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## Abstract

This paper examines how managers in a Danish municipality balance tight budgetary control with flexibility when providing quality services. Using the levers of control framework as an analytical lens, the study shows how managers tackle complexities and uncertainties using accounting information and interactive control processes. Furthermore, it demonstrates how control processes enable professional judgments while simultaneously achieving tight budgetary control. While previous research within social services has often emphasised resistance to accounting information, this study shows how interactive control systems facilitate innovation and achieve tight budgetary control.

## Introduction

Austerity politics (Bracci et al., 2015) in the wake of the financial crisis has put pressure on municipalities facing demands to comply with budget goals while providing quality welfare services (Bukh et al., 2021; Johansson and Siverbo, 2014; Van der Kolk et al., 2015). The emphasis on tight budgetary control (Van der Stede, 2001) has consequently added to the complexity of public policy, especially within social services, where problems are often seen as ill-defined, interlinked, and reliant on political judgments rather than scientific certitudes (Head, 2008). Such challenges within social services have been termed “wicked problems” (Devaney and Spratt, 2009), based on Rittel and Webber’s (1973, p. 160) characterisation. Further, the increasing focus on accounting systems and accounting information within social care has been described as a conflict between “costing and caring” (Llewellyn, 1998a), with research focusing on how accounting shapes and forms actions (Bracci and Llewellyn, 2012; Carlsson-Wall et al., 2016; Kraus, 2012; Schröder, 2019a, 2019b).

Budgetary challenges following austerity policies may urge public sector organisations to amplify and refocus their budgeting processes toward tighter budget control (Johansson and Siverbo, 2014), where top management does not readily accept budget revisions during the year and does not lightly tolerate deviations from interim budget targets (Van der Stede, 2001). Although tight budget control may initially improve an organisation’s financial position, it can be less effective over the long term (Van der Kolk et al., 2015). Concerning organisations within the public sector, Batac and Carassus (2009) have emphasised that multiple objectives must continuously be managed. The demands often conflict (Ahrens and Ferry 2015; Van der Kolk et al. 2015; Llewellyn 1998a, 1998b). Complying with such potentially conflicting goals may

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require management control systems (MCS) to balance different control elements and principles (Bukh and Svanholt 2020; Kober et al., 2007; Kloot, 1997).

Previous studies on Management Control (MC) have recognised the complexity of providing welfare services (Kominis and Dudau, 2012; Kloot, 1997; Kober, 2007). Further, the literature on MC within social services (Head and Alford, 2015; Blackman et al., 2006; Durant and Legge, 2006) has indicated that interactive forms of control (Simons 1995) can help resolve conflicting demands. However, less emphasis has been placed on how MC is actually used when facilitating tight budgetary control within social services. This study consequently addresses the following research question: What are the uses and roles of MC when coping with tight budget control within social services?

Simons (1995) proposed the levers of control (LOC) framework in order to understand how tensions “between freedom and constraint, between empowerment and accountability, between top-down direction and bottom-up creativity, and between experimentation and efficiency” (Simons, 1995, p. 4) could be managed. Simons identified four types of control systems; two of them, belief systems and interactive control systems, have an enabling role. In contrast, the other two, boundary systems and diagnostic control systems, were described as having a constraining role, c.f. Tessier and Otley (2012). Some authors, e.g., Gilson et al. (2015) and Hirst et al. (2001), conclude that control systems can constrain behaviour and reduce creativity. However, Speklé et al. (2017) have shown that the tension between control and creativity can enable desirable actions (Marginson et al., 2014).

In the literature applying the LOC framework, interactive control systems, defined as “formal information systems that managers use to involve themselves regularly and personally in the decision activities of subordinates” (Simon, 1995, p. 95), have received the most attention (Martyn et al., 2016). A number of previous works within the public sector (Kastberg and Siverbo, 2016; Batac and Carassus, 2009; Kloot, 1997; Kober et al., 2007; Kominis and Dudau, 2012) have demonstrated that the traditional use of control systems complemented interactive forms of control to balance predictable goal achievement with creativity, innovation, organisational learning, and the management of uncertainties.

The empirical part of the paper is based on a case study of a Danish municipality (hereafter referred to as “Delta”), in which interactive forms of control have complemented traditional control systems. This paper draws on Simons’ LOC framework (1995) as a “theoretical lens” (Lukka and Vinnari, 2014, p.1309) to understand how MC elements can be combined to form an MC system. In addressing the research question, the paper makes two overall contributions.

First, the paper contributes to the literature on how accounting shapes and forms actions (Bracci and Llewellyn, 2012; Carlsson-Wall et al., 2016; Kraus, 2012; Schröder, 2019a, 2019b) by illustrating how interactive control systems can enable professional judgments, facilitate innovation and secure tight budget control. Specifically, the paper demonstrates how control processes can enable public sector organisations to make room for innovations that support their overall performance. It also contributes to the literature showing how managers

and professionals address societal challenges, termed “wicked problems” (Noordegraaf et al., 2019, Termeer and Dewulf, 2019).

Second, the paper contributes to the stream of literature that adopts the LOC framework to interpret the findings concerning MC within the public sector (Batac and Carassus, 2009; Bukh and Svanholt, 2020; Kober et al., 2007; Kloot, 1997; Kominis and Dudau, 2012; Nyland and Pettersen, 2004; Pettersen and Solstad, 2015) by demonstrating the important role of budgeting and planning within the public sector. Specifically, the paper illustrates how interactive control systems provide room for professional judgments in social services while fostering innovation and securing tight budget control.

The remainder of the study proceeds as follows. In the next section, we introduce the LOC framework used in the empirical part of this study, while the following section describes the research design. After presenting the empirical results in a separate section, we discuss how the planning and control systems are used when facilitating tight budgetary control in the section that follows. The final section concludes the paper.

## Analytical Framework

MC, the purpose of which is to implement strategies and attain organizational goals, encompasses many elements. Such elements not only include accounting techniques but also include values, rewards, and compensation principles (Malmi and Brown, 2008). Rather than studying the functions of accounting techniques as specific elements, many researchers (Bedford et al., 2016; Malmi and Brown, 2008; Van der Kolk, 2019) have argued that the function and effect of MC elements should be studied as an integrated MC package. Moreover, adopting a package approach implies studying the potential interactions between one or more MC elements. Following Grabner and Moers (2013), a group of MC elements is considered an MC system if they are interdependent and if managers take such interdependence into account (Van der Kolk, 2019).

### LOC framework

This study draws on the LOC framework of Simons (1995) as a “theoretical lens” (Lukka and Vinnari, 2014, p.1309) for understanding how MC elements can be combined to form an MC system. In this way, the LOC framework focuses just as much on the interplay between the MC elements as on the technical attributes of the control elements. The LOC framework was developed based on studies conducted in companies in the private sector (Simons, 1990, 1991, 1995). However, among the 45 studies that Martyn et al. (2016) identified as using the LOC framework, 11 were performed within the public sector (e.g., Kruis et al., 2016; Speklé et al., 2017; Cuganesan and Donovan, 2011).

Among the four types of MC described by Simons (1995), two of them, belief systems and interactive control systems, were defined by Simons as “positive” controls, while the two other, boundary systems and diagnostic control systems, were described as “negative” controls. To avoid confusion with the quality of the controls, we use the same terminology as Tessier and Otley (2012) and term the MC systems as “enabling” and “constraining” rather than positive and negative.

The first part of the LOC framework (1995) contains belief systems that promote searching for new opportunities. Further, belief systems commit organizational members to corporate objectives by communicating values, purposes, direction, and inspiration. Boundary systems, on the other hand, are constraining systems which, according to Simons (1995), specify the scope and the limits of the search activity. Thus, it limits exposure to strategic risk by establishing the “rules of the game,” defining what is acceptable and identifying actions and pitfalls that employees must evade to avoid wasting organizations’ resources. Any MC element that constrains behaviour or sets standards can, as emphasised by Frow *et al.* (2010), has the role of a boundary system.

The role of diagnostic control systems is to coordinate and monitor the implementation of the intended strategies by identifying exceptions and deviations from chosen plans (Simons, 1995, p. 59). In this way, the diagnostic control systems are the traditional use of MC, where the result of feedback received about performance leads to corrective actions (Bedford, 2015; Marginson and Ogden, 2005; Mundy, 2010). As Speklé and Verbeeten (2014) note, goals need to be clear and non-ambiguous when part of diagnostic controls. Thus, managing wicked problems through traditional diagnostic controls is challenging and insufficient because of the difficulties in defining goals and measuring outcomes (Blackman *et al.*, 2006).

Interactive control systems are similar to diagnostic control systems in the sense that they are feedback and measurement systems, as emphasised by Martyn *et al.* (2016). However, the distinction between the interactive and diagnostic control systems is related to the use of the information rather than the techniques used. Interactive control systems are defined as those “that managers use to personally involve themselves in the decision activities of subordinates” (Simons 2000, p. 216). While Simons (1995) recognized that diagnostic controls constrain flexibility, learning, and innovation, he also noted that they guide emergent strategies. Using interactive controls, top-management attention is directed to uncertainties, threats and opportunities as competitive conditions change.

Studies that draw on the LOC framework within the public sector (Kloot, 1997; Kober, 2007) have demonstrated how interactive control systems can facilitate innovation, organizational learning, as well as strategy development. Kominis and Dudau (2012) have, based on the LOC framework, shown how diagnostic control systems might be used interactively within the public sector. Further, Widener (2007) has shown how control systems can facilitate and structure debates, thus enabling an organization to be innovative. Additionally, the inability to employ a balanced use of boundary systems may, according to Sprinkle *et al.* (2008), result in the system becoming too rigid, thereby preventing employees from seeking alternatives or more adequate solutions.

### Management control within social services

Research has often emphasised how management accounting and control techniques have colonized professional cultures and threatened professional culture. This has also been the case with social work, where relationships have been a primary tool since the 1970s (Parton, 2008) and where the increased use of techniques of computation and calculation, procedures of examination, and

standardization (Miller and Rose, 1990, p.8) challenge the meaning of social work. Further, when budget controls are tightened, they can conflict with needs for flexibility (Francesco and Alford, 2017) and be less effective over the long term (Deschamps, 2019; Van der Kolk et al., 2015). Research has, however, also shown that professional work can be reconciled with accounting techniques (Bukh et al., 2021; Kraus, 2012; Kurunmäki et al., 2003; Llewelyn, 1998a), that professionals can become committed to financial targets and that they can be willing to accept financial responsibility (Lehtonen, 2007; Kurunmäki et al., 2003; Kurunmäki, 2004).

Contrary to these optimistic accounts related to the use of management accounting and control, research within social services (Carlsson-Wall et al., 2016; Kraus, 2012) has shown that front-line professionals tend to “resist accounting practices that are perceived to conflict with their clients’ need” (Carlsson-Wall et al., 2016, p.220). In general, professionals often respond with resistance (Liljegren, 2012; Noordegraaf, 2015; Schott et al., 2016) because they perceive the introduction of new accounting techniques and controls as threats to their autonomy (Buckmaster, 2018; Purcell and Chow, 2011) or because the systems fail to consider and include professional, unique characteristics in their designs as shown by Abernethy and Stoelwinder (1995).

The problems to be solved within social services have been termed “wicked problems” (Devaney and Spratt, 2009). They have been seen as ill-defined, interlinked, and reliant on political judgments rather than scientific certitudes (Head, 2008). Managing wicked problems represents a significant challenge, particularly in social services, due to the difficulty of predicting and understanding their causes (Head, 2008) and the lack of technical knowledge regarding problems and their solutions (Llewelyn, 1998). Jacobs and Cuganesan (2014) remarked that many challenges associated with tackling wicked problems implicated accounting. This is not only a matter of measuring whether interventions are working, given the nature of wicked problems, but it is also a matter of “[h]ow to account for outcomes that emerge in the long term and as the indivisible result of the effort of many contributors” (Jacobs and Cuganesan, 2014, p. 1252).

Previous studies on wicked problems and their relation to highly uncertain political and social issues have also emphasised the need for cross-boundary collaboration (Danken *et al.*, 2016; Head and Alford, 2015). However, recent research (Noordegraaf *et al.*, 2019) has called for a less abstract understanding of wickedness, especially regarding the implications related to how and by whom wicked issues should be addressed. Although wicked problems (almost by their definition) seem to be unsolvable, following the suggestion of Noordegraaf *et al.* (2019, p. 281), the present study addresses how managers can draft rules and tools to move beyond merely gaining an overview of such problems.

## Research Design

As a consequence of potential budgetary sanctions introduced according to the agreement between the government and The Municipalities’ Association in 2011, most of the 98 municipalities in Denmark have made significant changes to their MC processes. The empirical part of this study is based on a single case

study of the MC elements and processes used within social services in a Danish municipality (i.e., Delta) in May 2012.

### Social services in Denmark: The role of local government

The Danish welfare model is based on the principle that all citizens shall be guaranteed fundamental rights if they encounter social problems. Although the responsibility for the social services is divided between various ministries, the municipalities have an essential role as responsible for performing a considerable amount of Denmark's welfare tasks. The area is governed through legislation, but it is left to the local authorities to assess the need for social services and, in that manner, ensure that public welfare services are organised as efficiently as possible with respect for the citizen's specific circumstances and needs and in the interests of local conditions (Ministry of Social Affairs and Integration 2012). In Denmark, the social services are broadly divided into three types: elderly care, special needs for children, and special needs for adults. The different services are most often organized in separate departments within each municipality.

The study focuses on social services provided to adults with special needs, including those with impaired physical or mental functions or special social problems needing highly specialized services and interventions. The people in the target group are often affected by multiple issues, and the municipalities are responsible for preventive measures, such as counselling and support when needed. Care and services are provided by professionals such as social workers with pedagogical education or caseworkers specialized in the administration of the legislation.

Since the 2007 reorganization of local and regional governments, Danish municipalities have enjoyed full authority and financial responsibility for providing social services. With the primary purpose of creating more robust and resilient municipalities, the previous 270 municipalities were reorganized into 98, and 14 counties were reorganized into five regions mainly responsible for health services.

With complete financial accountability at the municipal level, the political expectation has been that the municipalities would keep costs as low as possible. The previous structure, in which financial responsibility and authority on professional decisions were shared between municipalities and counties, was perceived as one of the primary reasons for the inability to reduce the significant growth of public spending. Nevertheless, the costs of social services continued to grow excessively in the years after the reform, and several reports (Deloitte Business Consulting, 2010; National Audit Office, 2013; Ministry of Finance, 2010) indicated that the municipalities paid insufficient attention to budget control and expenses at the individual level. The reports also described the lack of attention to prevailing perceptions by local politicians and top management in social services.

At the national level, it became clear to the government that change was necessary to reduce costs. The overall economic responsibility of the municipalities is governed through a yearly national agreement between the government and The Municipalities' Association. During the negotiation of terms for 2010, an agreement was made in which the municipalities were to take

control of social services costs. Together with this, a new national agenda was introduced. This included increased attention to tight budget control and efficiency in the provision of services.

Following the agreement between the government and The Municipalities' Association in 2011, budgetary sanctions were introduced to address municipalities not complying with budget goals. This implied that if spending exceeded the municipal budgets, the financing of the municipalities would be reduced with the amounts exceeded. As this had the same function as 100% overdraft interest, a strong incentive structure was built, and many municipalities succeeded in budget compliance between 2010 and 2012. In this process, new control systems were designed, developed, and used within social-service departments.

### Case-study setting

Delta, as a medium-sized municipality, has approximately 50,000 inhabitants. From 2010 to 2012, Delta introduced new MC elements and an ambitious development and action plan termed "A New Way." Delta turned a previous substantial deficit into a surplus through this process, which enabled it to handle the increasing number of eligible clients. We have chosen Delta for the study because experts mentioned the municipality within the area and in reports as successful in balancing budgets and demonstrating high quality in social services.

Apart from the political level in the form of a City Council, the municipality is governed by a group of directors headed by a City Manager. The municipality has four staff departments (e.g., finance and human resources) and nine service departments. As one of the service departments, the Department of Social Services includes a central unit and two service provider units. The central unit, managed by the Head of the Department, includes the Case Management Team, responsible for investigating clients' needs and referring them to specific services. The tasks of the Case Management Team include a professional assessment of needs and eligibility with referral to residential homes, workshops and homecare based on adequacy and following up on progress for all client cases. The two service provider units comprise several sub-units that specialize in providing various services, including, e.g., residential homes, home care, and workshops for mentally and physically disabled people.

The Department of Social Services has approximately 400 employees (mainly caseworkers and social workers) who provide social services to 1,200 clients with impaired mental/physical functions and those needing individually planned interventions. All the units and sub-units are regarded as "cost centres," which must adhere to the overall budget. The Purchasing Manager heads the Case Management Team that purchases services from other municipalities, private organizations, and service provider units within Delta using cost-based transfer prices.

The overall control framework of Delta is based on management by objectives and decentralization, supported by a budget control system with detailed follow-up processes and reporting procedures. Furthermore, Delta's planning system includes long-term prognoses to develop elaborate plans for

dealing with challenges. The plans are approved by the political council and included in the municipal budget.

## Data Collection and Analysis

The data were collected using semi-structured interviews and document reviews. Using multiple data collection methods increased the validity by making it possible to cross-reference the interviews and documents. We interviewed various managers with budget responsibility in the Department of Social Services. A total of seven interviews were conducted, including the following six of the ten senior managers: the Head of the Department; the Purchasing Manager, responsible for the Case Management Team; the Head of Provision, responsible for providing services to clients with impaired physical functions; and three Service Provider Managers in charge of residential homes, workshops, and homecare services. Moreover, we interviewed a Financial Controller to validate how the MC elements were used. We did not interview lower-level managers or employees, as the LOC framework considers MC from top-management's perspective (Simons, 1990, p. 131).

Documents show "what participants are actually doing in the world, without being dependent on being asked by researchers" (Silverman, 2014, p. 276) because documents are available without our intervention. We collected internal documents consisting of three years of budget information and annual reports describing various objectives, policies, developments, and reviews of the services provided (collected on-site). The documents also included the action plan, "A New Way," and related memoranda covering its implementation. Finally, we also used documents concerning organizational design and communication materials on Delta's website with the public.

Initially, we met with senior management and presented the research project. At this meeting, we got an initial understanding of how the department was organized. Furthermore, we clarified issues concerning the interview protocol. Following this meeting, a contact person from the Finance Department was appointed to coordinate future contact between the researchers and the department and assist in selecting the interviewees and collecting documents. The collected documents were then examined to gain an initial understanding of the control framework, the organization, and social services in the municipality in question.

The interview protocol was structured around six themes: Theme one addressed education, experience, and the interviewee's position. Theme two focused on the interviewee's perspective regarding the history of the organization as well as present and future challenges. Within the third theme, we asked interviewees what the most important aspect of the MCS from their perspectives was.

Theme four aimed at establishing an understanding of how budget controls were related to daily operations. We asked both questions about social work, particularly those related to case management, and questions about tools and methods used by the managers to understand how the professional work was controlled and related to the MC elements. Following this, theme five focused on long-term planning and how these processes were used within the MC



framework. Finally, theme six was about internal and external collaborations, including the collaboration between the administration at the political level.

The interviews lasted about one and a half hours in average and were all conducted on-site. After each interview, detailed summaries were made. In addition, all the interviews were recorded and fully transcribed. All data were analysed using NVIVO 10. This made it possible to reduce the analytical bias inherent in using qualitative data by using a systematic approach to data reduction, classification, and interpretation. Initially, data were coded in accordance with the LOC framework to identify the use of different levers. Related to each of the four levers, sub-codes were created to identify tools, principles, methods, and understandings reflecting the lever or the interplay among different levers. During the analysis, three budget- and planning-related MC elements were identified as especially important, after which a supplementary coding hierarchy was developed

## Planning and Control Framework of Delta

### Setting new directions

The overall planning and control system of Delta takes a point of departure in sector policies, approved by the political council and subcommittees (members of the political council) for different service areas. In 2012 the Department introduced a plan with a four-year time horizon setting the direction for social work, termed “A New Way”. The document states the following:

*This development and action plan has been completed on behalf of the financial challenges faced by Delta within the social service areas for adults. The action plan forms the groundwork of ‘A New Way’ and will be the foundation of the organization’s work over the next four years. (A New Way: Development and Action Plan for Social Services, 2011).*

Overall, this plan functioned as a belief system by explicitly setting out organizational directions that senior managers communicate formally and reinforce systematically to provide basic values, purposes, and directions for the organization. The Head of Provision stated the following concerning how the plan was used to set the direction for daily work:

*...we have engaged in a rethinking of our residential homes to see how it is possible to make something that really becomes the clients’ own home and where habilitation supports the clients in a way that means we won’t be too paternalistic. (Head of Provision)*

The plan was, nevertheless, in response to the increase in expenses over several years. In 2009, a prognosis showed that the cost increases were mainly caused by a substantial yearly increase in the number of clients and (to a minor degree) by fluctuations in the expenses per client. Due to the increase's size, it had soon become clear that the usual cutbacks would be insufficient to bring costs under control. According to the plan:

*...it is essential to be aware that massive cutbacks in the organization don't end up being counterproductive concerning the development project, 'A New Way,' which is about enabling the organization for innovative preparedness and secure, innovative processes to reach new solutions and methods. Cutbacks alone will in no way be able to solve the financial challenge. (A New Way: Development and Action Plan for Social Services, 2011)*

Financially, the plan aimed to reduce the costs of services by 20% for existing clients, whereas, for new clients, it aimed to reduce costs by 30% compared to the level of the cost experienced previously. To succeed with cost reductions while still providing quality service, two strategic priorities were chosen. The first was to reduce service levels and increase efficiency in the short term. The second was to develop new forms of services over a period of four years. This focus was not only present in the social services area, but it also permeated all of Delta, as shown in the following:

*The political council has long realized that cutbacks are insufficient over the long term. Instead, we need radical innovation to change the foundation of how municipalities solve problems – and this must be achieved without citizens experiencing fewer services. (Annual Report 2011 – Preface by the Mayor)*

Even before new initiatives were in place, the directions suggested by “A New Way” had materialized, as explained by the Head of the Department:

*Our prognosis showed us that spending would exceed the budget by € 4.3 million in 2011, and we estimated that it should be possible to reduce it to € 3.2 million based on 'A New Way.' We reduced excess spending to € 2.7 million. I would have to say it was a bit strange standing in front of the political committee of social service getting praised for excess spending reaching € 2.7 million, but they, of course, knew our starting point. (Head of the Department)*

Although managers mentioned having austerity as a starting point, they expressed a commitment to balancing available resources, fostering clients' needs, and considering new ways of thinking. One Service Provider Manager explained this as follows: “We might not reach both targets, but we will fight like lions to succeed.” (Service Provider Manager 1)

Another manager explained that the reductions and changes were necessary: “the overspending in Delta has been huge” (Service Provider Manager 2). However, it also became clear that the commitment was closely connected to the plan identifying a need for rehabilitation as a new direction in social work while addressing financial problems simultaneously:

*“A New Way” is not just about cutbacks. It creates new opportunities. We do not think too much about cutbacks because they tend to reduce services. However, the other*

*parts of the plan act as counterweights. (Service Provider Manager 3)*

The managers, however, also recognized that the ambitious goals in “A New Way” produced pressure and new demands from central departments, which sometimes manifested themselves in reluctance to take the unique and complex characteristics of providing social care into consideration:

*If you are at a meeting with controllers and other central-based employees, I often find myself engaging in discussions. The details of our services are so many, and it's very complex, and I am familiar with this, but all they see are the numbers. They want business cases without understanding the importance of different needs. (Service Provider manager 2)*

Thus, the managers found themselves in processes of change they professionally embraced while simultaneously seeking to balance demands of identifying reductions while ensuring quality care. One manager noted:

*The financial situation has been a significant driver for the much-needed changes, but I think we have to be careful and make sure we are in control of how far to go. (Service Provider Manager 1)*

### Combining short-term budget controls with professional controls

According to the Financial Controller, budget-goal achievement has been the subject of focus in the social services area since 2008. In addition, it had been decided that the area should be managed within a fixed budget. Budgetary processes were also designed for tight budget control to improve predictability and budget goal achievement. This included using a database on clients, costs, services, and forecasts at the client level. Follow-ups were made monthly, and corrective actions were initiated when a deviance between budget and consumption was identified.

This classic diagnostic control system, based on management by objectives with fixed budgets for all units, implied, in principle, incentives to reduce costs since deficits and surpluses were carried over into the following year. The managers appeared committed to achieving budget goals, as stated in the following:

*...they take on that responsibility as managers. They have to, of course, but I can tell that they are passionate about making everything go hand-in-hand, and they take pride in managing their budgets. (Financial Controller)*

The commitment toward budget goal achievement appeared to be related to two practices in particular. First, the budgetary follow-ups in the department were closely monitored. If the Financial Controller found that one of the service-provider units had increased spending above the budget, then the Head of the Department would immediately initiate dialogues with the unit manager in question to agree on a plan to reduce spending. Second, there was no possibility

of obtaining additional funding while excess spending would be carried forward to subsequent years.

The managers expressed that the new procedures had provided quality in the budget controls and strengthened their ability to comply with budget goals. Nevertheless, they also found themselves faced with new dilemmas:

*It is frustrating to have exceeded the budget. A few employees with long-term sick leave cause problems because we no longer have the same resources to pay for temporary employees. (Service Provider Manager 3)*

On the one hand, reductions make it more difficult for managers to manoeuvre and manage their budgets because of cuts. On the other hand, the budget follow-up procedures informed the controller and Head of the Department about consequences before critical situations arise, thereby supporting the unit in identifying solutions.

The Head of the Department expressed scepticism regarding the principle of a fixed budget, as shown in the following:

*We don't get any extra resources, and, with the increasing intake of clients...it might not be the right approach because the intake is unevenly distributed among units. It was often said that 'this is not my client group....' I also have managers who take responsibility, and I would like them to benefit from a budget system that makes sure that resources are allocated to those who take responsibility. (Head of the Department)*

The Head of the Department focused on such budget adjustments because most service provider managers had been reluctant to take responsibility for the more complicated clients. Although a budget model that automatically adjusts budgets to changes in client intakes was considered, it was challenging to design. Therefore, it was decided that the discretionary budgets would be modified when necessary.

Both financial and non-financial information about the plans for individual clients were part of the monthly follow-ups. Delta used a management information system based on aggregated financial information at the client level, including forecasting, to be used in the dialogue among managers. Using this system, the data was used for dialogues among the management team concerning managing budgets and complying with short-term goals.

The information and the dialogue also established the foundation of work for the caseworkers. In the following, the Head of the Department explains how the system included an assessment method, principles of referral and a quality standard, which all together set the direction for the social work and set clear boundaries for what activities caseworkers could initiate:

*The quality standards are being used as an outline for defining what services are adequate. Furthermore, we have service declarations that allow clients to see what they expect from a particular unit. (Head of the Department)*

It is important to note that admission to a permanent residential home implies annual expenses of approximately 100,000 euros and long-term financial consequences. To control the number of referrals to residential homes, many Danish municipalities employ committees, typically consisting of management representatives and specialists, to make such decisions. However, in Delta, the use of a referral committee was replaced with quality standards. Thus, caseworkers were empowered to make decisions regarding referrals based on these standards.

Follow-up processes and action plans at the client level were prioritized as imperative, while plans at the client and aggregate levels were developed to become more detailed. Furthermore, team meetings between the caseworkers and the Purchasing Manager included dialogues that further strengthened their professional judgment. The Purchasing Manager explained that they gradually developed an understanding among the caseworkers and that all cases were evaluated both from the client's perspective and concerning related expenses. According to the Purchasing Manager:

*When caseworkers get feedback on the work of a specific case, I take it as an opportunity to discuss expenses and why these expenses are as they are. Often, I ask them if they have looked at this or that residential home instead because it is less expensive. I am, however, very critical because I don't appreciate those places where the clients are being parked [without receiving adequate services] (Purchasing Manager)*

Nevertheless, the Service Providing managers expressed concerns with the referral processes, as they had experienced cases in which the Case Management Team had failed to engage in dialogue with a providing unit, resulting in the client being referred to insufficient care. One manager gave an example:

*I have a case right now with a very violent client who is dissatisfied with the care provided. The [Case Management Team] took him away from his residential home in another municipality and promised him that he would get the same care here. He is definitely not receiving the same! (Service Provider Manager 2)*

Even though the managers embraced the direction of the Case Management Team, it also created difficult situations when the team decided in accordance with quality standards but by providing units perceived to not deliver sufficient care. Consequently, the managers had to find solutions and engage in dialogue with the Purchasing Manager and the Head of the Department to change the referral decision. In other cases, however, the managers ended up allocating extra resources within their budgets.

### Managing social services using interactive control systems

Whereas "A New Way" resulted from a top-down initiative that aimed to change the organization, it was generally embraced by the organization and perceived as a suitable way forward. One Service Provider Manager stated the following:

*...we have been informed about "A New Way", and we have been able to influence it, but more as one of the 'wagons in the train'. However, I have had a lot of influence on implementing it within my part of the organization. If I didn't do anything, someone else would have to, but it has been great to make the decisions myself. (Service Provider Manager 1)*

In all parts of the organization, innovative processes were initiated to find ways to address the goals of "A New Way." Within provision, the changes and financial pressure led to important service innovations. For example, a Service Provider Manager stated the following:

*Of course, it can become so tight that it will be challenging, but I think we are in a situation where it is possible to create something outstanding and exciting. I think this has also been a push in the right direction regarding the provision of group therapy. Overall, we have sharpened our professional competency. (Service Provider Manager 1)*

Despite the decrease in available resources, the introduction of group therapy was perceived as providing better quality care to clients. Moreover, clients frequently participated in organized group sessions, which helped them form a sense of community. Thus, by recognizing that the solutions to the financial challenges faced by Delta should be addressed at the local level, part of the implementation of "A New Way" was effectively achieved.

Such innovations led to major changes and allowed the clients' perspectives to become more central. According to one Service Provider Manager:

*...our clients should be empowered to take control of their lives. While they may not fully gain control, we are here to support and empower them. Previously, we did a really good job of taking control away from them. Now, times have changed. (Service Provider Manager 1)*

The Head of the Department was particularly occupied with cost-effective initiatives and new tools, after which various principles and systems were developed. For example, it was noticed that the expenses related to individual care increased substantially over the years without being related to an increase in the intake of clients. Moreover, it was identified that the assigned hours were not necessarily distributed among the clients, according to the decisions made by the Case Management Team, but based on how social workers in the service provider unit believed they should be provided. Consequently, a new system was developed to control the costs of individual care, as stated in the following:

*The resources follow the clients. The services they are being asked to deliver are exactly what they get resources to provide... We calculate the hours of care assigned to the clients by considering the time for documentation, meetings, administration, etc., which is then the total time allowed for provisions in particular cases. (Financial Controller)*

The stricter control of assigned hours for individual care was supplemented with caseworkers' requirement to describe client-related objectives in the referral process. Consequently, the service provider unit ensured that the assigned hours were distributed according to the decisions in the referral process and the social work became better aligned with clients' objectives. This appeared to be one of the more crucial changes, as it ensured clients would not end up with insufficient care for years. Based on a rehabilitation approach and empowerment of clients, the approach enabled the case worker to systematically professional follow-ups and provided the flexibility to make adjustments according to continuous evaluation of the client's goals and progress.

The interactive use of the budgeting and planning system and the continuous focus on prognoses were innovations that enhanced Delta's focus on financial risks and long-term planning. More specifically, the planning system integrated an early warning process in which the Family Department (responsible for social care concerning vulnerable children) focused on the transition from child to adult. The prognoses were also developed in cooperation with the Family Department, showing how interactive processes can be reinforced by diagnostic processes that structure and facilitate how Delta identifies future needs. Thus, they become the foundation for capacity development and the new direction in social work.

Furthermore, the prognoses allowed the department to adjust based on the expected financial pressure from increased intake, especially when new client groups emerge. According to the Head of the Department:

*When we forecast, we work with the Family Department and listen to what they say. They know about the youngsters, and we try to assess what kinds of services are appropriate for adults. We know the costs of these services because we have the rates to look up. Therefore these prognoses [previously] knocked us out because we could only tell that costs would continue to increase more and more. (Head of the Department)*

The managers knew how challenging it was to make precise prognoses because some client groups were unknown before their need for services showed up. A Purchasing Manager explained the unpredictability regarding long-term planning:

*The intake is unpredictable. We can't prepare for all the clients with psychiatric problems because many of them are not known in the system. One day, they just come in the door... (Purchasing Manager)*

Despite the unpredictability and lack of precision, the planning system enabled the department to become future-oriented in its development of intake and client groups. Not only was a new strategy decided and implemented, but the organization also prepared and initiated creative processes to manage and embrace the changes.

## Discussion and Conclusion

Confronted with increasing social-service expenses and the demand for new services with less funding, a traditional austerity-based response could have introduced cost-reduction programs. However, such responses risk being less effective over the long term (Van der Kolk et al., 2015). In Delta, the response was to emphasise planning and control elements, not only introduced to tighten budget control but also empower managers to find new innovative solutions. By focusing on how managers in their daily work handled the tensions between budget control and the demands for delivering quality services, three MC elements were in Delta involved in the interactive use of the financial planning system: 1) a short-term focus, including continuous follow-ups; 2) a long-term focus on the identification of up-coming demands for social services, and 3) a continuous commitment to professional judgments and follow-ups. Following Grabner and Moers (2013), since these MC elements were internally consistent, they were considered an MC system. Table 1 presents the three elements together with previous control elements before the plan “A New Way”.

*Table 1: Control elements before and after the introduction of “A New Plan”*

Before the introduction of "A New Way."	After the introduction of "A New Way."
<b>Managing budgets</b>	<b>Short-term focus, including continuous follow-ups</b>
a) Expectations of budget management with the possibility of applying for additional funding	a) Constraining controls, making sure budgets are managed and short-term goals are met by connecting costs with care and decisions on referrals
b) Explanations of overspending are founded on qualitative references to specific clients and cases without being supported by data	b) Data used for dialogues concerning the management of budgets and enabling managers to identify through forecasts and respond to short-term consequences
<b>Complying with new demands</b>	<b>Long-term focus on the identification of upcoming demands</b>
c) Dialogues about new demands in the management team not backed by data on clients or prognoses	c) Interactive controls combined with diagnostic controls to be ahead of future changes and being able to manage budgets in the long-term
d) Decision-making, often the same year as the change	c) Data connecting cost and care used for critical dialogue in the management team to identify and respond to changes in demands
<b>Responsibility delegated to the Service Provider Units</b>	<b>Continuous commitment to professional judgement and follow-ups</b>
e) Each unit defines the target group following sector policies and is responsible for deciding which client to offer services to based on inquiry from a caseworker	e) Quality standards and principles for referrals are used for scrutinizing cases from a rehabilitating perspective to ensure clients continue to receive adequate care and to follow progress on client goals
f) Case work is based on the standards of the profession. Separation of costs and care and qualitative registration in case journals	f) Making sure quality is high in the care provided while crucial in managing budgets by securing resources for new referrals



As the *first* MC element, the short-term focus and continuous follow-ups at all organizational levels are based on constraining controls. Managers estimate the consequences of decision-making regarding eligibility, adequacy, and referral to services as part of their daily practice. The *second* element is concerned with identifying changes in the needs of client groups or the entrance of new client groups requiring other forms of services that address the longer perspective. This implies calculating financial consequences to reduce uncertainty and decide how to respond to change. Meanwhile, the interactive controls complement the diagnostic controls through interactive processes, where the identification of challenges and how to respond to them are debated. The *third* element focuses on professional competency and implies how client cases are scrutinized to ensure that clients receive no more than they need. Delta ensures that the needs and services are continually matched by prioritising professional follow-ups and continuously re-assessing client cases. At the same time, the resources are made available for new client cases or highly intensive interventions.

Kominis and Dudau (2012) found that the increasing complexity and dynamism of social-service operations resulted in lines of accountability that were becoming more blurred. They argued that traditional control systems were most appropriate when agreed objectives could be identified and accurate indicators and performance benchmarks were available. The findings of this study indicated that caseworkers respond to similar challenges by making objectives clear, based on formal performance systems and value systems, and by employing interactive controls that allow for dialogues and learning. In terms of the LOC framework by Simons (1995), this study confirms that effective control is a matter of striking the right balance between constraining and enabling forms of control. Whereas the literature on wicked problems tended to focus on constraining controls as restraints for problem-solving (Blackman, 2006; Head and Alford, 2015), the evidence of this study suggests that the balance between using control systems to constrain or enable via interactive controls is affected by the perceived wickedness of the problems to be solved.

Professionals often respond with resistance when budget control is tightened, and new MC elements are introduced since they perceive the introduction of new accounting techniques and controls as threats to their autonomy (Buckmaster, 2018; Purcell and Chow, 2011) or because the systems fail to consider and include unique professional characteristics in their designs, as shown by Abernethy and Stoelwinder (1995). However, the present study's findings indicate that professional work can be reconciled with accounting techniques, as Kraus (2012) demonstrated. Furthermore, the results align with Lehtonen (2007), who stated that professionals could become committed to financial targets and willing to accept financial responsibility. The changes in Delta seemed to capture the trade-off between "costing and caring", as described by Llewellyn (1998a; cf. Abernethy and Vagnoni, 2004, p 213). Thus, this study supplements extant literature by indicating how cost control and reductions can be managed as a trade-off between cost and care in daily work.

This study used a qualitative approach to understand how the MC systems were used in Delta's social services. Thus, drawing conclusions from this study should be made with caution since the generalizability of the findings is subject

to unintended analytical and interpretative consequences. However, the analysis suggests that it is especially important to facilitate creativity and find new solutions while adhering to tight budget control in times of austerity. Overall, this study contributes to the practice by demonstrating how control processes can enable public-sector organizations to make room for innovations to achieve predictable goals and make professional judgments. In this case, the solutions applied were related to a rehabilitating approach focusing on empowering clients. Some of the essential solutions included group therapy, the inclusion of volunteers and family to clients, client goals becoming more dominant in casework and the care provided together with the perception of residential homes as a temporary solution towards becoming as independent as possible.

It should be noted that the conclusions are based on an analysis of data collected in 2012. Although we cannot from the study know if similar challenges are still relevant at the time of writing, recent research (e.g., Schröder 2019a, 2019b), as well as reports in the area (e.g., Dalsgaard et al. 2019; Municipalities Association 2017), indicate that the challenges of balancing tight budget control with delivering quality services are still present in the social services area in Denmark.

The effectiveness of the control systems depends on the actual use in an enabling manner. Hence, the findings should be considered in light of the research design and in relation to the limitations of this single case study. While additional studies of other municipalities can increase the generalizability of the findings, it would be just as important to focus on how accounting information and MC systems are used in decision-making and how management accounting techniques are incorporated into social workers' professional practices. Moreover, this study did not interview employees, politicians, or users. Thus, future studies should interview both employees and users to strengthen the conclusions regarding social workers' practices.

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