

**UNIVERSITY OF JYVÄSKYLÄ
SCHOOL OF BUSINESS AND ECONOMICS**

ANTTI RAUTIAINEN
&
MARKO JÄRVENPÄÄ

BSC IN GOOD AND STONY MUNICIPAL GROUNDS

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School of Business and Economics, University of Jyväskylä,
P.O.Box 35, 40014 University of Jyväskylä, Finland.
Tel. +358142602942.
E-mail: antti.i.rautiainen@jyu.fi and marko.j.jarvenpaa@jyu.fi

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Antti Rautiainen*
Marko Järvenpää*

ABSTRACT

This field study employs new institutional sociology (NIS) in the analysis of performance measurement (PM) system use in Finnish cities. First, according to our results, PM use materializes in different forms in units with different institutional (back)grounds. Second, accounting PM systems are perceived as artefacts 'carrying' institutions, in this case amplifying external normative managerial pressures and facilitating internal 'de-institutional' pressures, e.g. by increasing transparency. Third, analysis of the several institutional pressures having a mixed effect on organizational actors increases our understanding of accounting change and stability. Finally, organizational actors perceived financial measures as the most important measures indicating 'non-balanced' BSC use.

KEYWORDS: accounting, performance measurement, modernity, institutional theory

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INTRODUCTION

“... And whilst he soweth some fell by the way side, and the birds of the air came and ate them up. And other some fell upon stony ground, where they had not much earth: and they sprung up immediately, because they had no deepness of earth. And when the sun was up they were scorched: and because they had not root, they withered away. And others fell among thorns: and the thorns grew up and choked them. And others fell upon good ground: and they brought forth fruit, some an hundredfold, some sixtyfold, and some thirtyfold ...” [Douay-Rheims Bible 1582. Matthew 13:3-9]

The famous passage above could serve as a depiction of differences in the institutionalized ‘ground’ of organizations and their sub-units. New accounting performance measurement (PM) systems are widely introduced in public sector organizations and are advanced by the New Public Management (NPM) trend. Yet, because of the differences in institutionalized ground such as in the institutional pressures that may be present, actual PM use may emerge in different forms in different organizations, or not emerge at all, or be scorched and ‘wither away’. Further, other time-consuming projects and coercive (regulatory) changes may ‘choke’ voluntary PM developments in an organization. Finally, the perceived goodness of the outcome of increasing accounting based PM (accounting PM) in various public sector organizations in manifold depends, of course, on the point of view taken.

New institutional sociology (NIS) is employed in this field study about PM use in Finnish city context. NPM tools such as the Balanced Scorecard (BSC, Kaplan and Norton 1992) represent legitimacy and ‘modernity’ in current public sector operations (Arnaboldi and Lapsley 2004; Hood 1995). Further, NPM ideas have become largely institutionalized in the public field (see e.g. Lapsley 2008). In particular, Scott (2001, 77) notes that routines and artefacts ‘carry’ institutions, which denotes that artefacts amplify the effect of some institutional pressures. Thus accounting systems amplify normative managerial pressures on behaviour by ‘carrying’ the NPM institution (see also Mouritsen 1989). Public sector budgeting and PM include routines and PM tools that are very much artefacts based on NPM ideas portraying ‘modernity’. However, there are several internal or external institutional pressures, which simultaneously affect institutionalization or ‘de-institutionalization’ of an organizational practice (see Granlund 2001; Oliver 1992). Yet the interplay of institutional pressures embedded in a PM tool has received little attention in public sector accounting research. However, NIS related research on accounting change has been called for (e.g. Granlund 2001). Moreover,

political public sector context favours NIS based research (see Järvinen 2006; Modell 2004). However it is not known *how NPM is carried; and how and why BSC is used in institutional city context, and in sub-units, to promote change*. Institutional aspects involved in PM use and change in a city context are therefore analyzed in this paper.

It is argued in this paper that PM tools as NPM artefacts ‘carry’ various institutional pressures and also facilitate ‘de-institutional’ pressures in a city context and thus amplify further NPM type developments. In particular, BSC use facilitates transparency and openness, which allow social peer pressures to function because peers gain knowledge of how others are performing (see Oliver 1992). Thus, this study contributes to accounting knowledge by increasing our understanding about how BSC is used and how PM facilitates institutional pressures in the Finnish municipal field. Further, Rautiainen (forthcoming) showed that there are institutional and rational as well as possible other, such as individual aspects that affect PM related decision-making in municipalities. However, it is emphasized here that the institutional pressures such as social peer pressures seem different between cities and especially between sub-units. Further, the finding by Arnaboldi and Lapsley (2004) that a central feature in the public sector context is the aim of being modern according to NPM ideas is corroborated too. This aim promotes the use of legitimized PM – even if it is only through “sagacious conformity” (ostensible or decoupled use, Meyer and Rowan 1977; Järvinen 2006). However, the institutionalization of PM routines is not necessarily the same among different organizational levels or different types of sub-units. Finally, these several pressures embedded in BSC use cast additional light on the processes of accounting change – or stability (see Granlund 2001; Siti-Nabiha and Scapens 2005).

NIS, NPM AND MODERNITY – FOCUS ON EXTERNAL PRESSURES

In NIS literature, institutions are settled, taken-for-granted, but changeable habits forming the legitimated rules of conduct in a society (e.g. Meyer and Rowan 1977). Institutions are legitimized first by *regulative* elements exerting coercive pressures, which usually are external to the organization (e.g. rules and laws), secondly by *normative* elements of work roles (exerting normative pressures from external professional bodies), or thirdly by *cultural-cognitive* elements such as shared social meanings imposing mimetic pressures external to an organization (see DiMaggio and Powell 1983; Scott 2001, 55–59). For example, under uncertainty organizations tend to model themselves after (mimic) organizations which are perceived as legitimate and successful (DiMaggio and Powell 1983). Institutions are ‘carried’ by organizational values, routines and culture ^[1], but also by artefacts such as

accounting tools (Mouritsen 1989; Scott 2001, 77). An artefact is an object meeting a standard or possessing symbolic value (*ibid.*). A PM system can include a standard form and, in particular, the use of the PM tool (implicitly) involves routines and a set of (embedded) social or normative *values or pressures* that affect organizational actors and their behaviour, thereby changing the organizational routines. This symbolic value potential of accounting or PM is well reasoned if one bears in mind the seminal studies of Hopwood (1987) and Hines (1988). Mouritsen (1989) pointed out that accounting systems carry extended signification, particularly in terms of the social meaning they generate for example about profitability. Dent (1991) showed how accounting operates in organizational settings by creating specific rationalities for organizational action.

Arnaboldi and Lapsley (2004) state that the current, relatively institutionalized aim in public sector organizations is to *appear* 'modern' or 'complete' (see Brunsson and Sahlin-Andersson 2000). Modernity is supported by the NPM movement where the characteristic spirit or ethos has been to improve efficiency, effectiveness and economy of public organizations under fiscal pressures (Hood 1995; Olson et al. 1998). Järvinen (2006) noted that another NPM 'tool', activity-based costing (ABC), was adopted by hospitals because of similar institutional pressures surrounding the case organizations, but the actual style of ABC usage varied among hospitals. This suggests that accounting system use as such is a legitimating issue while the actual content can be kept 'opaque'. In particular, Järvinen (2006) suggests the presence of "sagacious conformity" in public sector ABC adoptions (see Meyer and Rowan 1977). This means conforming to the normative NPM pressures with decoupled use of PM. For example, Pettersen (1995) found decoupling of budgets and accounting information in Norwegian hospitals. In sagacious conformity, stability and change may co-exist (Burns and Scapens 2000; Granlund 2001). However, even sagacious PM can push the institutionalization of actual change if PM tools carry an institution or reveal functional or other internal pressures (see Oliver 1992; Scott 2001, 77). Nevertheless, there have been doubts about the suitability of NPM and private sector accounting tools in the public (non-profit) sector (Lapsley 2008; Olson et al. 1998).

Kurunmäki and Miller (2006) note that in some contexts professional "enclosures" are more resistant to change than in other contexts. Thus the things that are considered 'modern' in certain organizational levels or sub-units depend on the external normative pressures such as professional norms in health care. Further, normative pressures such as NPM ideas and medical norms may conflict (Meyer and Scott 1983, 210; Rautiainen 2008). However, the current NPM focus can cause organizational actors to experience hybridization, acknowledging for example both medical and accounting professionalism (Kurunmäki and Miller 2006).

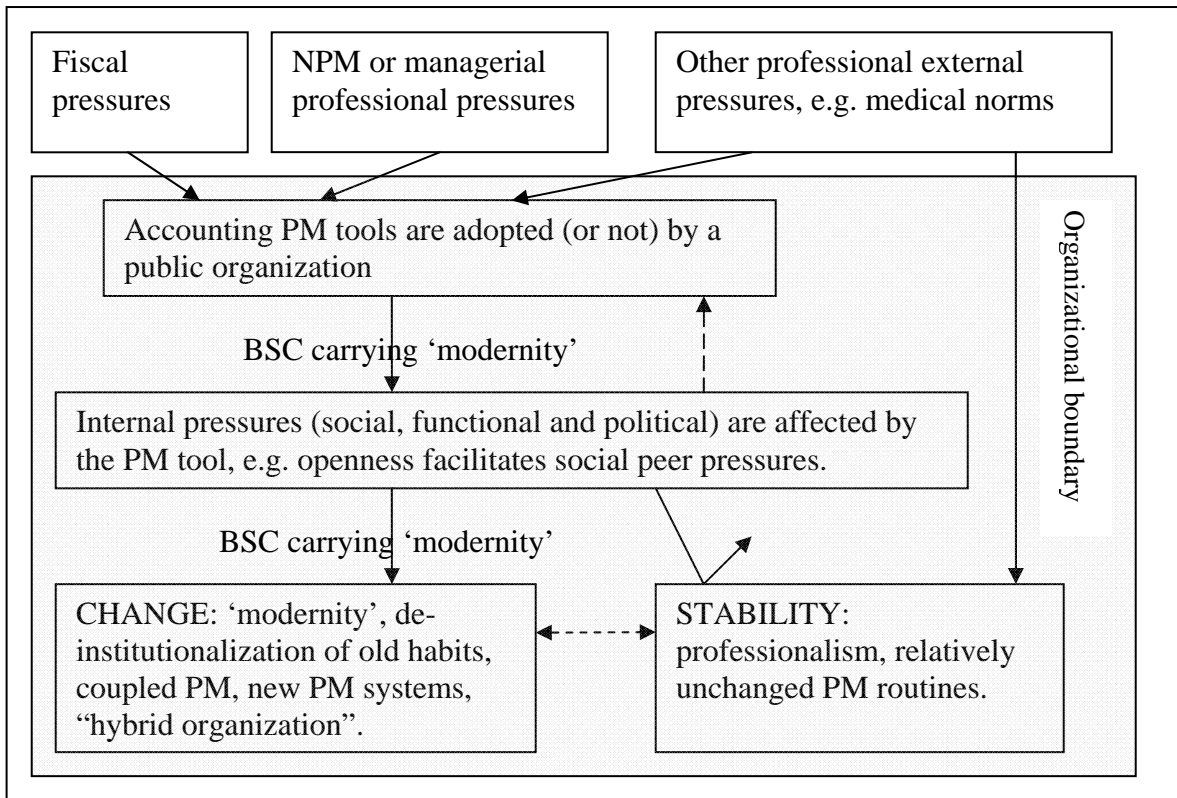
INTERNAL INSTITUTIONAL OR 'DE-INSTITUTIONAL' PRESSURES

Inside an organization there are institutional pressures such as social pressures (e.g. peer pressures). These internal institutional pressures causing erosion or even deinstitutionalization of old routines also include political and functional (rational) pressures (Oliver 1992). Political pressures are clearly present in the city government with different political parties. Low functionality of an institutionalized habit may bring about its abandonment. For example, political conflicts may lead to an organizational crisis and to drastic changes in an organization (Oliver 1992). Together these internal pressures facilitate the deinstitutionalization of old routines, which on the other hand allows the institutionalization of new routines (Oliver 1992). These pressures are called 'de-institutional' pressures in this paper.

When a legitimated PM tool is used, there may be normative institutional pressures concerning how a person with a tool (e.g. an organization with the BSC) should behave. Thus, the tool (BSC) may be a 'carrier' of an (NPM) institution and amplify some institutional (or de-institutional) pressures and thus facilitate change. In other words, the pressures involved in a tool, or its use, affect what kind of behaviour is institutionalized or de-institutionalized (see DiMaggio and Powell 1983; Oliver 1992; Scott 2001, 77). Therefore, a PM tool defines, in part, the way a municipality operates and carries the current ethos of public organizations, i.e. the will to appear 'modern' (see Arnaboldi and Lapsley 2004). BSC implementations and formats as such have been recently studied in the city context (Kasperskaya 2008). However it is not yet self-evident *how NPM is carried; and how and why BSC is used in the institutional city context, and in sub-units, to promote change*. Thus the institutional pressures and perceptions of BSC use are studied in this paper. Increased understanding about BSC use in Finnish cities may offer insights into the institutional aspects of PM use and PM change in the public sector. Figure 1 shows the framework of the paper.

In Figure 1, NPM or managerial pressures increase the use of PM in city organizations unless other pressures prevent the adoption of a new system. However, the measures of, say, BSC are also affected by the fiscal pressures and other professional pressures such as medical norms. When NPM and other professional norms conflict drastically, the use of a PM tool is likely to become loosely coupled (see also Rautiainen 2008).

FIGURE 1. The research framework: PM as a carrier of institutional pressures, 'modernity' and change.



In Figure 1, for example, the BSC carries the institutions embedded in it, meaning that the BSC users are affected by the pressures embedded in BSC and in the necessary routines of BSC use. In this field study BSC mostly carried fiscal and NPM pressures, but the professional pressures in health care did not appreciate PM. Further, BSC facilitates the operation of social peer pressures within the organization, which may lead to de-institutionalization of old PM behaviour. However all professional pressures (including NPM) have a direct influence on the behaviour, although the professional norms may affect the various sub-units differently. In those sub-units where the other professional pressures are weak, or in line with the NPM-related values, PM 'falls on good ground'. Thus PM coupling and 'modernity' (see Arnaboldi and Lapsley 2004) are better achieved for example in the technical sector or in city central management. In the areas where the other professional norms are strong – in the areas of stony ground – the NPM style pressures can not really permeate the "enclosure" of, say, medical professionalism, not fast at least, and PM 'is scorched and withers away' (see the hinged arrow, also Kurunmäki and Miller 2006). The dashed feedback arrows in Figure 1 indicate the complexity of public sector PM change processes where social norms affect PM or sub-units may mimic each other – in change or in stability. However, Figure 1 is an

illustration of the main aspects of this field study and so there may be other pressures affecting organizational practices. For example, pressures change and political pressures stem from ideologies beyond the organizational boundaries (see Oliver 1992).

DATA AND METHODS

This field study employs survey and case study evidence. The main data consists of 20 interviews in Finnish cities J and K (names disguised for confidentiality). However, first, a pre-study survey was conducted for the Finnish financial administrative officers in autumn 2006. The survey had 199 responses out of the then 415 municipalities in mainland Finland (excluding the small municipalities in the self-governed archipelago of Ahvenanmaa). The case cities J and K were selected based on the survey results (both were BSC users of similar size, but still differed in use style as J was more financially oriented). Some survey data of 8 comparable cities are presented in Appendix 1 (cities with similar approximate size and location using BSC). In Appendix 1 it is pointed out that current city PM is generally considered inadequate, and the annual margin is the most important measure among cities. The strong financial emphasis indicates that BSCs in cities are actually not balanced if balanced is used in BSC to imply the relatively similar importance of the measures. This notion together with the previous studies suggested the possibility of legitimized BSC use and encouraged continuing to the field research phase.

Next, the main data of this interpretive (see Chua 1986; Vaivio 2008) field study was gathered with 20 semi-structured interviews in the two Finnish cities with about 100,000 inhabitants. The interviews lasted about 55 minutes on average (see Appendix 2). The interviews were recorded, transcribed and analyzed based on the institutional pressures found. The interviews were conducted in autumn 2007. City J was adopting an enterprise resource planning (ERP) system, used BSC and had recently had a new round of BSC training in order to improve budgeting and PM. City K was starting a new PM project, faced some financial difficulties after some good years and used BSC and the Strategy Map approach by Kaplan and Norton (2000). The interviewees were involved in BSC use at various positions and levels of the city administration.

The use of a wide array of data (triangulation) is encouraged for example by Kakkuri-Knuutila et al. (2008) and Yin (1984, 91). It allows a comprehensive view about the developments of BSC use in the case cities to be built up. In the field research the actual perceptions of BSC use were studied and compared with the

image displayed in the survey. Further, Vaivio (2008) encourages doing qualitative research in order to reveal the differences between action and the 'textbook view' (such as BSC literature).

FIELD RESEARCH

Introduction & pre-study phase

Many cities use the BSC and categorize their budgets or financial statements according to BSC perspectives (see Appendix 1, also e.g. Kasperskaya 2008). The most important measures according to the survey made were financial perspective measures (see Appendix 1). However, in the BSC of some Finnish cities the financial perspective was implicit (see Appendix 1). For example, in City K's BSC the financial perspective is not really present at all. Therefore *a city 'balanced scorecard' is not necessarily very 'balanced'*, not at least if 'balanced' is to imply several perspectives with a relatively similar emphasis. Of course, some operations are mandatory regardless of their cost, but still a BSC with low emphasis on financials may indicate low emphasis on costs, too. This accompanied with complex normative pressures may indicate low emphasis on cost-effectiveness, even despite NPM pressures and the alleged effectiveness focus in BSC. Yet the interviewees stressed the growing importance of financial issues in municipal field as well as cause and effect relations between measures, although for example in social work the actual effects for the well-being of residents may be unmeasurable. Further, the current PM is not considered adequate (see Appendix 1). These aspects indicate a strong trust in NPM and in PM in the public sector (see also Lapsley 2008).

City J had relatively large debts, but it improved its financial status by savings and sales of property, which led to a large surplus in 2006. Further, increased BSC training was given and an integrated enterprise resource planning system (ERP) was introduced in City J. City K was experiencing some fiscal deficit in year 2007, which led to discussions about control system adequacy in the city. In Finland there is also some legislative (coercive) pressure to maintain fiscal balance during a normally three year planning period. Also, the city is growing, but in such a way that mainly the number of elderly people was growing, which may require some changes in the emphasis of services offered.

BSC and the institutional differences among organizational levels

In the case cities, BSC use differed among the city spheres of authority (areas, divisions). In City J, it was expected that an *internal social pressure*, the peer pressure, facilitates the deinstitutionalization of old habits and the institutionalization of new PM-focused routines. Further, the training received by administrative professionals (yet not by policy decision-makers) in City J may have reintroduced the NPM ideas and thus reinforced the normative pressures of professional city management in the organization.

This [BSC system development and usage] has been developed in the divisions so that divisions are clearly in different phases of development. Some divisions have advanced, multifaceted, even ingenious measures; others have problematic measures ... Now they have become visible. When the measures are brought into the system and people would see the measures in other [divisions], there can then be peer group learning, even a slight peer pressure for this division to develop... That can be certain kind of benchmarking. [Administrative Officer in City J]

External *mimetic institutional pressures* have been present in the adoption phase because for example City K adopted BSC when others did so. This may be a case of mimicry, but also 'rational' diffusion (see e.g. Rogers, 1983), which allows for the presence of several intertwined pressures as suggested by Rautiainen (forthcoming).

... I think we adopted it at that time when it diffused to municipality sector, and the bigger cities started to use it. ... It is quite a good tool for viewing the municipality framework with; it is easy to get an overview. [Chief Financial Officer in City K]

Further, the area of health care has had customary budget overruns during the last few years in City K. Health care is a demanding sector in city management, but the phrase 'they have been taught' (e.g. in medical schools) also indicates some decoupling being caused by *normative institutional pressures* advocating proper medical care instead of savings in health care units.

They [Social and Health Care people] have been traditionally taught to do things by ignoring the finances. [Chief Financial Officer in City K]

Thus, BSC works well on 'good ground', i.e. in the units where the operations and the cultural ethos are favourable for measurements. Further, budget overruns, for example, in City K mainly occur in Social and Health Care, indicating 'stony ground' for NPM there.

All other areas, except Social and Health, have stayed within their budgets... they haven't liked it, but they have stayed within them. [City Budget Officer in City K]

In City J, the ERP system is expected to increase coupling of city and sub-unit budgeting, which facilitates openness, and allows accurate PM because the budget numbers become more realistic and comparable in internal sales.

When the system is integrated ... spending and sources of money are in connection. For example if the catering service unit budgets one million euro sales to Social and Health Care division, the same one million will show as a cost of catering services in Social and Health Care. It is not that catering services budgets one million and Social and Health Care only 800 000 as was previously possible. Well, you could ponder if it informed the producer side that you should reach this price [800 000 €]. ... However, the discordance is removed. [Administrative Officer in City J]

With ERP the transparency of the budget process increased. Transparency facilitated social pressures because all the figures became visible to others in the organization and one could not 'explain away' the deviations as was customary earlier when there were several systems and statistics available.

... now we have same ... definitions for a man-year in all spheres of authority ... This is in my opinion a remarkable internal sparring system, you cannot use gimmickry with statistics. [Administrative Officer in City J]

However, in City J, some *organizational processes were changed when the ERP system was adopted. This indicates that a PM system affects the way municipalities really operate:*

[ERP] Modules work ... well because we have been able to work within this system by changing our processes; we didn't try to bring those old systems into this new ERP. [Administrative Officer in City J]

Despite the trust in BSC in central management, for example the Social and Health Care PM reporting includes relatively little non-financial data, such as customer satisfaction, even despite that this information has been collected.

We have the effectiveness perspective, or ... the 'customer thing', then we have the financial, the process and the personnel aka know-how perspectives. [Chief Financial Officer in City K]

However, in particular, customer satisfaction information is not present in the Social and Health Care reports. This indicates loosely coupled use of PM where non-financial data is collected, but not used or reported.

The operational measures, output ... we get very little information. What we get is manually collected and, well, very rough and not particularly trustworthy. ... We have this BSC ... connected to it, we have the output follow-up ... Now, well, it is not here, that is a good one; our annual report is quiet about our customer satisfaction study ... Really, it is a relatively new thing that one has to be very determined in leading this [Administrative Officer in Social and Health Care in City K]

In order to improve the coupling of budgets and action, the central managers of City K make a substantial effort in the follow-up work, which, however, consumes time and may distract their interest from strategic issues. Nevertheless, BSC is trusted by the central managers.

This [BSC] is a good system and it works let's say in the technical sector quite splendidly, but when we go to other sectors, there start to be a few more of those problems. ... Let's say that in our large areas: education, Social and Health, the connection of city strategy to the, say, unit strategy is not that good. There is a lot of room for improvement ... I think it mainly comes from the culture. [Chief Financial Officer in City K]

The excerpts above indicate that the BSC works well on 'good ground' where the institutional pressures, or circumstances, are favourable. This points out that the '*degree of NPM institutionalization*' is not necessarily similar in all organizational sub-units, particularly in the stony ground of health care, where PM was only loosely coupled to action, and the administrative managers did not really trust the figures presented. For example, manual systems still prevail and electronic systems are used "sometimes later", if at all, leading to inaccurate reports.

The Social and Health Care budgets were traditionally prepared in such a way that too little money was budgeted for services in order to encourage savings, but then the budget was continuously overrun. Eventually, if any amount of money was budgeted, a bit more could be safely spent without real feedback or punishment. Indeed, heavy spending in one year may have even 'legitimized' more money for the next year 'as this year's amount just was not enough'. Further, if the organizational actors within a strong professional culture do not really feel that there are pressures (financial or normative embedded in BSC), it is difficult to achieve actual change. Further, with inaccurate PM the de-institutional internal pressures cannot fully operate.

Our typical measures are outputs, numbers of patient calls, days of care etc. Now we need measures by which we could forecast developments beforehand so that we can prepare for them. ... Those [measures], now when this finance is principal, of which you could see beforehand, that the allowance is going to be

overspent. ... We do not have this type of forecasting, there is no tool for it really. [Administrative Officer in Social and Health Care]

Thus, in practice, the financial perspective was considered as the principal one instead of a 'balanced' multi-perspective 'textbook' view presented by the central management (e.g. "It is quite a good tool ... it is easy to get an overview". [Chief Financial Officer in City K], see also Vaivio 2008). However, the "lack of measures" may also be used as an excuse for unwillingness to really tackle cost-efficiency issues (see Burns and Scapens 2000).

Developments?

More accurate PM is perceived to have actually helped City J's units in boosting cost-effectiveness also in Social and Health Care:

This sort of neighbour help and neighbour chastisement began to help ... now conversations occur where it is said that you have such a low utilization rates [of premises] while I have so high rates, so you'll take the children that are now coming [to day care]. In that way they [PM tools] are really working tools. [Manager of Day Care]

Further, some changes in organizational practices were appearing in both cities; new projects were started, privatizations are approved by the politicians. The use of NPM tools reveals the benefits of the systems (e.g. ERP), makes the work and talks (also social pressures) more concrete and visible, and evens the path for new PM tools. When one tool is good at least in some units, the tool, as well as other tools, may be considered good for other areas too. Thus, the use of a PM tool helps to carry the institutionalization of NPM trend in cities.

We get positive feedback from politicians ... The cause and effect relations are now discussed in the budget and in the follow-up reports ... in a much more visual approach [with BSC and ERP]. In Social and Health Care, people have reported and forecasted with the pilot tools and their attitude has become much more positive. ... When we get to the phase that the fruits of work become visible, attitudes are likely to change fast. [Administrative Officer in City J]

Thus in City J, politicians, managers and professionals widely focus on PM with positive attitude which may also indicate some hybridization of social and health care professionals. Further, PM systems facilitated peer pressures through increased transparency. Also in City K, various pressures, especially fiscal and peer pressures were starting to affect the complex city organization.

At this moment the political atmosphere, all council groups have approved it, is such that things can actually be done. ... Probably the discussion that has been going on around economy and around the political agreement [consensus to improve the city finances] starts to have an impact. [Strategy Development Officer in City K]

However, the complexity of pressures and cultural features in a city may be the reason why change processes in municipalities are cumbersome and why tools for increasing efficiency (privatizations, PM, process re-engineering) have only lately been accepted.

DISCUSSION AND CONCLUSIONS

This study analyzed PM system use in the Finnish municipal field. The study employed new institutional sociology (NIS) and a wide variety of data (survey and field data). BSC is used with a legitimating emphasis especially in the situations of 'stony ground' of city administration where the institutional environment does not favour actual PM. For example, a 'balanced' view may be given, but the actual PM emphasis held by the CFOs is strictly financial and thus non-balanced by nature. This is an adaptation to the current fiscal and institutional pressures surrounding cities. However, this does not necessarily indicate deprived usefulness of the *idea* of BSC use because efficiency and legitimation may co-operate, and the topical pressures change (see DiMaggio and Powell 1983; Järvinen 2006).

The drastically conflicting normative NPM and medical pressures promoted loose coupling of PM rules and action (also Rautiainen 2008). Yet the use of accrual accounting systems and PM amplified normative NPM pressures and further encouraged the adoption of other accounting PM systems. Regardless of the other professional pressures, PM increased openness and facilitated internal, 'de-institutional' peer pressures to take action, even to create hybrid professionals (see Kurunmäki and Miller 2006; Oliver 1992). Although there were several intertwined pressures, as also suggested by Rautiainen (forthcoming), the institutional pressures such as social peer pressures were different between cities and between sub-units. Therefore PM emerged differently in the cities as well as in different sub-units. In City J, the professional norms in health care were affected by NPM pressures facilitated by accurate PM. In City K health care, social and normative pressures mostly emphasized medical care, not accounting PM and the political and management support was rather weak. Thus, in City K loosely coupled PM reports offered little information for financial management. In the central government the current NPM style 'ethos of modernity' was more noticeable. For

example large financial interim reports were examined in considerable detail and politicians were financially focused in the budget preparations.

BSC and ERP were considered in this paper as artefacts *carrying* 'modernity' and the current NPM ideas into public sector (see also Mouritsen 1989; Scott 2001, 77). In the case City J, new tools facilitated the operation of peer pressures because others knew how a unit performed when transparency increased between the units. The many institutional pressures embedded in accounting tools also clarify some of the complexity of the simultaneous processes of accounting change and stability (Figure 1, see Granlund 2001; Siti-Nabiha and Scapens 2005). In particular, change or stability are amplified (or attenuated) at some organizational levels by the normative pressures attached with a PM tool and culture. However, not all areas are as permeable as others, but the materialization of PM change depends on the professional 'ground' present, which may be 'good or stony' for PM use (also Kurunmäki and Miller 2006). In addition, new projects or unforeseeable regulatory changes may become 'thorns' which 'grow' and consume the time from the voluntary accounting PM developments and thus 'choke' actual accounting change.

This study analyzed BSC usage building on NIS. It was found in the pre-study phase that in some cities the financial perspective was not present in BSC, implying loose coupling between the views presented in literature and actual BSC use in practice. Further, causal connections between measures were assumed and existing PM was considered inadequate. This may well be the case in the cities, but *behind* these answers there is also an aim to portray oneself as 'modern' (see Arnaboldi and Lapsley 2004; Brunsson and Sahlin-Andersson 2000). This point, however, calls for further study in accounting change and pressures involved in it.

In sum, the field study indicated that BSC use is not always 'balanced' but for example the financial perspective often overrode the other perspectives, perhaps in 'true NPM style' (see also Lapsley 2008; Olson et al. 1998). Further, there were differences in the PM coupling observable among organizational units and levels, i.e. in different types of 'ground'. Further, many ideas of NPM movement have become institutionalized, i.e. they are taken for granted as portraying modernity. BSC as an NPM tool also acts as a carrier of the NPM institution, promoting economy and efficiency. This institutional view on PM tools contributes to understanding organizational PM use as well as accounting change and stability in the public sector context. However, further research is encouraged to analyze the processes of institutional 'carrying' in public sector accounting.

NOTE

¹ Culture may be defined as institutionalized values and ideas in organizations that shape human behaviour based on the organizationally adapted values prevalent within the larger society (see e.g. Bhimani 2003)

APPENDIX 1

Table A1 shows the survey answers of 8 relatively large Finnish cities (towns). Table A1 illustrates the prevalence of financial aspects in current PM. The numbers in Table A1 are on a 1-5 Likert scale (1 = totally disagree, 5 = totally agree). The survey respondents were financial officers.

City	Our current PM is enough	BSC-type as indicated in survey answers*	Survey: Most important performance measure	Clear cause and effect relations exist among performance measures
H	2	Non-BSC user	Attainment of Budget	4
J	2	Custom model*	Annual margin, annual margin %	4
K	2	Lumijärvi model*	Attainment of strategic targets	4
L	2	Custom model	Sufficiency of cash flow financing for investments, customer satisfaction	4
M	2	Custom model	Annual margin, amount of debt, personnel cuts, employment situation	5
O	4	Custom model	Annual margin, strategic targets	4
P	2	No reply	Annual margin, employment	2
T	1	Kaplan and Norton	No reply	4

TABLE A1. Illustration of some PM and BSC use aspects of 8 comparable Finnish cities (names changed).

* The BSC by Kaplan and Norton (1992; 2000) has *learning and growth, processes, customer, and financial perspectives*. The Lumijärvi (1999) version of BSC for the Finnish public sector includes *personnel, customer, processes and effectiveness perspectives*, i.e. the financial perspective is implicit. Also most of the 'custom BSC models/versions' did not emphasize the financial perspective (cf. the Strategy Map hierarchy by Kaplan and Norton 2000).

APPENDIX 2

Interviews made in City J in autumn 2007:

- 1) 27.8.2007 Administrative Officer (1 h 15 min)
- 2) 27.8.2007 IT-officer (1 hour 5 min)
- 3) 29.8.2007 Administrative Officer (Development) (1 hour 5 min)
- 4) 31.8.2007 Director of Social and Health Care (30 minutes)
- 5) 31.8.2007 Chief Financial Officer (CFO) (50 minutes)
- 6) 3.9.2007 The Chairman of the City Council (50 minutes)
- 7) 6.9.2007 Financial Officer in Culture and Education (50 minutes)
- 8) 6.9.2007 Manager of Day Care (50 minutes)
- 9) 6.9.2007 Director of Urban Planning and Engineering (1 h 10 minutes)
- 10) 7.9.2007 Chief Administrative Officer (1 h)
- 11) 10.9.2007 Administrative Officer in Social and Health Care (50 minutes)
- 12) 1.10.2007 Financial Officer and Administrative Officer (two interviewees) of Urban Planning and Engineering (50 minutes)
- 13) 3.10.2007 Chairman of the Board of Education (45 minutes).

Interviews made in City K in autumn 2007:

- 1) 24.9.2007 Administrative Officer (internal control) (1 h)
- 2) 24.9.2007 Chief Financial Officer (40 minutes)
- 3) 25.10.2007 Strategy Development Officer (55 minutes)
- 4) 25.10.2007 City Budget Officer (55 minutes)
- 5) 25.10.2007 Administrative Officer in Social and Health Care (50 minutes)
- 6) 8.11.2007 Financial Officer in Social and Health Care (1 h 10 minutes)
- 7) 8.11.2007 Director of Social and Health Care (50 minutes).

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