit was accountable for cost reductions for the equipment on more than 30 platforms, it viewed the dependence between itself and the platforms as sequential. In contrast, the platform, which was only accountable for its own cost

reductions, perceived the dependence between its support units and itself as reciprocal with the overall aim of optimising the platform. As such, it allowed the two parties to interpret their interdependence in conflicting ways.

In the liaison support case, the accountabilities were informed by uniformly shared performance measures, which fostered an experience of shared accountability. All units at the plant, including technical support, worked toward achieving the plant's cost-reduction target. Through several coordination mechanisms, including liaison officers, the technical support engineers at the plant were accountable for the plant's performance measures. This influenced the shared interpretation of the interdependence as reciprocal.

These two cases illustrate that performance measures – a coordination tool that Galbraith (1973) labels “hierarchical” – can create both individual and overlapping accountabilities depending on their design and their application to certain units. Our study thus questions the more narrow contingency view of management accounting tools as either hierarchical or lateral, and supports studies arguing that how these tools are used matters (Granlund & Lukka, 2017). In our cases, performance measures not only served to hierarchically coordinate actions between superiors and subordinates but, at least in the case of shared performance measures, also encouraged lateral coordination.

More specifically, certain types of overlapping accountabilities, such as shared performance measures, can create a sense of goal interdependence that encourages lateral coordination. In contrast, the coherent performance measures in the sequential support case fostered conflicting interpretations of interdependence, which caused tensions in lateral coordination. As such, overlapping accountability for performance measures can both hinder and enable lateral coordination based on how the resulting accountabilities influence perceived goal interdependence. Therefore, the alignment of accountabilities is not enough to avoid conflicts.

6.2. Coordination during framing contests

As our findings show that the units preferred different types of coordination tools based on their interpretations of their interdependence, the findings support the classical coordination literature's argument that interdepartmental dependencies shape the need for coordination (Galbraith, 1973; Macintosh & Daft, 1987; Thompson, 1967). It is therefore not enough to offer coordination tools that employees will theoretically need given the organisational structure. As

our case shows, employees will only use lateral coordination tools if they interpret their interdependence as give rise to a need for those tools.

Moreover, our findings show that conflicting interpretations of interdependence may hinder lateral coordination if one party refuses to utilise the lateral coordination mechanism preferred by the other party. In this regard, this paper elaborates on Goretzki and Messner's (2016) finding that formal accountability through management controls can create "framing contests". While these authors suggest that the conflicting frames result from formal accountabilities, we add that the frames reflect the various views on goal interdependencies.

The sequential support case showed how the accountabilities could create framing contests, while the liaison support case demonstrated how the accountabilities could be seen as shared, which supports Rowe et al.'s (2008) argument that management controls can enforce cooperation and coordination by framing employees as members of a group. However, our case shows that it is *not enough for the coordinating parties to be framed as belonging to a group* – the members of the group need somewhat similar frames. As the multifield unit's performance measures were on a more aggregate level, the group on which it depended and with which it needed to coordinate was much bigger than the corresponding group for the plant. Therefore, although both performance measures framed the two parties as belonging to the same interdependent group, the multifield unit preferred a different type of coordination (i.e., sequential) than the plant. As coordination is defined as the management of dependencies (Malone & Crowston, 1994), the conflicting views of dependencies naturally led to different views on the need for coordination.

In addition, our study illustrates coordination processes during such a framing contest. As the employees interpreted their dependencies in conflicting ways, they could not agree on which lateral coordination mechanisms to use. Instead, they relied on such coordination mechanisms as additional performance measures and raising the issue to the next hierarchical level. Thus, when lateral coordination failed, the parties turned to hierarchical coordination. Consequently, management controls that are designed to facilitate lateral coordination and flexibility do not necessarily achieve their aims when formal accountabilities create conflicting views on the coordinating departments' interdependence. For instance, the gap between performance measures and forecasts was intended to stimulate discussions between units. However, as the multifield unit did not participate in such discussions, it was assigned an incoherent

performance measure by the platform, which effectively reinforced the frames between the units.

7. CONCLUDING REMARKS

The purpose of the present study was to improve our understanding of how two potentially conflicting aims of performance measures – coordination and control by means of accountability – interact. The study contributes to the literature on management controls and coordination (Abernethy & Lillis, 1995; Chenhall, 2008; Macintosh & Daft, 1987; Van der Meer-Kooistra & Scapens, 2008) by showing that departmental dependencies and the need for coordination are not determined solely by structures and task divisions but also shaped by accountability arising from management controls. The cases presented in this paper identify variations of this phenomenon, especially in terms of how units coordinate when they experience overlapping accountabilities. We find that similar interpretations of interdependence are crucial for agreeing on how to coordinate laterally and for avoiding framing contests.

Rowe et al. (2008) and the accountability literature (e.g., Goretzki & Messner, 2016) suggest that management controls frame employees' understandings of social situations by means of accountability. We add to this stream of literature by showing that these frames include employees' interpretation of interdependence. These interpretations inform their use of coordination mechanisms and, hence, their coordination processes. Thus, by emphasising interpreted interdependence, we explain *how* accountability and the frames it creates affect coordination. In this regard, we contribute to the literature on accountability (Ezzamel & Willmott, 1998; Frow et al., 2005; Goretzki & Messner, 2016) by showing, first, how accountability can be entirely shared or simply overlapping and, second, how the resulting interpreted interdependencies inform employees' frames of the situation and coordination processes.

Previous research has studied coordination between lateral units with uniform interpretations of their interdependence (Ezzamel and Willmott, 1998; Frow et al., 2005; Macintosh and Daft, 1987; van der Meer-Kooistra et al., 2008). In our study, we present two cases with similar organisational structures in which interdependencies are handled using very different coordination mechanisms. Therefore, in contrast to earlier studies, our study demonstrates that interpretations of interdependence may differ as a result of management controls, which can

lead to tensions and, in some cases, failure in lateral coordination. We hence contribute to the extant literature by showing that coordination depends on units' interpretations of interdepartmental dependencies and that uniform interpretations are not a given.

By challenging the underlying assumption of the coordination literature, we begin to explain the diversity in relationships between performance measures and coordination, and to further develop theoretical knowledge on the mechanisms through which management controls interact with coordination. Future research can build on our findings.

This study has attempted to develop our theoretical knowledge of how management controls interact with lateral coordination by showing how formal accountabilities influence interpretations of interdependences and, in turn, coordination. However, the study is limited to *formal* accountabilities. One avenue for future research would be to study how a uniform interpretation of interdependence as reciprocal may facilitate a socialising form of accountability (Frow et al., 2005; Goretzki and Messner, 2016; Roberts, 1991).

The study does not attempt to address optimal solutions in either case. We simply argue that to facilitate coordination, management controls should foster accountabilities that promote similar interpretations of unit interdependence. The challenge in the sequential support case arose because the units had different interpretations of interdependence. It might be that planning was the best way to coordinate the units in that case. It has been argued that mutual adjustment is a costly way of coordinating (Thompson, 1967). However, we refrain from drawing conclusions regarding what is optimal, as our study did not seek to determine the most effective coordination mechanisms, but instead how accountabilities for performance measures interact with lateral coordination.

We also acknowledge that interpretations of interdependence can influence the design of performance measures. The interpretations discussed in this paper focus on one part of the potentially circular relationship. One avenue for additional research may be to examine how the design of performance measures is influenced by units' views of their interdependencies with other units.

Furthermore, the paper covers two cases within the same company, a company with a management control system inspired by Beyond Budgeting. However, the way in which coordination was achieved in that organisation is not necessarily indicative of how other

organisations with different or even similar management control systems manage dependencies between technical support and production units. This study has shown how one company has managed dependencies between operational and support functions in two different cases. In order to enhance our knowledge of the topic, future research should examine how management controls influence coordination in other companies.

Appendix C: Figures paper 2

Figure 3: Organisational structure of the units

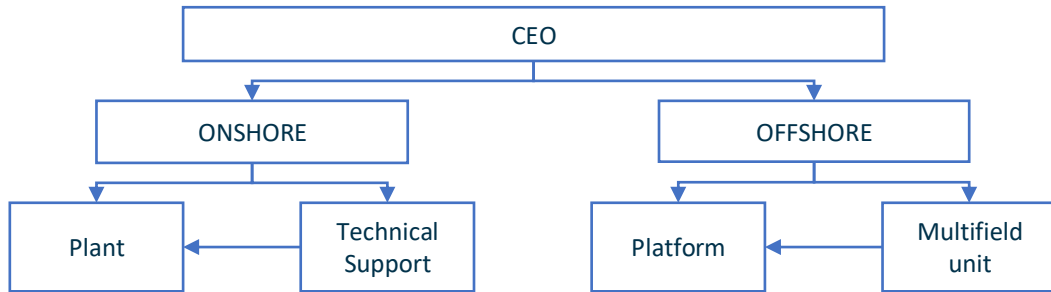
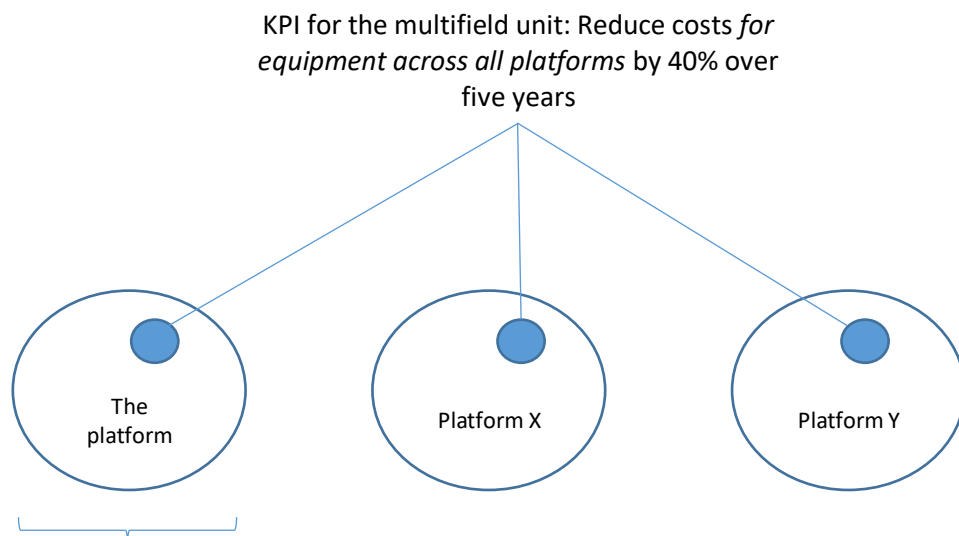


Figure 4: Examples of shared and coherent performance measures

	Liaison support		Sequential Support	
	Plant	Technical support	Platform	Multifield unit
Production efficiency	96% of the plant's capacity		94% of the platform's capacity	94% of all platforms' capacity
OPEX	NOK xxxm (target for 2016)		40% reduction from the platform's OPEX in 2013 (target for 2018)	40% reduction from the offshore business area's OPEX in 2013 (target for 2018)

Figure 5: Example of performance measures in the sequential support case



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IV

PAPER 3

Intelligent accountability:

A case study of accountability as responsibility

Grete Helle
Norwegian School of Economics

John Roberts
University of Sydney Business School

ABSTRACT

The paper aims to expand our theoretical knowledge on intra-organisational accountability processes by examining the notion of ‘intelligent accountability’ through an interpretive case study of a Norwegian energy company. While several researchers have pointed to a need to rethink accountability in ways that reflect both our obligations to others and our wider moral responsibility, studies of how such accountability arises in organisations are limited. In contrast to the extant literature, we find that the case company’s employees understand accountability as taking active responsibility. This understanding is influenced by four practices: holistic performance evaluations, dynamic formal controls, an emphasis on learning and a management philosophy based on the view that employees should be empowered to use their own sound judgement. These practices both reflect and foster a more intelligent approach to accountability that tries to address the complexity of organisational practices rather than what is made transparent. Two aspects of these practices are particularly influential in making accountability more intelligent. First, employees are given the discretion to act responsibly. Second, there is an understanding that managers do not have or need to have all of the answers. This stimulates open communication with an emphasis on learning, which lays the foundation for accountability processes that reflect responsibility and intersubjectivity. The paper contributes to the accountability debate by questioning the view that instrumental accountability dominates in organisations and by empirically showing that accountability can be approached intelligently in such a way that organisational complexity and uncertainty are acknowledged rather than smoothed over. In addition, the paper expands the notion of intelligent accountability by suggesting that it can be supported by formal controls.

Keywords: Accountability, intelligent accountability, responsibility, management control.

1. INTRODUCTION

This paper aims to expand our theoretical knowledge on intra-organisational accountability processes by examining the notion of ‘intelligent accountability’ through an interpretive case study of a Norwegian energy company. An extensive stream of research has raised the concern that accountability is becoming increasingly disassociated from responsibility. This research argues that accountability promotes a one-dimensional preoccupation with economic performance that undermines moral responsibility (e.g., McKernan, 2012; Messner, 2009; Pedersen, 2013; Roberts, 1991, 2009; Shearer, 2002). Shearer (2002, p. 558), for instance, suggests that neoclassical economics has constructed an “identity such that it is obligated to no one other than itself” and where, if accountability is demanded, “the economics of self-interested trade will be sufficient to its discharge” (2002, p. 565). From this perspective, the individual’s responsibility is reduced to what he or she must account for, such that the individual may become narcissistically preoccupied with defending or advancing his or her own self-interest (e.g., Cooper, 2015; Roberts, 2018), thereby promoting a blame (or fame) game (Catasús, 2008).

This critique is directed at narrowly defined ‘instrumental’ accountability, or accountability as transparency (Roberts, 2009), where accountability is based on the assumptions of agency theory, concerned with compliance and output-related performance measures and incentives (Vosselman, 2016). This type of accountability is argued to connote a blind instrumentality that may disconnect individual conduct from the organisation’s broader concerns (Bauman, 1994; Catasús, 2008; Pedersen, 2013; Roberts, 2018). In this context, actions are taken on the grounds of what one is accountable for, not on the basis of whether one feels responsible (Catasús, 2008).

However, researchers have highlighted the potential to not only rethink accountability in a way that acknowledges the complexity and interrelatedness of organisational reality, but also to encourage responsible behaviour that can sufficiently handle this complexity. Shearer (2002) points to a need to develop accountability in a way that better responds to and reflects our moral responsibility to others. O’Neill (2002, p. 58) argues for a more ‘intelligent accountability’ that provides “substantive and knowledgeable independent judgement” about actions instead of damaging trust and undermining professional judgement.

Building on the need for an ethic for others, Roberts (2009, 2018) argues that by adopting an ethic based on humility towards oneself and generosity to others, we can approach a more intelligent form of accountability. By acknowledging that no one is perfect and that indicators are, at best, surrogates for real objectives, one can move towards a type of accountability that is more focused on learning than on apportioning blame. In this scenario, giving an account involves open communication and active enquiry that reveals the complex context of a situation and its interdependencies in a manner that can be followed over time. This promotes an understanding of what lies behind the indicators and makes it more difficult to manipulate performance (Roberts, 2009).

Despite researchers' concerns regarding the potentially destructive influence of instrumental accountability, and their suggestions for developing accounting and accountability in a manner that better reflects our moral responsibilities (Roberts, 2009; Shearer, 2002), the literature argues that management control typically focuses on ways to enhance transparency and functional commitment (Cooper, 2015; Messner, 2009; Roberts, 2009, 2018; Vosselman, 2016). While some studies present cases in which accounting information is used to complement local knowledge and, thereby, stimulate discussion and reflection (i.e., Jørgensen & Messner, 2010; Mouritsen, 1999), few empirical studies examine the notion of intelligent accountability or investigate how companies attempt to mitigate the potentially destructive dominance of instrumental accountability. This paper seeks to address these issues by asking the following research questions: *Can accountability be intelligent? If so, what informs such processes?*

The paper addresses these questions using an interpretive case study of a Norwegian energy company. The company represents a critical case (Flyvbjerg, 2006) within the accountability literature for two reasons. First, the Norwegian context distinguishes itself from the often-studied Anglo-Saxon context in that it has a stronger emphasis on community and equality (Schramm-Nielsen et al., 2004). Second, the case company has relied on a Beyond Budgeting inspired management control system for more than a decade. This system builds on the fundamental assumption that employees should be trusted rather than controlled (Hope & Fraser, 2003). As such, the case involves a company that builds on principles of equality and recognises that all pre-determined measures are only approximations that need to be viewed in a larger context.

Our findings show that managers understand accountability to be about actively taking responsibility and that by actively taking responsibility, they accept that they can be held accountable. A potential explanation for the empirical emphasis on actively taking responsibility, which differs from instrumental accountability, is that managers have the discretion to act responsibly, and that both the management control system and top managers acknowledge that pre-determined measures can never fully reflect reality. Hence, managers and employees are not expected to have all the answers. Instead, they are expected to engage in and reflect on the complexity and potential consequences of various actions. Within the company, there are continuous discussions about what lies behind performance measures and performance measures are not the only grounds for performance evaluations. Our findings indicate the presence of a more¹² intelligent accountability, as accountability processes revolve around open communication as well as reflection on not only the complex context of a situation over time but also the right thing to do. The aim is to develop and learn instead of pointing fingers.

Four practices both influence and reflect this more intelligent form of accountability in the case company. First, the company evaluated performance ‘holistically’, meaning that only 50% of a manager’s evaluation was based on performance measures, while the remaining 50% was based on how the performance measures were met. Therefore, managers had the discretion to act in a way that might contradict their performance measures if they believed it was the right thing to do (i.e., act responsibly; Bauman, 1994). This performance-evaluation format served to create an ongoing dialogue in which managers could explain, discuss and justify their actions over time, and where the complexity and interrelatedness of operations were constantly examined. Second, dynamic formal controls led to ongoing reflections and discussions about what needed to be done, and gave managers the autonomy to do what they felt was right. Third, managers emphasised learning rather than blame, as blame could not address a problem. Fourth, the management philosophy of empowering employees to use their own sound judgement motivated employees to take responsibility and stimulated open communication.

As a whole, we find that accountability can be made more intelligent, but this requires acknowledgement of human limitations and the uncertainties of organisational reality among managers and in formal controls. It also necessitates the introduction of managerial discretion

¹² We use ‘more’ in comparison to strict instrumental accountability in general and not in comparison to the company’s previous accountability processes.

to ensure that managers have the opportunity to act responsibly, continuous discussions of and reflections on one's own responsibilities, and open communication that can balance instrumental forces.

The paper is organised as follows. In the next section, we present a literature review on the academic debate regarding accountability, after which we present the methodology and research setting. The empirical discussion examines the practice of accountability in the company by discussing what 'increasing accountability' entailed in practice as well as long-standing practices that both reflected and influenced the accountability processes. The long-standing practices create a basis for examining what may inform more intelligent accountability processes. In the final section, we present our conclusions and avenues for further research.

2. THE ACCOUNTABILITY DEBATE

2.1. Accountability as a morally significant practice

While the terms 'accountability' and 'responsibility' are often used synonymously, responsibility is typically argued to connote the idea of morality and inner control, whereas accountability connotes instrumentality and external controls (Bovens, 1998; Lindkvist & Llewellyn, 2003; Pedersen, 2013). In economic theory, accountability serves as the link between authority and responsibility by requiring the agent to present an account of responsibilities and answer for their execution to those who entrusted those responsibilities – the principals (e.g., Broadbent & Laughlin, 2003; Jensen & Meckling, 1976b). Therefore, the principal delegates authority and responsibility to the agent, which the agent must then account for to the principal.

In this conceptualisation, accountability necessitates responsibility. Therefore, in this context, responsibility is seen as something an individual has or is (i.e., an intrapersonal state), while accountability is something required by others through interpersonal communication (Lindkvist & Llewellyn, 2003). However, this division fails to acknowledge the complex relationship between accountability and responsibility, as individuals can internalise the attitudes of others, such that the processes of accountability also become internal to oneself (McKernan, 2012; Munro & Mouritsen, 1996; Roberts, 1991). Bovens (1998) shows that the two concepts are hard to disentangle. He describes accountability as a form of *passive* responsibility, where individuals are asked "Why *did* you do it?" in contrast to an *active* form of responsibility, seen as a virtue, where the question is "What *is* to be done?" (Bovens, 1998,

p. 27). The concepts cannot be clearly separated from each other because the expectation of needing to account for one's actions shapes how one answers the question of 'What is to be done?'. Hence, accountability influences the behavioural options available for being responsible (Bovens, 1998; McKernan, 2012).

Accountability is thus both an intrapersonal process and an interpersonal process in which each "reflects and animates the other" (Roberts, 2009, p. 961). Whereas the interpersonal process involves a social relationship with others, the intrapersonal process is an internal reflexive dialogue in which the individual judges him- or herself in relation to an internalised ideal or an awareness "of what I should, and should not be and do" (Roberts, 2009, p. 961). This can be related to what Bovens (1998) terms 'active responsibility', where the individual asks and answers 'What is to be done?', and confirms the entanglement between responsibility and accountability. Bovens (1998) further argues that this internalisation of moral norms represents the presupposition of individual accountability – the assumption that the retrospective demand for accounts will lead to responsible behaviour in time (Bovens, 1998). Consequently, accountability serves as both an ex-post and an ex-ante control (Kirk & Mouritsen, 1996; Pedersen, 2013).

While accountability does not depend on the presence of others, it acknowledges and expresses the interdependence of the individual and the community (Roberts, 1991; Schweiker, 1993). Giving an account is a practice in which the individual is "displayed as intersubjective and constituted by fiduciary relations through time" (Schweiker, 1993, p. 231). Therefore, giving an account serves to constitute individuals as moral agents, and as part of a broader community in which ongoing social interactions form explicit or implicit expectations and norms (Schweiker, 1993). Thus, embedded in accounts are the normative grounds through which actions are justified and legitimated (Garfinkle, 1967; Giddens, 1984).

Hence, being accountable is a practice that "addresses and immediately confirms us" (Roberts, 1991, p. 358) – an activity in which we "*come to be* as selves" as a part of a community with embedded norms and expectations, and one in which "forms of discourse shape, guide and judge life regarding concern for the common good, human solidarity and basic respect" (Schweiker, 1993, p. 235). Being, or expecting to be, held accountable enacts and entails intersubjectivity (Messner, 2009; Roberts, 1991; Schweiker, 1993; Shearer, 2002), and can be seen as a "morally significant practice, since to demand an account from someone is to ask this person to enact discursively the responsibility of her behaviour" (Messner, 2009, p. 920).

Therefore, accountability is a practice with both moral and ethical dimensions – ‘a morally significant practice’ that is closely connected to individuals’ subjective perceptions of responsibility and their roles in the community. While the moral and ethical dimensions of accountability have been emphasised by several researchers (Messner, 2009; Roberts, 1991, 2009; Schweiker, 1993; Shearer, 2002), a widely shared argument is that the practice of instrumental accountability is typically not capable of capturing individuals’ full moral obligations and that it fails to portray individuals as more than economic subjects (e.g., Messner, 2009; Roberts, 1991, 2009, 2018; Shearer, 2002).

2.2. Disconnecting accountability from responsibility

The above discussion has shown that being held accountable shapes how individuals view themselves and their interrelatedness. Accountability produces and reproduces subjectivity as motives, values and beliefs, and has objective consequences (Roberts, 2001). Research adopting a critical perspective on accountability builds on this assumption, and argues that the practices and discourse promoted by economic theory may have a self-fulfilling influence on the self (Kamuf, 2007; McKernan, 2012; Roberts, 2001; Shearer, 2002; Vosselman, 2016). In this way, the language of accounting and economic theory serves to construct identity in a way in which individuals are obligated only to themselves (Shearer, 2002), which can be detrimental to individuals’ moral attitudes toward each other (Roberts, 1991; Shearer, 2002). This performativity of economic theory creates a ‘performance management paradox’, as the management of performance may give rise to the behaviour it is trying to prevent (Vosselman, 2016).

Researchers have long warned about treating accounting as a mirror of organisational reality, as it represents a “partial, selective and potentially distorted reflection of the flow of events and practices that constitute organisational life” (Roberts & Scapens, 1985, p. 454). Roberts (2009) expanded this warning in relation to the limits of transparency as an instrument of accountability. In line with Butler’s (2005) argument that individuals cannot be fully aware of what they are doing, Roberts (2009) argued that the problem with accountability as transparency is that employees are expected to present accounts of actions that are not always fully known to the individuals themselves. Consequently, accountability becomes a process in which one seeks to defend or repair one’s own self-image instead of opening up to communication and learning. While we cannot manage without transparency, the criticism regards the tendency to treat transparency as an ideal form of control (Roberts, 2009). Relying

solely on transparency to achieve accountability reduces targets into measures and masks organisational complexity by reducing what employees are held accountable for to a few indicators (Roberts, 2009).

Similarly, McKernan (2012, p. 261) argues that “practices of accountability have an associated tendency to harden into calculation, with narrative and subjective elements being subsumed by quantification, that threatens to put counting in the place of thought”. This may promote what Alvesson and Spicer (2012, p. 1196) call “functional stupidity” – an “organisationally-supported lack of reflexivity, substantive reasoning and justification” – which can provide organisations with a sense of certainty that enables them to function smoothly. As such, ignoring what transparency does not make visible becomes a strategy for enhancing one’s own self-image, potentially leading to a harmful decoupling of management practices from the complex reality of operations (Roberts, 2018).

Accountability as transparency thus promotes an instrumental rationality that emphasises compliance and discipline (Bauman, 1994; Roberts, 2018). This can be seen as ‘instrumental accountability’, which is exclusively concerned with output-related performance measurements and consequences (Vosselman, 2016), and may increase the need to defend past decisions and justify one’s self (Lerner & Tetlock, 1999). Bauman (1994) argues that modern organisations are designed around such instrumental accountability, where discipline is the sole responsibility and employees “cease to be responsible moral subjects, are deprived of their moral autonomy and are trained not to exercise (nor trust) their moral judgement”. Bauman (1994) argues that when everyone simply follows rules and processes, and does what their superiors tell them to do, a situation may arise in which no one takes responsibility for the consequences of their actions because everyone follows an instrumental rationality stripped of moral judgement (Bauman, 1994).

This is the foundation of what McKernan (2012, p. 258) argues is “the aporia of accountability”. McKernan (2012, p. 258) suggests that the conditions that make accountability possible are also the conditions that makes it impossible: “there can be no accountability without responsibility but ... the practice of accountability, the rendering of accounts, undermines responsibility”. In his argument, McKernan (2012) refers to the rather paradoxical relationships among accountability, responsibility and autonomy. Accountability necessitates responsibility, which requires individual discretion because actively taking responsibility is only possible if the individual has the capacity and autonomy to do so. If there is no freedom

to actively take responsibility, the individual cannot be held accountable, as “the moral acceptability of the passive form will mostly be dependent on the availability of the active form” (Bovens, 1998, p. 27). Thus, being accountable necessitates an ability to take responsibility. However, in complex organisations, breaking with authoritatively imposed duties may be considered irresponsible regardless of the circumstances (Bovens, 1998; McKernan, 2012). This may conflict with responsible behaviour, which requires a preparedness to break the rules if necessary (Bauman, 1994). Hence, the aporia of accountability refers to the process in which being asked to provide an account reduces perceived responsibility to what must be accounted for.

The aporia of accountability reflect the criticism voiced by several researchers that instrumental accountability portrays individuals as purely economic agents who are narcissistically preoccupied with how they are seen by others (Messner, 2009; Roberts, 1991, 2009; Shearer, 2002). This criticism relates to the potential disconnect between accountability and responsibility, where instrumental accountability emphasises outcomes and discipline, and fosters “functional stupidity” (Alvesson & Spicer, 2012, p. 1194) or ‘strategically ignorant’ behaviour (Roberts, 2018) (i.e., situations in which managers or employees simply follow the demands made of them without questioning the consequences of their actions; Alvesson & Spicer, 2012; Bauman, 1994; Roberts, 2009, 2018; Shearer, 2002). In such instances, the individual may accept accountability for his or her actions but will no longer feel responsible for their consequences. Such a disconnect between actions and personal values creates a risk that individuals will “gradually ‘drift’ into questionable practices as a result of a lack of reflection on the relevant ethical dimensions” (Pedersen, 2013, p. 230). While such actions may be termed ‘responsible’ by the organisation, they reflect the individual’s moral disengagement (Pedersen, 2013).

2.3. Rethinking accountability

As instrumental accountability is argued to be “intrinsically dangerous to moral responsibility” (McKernan, 2012, p. 262), several researchers have developed ways of rethinking accountability so that it might enhance, or at least not suppress, responsibility (Kamuf, 2007; McKernan, 2012; Roberts, 2009, 2018; Shearer, 2002; Vosselman, 2016). The above critique reflects the concern that arises when responsibility is reduced to outcomes that are easily measured, as doing so threatens to replace thinking with calculation (Alvesson & Spicer, 2012; Kamuf, 2007; McKernan, 2012; Roberts, 2009, 2018). Kamuf (2007, p. 253) asks for a counter-

practice in which we are allowed “a little time to think, to stop calculating and listen at another rhythm for something else, for an incalculability and unforeseeability that cause the accountability program to stammer or stutter: account – er – ability”. Instead of relying solely on hard proof or evidence, which is sometimes impossible to provide (see also Messner, 2009), accountability should involve testimony, and entail a social relationship based on promises and beliefs (Kamuf, 2007; McKernan, 2012).

Another way of thinking of accountability while simultaneously acknowledging responsibility is “relational response-ability”, which Vosselman (2016, p. 617) suggests is the extreme opposite of instrumental accountability. In contrast to instrumental accountability, relational response-ability “originates from the interconnected intensions of individuals” and “encourages and channels intrinsic motivation, committed behaviour, and self-realisation and it pushes purely economic and opportunistic interests to the periphery” (Vosselman, 2016, p. 617). Whereas these forms of accountability are presented as extreme dichotomies, Vosselman (2016) argues for a duality in which they coexist but relational response-ability is moved to the foreground.

Common among these arguments for rethinking accountability is an attempt to incorporate intersubjectivity and responsibility in order to make accountability a ‘morally significant practice’ in a way that allows for uncertainty and belief. Similarly, Shearer (2002) highlights a need to develop accounting in a way that better responds to and reflects our moral responsibility to others. To achieve this, she argues that economic discourse needs an infusion of “a countervailing ethic that takes seriously the intersubjective obligation to the Other” (Shearer, 2002, p. 544). Expanding Shearer’s argument, Roberts (2009) suggests that by acknowledging that no one can ever be fully coherent, one can develop an ethic based on humility towards oneself and generosity towards the limits of others. If one accepts this ethic of humility and generosity instead of the “ethics of narcissus” then there is potential for a more reflexive form of accountability that reduces the defensiveness and assertiveness that transparency encourages and, in turn, facilitates learning and reflection (Roberts, 2009, p. 967). This creates an opportunity for more ‘intelligent accountability’ – a “more compassionate form of accountability which expresses and enacts our responsibility for others, and for each other, rather than just for myself” (Roberts, 2009, p. 967). Intelligent accountability argues for a closer connection to responsibility and intersubjectivity. Similar to accountability as testimony,

it is a form of accountability that is less certain about the truth and more conscious of individuals' vulnerabilities (Roberts, 2009).

O'Neill (2002) first introduced the notion of 'intelligent accountability' in a lecture series questioning the supposed crisis of trust. She argued that the perceived lack of trust towards institutions and professionals fostered a new accountability culture aiming for more perfect administrative control through, for instance, conformity with procedures, information supply and targets. While this new accountability culture was intended to make institutions and professionals more accountable to the public, in practice it made institutions and professionals accountable to regulators and standards, and led to the introduction of performance indicators chosen for ease of measurement and control. Therefore, the focus shifted from delivering good performance for the public's benefit to delivering on performance indicators that were, at best, surrogates for real objectives.

O'Neill (2002) suggested that this form of accountability, which can be seen as instrumental accountability, provided incentives for unprofessional behaviour in a way that undermined both professional judgement and institutional autonomy. However, she also pointed to the potential for a more 'intelligent' form of accountability in which individuals give accounts of both "their success or failures, to others that have sufficient time and experience to assess the evidence and report on it" (O'Neill, 2002, p. 58). In this way, "real accountability provides substantive and knowledgeable independent judgement of an institution's or professional's work" (O'Neill, 2002, p. 58).

Roberts (2009) introduced the potential for a more intelligent accountability to the management accounting literature, suggesting that by building on an ethic of humility and generosity, intelligent accountability has several dimensions that distinguish it from instrumental accountability. First, intelligent accountability relates to a particular context, and acknowledges that the complexity and interrelatedness found in organisations cannot be simplified into standardised, pre-defined measures. Accountability in its intelligent form "involves active enquiry – listening, asking questions, and talking – through which the relevance and accuracy of indicators can be understood in context" (Roberts, 2009, p. 966). Second, whereas instrumental accountability, at best, captures snapshots of organisational reality, intelligent accountability extends over time. This makes it possible to test commitments through continuous active enquiry and makes it more difficult to manipulate performance (Roberts, 2009). Third, communication consists of rich information, which is often exchanged in face-

to-face encounters. As such, intelligent accountability can reduce the threat of functional stupidity (Alvesson & Spicer, 2012) by fostering, instead of blocking, communicative action. Lastly, intelligent accountability is concerned with learning rather than blame (Roberts, 2009).

Hence, at the heart of intelligent accountability is the acknowledgement of organisational complexity and uncertainty, which fosters open communication focused on understanding the wider consequences of actions – not only the consequences related to pre-determined performance measures. This acknowledgement fosters a reflexive discussion regarding the reasons for the performance, instead of a sole focus on whether performance targets have been met. However, it does not imply an absence of instrumental accountability. In light of Vosselman's (2016) argument, instrumental and intelligent accountability can be seen as a duality, where instrumental accountability is in the background, and more emphasis is given to processes and open communication. This brings 'relational response-ability' to the foreground (Vosselman, 2016a).

Despite the criticism of the dominance of instrumental accountability, researchers continue to argue that it remains omnipresent in management control in both private and public organisations (e.g., Cooper, 2015; Roberts, 2009; Vosselman, 2016). However, as discussed in this section, there are ways of rethinking accountability in a manner that reconstitutes accountability as a morally significant practice. Nevertheless, few empirical studies investigate how this can be achieved. Therefore, based on an interpretive case study, this paper questions the critical literature on accountability by asking: *Can accountability be intelligent? If so, what informs such processes?*

3. RESEARCH SETTING AND METHODOLOGY

The study is based on an interpretive case study of a Norwegian energy company. The case company, hereafter called OilCo, is a multi-national energy company with more than 20,000 employees spread across 30 countries. It was originally established by the Norwegian government in the early 1970s. Although it was partially privatised in 2001, the Norwegian state remains the majority shareholder.¹³ The study focuses on the Norwegian production of oil and gas, both onshore and offshore. The level of analysis centres on the management of one

¹³ There is generally strong support for state ownership in Norway, which partly stems from a high level of trust in the state and a perception that the state protects the people's interests (Lie, 2016).

platform, one plant and two technical units supporting these production facilities; the multifield unit and technical support.

Data collection occurred in two rounds of field research in 2016 and 2017, a period when there was a new corporate emphasis on 'increasing accountability'. The main author conducted a total of 38 interviews with 27 different people, and shadowed the managers of the four units for three days during the first round and two days during the second round, adding up to 179 hours of shadowing. Additional observations (38 hours) were conducted in meetings the authors found relevant for the research objective, such as a weekly production meeting held at the platform. The main author also spent 48 hours at the offshore platform, engaging in informal conversations with the operators and gaining insights into daily life offshore. The shadowing and interviews were supplemented with internal and external documents, such as PowerPoint presentations, governing documentation, internal communication, annual reports, news articles and press releases. The main author was provided with access to the company's intranet, where most of the information was freely available. In addition, the authors engaged in an open dialogue with company representatives before, during and after data collection with an option to return to the field if necessary.

In all shadowing activities, notes were continuously taken throughout the day and supplemented with a field diary reflecting on general impressions as well as how the observations could be informed by theory. All interviews were transcribed and manually coded.

3.1. Analytical approach

Data analysis began with a careful reading of the transcripts and field notes aimed at developing an understanding of how the managers perceived accountability and responsibility, and what the corporate emphasis on 'increasing accountability' entailed in practice. While the company had some instrumental accountability (e.g., the industry is subject to several regulations), the initial analysis of what accountability entailed gave the impression that instrumental accountability was in the background, as Vosselman (2016) suggests. The data differed from previous literature in that accountability was closely connected to responsibility. Moreover, performance measures served to guide, rather than prescribe, action, and as grounds for discussion. After an initial attempt to code the data in terms of individualising and socialising accountability, which proved challenging as much of the data could not be categorised in this way, the question became whether the data showed 'intelligent accountability'. By moving back and forth between the literature and the data, we then sought to uncover empirical

examples that showed a more intelligent approach to accountability. This fostered initial theoretical and empirical analyses of what intelligent accountability entailed through a reading of the extant literature and an analysis of the different empirical examples.

We then structured our analysis to centre on two questions. The first question regarded how accountability was interpreted by the respondents. To answer this question, we needed to address how accountability was understood in contrast to responsibility as well as what the initiative to increase accountability meant in practice. These issues were particularly important in the Norwegian context, as there is no Norwegian word for ‘accountability’. This challenge was known before the data were collected and all respondents were asked these questions. The need to understand what accountability entailed was also continuously in focus during the shadowing days, as the literature clearly demonstrates that accountability can take many forms.

When analysing the interview data and the field notes in light of previous research, we found that the understanding and practice of accountability differed from the strictly instrumental accountability criticised in the literature, as the respondents more closely associated accountability with responsibility. Therefore, the second question informing our analysis focused on possible explanations in this regard. Here we went back to the empirical examples developed in the initial stage of the analysis. Based on the understanding of intelligent accountability developed through our literature review, we found four practices that both reflected and influenced intelligent accountability: holistic performance evaluations, dynamic formal controls, a practice of emphasising learning and the company’s management philosophy.

As the literature is critical of the increasing demand for accountability, the first section of the empirical discussion revolves around what ‘increasing accountability’ entailed in the case company. More specifically, it presents the company’s reaction to financial pressure, and examines the prevailing understanding and practice of accountability. While increasing accountability entailed changes in practice, the changes built on and reinforced the company’s management philosophy that employees should be empowered to use their own sound judgement. We find that increasing accountability was based on long-standing practices that already reflected a more intelligent approach to accountability. These practices are presented in the second section of the empirical discussion, which demonstrates how long-standing practices reflected a more intelligent accountability (i.e., the development of intelligent

accountability was not simply a result of the focus on increasing accountability) and how the practices can help explain how accountability was made more intelligent.

3.2. Research setting

The study represents a critical case (Flyvbjerg, 2006) that may have strategic importance for the accountability debate, as it distinguishes itself from previous research in two areas. First, the study is set in the Norwegian context, which distinguishes it from the often-studied Anglo-Saxon context owing to the generally high levels of trust in Norwegian society (Inglehart et al., 2014; Schramm-Nielsen et al., 2004; Vrålstad, 2012). Second, the case company has had a Beyond Budgeting inspired management control system for over a decade, with a management philosophy that emphasises sound managerial judgement and individual reflexivity (Bourmistrov & Kaarbøe, 2013). This long history may be influential for the company's accountability processes.

3.2.1. The Beyond Budgeting philosophy

The practical implementation of Beyond Budgeting includes unbundling the budgeting function into three independent processes, all of which serve different purposes: forecasting, target setting and resource allocation (Bogsnes, 2009; Henttu-Aho & Järvinen, 2013; Østergren & Stensaker, 2011). Although some researchers view the implementation of Beyond Budgeting as a strictly operational change (Henttu-Aho & Järvinen, 2013), an established stream of literature argues that Beyond Budgeting is primarily about a change in mindset. As such, it is about changing management philosophy (Becker, 2014; Bourmistrov & Kaarbøe, 2013; O'Grady & Akroyd, 2016). The required mindset change encompasses increased trust in employees and a reduction in top-down controls as accountability processes move away from hierarchy and towards individual reflexivity (Bourmistrov & Kaarbøe, 2013). The concept of Beyond Budgeting is challenging to define, as it may differ from company to company. Common among the companies labelling themselves as followers of Beyond Budgeting is the fact that they build their management control systems on a set of principles outlined by the Beyond Budgeting Institute.

Østergren and Stensaker (2011) and Bourmistrov and Kaarbøe (2013) studied the implementation of Beyond Budgeting in OilCo. Both studies showed that the company's structure evolved from being bureaucratic and rigid to more dynamic. Its accountability processes changed from an emphasis on hierarchy to an emphasis on individual reflexivity and sound managerial judgement.

4. INCREASING ACCOUNTABILITY IN OILCO

After a decade of pursuing growth, OilCo launched an ambitious cost-reduction initiative in the spring of 2014. Prior to this point, the focus on increasing production had gone hand in hand with a relative neglect of costs, which had been increasing to the point where the company, despite the high oil price, was struggling to remain profitable. Several changes and initiatives were introduced in the subsequent years. At the time of this study, there was a corporate emphasis on ‘increasing accountability’ among both managers and lower-level employees. The focus on increasing accountability was directed at three areas: accountability for costs, an understanding of roles and responsibilities in the matrix¹⁴, and accountability for the rules and regulations that were in place.

4.1. Accountability for costs

The first area was directly linked to the perceived need to reduce costs. OilCo argued that managers needed to reflect on the cost consequences of their decisions and include the cost perspective in their analyses and decision making. The platform controller described this as “taking ownership” of the numbers, which he saw as being accountable. The controller argued that one way to ensure that managers took ownership of their costs was to have them, rather than the controller, present the numbers in management meetings. As they had to present the numbers themselves, the managers had to retain detailed information about the activities that were involved and relate those activities back to management decisions. Managers were expected to understand the numbers and their interrelatedness to a degree that would allow for discussions regarding past and future decisions. The controller explained this stimulated reflection among the managers:

As soon as they see [the cost orders], they know: “Oh, that was that job”. Then you have much stronger ownership, because in the course of a busy day, you do not always think about what you have done. However, when they see, black on white, what they have actually done during the month, ... then next time they can think: “Maybe I need to take an extra look at this to see if it is possible to do this in a cheaper way”.
(Controller, platform, #1-14)

Hence, the controller stressed that there was an increased focus on encouraging managers to engage with and understand what was behind the numbers, the decisions that resulted in the

¹⁴ The organisation has a matrix structure that is divided into geographical and functional units. Several respondents indicated that the matrix was complex with diffuse interfaces and interdependencies.

various activities and how they could use this knowledge in the future. The controller's description shows how the numbers in themselves had little value in generating these discussions. It was only when managers tried to grasp the context of the numbers that they gained meaning and offered potential for improvement. In other words, the managers were accountable for knowing what was behind the numbers rather than just the numbers themselves.

Increased accountability for costs meant that managers had to attribute similar weight and importance to costs and to production. This ambition was reflected in the introduction of new stretch targets for costs, while the stretch targets for production that had dominated the previous growth strategy were maintained but given a longer time horizon. The new cost-related performance measures introduced more pressure in the organisation, as managers' and employees' decisions were continuously challenged with a view to achieving the overarching performance measure. For instance, one engineer on the platform stated:

[Spending] is everywhere ... it governs almost everything we do [laughing]. No matter what we do, the question almost always is: "Have you looked at all options? Can you lower this cost?". (Engineer, platform, #1-13)

This engineer described how the cost discussions permeated the organisation. However, the cost performance measures were on an overarching level and they were linked to each installation. This provided managers with clear guidance as well as local discretion to use their own 'sound judgement'. Consequently, they had the discretion to do what they felt was 'the right thing', although they needed to provide detailed justification for their actions. For example, the platform director stated that she had discretion to spend what she felt was necessary:

There are several areas in which I must decide that this is something we must do. We cannot postpone it. ... It is not like I am being told that I need to spend a certain amount on something. (Director, platform, #2-10)

Similarly, the plant director felt that it was not the right time to cut costs, stressing that the company actually needed to spend money to improve the plant's technical quality:

There is something about taking the responsibility that actually gets things done, even though you are afraid of the costs. To decide what is necessary in relation to what is

most important. ... I did not start to cut costs or cut maintenance because I thought that doing so just to stay within the frame [i.e., the cost-performance measure] would be wrong. In a way, it is really easy to stay within the frame – the hard part is to ... do what is necessary within that frame. (Director, plant, #2-1)

As the above statements show, the main difference after the introduction of the cost-reduction initiative was an increased need to justify spending. This implied that managers had to show that they understood the complex operational practices. Instead of leading managers to distance themselves from the operational complexity, as the critical literature warns (Alvesson & Spicer, 2012; Cooper, 2015; Roberts, 2009, 2018), the increased accountability implied providing justifications that showed that managers had understood and could discuss the complexities. As such, justifications were based on a broader set of criteria than performance measures or managerial demands. If the reasons for additional spending were sound, as in the case of the plant, money could be spent, but managers still needed to challenge their areas' cost levels.

In sum, managers still had the discretion to do what they believed was right. This discretion was not endless – the managers had frames to which they needed to adhere, but they always had the freedom to speak their minds. As the plant director explained, accountability was not about being accountable because the boss required it, but about reflecting on how one could contribute to the aims of the plant:

I would like for all of us to have the same picture of [what is important]. I am more concerned with that than with making someone accountable because the boss says they should be accountable. There is, of course, some sense of balance – you cannot necessarily always do what you want to do. However, I try to stimulate that. ... To ensure that people understand accountability in relation to how they can [contribute]. (Director, plant, #1-1)

As the plant director indicated, employees could not do whatever they wanted, but they were expected to speak up and to make suggestions when those suggestions were outside their area of discretion. This reflects an emphasis on open communication in which employees had equal rights and were expected to discuss both rules and performance measures with management.

Thus, increasing accountability in this first area related to a demand for more detailed accounts of costs. While the pressure to achieve the performance measures was perceived as stronger after the cost-reduction initiative, respondents acknowledged that these measures were not to

be achieved 'at all costs'. Instead, managers were expected to understand the cost aspects of their operations, include them in their decision making and challenge existing practices. In this setting, increasing accountability implied knowing one's own operations well enough to be able to improve processes, see the operation in a bigger context and justify spending. Rather than being held accountable for simplified numbers, increasing accountability meant diving into the details and taking responsibility for, or 'owning', the numbers (including the complexities behind them) in order to be able to discuss them with others.

4.2. Clarifying roles and taking responsibility

The second area related to clarifying roles and responsibilities in the complex matrix structure. While this was an ongoing issue within the company, it was subjected to renewed attention as a result of the cost-reduction initiative. Increasing accountability referred to a perceived need for managers and employees to better understand their own roles and responsibilities in relation to others, to manage the intricate interdependencies, and to mitigate the risks of misunderstandings regarding who should handle certain tasks as the boundaries between roles were often blurred. During the shadowing days, the researcher's perception was that who took responsibility for smaller issues (i.e., accepted accountability) was not necessarily important as long as someone did. That person did not need to fix the issues themselves, but instead ensure that something was done so that the task was not lost in the complex matrix. An equipment manager in the multifield unit also perceived the corporate signal of increasing accountability as a way of clarifying expectations and responsibilities.

I think that this is about clarifying responsibilities, or what they expect from managers. ... It is about dialogue and communication regarding what you actually must deliver in both directions [to managers and employees]. (Equipment manager 1, multifield unit, #1-17)

The equipment manager felt that increasing accountability involved more dialogue and communication, and enhanced clarity on actual deliveries with the aim of developing a shared understanding of roles and responsibilities. At the time of the study, all four units were discussing their responsibilities. Some were doing so because of changes in the organisation and others because of blurred boundaries with other units. For instance, technical support reflected on their responsibilities in relation to the plant, which was old and struggling with corrosion as well as a maintenance backlog. Technical engineers reported deficiencies but final decisions on repairs were made by the plant. Formally, technical support was not held

accountable if something they had reported broke. However, during a workshop for all technical managers of the plants, the manager of technical support started by questioning her own role and responsibilities, thereby stimulating reflection among her subordinate managers regarding the question: “Should we do more?”. The plant’s technical manager reiterated the challenge and the ongoing discussion:

We have responsibility for controlling technical integrity. But what does control mean? ... I am not sure that is enough to raise a flag if things start going wrong. Maybe we need to be ... better at contributing to solutions instead of just saying that “this is not good enough”. (Technical manager, technical support, #2-6)

Instead of simply delivering in the areas in which they were held accountable (i.e., instrumental accountability), members of the technical support unit actively questioned whether they should be responsible and, hence, accountable for a wider set of deliveries. In areas in which they were not accountable, they questioned whether they should be. This was not a reaction to corporate initiatives but an acknowledgement that their role should perhaps be different based on their interactions with other units and on the consequences of leaving all decisions to the plant. Therefore, increasing accountability meant clarifying responsibilities both within and between units, as well as taking responsibility if that was the right thing to do. As another example of this type reflection, two of the managers actually made their own previous positions redundant (i.e., eliminated their own jobs), arguing that it was the right move for the company.

In summary, increasing accountability in this area was about both clarifying and understanding roles and responsibilities in relation to the given context and the interrelatedness of the units. Through a series of discussions, units and individuals reflected on their deliveries, how their work influenced others, and which deliveries they should have. In other words, they reflected on the areas for which they should be held accountable. This is an example of an instance in which calculations were replaced by thought, in contrast to the criticism in the literature (Kamuf, 2007). As such, responsibility was not defined or restricted by instrumental accountability, which is the basis of the aporia of accountability (McKernan, 2012). If this were the case, the technical support unit would not have questioned whether it should be responsible for a wider set of deliveries. Instead, responsibility continuously evolved through discussions of the right thing to do and by taking responsibility for a wider set of deliveries (e.g., prioritising maintenance jobs). The unit accepted accountability for the jobs that were done, thereby increasing accountability. This reflects a situation in which accountability was shaped by

reflections on responsibility as well as a situation in which the unit reflected on its influence and role in the community as a contributor to solutions.

4.3. Not blaming the management system

The third area in which increasing accountability was emphasised concerned a change in the company's management system – the system that outlined the rules and regulations governing various work processes. The management system had become something with which employees merely complied instead of something they tried to improve, which reflected instrumental accountability. Consequently, OilCo felt that employees had stopped thinking for themselves, in line with the criticism of instrumental accountability in the extant literature (Kamuf, 2007). As the plant director explained:

What we saw previously with top-heavy governing documentation is that people eventually stop thinking for themselves – because someone else has done the thinking, you should just do what it says. (Director, plant, #1-1)

An internal project aimed at evaluating the management system identified two aspects as particularly problematic. First, the system was standardised across all of the company's operations, which meant that onshore and international operations had to adhere to rules designed for Norwegian offshore operations. Second, the people in charge of specific processes (i.e., the 'process owners') were located far from the operations, and they had a narrow focus on technical quality and safety in relation to those processes. Formally, the operations had the final word on decisions regarding the work processes. In practice, however, decisions made by the process owners were seldom opposed.

A change was implemented in 2016 with the aim of increasing employee accountability for the system. The change involved delegating responsibility for the system to the three operational business areas – international, onshore and offshore – and replacing the central process owners with teams in each of these areas. The project team behind the change argued that after this change, local employees could no longer blame the system for inefficiencies or incidents. In addition, they suggested that employees should critically reflect on the rules and regulations rather than blindly complying with them. As a manager working on the management system stated:

The biggest change is in the mindset regarding manoeuvring space. In OilCo, we have followed requirements for many years. ... We might have been a bit too focused on the

letter and the wording instead of “What is the intention with this requirement and how can it be achieved?”. (Manager management system 2, technical support, #2-8)

Instead of simply complying with the demands of the system (i.e., instrumental accountability), the manager argued that employees should reflect on the intentions behind the demands. This change encouraged a discussion of what lay behind the demands in order to foster a shared understanding and to make improvements to the system.

The management system was not changed when the company implemented the Beyond Budgeting inspired management control system. The change in 2016 was described by the performance framework manager as the management system finally catching up with the philosophy of the rest of the company. Increasing accountability did not imply giving employees more individual responsibility, but they were given more opportunities to influence the management system. In other words, they were given the capacity to behave responsibly (Bovens, 1998) and there was an expectation that they would accept this responsibility if they saw a need for improvement. If something did not make sense or could be done in a better way, employees were expected to do something about it. According to an equipment manager, people closer to the consequences of a requirement had greater authority to shape it:

My perception is that the aim is to give those who feel the consequences of [the management system] more authority to shape [it]. (Equipment manager 2, multifield unit, #1-18)

Increasing accountability in this third area reflected a change from instrumental accountability to more intelligent accountability. The change encouraged, but did not force, employees to take responsibility and, thereby, become accountable, for the broader consequences of their actions (or inactions). Justifications related to blindly following rules or management’s orders were not viewed as evidence of being accountable because individuals had the freedom to object and act differently. This is contrary to how accountability is defined in the literature, where individuals are typically seen as accountable for their actions even though they have limited room to act differently. In our case study, the respondents suggested that they were not accountable in such situations. To be accountable, they needed to be responsible. Therefore, increasing accountability aimed to mitigate situations in which everyone simply complied with the rules, to give employees more opportunities to influence the system, and to enhance the capacity of employees to behave responsibly. This did not imply that employees should

actively disobey management, but there was an expectation that employees should speak up and challenge orders, rules or assumptions with which they disagreed. Instead of simply increasing the pressures on employees to fulfil demands, increasing accountability fostered reflexive discussions on the intentions and consequences of the management system and the resulting behaviours. Hence, managers did not distance themselves from operational practices. Rather, they involved themselves more in the discussions.

4.4. Accountability as responsibility

Common to the three areas was the view that increasing accountability entailed taking responsibility. This reflects the respondents' understanding of 'accountability', which differs from the instrumental ex post justification that both the extant literature and the English language associate with the term. When asked what it meant to be accountable, an operational manager at the plant simply equated accountability with being responsible:

I have to be responsible for that action or for that frame or whatever it is. That is how I perceive it – that it is my authority and I must be responsible for it. (Operational manager, plant, #1-3)

In other words, the manager associated his responsibility with his authority, indicating that he felt responsible for his own managerial discretion. An equipment manager in the multifield unit further related accountability to actively taking responsibility:

That is to take responsibility. ... the fact that you can be held responsible for it, at least sort of, by actively taking responsibility. (Equipment manager 1, multifield unit, #1-17)

In this sense, accountability is not simply about complying with external demands, as in the case of instrumental accountability (Vosselman, 2016). The person accountable actively seeks out responsibility. In the Norwegian language, this implies taking responsibility both ex ante (i.e., what should be done) and ex post (i.e., acknowledging one's own role in a situation). In contrast to Bovens (1998), who views accountability as ex post passive responsibility, the manager emphasised accountability as a conscious decision to actively take responsibility, a view that was repeated by several managers. For instance, the plant director viewed accountability as reflecting how he and his employees could take responsibility for the areas that they could influence:

[To be accountable] is to be responsible for, for instance, [the plant] as I am, but also to take that responsibility. That means to use it, along with everything that comes with that role. (Director, plant, #1-1)

In contrast to McKernan's (2012) aporia of accountability, which argues that the rendering of accounts reduces responsibility because it limits employees' freedom to behave responsibly, the plant director here refers to active reflection on his own discretion, and suggests that he should utilise this discretion, or capacity (Bovens, 1998), to behave responsibly.

The need for a proactive stance (i.e., taking the initiative without being told to do so) was also emphasised by the technical support manager. This manager further separated accountability from performance measures by connecting accountability (or responsibility) to leadership:

'Forward-leaning' is the word I use. ... It has to do with taking responsibility, and defining which actions move us towards our targets and drive us forward. In a way, good leaders manage this even without performance measures, while bad leaders do not manage it even with good performance measures. (Manager 2, technical support, #2-5)

Hence, in contrast to instrumental accountability, accountability in OilCo was conditioned but not defined by performance measures, which provided more room for individual discretion. While all interpretations of accountability were closely connected with actively taking responsibility, some respondents made a connection to characteristics that were more personal:

To me, 'accountable' means standing behind what you are doing. (Equipment manager 2, multifield unit, #1-18)

This statement indicates that accountability is connected to both personal and professional integrity. This manager stands behind what he is doing, including both good and bad performance. To delve deeper into this conceptualisation of accountability, we can question whether a manager is accountable if he or she does not stand behind his or her actions, and if there are any situations where this might happen. One counter to 'standing up for your actions' might be to make excuses and blame others, the system or the circumstances, or to not accept that one's actions might have influenced a situation. This situation is dependent on the receiver accepting the excuses for the manager not to be accountable from the receiver's perspective. If the receiver of the accounts does not accept the excuses, he or she will hold the manager accountable, but the manager will not view himself as accountable. Hence, from the manager's

perspective, he is only accountable if he stands up for his actions, while he may be accountable regardless from the receiver's perspective. Thus, accountability in terms of standing behind your actions is a personal experience in which the manager accepts accountability and understands that his or her actions or inaction influence the situation. In other words, the manager must accept that he or she is at least partly responsible. This implies that the manager is not accountable if he or she is not responsible, as the two concepts cannot be disentangled.

The above statement has both intra- and inter-personal aspects, as the manager stood behind his actions in relation to others and in relation to himself. Standing behind his actions included accepting that someone might disagree with him:

That also means that I have to accept that stuff is not getting done and that I get told off for not doing things. You are often measured on parameters, but you are not measured on the content of those parameters. (Equipment manager 2, multifield unit, #1-18)

From this manager's perspective, accountability is not simply about delivering on measures in a narrow sense, because it is what lies behind the measures that matters. Hence, accountability does not reduce the manager's responsibility (McKernan, 2012). Instead, accountability reflects his responsibility (Bovens, 1998). He acts based on what he views to be the right thing to do, which is based on more than performance measures alone, and he stands behind those actions even though some might disagree with his choices. Therefore, he accepts that what is made visible through performance measures does not always reflect his actual performance or responsibility and, in turn, does not reflect what he is accountable for. Being accountable and standing behind his actions implies justifying his actions to others and to himself based on a broader set of norms and values than is reflected in performance measures. This relates to responsibility as a virtue (Bovens, 1998).

In summary, the above presentation of what 'increasing accountability' entailed reflects the company's accountability processes, and shows that it is impossible to separate the concepts of accountability and responsibility in the empirical data, as respondents refer to accountability in terms that reflect the internalisation of their responsibility. This is consistent with the view of accountability as a morally significant practice (Messner, 2009; Roberts, 1991, 2009, 2018; Schweiker, 1993; Shearer, 2002). Being accountable entails 'standing behind what you are doing', reflecting on how you can make a difference and proactively contributing to the company's overall objectives. These conceptualisations have both an internal and an active

character, and they closely link accountability to individuals' integrity and sense of moral responsibility. Even though extant theory describes accountability as a passive, external form of responsibility (Bovens, 1998), the respondents' understanding of it indicates that the question 'Why did you do it?' is a result of actively reflecting on the question of 'What needs to be done?'. In this context, the 'why' question is not simply reserved for others – it is also relevant for oneself.

We can make sense of this interpretation of accountability using McKernan's (2012) and Bovens' (1998) argument that for a person to be accountable, he or she must be responsible. This, in turn, requires the person to have the autonomy or the capacity to choose how to act. The above discussion shows how employees and managers are stimulated to reflect on their own responsibilities and to use their capacity to act responsibly. Hence, responsibility is defined through ongoing discussions regarding what should be done and it is not restricted by formal accountabilities. Thus, in contrast to instrumental accountability in which accountability defines responsibility, a more intelligent accountability is shaped by ongoing discussions and reflections on individuals' responsibilities.

This understanding of accountability and the practices meant to 'increase accountability' exhibit several characteristics of what Roberts (2009, 2018) suggests should be present in a more intelligent form of accountability. Accountability processes relate to a specific context, evolve over time and involve rich information with an emphasis on learning in a manner that not only reflects responsibility but also acknowledges the complexity and uncertainty of organisational reality. One empirical example was the need for operational managers to familiarise themselves with their numbers and what was behind them in order to both present and discuss them with others in a way that stimulated reflection on possible improvements. Another was the way in which the technical support unit questioned whether it should be accountable because it should be responsible.

In this section, we have discussed what 'increasing accountability' entails and what it means to be accountable. While the section has focused on changes in the organisation, previous practices were not necessarily devoid of an intelligent approach. On the contrary, although one of the changes addressed instrumental accountability (i.e., the management system), the fundamental mindset of taking responsibility, giving employees the capacity to take responsibility and encouraging discussions of the wider consequences of one's actions are based on long-standing practices within the organisation. Therefore, in the following section,

we examine practices that both reflect and influence a more intelligent approach to accountability.

5. A BASIS FOR MORE INTELLIGENT ACCOUNTABILITY

In this section, we discuss how long-standing practices, performance evaluations, dynamic formal controls, the emphasis on learning and the company's management philosophy helped the understanding and practice of accountability evolve towards a more intelligent form. This form reflected individuals' responsibilities and intersubjectivities in a way that acknowledged the uncertainty and complexity present in the organisation.

5.1. Performance evaluations in OilCo

The more intelligent form of accountability can partly be explained by how performance was evaluated. Notably, these evaluations focused on the decision-making process and not simply on outcomes, and they were based on continuous discussions between managers and employees. The first sentence in the OilCo handbook outlining the company's values and systems is "How we deliver is as important as what we deliver". In addition, the performance framework manager in OilCo repeatedly emphasised that the company used KPIs, not KPTs, stating "they are *indicators*, not *truths*". One of the core issues for the performance framework manager, who was a strong advocate for the Beyond Budgeting philosophy, was that when deciding on performance measures, managers cannot possibly know what good performance will actually look like. Performance measures are intended to guide performance rather than to offer a definition of good performance. Therefore, performance measures need to be altered if conditions change and employees must be evaluated in light of actual performance, not on how they deliver on pre-determined measures. Therefore, performance evaluations were 'holistic', as they were equally based on performance measures and on how the measures were achieved.

The imperfect nature of performance measures was highlighted by several of the managers during the interviews. While shadowing, the researcher observed discussions regarding the meaning of a performance measure. As the company operated a 'traffic light' system, the discussions raised such questions as: 'What does it mean to be yellow?', 'What should be the priority?', 'Was too much attention being paid to an area?', and 'Was the KPI too green?'. These questions indicate that performance measures and accounting in general were not treated as mirrors or blueprints of good performance. This is central in the critique of instrumental

accountability (e.g., Roberts, 2009; Roberts & Scapens, 1985; Vosselman, 2016). As one manager stated:

A KPI is a key performance indicator. It is an indicator, not a definite answer. Moreover, our KPIs do not cover everything. No matter how good you are on KPIs, you cannot develop KPIs that cover the whole business. ... If you have not achieved a KPI at the end of the year, then there is room for a dialogue around 'why' – there may be reasons for why it could not be achieved. (Equipment manager 2, multifield unit, #1-18)

This holistic evaluation process allowed for an *ongoing dialogue* that emphasised that it was the holistic image that mattered, not the given performance measurements. The employees thus had the *opportunity to explain* their actions, thereby *providing context* to the performance measures, and ensuring that justifications and explanations were *followed over time*. These aspects are emphasised as central in intelligent accountability processes (Roberts, 2009). Another manager offered several examples of situations in which the colour of the performance measure may have been misleading, especially as the company operated with stretch targets. The measures were ambitious in order to both motivate and challenge employees. Therefore, a 'red' performance measure did not necessarily indicate bad performance. The following quote shows why this holistic evaluation was so important:

I can give an example from a few years ago. We had a unit in [City A] and a unit in [City B]. One employee [in City A] was working very hard on costs, some of the best work I have seen, but he did not reach his target, so he actually got a red cost KPI. Several incidents had made it impossible to achieve that KPI. However, he worked really hard on it. The opposite situation occurred in [City B] – a big activity was moved but the target was not changed. Even though the manager there did nothing, his KPI was green. ... You should really turn it around, because it is really about knowing your store well enough to see what is true. My goal is to be so close to my [equipment] managers that I am not fooled by the colour of the KPIs. ... It is acceptable to have a red KPI, but we have to work really hard all year. This is my main concern. (Manager, multifield unit, #2-15)

By being close to his subordinate managers, this respondent did not mean directly monitoring or micro-managing them. Instead, he wanted to understand his employees' operations as well

as their opportunities and challenges. This required a continuous open dialogue throughout the year in which employees were honest about their challenges and how they were addressing them. One subordinate manager supported this argument by stating that he expected to be able to get support from his superior manager if he needed it:

If I agree to deliver something, ... then I will do it. Then I also expect to be able to go to my boss and get the support I need. (Equipment manager 2, multifield unit, #1-18)

However, his boss (the manager of the multifield unit) admitted that it could be challenging to ensure that actions not directly covered by performance measures were visible. For him, this was an important aspect of being a manager – seeing the wider consequences of employees' activities:

I have said that we have saved 20 million for OilCo. They say, "But we have not saved it for our particular unit, so it does not matter". Then I say: "Of course it matters!" ... That is exactly what we are looking for. Even though we do not see it in our unit's costs, it is amazing for OilCo that we have reduced costs by 20 million... In other words, we need to see and understand what we are doing. There are no perfect KPIs, but they give us an indication of where we are heading. You have to see the whole picture and evaluate it. (Manager, multifield unit, #2-15)

Thus, this manager enthusiastically stressed that evaluating performance was about 'reading the whole picture'. From a managerial perspective, this form of evaluation is time consuming and challenging because the answers cannot be seen in the numbers alone. The managers must understand the underlying context in order to fully grasp and sometimes challenge the various justifications. As one manager in technical support argued when discussing how performance was evaluated, it was important to have an ongoing dialogue and discussion with his manager to ensure that they had the same understanding of what was important:

An evaluation requires that you actually spend time together in advance, and discuss and agree on what is most important. To actually engage in a process in which you are crystal clear on the vision and the objectives. ... You cannot just rely on what is written because that can easily be interpreted in different ways. (Manager management system 1, technical support, #2-7)

This manager emphasised that performance evaluations required an ongoing dialogue between the manager and the employee about how things were going, the various challenges, and the ways in which those challenges could be addressed and why. Hence, instrumental accountability based on performance measures was complemented with subjective evaluations that tried to mitigate the risks that accompanied that accountability, i.e. a situation where no one has responsibility for the wider organisational consequences of actions, as everyone simply comply with and deliver on their own pre-determined demands (Bauman, 1994). Hence, accountability was made more intelligent, as managers emphasised open communication and active enquiry into the reasons for actions, and they based evaluations on rich information about the context over time and not only on the colour of the performance measure.

5.2. Dynamic formal controls

Based on the argument that one cannot know what good performance is in advance, OilCo acknowledged that no one can pre-determine how resources can best be allocated or used. The company therefore de-bundled the budgeting process into three separate processes: 1) rolling forecasts meant to reflect realistic expectations, 2) overarching performance measures meant to be ambitious and stimulate performance, and 3) dynamic resource allocation, which meant that funding for a good business case was available at any point in time. This de-bundling reflects the operational aspect of Beyond Budgeting (Bourmistrov & Kaarbøe, 2013). The separation gives employees the discretion to take responsibility, as they can make changes based on what they believe is the best course of action based on their own common sense or sound judgement. One example of how this system worked in practice was the company's decision to invest in the plant's technical quality, which the director called the 'surface program', even though the company wished to cut costs:

It is always hard to know what the challenges are going to be. However, with the surface program, I just raised the issue and obtained extra funding. Other than that, when the year begins, I ... say "this is something I just have to do" and then do it. And then I have to justify it afterwards. (Director, plant, #2-1)

Hence, the plant director was free to spend the resources within his financial authority as he saw fit and he was accountable for his decisions (i.e., he needed to justify his actions afterwards). When an issue required more funding than he had the authority to grant, he brought the case to the next hierarchical level and justified his actions in advance. The researcher was present in several meetings where resource-allocation decisions were made. These were

typically management meetings where one of the issues on the agenda was a business case. The business cases were often presented by cross-sectional teams (as they typically involved several units), and those presentations were followed by a discussion and a decision.

The formal controls were dynamic, as they allowed for flexibility and continuous change, and they provided managers with discretion to take responsibility and then held them accountable. Therefore, the narrow focus on instrumental accountability became more challenging, as the formal system was continuously open to change, which fostered active reflection on what needed to be done. The excuses that something was not in the budget or that it would look negative in light of the performance measures were not available, as the managers were held accountable for their actions (and inactions) and justifications, not just the numbers themselves.

The researcher observed several formal management meetings as well as informal conversations, and was left with the impression that decisions were made through discussions with the other managers, even though one manager might have the formal responsibility. One signal that this impression contained some truth was that the plant's operational manager noted that he did not know the extent of his own financial authority. It had simply not been an issue. He knew that decisions needed to be raised to the business area at a certain point, but there had not been any talk about financial authority at the plant:

There has really not been a need for these discussions because we have such good cooperation regarding this issue. When I need to do something that deviates from the plan, then we process that and move on. It is either 'yes' or 'no'. (Operational manager, plant, #2-2)

In the observed meetings, this cooperation varied from simply informing others of what they were doing to longer discussions regarding the consequences of various decision. However, the discussions did not always end with a decision. The operational manager stated that it was about understanding why the decision needed to be made and then explaining that reasoning to the others:

The challenge is to explain ... It is about familiarising ourselves with the background for why we must make a certain decision. If you have a good explanation, people will understand it. If you do not do that work, you will not find acceptance. ... It could be that we will have to admit that we were wrong. (Operational manager, plant, #2-2)

This operational manager argued that both he and his colleagues needed to be able to justify their decisions to the management group. They also needed to show that they understood the consequences and possible alternatives. If they could not do so, they should not make a decision. This might be interpreted as needing to obtain managerial approval for every decision. However, it was more about discussing a decision and being challenged on the justifications for it by one's superior manager, but mainly by colleagues (the researcher observed). It was also about putting the decision into a larger context. In this way, more important decisions were often made as a group. This was emphasised by the plant's technical manager when the researcher highlighted a recent review meeting in which the maintenance unit had a high forecast for the coming year:

It would be incredibly stupid if we view it like that because it is a decision that has been made. It is not his [the maintenance manager's] costs in that sense. ... *We* have made a decision in [the management group] to spend money on the surface program. It is a coincidence that [the costs] ended up with [the maintenance manager]. (Technical manager, technical support, #2-6)

There were situations in which disagreements were not resolved. In these instances, it became a management decision. For instance, when attempting to clarify one of the work processes¹⁵ at the plant, the management group organised consultation rounds with lower-level employees at the plant, employee safety representatives and even other parts of the company. It was a challenging issue because the maintenance and operational units disagreed on the process. In the end, it became a management decision because the different units could not come to an agreement after several rounds of discussions. Nevertheless, the process created extensive discussions regarding how things should be done and the various consequences of the different proposals. As such, the discussion made the complex interdependencies and the differing perspectives on the process visible. It showed that there might not be one 'perfect' solution.

This section has shown how decisions were continuously made when issues arose based on active discussions among the affected parties. The emphasis in these discussions was on understanding the extended consequences of a decision and making sense of complex operational situations. It demonstrates that accountability was based on active enquiries regarding context-specific issues as well as the effort made to understand the complexity of the

¹⁵ This is also an example of how the plant's management tried to stimulate reflection on the intentions and consequences of the management systems, which included formal requirements for work processes.

situation rather than attempt to smooth that complexity into easily understandable numbers. This suggests a more intelligent accountability (Roberts, 2009). This section has also shown how decisions were made through discussions between hierarchical levels and between colleagues who would be affected by those decisions, thereby indicating that the formal controls acknowledged the intersubjectivity of the operations. In such situations, it may be impossible to single out individuals as accountable. Instead, the whole group is accountable for a decision. The presentation thus far has outlined aspects that directly emphasise three of the four characteristics of intelligent accountability: specific context, rich information and a longer-term perspective (Roberts, 2009, 2018). In addition, it has shown how open communication influences decisions and evaluations. In the following, we discuss the company's long-standing practice of emphasising learning over blame.¹⁶

5.3. Emphasis on learning and knowledge development rather than disciplinary action

Both the plant and the platform had numerous safety measures, as the work carried significant risk. This part of the operation had strong disciplinary power, as mistakes could be quickly identified and traced to a particular individual. While it might have been a source of anxiety for the employees, managers were aware of the pressure their employees faced. Given that incidents were not a result of reckless behaviour, managers tended to focus on learning and knowledge development rather than punishment and blame.

For example, a gas leak initiated internal investigations as well as investigations by the authorities and the police. A minor leak from a vent had been discovered and, as a natural reaction, an employee tried to shut the vent. However, because of corrosion, the vent broke, resulting in a major gas leak. After the event, the operational manager emphasised the seriousness of the incident but argued that it should be used to raise awareness and change organisational processes in a way that would ensure that more time was spent on discussing issues with others before acting:

It has a lot to do with raising awareness. The natural reaction when you drop something is to grab for it. However, that is not necessarily smart. ... We cannot blame the person who did it, but we can learn from it. You do not act without assessing the situation. In this regard, we have changed enormously and we have avoided several similar

¹⁶ While this practice reflects directly what Roberts (2009) argues is intelligent accountability, it stood out as particularly influential in the accountability processes. We therefore chose to highlight it as a practice that both reflects and influences intelligent accountability in the company.

situations. Instead of becoming a negative story, it has become a positive story. (Operational manager, plant, #2-2)

The manager emphasised that the people involved could not be blamed, as their reaction was only natural, but the company could learn from the event and avoid similar situations in the future. He also explained that he, the other operational manager and the employees involved in the incident discussed the incident with all relevant employees. That stimulated reflection on how to handle similar situations:

The people who were involved in the incident have also spoken about their experiences. That makes an impression on their colleagues as well. (Operational manager, plant, #2-2)

As the manager explained, the incident was used to create awareness of a challenge and to learn how to deal with similar situations in the future. Thus, as the manager said, this difficult story became a good story because the company learned from it.

A less serious example emerged from the platform where a well incident caused a drop in production. The drilling unit had some challenges that the head of the platform argued the operation could have mitigated if it had been informed. The drilling unit disagreed, arguing that the operation could not have done anything to avoid it. As the discussion became more heated, the production manager remained calm and noted to the researcher that it would not help to yell at those involved, as doing so would just have negative effects in the longer term. He instead told them to meet, agree on how this situation could be addressed if it happened again and send him a memo on the agreed steps. Hence, the platform director did not care which of the units were accountable for the loss of production. Rather, he wanted to ensure that the situation did not repeat itself.

While this practice of emphasising learning is one of the dimensions of intelligent accountability, it is not a static characteristic. Instead, it is a continuously evolving practice that both reflects and influences an intelligent approach to accountability. Hence, while the practice provides an example of intelligent accountability, it also helps accountability to become more intelligent.

The last aspect that both reflects and influences intelligent accountability is the company's management philosophy, which builds on the belief that empowered employees should be

trusted to use their own sound judgement. This led to intelligent accountability by providing employees with the discretion to act responsibly.

5.4. Management philosophy emphasising trust in empowered employees

OilCo is a hierarchical organisation with, at most, six managerial levels depending on the business area. Trust in empowered employees has been the foundation of the company's management philosophy for more than a decade. This became evident in both observations and interviews, as employees were not afraid to openly disagree with management and as managers continuously involved lower-level employees in decisions because, they argued, the employees closest to the operation knew which issues mattered most. The emphasis on lower-level empowerment was particularly strong while the company worked on increasing accountability, as noted by the platform's resource manager:

In this company, we have generally had a lot of focus on 'responsibility to the line' and 'empowerment', and that we should be able to 'take our manoeuvring space', that 'the ones who wears the shoe knows where it is pressing', and so on. This has been ... an important focus for our top management. (Resource manager platform, #2-11)

Thus, there is a foundational belief that managers do not necessarily have the correct answers and this belief begins with top management. In many situations, managers served as coaches and helped facilitate decisions on lower levels. For example, cross-sectional groups were established to evaluate some of the important and challenging work processes at the plant. The groups were meant to consist of members from various parts of the plant as well as one member of the management group expected to act as a sponsor. When discussing which manager should join which group, the plant director and the improvement manager suggested that managers should not be part of a group in their own field. For instance, the maintenance manager should not be part of a group evaluating maintenance processes but rather join the group focused on projects. The reason for this was twofold. First, as the sponsor role was meant to be a coaching role, it was important to ensure that the sponsor did not have all the answers. It was better to have a sponsor with less experience in the field to facilitate discussions and suggestions from the team members. A manager with strong opinions on how something should be done might dampen group discussions. Second, having managers sponsor a group in a different field might reduce 'silo thinking' by introducing managers to different perspectives. Managers were included in the groups to provide support and to learn from different perspectives. This is an example of how management actively tried to stimulate discussions among employees.

During the data-collection process, some managers were described as authoritative and detailed oriented, which conflicted with the company's management philosophy. In instances where this issue was raised, the managers in question were given new positions without personnel responsibility. This relates to the relative absence of extreme punishment and reward consequences in the sense of sky-high bonuses or the fear of being fired. In Norway, especially in partly state-owned companies such as OilCo, it is almost impossible to fire employees. Even when the oil price fell drastically and the company focused on implementing significant cost reductions, no permanent staff members were fired. The workforce was regulated through voluntary retirement packages and reductions in the number of consultants and suppliers. The strongest negative consequence was removal from a position, but those employees were assigned to other positions within the company. With regard to rewards, a bonus was given to all employees based on how the company performed relative to its peers. A share-savings plan was also available to all employees. Individual bonuses were only available to top-level managers.

In summary, this section has presented long-standing practices that both reflect and influence the understanding and practice of accountability: holistic performance evaluations, dynamic formal controls, the emphasis on learning and a management philosophy that emphasised trust in empowered employees. While all of these practices reflect dimensions of intelligent accountability, they also serve to make accountability more intelligent by providing employees with the discretion to act responsibly, and by stimulating open communication and reflection. In addition, the understanding that managers do not have and do not need to have all of the answers is crucial for intelligent accountability, as it enables communication regarding uncertainties.

6. CONCLUDING DISCUSSION

In questioning the critical literature on accountability, this paper set out to explore the notion of intelligent accountability and to examine what informed such processes in a case company. The empirical discussion provided an in-depth description of how accountability processes emphasised the four characteristics suggested by Roberts (2009, 2018): context specific, extended over time, based on rich information and emphasising learning rather than blame. Empirical examples included the scepticism associated with relying solely on performance measures and the active questioning of one's own roles and responsibilities, which suggest attempts to address the actual situation and its complexity instead of a polished image.

We identified four long-standing practices that both reflect and influence employees' understanding of accountability. We also examined what increasing accountability and being accountable entailed. Both the holistic performance evaluations and the dynamic formal controls were founded on the acknowledgement that no one can know what good performance looks like in advance – it needs to be continuously evaluated and discussed. This reflects an acknowledgement of organisational uncertainty and human limitations. It is also contrary to instrumental accountability, which focuses on the achievement of predetermined performance measures and following orders (Bauman, 1994; Vosselman, 2016). Similarly, the practice of emphasising learning and the presence of a management philosophy built on trust in empowered employees further encouraged employees to take responsibility but did not force them to do so. Moreover, all the practices stimulated open communication and the authority structure was built on reflexivity – managers had the discretion to do what they believed was right and the legitimacy of those actions was discursively agreed upon over time. This emphasis on open communication was particularly evident in the facts that decisions were made through discussions and that performance was evaluated through an ongoing dialogue between employees and managers.

While the practices presented here supported the emergence of intelligent accountability, two underlying aspects stand out as particularly influential in stimulating such accountability processes. First, employees were given the discretion to act responsibly. Second, there was an understanding that the managers did not have and did not need to have all of the answers. This stimulated the open communication that laid the foundation for intelligent accountability processes, which reduced the need to defend oneself in a way that motivated employees to take responsibility and, hence, accept accountability. These findings support Roberts' (2009) argument that intelligent accountability can be approached by adopting an ethic based on humility towards oneself and generosity towards others. Humility towards oneself was evident in the understanding that neither managers nor employees needed to have the answers, which reflected an acknowledgement of the uncertainties and complexity of organisational reality. Generosity towards others was evident in the emphasis on learning, the continuous discussions in groups, and the dialogue between managers and employees designed to provide guidance and support.

We also found that respondents did not clearly distinguish between accountability and responsibility. Rather, they understood accountability as actively taking responsibility. Hence,

we did not find the disconnect between accountability and responsibility that is criticised in the extant literature (e.g., Bauman, 1994; McKernan, 2012; Pedersen, 2013). Instead, we argue that the grounds for intelligent accountability lie in its aims to reflect responsibility and intersubjectivity, and to avoid limiting responsibility to what one needs to account for. The respondents' understanding of accountability as responsibility can partly be explained by the fact that managers had the discretion to take responsibility. Managers were free to behave responsibly and, as such, they could be held accountable (Bovens, 1998; McKernan, 2012). However, managerial autonomy needs to be seen together with the acceptance of uncertainty and the emphasis on learning. In this context, taking responsibility is about making improvements and doing the right thing instead of being trapped in a blame (or fame) game (Catasús, 2008). While Catasús (2008) argues for the removal of accounting to allow for responsibility, the practices identified in this study show that accounting can allow for responsibility by fostering intelligent accountability processes. However, this depends on how formal controls are designed and used, and it requires management's commitment to avoiding functional stupidity and strategic ignorance. In this regard, this paper contributes to the accounting and accountability literature by showing how accounting, which is primarily associated with instrumental accountability, can enable more intelligent accountability processes.

While the company had areas in which instrumental accountability dominated, that type of accountability was not accepted by employees (e.g., the example in which managers were given new positions). Typically, it was changed in a way expected to stimulate a more intelligent accountability, as in the case of the change in the management system. While not addressed directly in the empirical discussion, we found several examples of instrumental accountability in OilCo. However, although our analysis focused on examples of intelligent accountability, we argue that the practices identified in the analysis pushed instrumental accountability to the background and moved intelligent accountability to the foreground, in line with Vosselman's (2016) duality argument. This suggests that it is possible to intelligently approach instrumental accountability.

The paper contributes to the accountability debate by questioning the view that instrumental accountability dominates organisations. By examining the accountability processes in a Norwegian energy company, the paper explored the notion of intelligent accountability and asked what informed such processes in the case company. Unlike the arguments in previous

literature (e.g., Alvesson & Spicer, 2012; Cooper, 2015; McKernan, 2012; Vosselman, 2016), we find that the case company actively tried to reduce the destructive influence of instrumental accountability through formal controls and managerial practices. Therefore, we suggest that there is room for a more positive debate regarding how accountability can be made more intelligent and that intelligent accountability may be more common than the literature presently portrays.

We have argued that a central aspect of making accountability more intelligent is recognising that it is inseparable from responsibility. This makes the study of intelligent accountability complex and intangible, as responsibility will always be personal and subjective – an internal process that can never be made fully explicit. In addition, accountability processes are continuously evolving, both shaping and being shaped by organisational practices. Therefore, the study has identified examples of intelligent accountability as well as practices that seem to make accountability more intelligent. The paper serves as an initial study that should be expanded in order to develop a more substantial basis on which to build theoretical knowledge. Avenues for future research include exploring how other companies attempt to mitigate the destructive influence of instrumental accountability, possibly in different countries and in companies with different management philosophies.

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