Institutionalization of Strategy and Management Accounting Change in a Cooperative Bank

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Abstract

In this longitudinal case study, a cooperative bank's strategy, related performance management changes, institutionalization processes, and change drivers are studied. Old institutional economics is used in explaining how organizational routines and rules change and become taken for granted. However, there are several internal and external drivers of change in the banking sector, including organizational culture and values, EU regulation, digitalization as well as communicational gaps and power relations among organizational levels affecting the success of the change process. Results indicate that in the case bank, operating in a highly institutionalized and regulated environment, not many organizational efforts were made to support the institutionalization of new strategy and management accounting change. Efforts were often manager-specific, promoting the status quo, and preventing most change attempts from proceeding towards institutionalization. They caused 'looping', repeated small and unsuccessful initial attempts at change, and decoupling. Looping and decoupling took place even though organizational values were internalized well at all organizational levels, and they could be combined with performance management and the different strategies employed over time and at all organizational levels.

Key Words: institutionalization, strategy, management accounting, values, cooperative banking, performance measurement systems

Introduction

Recently, the banking and financial sector have faced notable changes, including Basel solidity requirements, financial technology (FinTech, e.g. Micu & Micu, 2016), political decisions, such as the EU Payment Services Directive (PSD2 transposition in 2018, European Commission, 2019b), and digitalization. This changing competitive environment is urging banks to develop their strategy and business operations, including management control systems and organizational culture (see Auvinen et al., 2018; Sajasalo et al., 2016).

Moreover, in recent years, management accounting change research and studies have been focusing on industries other than banking (cf. Burns, 2000; Burns & Scapens, 2000; Järvenpää, 2007, 2009). Further, the theoretical frameworks used focus mainly on internal actors, although in some industries, external pressures have a great impact on an organization's operations and management accounting (e.g. universities, ter Bogt & Scapens, 2019). Both external and internal institutional environments affect the institutionalization of management accounting practices, e.g. how management accounting systems are changed and exploited at different organizational levels (ter Bogt & Scapens, 2019; Burns, 2000; Burns & Scapens, 2000; Tucker & Parker, 2015). Further, changes happening at external levels (political, economic and organizational field levels, each including several change factors or drivers) affect internal and organizational level changes as well (Dillard et al., 2004).

The interplay of institutional pressures, strategy, organizational values, and management accounting has not been studied widely in cooperative banking. Nonetheless, e.g. Teittinen et al., (2018) have studied the role of moral values in performance management in the cooperative bank, in which the operating logic may differ from commercial banks using more global and often centralized corporate or limited liability company form (see e.g. Becchetti et al., 2016). Further, only a few management accounting studies have also taken the operative level into account (e.g. Ho et al., 2014). Obviously, the operative level does not participate actively in strategy processes and management accounting, but the performance measurement systems and performance management have a direct effect on their work (e.g. how they are able to match their targets to organizational values and strategy).

Hence, this case study focuses on both management accounting change and strategy, and also on the initial first steps or attempts (tests) of change (called looping later in this paper) as well as on how they are institutionalized at different organizational levels in OP Helsinki, which is part of OP Financial Group. The research question of this study is:

How are management accounting systems changed and exploited during the institutionalization process of the new strategy at different organizational levels in a cooperative bank?

The data includes 30 semi-structured interviews dating back from 2013 to 2019. They were analyzed using interpretive content analysis (Lukka, 2005). The interviewees represent every organizational level of the case bank: operative level, middle management, and upper management. Since the strategy process is highly related to the organization's parent company, it is reasonable to also involve interviewees from there. The case bank is located in the Finnish metropolitan region.

The process of institutionalization

Institutionalization is originally a theory from sociology explaining changing processes in societies (Scott, 2014; see also Barley & Tolbert, 1997). In management accounting research, it has been adapted in institutional change framework by Burns and Scapens (2000), in which institutions, taken-for-granted assumptions, and rules and routines affect organizational and management accounting practices in time. It has been used and developed in several studies (e.g. ter Bogt & Scapens, 2019; Busco & Scapens, 2011; Dillard et al., 2004; Järvenpää, 2009; Siti-Nabiha & Scapens, 2005).

Burns and Scapens' (2000) framework consists of four processes: encoding, enacting, reproduction and institutionalization, which proceed between two of an organization's internal realms: the institutional realm and the realm of action. When the organization drifts into changing and developing its management accounting control systems, the change starts the process of encoding. During this, existing routines (ways of using the systems) encode institutional systems that have been there before. This eventually creates new rules (systems) and causes the creation and re-creation of the routines used. In the second process, the actors enact the routines and rules, which are questioned and developed. However, it is common that by the time implementation of the new system comes, the actors have started to rationalize earlier routines, which usually leads to resistance to change (Barley & Tolbert, 1997). According to Burns and Scapens (2000), in some organizations, earlier routines and institutions may become immune to change, which actually means that, for instance, implementing new control systems becomes very difficult or even impossible.

Gradually, the rules and routines reproduced and created in the earlier phases become taken-for-granted assumptions; habits and routines that have 'always been there' and are unquestioned. These new institutions and routines can either become fully accepted and thus immune to change, or they will eventually be encoded and, thence, the processes start again. Nevertheless, management accounting change may not happen perfectly or entirely according to this model, but the organization might loop their change attempts several times in the realm of action before institutionalizing. Hence, the change may never reach the final process and remains somewhat ceremonial (see e.g. Burns, 2000). According to Tucker and Parker (2015), this kind of ceremonial change is very common in organizations operating in an institutionalized environment. Since banks' operations are highly regulated and the industry itself is traditional, it is possible for ceremonial changes to occur in them. Additionally, Kinnunen (2018) made similar findings in her cross-sectional case study, and also noted that the strategy and PM systems stayed decoupled, and PM systems were not used to help the institutionalization process of the strategy.

However, Burns and Scapens' (2000) framework focuses on an organization's internal, micro-level institutions, whereas studying industries operating in highly institutionalized environments (the banking industry, see e.g. Dillard et al., 2004) also requires external institutions to be considered. Furthermore, ter Bogt and Scapens (2019) also introduce an organization's external change drivers affecting the process of institutionalization. These are broader institutions and generalized practices. Broader institutions can be seen as taken-for-granted assumptions that are shared in certain professional groups. Generalized practices are behavior typically conducted and expected by external actors who have power over the organization (e.g. in similar, benchmark organizations).

In the banking industry, such powerful external actors are international and national legislators (e.g. the EU and the Basel Committee on Banking Supervision). Two of the latest regulations have been MiFID II and MiFIR, which have urged banks to change their IT systems in order to meet the requirements (European Commission, 2019a). These kinds of massive external demands might temporarily put other system developments within the organization on hold and affect management and management accounting changes as well.

What affects change internally and externally?

There are several internal and external change drivers affecting the success of institutionalization in the beginning and during the process. Discussion on the types of drivers and their effect has been introduced, for example, by Burns & Scapens (2000) and Burns & Vaivio (2001). In the old institutional economics (OIE), there are several dichotomies of how changes can occur. Based on how moderate or radical the beginning of the change is, it may affect how intense the change resistance is. In their article, Burns and Scapens (2000, 18) provide three of these OIE dichotomies: "(1) formal versus informal change; (2) revolutionary versus evolutionary change; and (3) regressive versus progressive change". Formal change is usually a conscious decision, whereas informal change happens indirectly, for example, based on developed or changed habits and behavior. The revolutionary change affects wider routines, but evolutionary change is gentler since it is usually based on existing routines. In addition, regressive change helps the organization maintain and strengthen its existing, often ceremonial, routines and habits, and on the other hand, progressive change aims to modify them to achieve the best solutions for the organization (Burns & Scapens, 2000, 18–21).

The internal change drivers affecting the success of the management accounting change include the organization, and especially its culture. Busco and Scapens (2011, 323) define organizational culture based on Schein's (2010, 18) definition, "as an institutionalised phenomenon which binds time and space through ongoing processes of social interaction". It is characteristic for the organizational culture to be developed to resist internal and external threats, and usually it is taught to the newcomers as well. Järvenpää (2009) found that an organization also pursuing change in its organizational culture and other systems resulted in successful institutionalization of change.

In addition to organizational culture, power and politics in the organization also have an effect on the success of the change. Hardy (1996, 7–8) divides organizational power into four dimensions: resources, processes, meanings, and system, of which especially the power of system can be understood as an institution. The power of resources is used to control, for instance, incentives and punishment, funding, and employment contracts. The power of processes includes how and by whom organizational processes are planned and decided, and one example of this is whether the strategy is decided and implemented top-down or bottom-up. The power of meaning, on the other hand, is inside the organizational symbols, rituals, and language. Furthermore, Hardy (1996) found that successful organizational change requires the use of several of these dimensions. Burns (2000) and Battilana and Casciaro (2012), as well, state that if the change is too incomplete or the dynamics inside both the department and the organization are not supporting the change, it may cause conflicts between and inside organizational departments.

Further, the power of humans has a strong impact on acceptance and institutionalization of change as well, since people naturally have different tendencies to resist or accept the change (e.g. Giddens, 1984). Innovators constantly seek new and improved ways to operate, and are usually more open to change, whereas the late adopters need more time to process and eventually adopt the change (cf. diffusion model by Rogers, 2003, see e.g. Askarany, 2006). Additionally, they can react to change differently, causing positive or negative ambiance amongst their colleagues.

If the change is heavily challenging and threatening the organization's existing institutions, it is usually harder to implement (cf. OIE dichotomies, Burns & Scapens, 2000). Thus, it might also be strongly resisted. Burns and Scapens (2000, 17) divide this resistance to change into three elements, which can also be rather hard to anticipate: 1. "formal and overt resistance due to competing interests; 2. resistance due to a lack of capability (knowledge and experience) to cope with such change; and 3. resistance due to a 'mental allegiance' to established ways of thinking and doing, embodied in existing routines and institutions."

In addition, Burns (2000) found so-called ceremonial change, which may seem to be, and is perceived as, an institutionalized change by the organization, although only a small part of it is implemented. In management accounting, this kind of ceremonial change leads the accountants and organization to focus more on accounts and numbers themselves instead of actually using and analyzing them for decision-making. Further, organizations may end up keeping their official procedures separate from their everyday practices, causing decoupling (e.g. Tucker & Parker, 2015).

According to Dillard et al. (2004), OIE is good when studying organizational level/internal actors, but for understanding the effects of external change drivers, it is not suitable. Hence, their framework introduces external institutions at the economic and political level, organizational field level and organizational level affecting the institutionalization of organizational practices. Economic and political level drivers include national and international regulations and legislation, whereas organizational field level drivers include competitive situations and comparison to other organizations operating in the same field. Although their framework cannot be used to explain how strategy and management accounting change institutionalize within the organization, it can give perspective on understanding how or why the institutionalization either succeeds or fails.

Strategy and management accounting

Strategy is the organization's mid-term objective, which on the one hand leads towards the organization's long-term vision, and on the other hand is supported by the organization's short-term plans, including budgets. According to MacIntosh & Quattrone (2010), strategy is considered to be a management's keystone, which is used to combine management with the organization's mission. Furthermore, management's strategic decision-making is often supported by management accounting, which provides relevant information for management (Langfield-Smith, 2008).

However, there is no one simple opinion that is considered as relevant information. In some organizations, the focus has mainly been on the numerical and financial information, whereas in several studies it is argued that management accounting providing information for strategic decision-making should also include non-financial information, e.g. balanced scorecard (BSC) (Bhimani & Langfield-Smith, 2007; Lord, 1996). In the past decades, strategic management accounting studies have focused on certain techniques, including activity-based costing, strategic cost analysis, and strategic performance measurement systems (Langfield-Smith, 2008). In this paper, the focus is on a strategic performance measurement system (i.e. BSC), which is used for gathering data from operative level performance, and performance management, which traditionally has focused also on individual employees (Smith & Goddard, 2002).

There are several and somewhat obscure definitions of performance measurement systems based on the approach and field of the research (Franco-Santos et al., 2007). In the case bank, BSC can be seen as a performance measurement system (or tool) for managing and combining employee performance with the strategy and for providing information for the case bank's and its parent's executive boards (see e.g. Franco-Santos et al., 2007). Thus, in this case, performance management can be defined as "… an integrated set of planning and review procedures which cascade down through the organization to provide a link between each individual and the overall strategy of the organization" (Rogers, 1990, as in Smith & Goddard, 2002, p. 248).

Additionally, MacIntosh & Quattrone (2010, 153–154) argue that strategy can be seen as an ideological tool of control. That is, all the values, beliefs, routines and personal career goals create one complex package, i.e. ideology. When the strategy is based on this ideology, it is called the ideologically controlled organization. In that case, individuals are already acting according to the ideology, and the strategy can be more easily implemented or even institutionalized.

Methodology

This paper is a qualitative case study focusing on one subsidiary bank unit in a Finnish cooperative bank organization. Thus, this can be seen as a single case study in which, for instance, organizational processes, tensions, and social dynamics provide a rich background for studying phenomena in a specific context (Vaivio, 2008). The case bank, OP Helsinki (HOP), is the biggest local bank unit in the OP Financial Group, employing almost 500 people. It is also the only bank unit that is a subsidiary to the OP Financial Group, whereas other local bank units are cooperative member banks. Hence, the case bank's unique characteristics provide an interesting context for studying strategy and management accounting changes.

This study represents the interpretive paradigm, in which the phenomena in the social world are studied and experienced subjectively (Burrell & Morgan, 1979). Organizational operations including processes, management accounting, and decisions are thus not necessarily predictable and rational but, for instance, organizational actors may have conflicting demands and opinions (Vaivio, 2008). Interpretive qualitative methods give tools to take human actions, social structures, and organizations' internal tensions and worries into account as they may affect organizational success and failure (Parker, 2012; Scapens, 1990).

In this paper, the empirical data collection mainly occurred using semi-structured theme interviews in which the themes included strategy process, organizational values, performance management, and digitalization. The researcher belongs to the research group, which has been able to gather over 200 interviews in the OP Financial Group from several group member cooperative banks, parental organizations and its subsidiaries in the past decade. However, in this single-case study, the focus is on how strategy is institutionalized in a local organizational unit. Thus, 30 interviews conducted in the case unit, which had had strategy change during the interview rounds, were selected from the data. The selection of interviewees was based on relevant combinations of themes discussed in the interviews, i.e. strategy process and performance management, and the organizational level of the employee. Eight of the interviewees represented the operative level, nine the middle management, nine the HOP's executive board, and four the OP Financial Group's executive board. Twenty-five of the interviews were made during 2013–2015 after the strategy implementation and five in 2018 and 2019 after group-level strategic changes.

The interviews were analyzed using theory-based content analysis. In theory-based content analysis, the used theory gives a ready-set approach and concepts for studying the phenomenon, which, according to Hsieh and Shannon (2005), can help anticipate possible relationships between codes used. Furthermore, findings either support or disagree with the existing theories and thus develop them.

Findings

Case organization

The case organization, OP Helsinki (HOP), is a subsidiary company for the biggest Finnish cooperative bank, the OP Financial Group. In 2018, the OP Financial Group had 1.9 million owner-customers and 156 group member cooperative banks, who own the cooperative parental organization. The OP Financial Group is led by the President and Group Executive Chair (henceforth the President). The HOP case bank is led by the CEO and is the only bank operating as a subsidiary; the rest of the nine subsidiaries offer services for all of the group member banks, the case bank, and the cooperative parental organization. HOP's EBIT was 28.7 million euros in 2018, and OP Financial Group's EBIT was 1,017 million euros (OP, 2018a; 2018b). Interestingly, it has been a common impression that the largest banks of the group make most of the profit for the whole group, but based on these figures, it does not appear to be like that in HOP's case.

During the research period, there were several internal and external changes happening in both HOP and the OP Financial Group. Although this study focuses especially on PM and strategic changes, other changes or developments can affect them (cf. Järvenpää, 2009). Hence, some of these changes have been introduced in this chapter and in table 1.

	Internal	External
HOP level	- 3 CEOs during the period - Strategy "Leading bank in 2025 in the metropolitan region" implemented in 2013 - PM system changed before the research period - Need for additional Excel spreadsheets	- EU regulation (MiFID II and MiFIR) - Group level system developments to meet the new regulations - OP group strategy outstripping HOP's own strategy - Group's digitalization and AI
The OP Financial Group level	- The strategy changed in 2016: "Diversified services company" - The President changed - Steps back from the 2016 strategy (2018) - 5 must-win battles implemented to every subsidiary and cooperative member banks, outstripping HOP's own strategy - Digitalization and AI, including customer service robots and mobile apps	- Merging with POHJOLA causing cooperative negotiations - EU regulation (MiFID II and MiFIR) - System developments to meet the new regulations

Table 1. Internal and external change drivers in the case organization during the research period

Right before the research period, HOP had changed its strategy to "Leading bank in 2025 in the metropolitan region. The strategy was HOP's own, but it was consistent with the group strategy and got approval from the group. During the 2010s, the group strategy process proceeded in 3-year cycles, and at the beginning of the research period, the cycle was not implemented to every subsidiary and cooperative member bank. Thus, the group member banks' strategies did not necessarily follow the same timelines or target setting as a parental organization, although the organizational strategy-process has been a top-down approach (e.g. Kinnunen, 2018; Sajasalo et al., 2016). The organizational values, however, remained static and were similar for the whole organization during the review period: people-first approach, responsibility and prospering together (OP, 2019).

During the research period, the group had changed its strategy to "Diversified services company", which aimed at exceeding "traditional industry boundaries" (OP, 2016). This strategy change did not have direct effects on HOP's strategy. Nevertheless, after the change of the President in 2018, the group strategy was rethought and it was clarified to five key areas, or "must-win-battles", which was in some interviews considered as stepping back to basic banking. These developments also affected the independence of the group member banks, and they no longer had their own strategies and targets, but took the parental strategy as it was and chose targets from the ready-made template. The case organization's strategy timeline continues until 2025, but the parental strategy has outstripped it, and by the end of the research period, its role has become a mission instead of strategy.

In addition to these strategic changes and developments, the case organization had faced several changes already in a few years before the interviews: they had changed some of their IT systems, including PM and CRM systems; HOP had had co-operation negotiations, causing redundancies and re-organizing the structure; their CEO had changed; and they were starting to implement new strategy. During the period under review, the CEO of the organization changed twice (later referred to as CEO 1, 2 and 3) and the regulations, including MiFID II, forced the organization to develop their IT systems to follow the new regulations. Further, the technological development in society has proceeded so rapidly that, during this time, the mobile apps, robots, and other digital improvements have changed the way of business and customer service.

According to Järvenpää (2009), MA change can be successful if other organizational changes are not preventing (or even supporting) it. Although there were several organizational changes at the group and local level during the research period, the changes were made to enhance business, whereas financial accounting practices largely remained the same, i.e. were at least not supporting accounting or MA changes. Some of the changes, e.g. the "5 must-win-battles", seemed to be made in order to legitimate and maintain existing organizational culture and institutions. Hence, the MA change also remained somewhat ceremonial and did not go beyond initial attempts of change (loopings).

Operative level

Eight of the thirty interviews were made at the operative level of the case organization. The interviewees represented three of the four business segments and two of them worked as a controller.

About a year before the research period, the organization had changed its IT systems, including PM and CRM systems. At the beginning of the implementation, there had been several issues and difficulties, causing the operative level to use additional Excel spreadsheets for monitoring their performance. Although the systems had improved later, the operative level was not ready to trust them. Especially in the beginning of the research period, it was rather common to use 'multi-entry bookkeeping', i.e. personnel had to enter their outputs (sales of loan insurances, customer meetings, etc.) into several different and partly overlapping databases, and additional Excel spreadsheets in order to keep on track with their performance targets. Although the performance measures were customized for every business segment and, thus, their need for additional spreadsheets differed, every interviewee had to use some additional spreadsheets. Some of the interviewees were frustrated about this and some were so routinized with their Excel spreadsheets that they did not question their use.

According to the middle management, the new systems should have been extensive enough to substitute the multi-entry bookkeeping, and on the other hand, according to the HOP Executive Vice President, the need for additional Excel spreadsheets results from wishes to set targets, which do not come directly from the systems. However, the scorecard for the operative level was Excel-based, and it was created and operated by the controllers. Although, during the research period, the use of systems got better and more routinized and the targets selected were fitted with the system reports, the need for Excel spreadsheets remained in some business segments. Further, ongoing digitalization did not seem to affect HOP's PM systems, but e.g. mobile apps and customer service robots were additional tools for the operative level to use in their work.

During the cooperative negotiations, the controllers were re-organized to work for the parental organization. Because of that, they were given more duties and they no longer worked in the same building with their former co-workers. This caused more stress and confusion, since they had to create and supervise the new scorecards, but they were unable to get the same kind of direct feedback from the field that they were used to. There were also a lot of misunderstandings and information gaps between the controllers and the business controllers and CFOs, who stayed at the case bank. Although the controllers were still able to participate in strategy processes and setting the targets together with the HOP executive board, their duties had changed more towards reporting and improving the systems with the ICT department instead of actually analyzing the data:

> "In my opinion, the reporting should support management's decision making and preferably being more than just swatting the numbers, since it doesn't… Or okay, you see how it has gone, but I wished more some kind of analytical role" (Controller, operative level.)

The targets for the operative level were either monetary-based or measured by the number. In some segments, the employees were ranked based on their scorecards. However, the performance reviews were founded on the scorecards but the discussions focused mainly on other relevant and qualitative issues affecting their performance. Most of the employees felt that although their targets were high, their managers and the whole organization appreciated their efforts and they were applauded for their success. Nevertheless, the interviewees complained about the ambiguity and unfairness of the reward systems.

After the cooperation negotiations, the CEO 1 started the strategy implementation process with great enthusiasm and visited every bureau of the organization to introduce and tell more about the new strategy and the ethical values of the organization. Thanks to these CEO 1 visits and additional value training days, every interviewee recalled the strategy and at least two of the three values at the beginning of the research period. However, they were confused about how the strategy would be achieved in their everyday work. According to the HOP executive level, they did not want to add more stress to the operative level with too detailed information, but this approach was not suitable for most of the operative level interviewees.

> "We would like to ask the CEO 1 that what they're going to do to support our strategy. That we want to grow with this speed and we would need some provisions for that. –– These kinds of things have not been told. Now everyone does the way (s)he thinks is the best. So that does not seem to be that controlled." (Operative level employee.)

Furthermore, most of the interviewees felt they were able to work based on organizational values and their targets could be combined with them. However, in the business segments where the external competitive situation and thus also the strategic targets were more intense, the interviewees felt that the organization did not provide moral support for them to combine the organizational values and performance targets in everyday work:

> "Of course, this bank has been trimmed to be a hard scoring machine, so how ethical our operations can actually be. That in that value base we have, all the thoughts are super ethical, but I'd like to see them in action too. –– In very intensive competition, the values can be left aside, and the sales dominate" (Operative level employee.)

A few years later, the values of the case organization were still well recalled, but the strategy, on the other hand, was almost forgotten and it was seen more like a vision than a strategy. During this time, the CEO had changed yet again (CEO 3) and the discussions about the strategy and all the strategy training days were for the middle management only. Thus, there was no longer strategy implementation, but the focus was mainly on targets. Moreover, some of the regulations, including MiFID II, came into effect, causing more work for the operative level. In addition to their own 'multi-entry bookkeeping', i.e. using several partly overlapping databases, to track their personal performance targets, they had to fill forms and systems so that the legality of customer meetings could be proved. The use of the systems was mainly mechanical, and the level of the digitalization and the functionality of the systems differed between the business segments. Further, the targets for the operative level were no longer based only on the case organization's own strategy, but also on the parent organization's strategy. Thus, the effects of the matrix structure increased during the research period.

Although the use of the PM systems got more routinized during this time, it stayed at a very mechanical level. Similar to Burns' (2000) findings, in this case, the accounts themselves seem more important than the accounting, i.e. the use of information, which was mentioned also by the controllers. Hence, at the operative level, the strategy and the PM systems were not combined and institutionalized, but their relationship began ceremonially and ended up being somewhat decoupled. However, the meaning of the values and their connection to the PM stayed at a higher level during the whole research period.

Middle management

As the strategy implementation process proceeded top-down, the middle management had an important role in retailing it to their subordinates. However, the middle managers were not given any specific or numeric information on how it was planned to achieve the strategy, but they got annual targets for their units. Every manager recalled the strategy, or as most of them said, vision, but there was no consensus on what it actually meant. Some managers had made their own calculations of the strategy, but they did not share them widely with their subordinates or colleagues.

The strategic information and annual targets from the executive boards (parent and local) were too abstract for managers to retail them forward. Hence, every manager had to make their own decisions on how they were going to combine the strategy and their subordinates' targets, causing mismatching between different units, bureaus and business segments. Furthermore, the external competitive situations differed substantially, causing confusion about the roles of the business segments in the strategy achievement plans.

> "I know that it [the strategy] means leading in the consumer sector in market share––. And it is kind of simple. But when I think it from the business sector, I don't think it's that clear. –– We can't watch individual companies, –– it is hard to get the same kind of market share image from that. In my opinion, it is still unspecified, what it means in the business sector." (Middle manager.)

Management accounting and PM systems, on the other hand, mainly caused frustration amongst the managers, and they knew that the systems and multi-entry bookkeeping "piss the operative level off" as well (Middle manager). After the reorganization and controllers moved away, the managers were unable to have as close cooperation as they were used to. Earlier, the controllers were working only for HOP, but now they also had to work for the group and other branches, so the managers were worried that the quality of the reports and cooperation would decrease. Additionally, there had been some significant issues in reporting systems, causing the managers to get outdated information. One interviewee was also worried that most of the reports and information were focusing on figures from the past, although from the strategic point of view, there should be other, more future-oriented, measures besides the customer satisfaction.

A few years later, the middle managers admitted that no one talks about the strategy anymore, but it has become the vision and the parent organization's strategy has become more dominant. Further, the connection between the strategy and the targets had faded during this time. However, compared to earlier, the weight of customer satisfaction had become bigger, which seems consistent with the prevailing strategy of the group. Although the strategy has been part of the middle management meetings, its role is no longer supported, causing also the middle management to stay in the realm of action in Burns and Scapens' (2000) framework.

HOP executive board

The case bank's executive board participated in the strategy process more than lower levels, although the decisions and guidelines for targets were given top-down from the group. Also, the HOP executive board considered their strategy to be more like a vision or even a mission, but according to them, it was important to implement it in the whole organization in order to keep the organization on the right track. Interestingly, some of the local executive board, the CEO 1 included, felt that it was not important for the operative level to know too detailed information about the strategy, targets and their connection. However, especially the management accountants disagreed with that view:

> "Because people should have some more concrete target, at which they aim. If everyone were aiming only at this 2025 target, it wouldn't become concrete in everyday actions as well as it becomes concrete with these numbers and targets based on the calculations." (Business controller, HOP executive board.)

Although the HOP executive board did use a lot of management accounting data in their strategy process, they did not create any new or specified strategic targets, but the basic annual targets were, in fact, consistent with the strategy. Nevertheless, not even this information was given to the middle management and thus to the operative level, causing a gap between these levels. This gap might also have affected the decoupling of strategy, performance measurement and management accounting at the lower levels.

Moreover, all the reports the management accountants and the HOP executive board were using differed from those used at middle management. The local executive board did not seem to know or understand the reporting problems at the lower levels. Hence, they were not able to give more guidelines and instructions for the middle managers so that they would not have to do multi-entry bookkeeping. However, the local executive board was not entirely pleased, either, with the reports they were given, and some of the data were argued to be outdated or irrelevant. The management accountants seemed to be rather satisfied with the reports they got from the controllers. On the other hand, that might have resulted from their more intensive collaboration leading them to know each other better. For instance, one interviewee, who has been working in the organization for years and during the research period had been promoted from HOP executive board to the OP Financial Group, said:

> "Yeah, I do have a better chance to get those reports. And with these large organizations… it's the fact that I have been here for a long time. I know more people. I have probably done something good for these people because I get from them, sometimes I think I get much more than some others who go asking for the same." (Local executive vice president)

Nevertheless, the amount of the measures and reports the local executive board used was massive, and some of them were not given as ready, but they had to calculate and analyze them more in order to get relevant information for decision-making. Further, some interviewees were worried that the data they got may not have been perfectly objective or true, since the ones who fill the forms and reports might think differently from those who analyze the data. Additionally, the organization had several reporting systems and, since their interface did not work perfectly, there were some differences in the numbers. However, the management accountants had noted the risk and were satisfied with the data, which was truthful enough for their decision-making.

The moral values seemed to be internalized quite well, and the local executive board stated that the values are also guiding the strategy process, target setting, and management accounting. Nevertheless, there was no clear consensus on how actively the values were involved, meaning whether they were more in the background or considered all the way during the processes. According to a local executive vice president, CEO 1's value-oriented leading helped to understand the meaning of the organizational values. CEO 1's interest in values and his visits to local bureaus helped to bring the organizational values to every organizational level, and almost every interviewee at every level recalled at least two of three values. Most of them also felt like they were able to work based on those values, despite the fact that at the end of the research period, he was no longer the HOP's CEO.

As there had been several smaller and bigger changes during the research period, the local executive board seemed to be unable to actually institutionalize the strategy and the management accounting, but the changes were more like looping in the realm of action between the processes of enacting and reproduction. However, the values and the using of reporting systems seemed to have proceeded more towards the institutionalization.

Parental executive board

Although the main focus of this study has been on HOP, based on the organization's strategy process, it is also relevant to have a few interviewees from the parental executive board. Additionally, the organizational values were decided and implemented by the parental group and were similar for the whole organization. The parental executive board seemed to be able to combine values with their operations, but the connection between the management accounting and strategy could not be clearly found (cf. Kinnunen, 2018). Before and during the research period, the organization had faced massive external and internal changes, including merging with one of the largest Finnish insurance companies, cooperation negotiations, change of the President and EU-level regulations, which affected i.e. their operations, IT and reporting systems and organizational structure.

The digitalization and the IT system updates were mentioned in parental executive-level interviews from the beginning of the research period. The aim was to have a consistent and centralized strategy, performance measurement, targets and IT system for the whole organization nationwide. Although the parental executive board had approved HOP's strategy, it could be seen that the parental strategy would eventually overwrite that. Eventually, by the end of the research period, the earlier strategy had become a vision, the parental strategy was also affecting the annual targets of the case organization, and the matrix structure of the organization was shown.

On the other hand, the parental executive board had to get and use relevant data from every bank, so it was convenient for them to unify the operations. Since the case organization is the largest bank of the organization, it had had special treatment, and changes affecting this kind of position can, of course, cause resistance. Further, it had been quite common that the banks were given only basic guidelines for their strategy and target setting and they were able to impact them. However, as they anyway had to get approval from the parental executive board, the responsibility and power seemed fictitious. At the end of the research period, this individual power was taken away, the parental strategy and measurement template were given to the banks, and the banks were able to choose relevant measures based on their own emphases and characteristics (i.e. customer segments, region, customer acquisition) from the template. The main findings are summarized in the table 2 (p. 20).

Although the IT systems and digitalization had been discussed in the interviews throughout the period, the development had not proceeded as smoothly as it had been hoped. On the one hand, mobile apps and customer service robots have become a part of everyday life for customers and employees. On the other hand, the internal IT infrastructure is so large and thus difficult to control, and its development would be "insanely expensive" (Middle manager). Additionally, the MiFID II directive was such a massive challenge for the IT systems in most of the European banks that it also put all the other system developments on hold in HOP (Middle manager). Table 2 (p. 16) summarizes the main findings of the study according to the organizational levels and regarding the key change drivers.

Discussion and conclusions

In the HOP case organization, the bank level strategy process seemed to start with great enthusiasm, but its role was not sustained for the whole strategic timeline (2013–2025). In fact, the role of HOP's strategy was altered to HOP mission, "leading bank in 2025 in the metropolitan region", and the new (2016 onwards) group-level OP strategy, "Diversified services company", began to have a higher impact on HOP's operations. Nevertheless, the diversified services strategy was re-focused and clarified into "5 must-win-battles" by the new

	Operative level	Middle management	HOP executive board	OP group executive board
Strategy	Well memorized at the beginning, but in the end, its meaning faded. Further, the way it was going to be achieved was not understood.	Well memorized, but the meaning had altered from strategy to mission. Connection with the PM confusing, causing middle managers to make personal calculations.	Well memorized, but the meaning was mission or vision from the very beginning. Management accounting was used during the process, and targets were consistent with the strategy.	In the beginning, they wanted to retain HOP's own strategy, but in 2018, group strategy outstripped it.
Performance measurement and management	Mistrust with the systems eased during the period. Using was routinized, but 'multi-entry bookkeeping' caused frustration. Need for e.g. additional Excels differed between business segments.	Operative level's multi-entry bookkeeping seemed irrelevant, but targets were not entirely based on PMS. Later, targets were taken from group's ready-made templates.	Used different data, so there were fewer problems. Cooperation with controllers was more intense than at lower levels. Some data were outdated, but they were truthful enough.	Group's aim was to centralize performance management for the whole organization, and banks were given a ready-made template to choose relevant targets from.
Values	Well memorized and internalized, even institutionalized. Most of the interviewees felt they were able to work based on organizational values.	Well memorized and internalized, even institutionalized. Most of the interviewees felt the strategy and targets were consistent with organizational values.	Well memorized and internalized, even institutionalized. Most of the interviewees felt the strategy and targets were consistent with organizational values.	Values were considered important and they were guiding the group's operations.
Digitalization	Digitalization did not affect PM, but it offered additional tools for customer service.	PM systems were considered partly outdated, and digitalization was not directly affecting middle managers' tools for doing PM.	Management accounting systems' interfaces were not cooperating perfectly. Digitalization did not seem to have an impact on performance management.	Digitalization was important, but the developments did not proceed smoothly, partly because of e.g. MiFID II regulation.

Table 2. Main findings

group President in 2018. During this period, management accounting and accounting figures were considered important, but they were not combined with the strategy process at the operative or middle management level (cf. Sajasalo et al., 2016). Based on HOP's CEO 1 and the HOP executive board's decision, the communication of the strategy implementation focused more on organizational values and basic information instead of giving detailed information on strategic targets or how, e.g., the BSC was used to achieve the strategy, although at the executive level the connection between the strategy and annual targets was rather clear. Hence, there was no evidence to be found that the performance measures were strategic from the operative and middle management level perspective.

Further, local and parental executive boards considered annual targets to be connected with the strategy. However, as it was in Rogers' (1990, as in Smith & Goddard, 2002) definition, the performance management should provide a link between the individuals and strategy, but in this case, the link could be found only at higher organizational levels. Despite the engagement of the lower levels by the CEO 1 visiting every bureau, this kind of strategic communication and lack of individual-level performance management caused confusion amongst the operative level and middle management and created the gap between them and the executive boards.

Additionally, the changes of the CEO and the President affected the way strategy and targets were implemented in the case bank. At the end of the research period, the strategic information was given only for middle management. Hence, there is evidence of how leaders' personal style and way of thinking have power over others, although the power provided by the nominal position remains similar (cf. Giddens, 1984; Hardy, 1996). However, CEO 1 did not seem to be using his charisma to support strategic performance management, but his focus was on strategy and values.

Since the management accounting systems had changed right before the research period, the focus of this study was on their possible institutionalization. In the beginning, there were several issues, including outdated and irrelevant reports and multi-entry bookkeeping, causing distrust in systems. Despite the distrust, the users were given no option, so the use of the systems was routinized, although not every segment was able to give up the multi-entry bookkeeping. Additionally, the amount of different and partly overlapping systems (e.g. Excel, PM, and CRM), and regulations (e.g. MiFID II) were affecting how OP as a group was able to answer the evolving digitalization. For instance, according to a few interviewees, the MiFID II was putting all the other system developments on hold, and on the other hand, the current systems were partly outdated and so complex that the costs of their comprehensive development will be quite massive. Further, these change drivers also affected how well or poorly every organizational level was able to use and exploit the existing systems.

The digital developments, including mobile apps, customer service robots, and internal communication channels, seemed more like symbolic extra layers than actual developments or help for the management or institutionalization of any new management accounting system. Kinnunen's (2018) cross-sectional case study indicated that the higher organizational levels were further in the institutionalization process proceeding towards the institutional realm. However, in this longitudinal study, the external and internal change drivers can take effect in a very short period of time, causing previous change attempts to loop in the realm of action, often leading to status quo and preventing more thorough institutionalization.

Although it seemed that the use of the MA systems was rather routinized, the changes in internal (e.g. strategy, CEOs and the President) and external levels (e.g. the economic and political level, including EU regulations) seemed to happen rather rapidly, causing some of these internal changes to be looping in the realm of action, i.e. initial first steps or attempts to change actually remained as attempts and no other acts were taken in order to support them. Additionally, the organization was not making clear decisions about when to end previous changes, and those initial first steps were staying in the background at the same time as new changes or change attempts were implemented. In Burns and Scapens' (2000) framework, the same management accounting change could proceed between the processes of enacting and reproduction, oftentimes before institutionalizing. Also in this paper, there seemed to be several partly simultaneous change attempts, of which some seemed, however, to proceed towards new rules and routines, whereas some were, in fact, left aside, appearing only as momentary attempts to change, i.e. looping in the realm of action (thereby contributing to Burns & Scapens, 2000).

As the digitalization has become a very comprehensive phenomenon in the last decade, its significance to organizational and management accounting changes, as well as to the societal level, should be taken into account in studies. In the banking industry, robotics, mobile apps and other technological innovations have affected markets and competition, and consumers are also demanding new kinds of services nowadays. At the same time, rapidly developing technologies, including contactless payment features or even cryptocurrency, have caused pressure towards legislators and regulators as well (e.g. PSD2, European Commission, 2019b). The laws and regulations concerning digital and technological issues, on the other hand, are affecting, either directly or indirectly, organizations and their competitors. Thus, when studying internal changes in organizations, the digital level should also be acknowledged and considered as one additional level affecting all the political, economic, field and organizational levels introduced by Dillard et al. (2004).

Organizational values, however, were internalized or even institutionalized during the research period, and most of the interviewees were able to work according to these values. Similar to Teittinen et al.'s (2018) findings, the values were easily combined with management accounting and performance management. Additionally, the values were said to be taken into account during the strategy process and when planning the strategic targets. Nevertheless, strategy and management accounting's connection with the values and organizational culture did not help them to institutionalize, but they stayed decoupled (cf. Järvenpää, 2009). Further, the power of the existing institutions (e.g. organizational ideology, cf. MacIntosh & Quattrone, 2010) was so strong that it took only a couple of years to step back from the new and more wide-ranging strategy and focus on basic banking.

As can be seen, the process of MA and PM institutionalization in banking and the cooperative context is very complex, and there are several internal and external change drivers affecting it both directly and indirectly. Cooperative banking, its special characteristics (e.g. complex organizational structure) and organizational values in the changing world thus provide several possibilities for both further longitudinal and cross-sectional studies.

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