

Tightening Budget Control in Social Services

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Abstract

This study examines, based on a case study approach using sensemaking as an analytical lens, the consequences of tight budget control in social sector organizations. We investigate how middle managers from two Danish municipalities in social services create meaning and enact changes in practices and budgeting principles when confronted with demands to tighten budget control. We also examine whether introducing tight budget control results in resistance to changes or acceptance of financial responsibilities. Specifically, the study addresses how managerial and professional values in social work are enacted when tight budget control is introduced and how the enactment influences the perceptions and effectiveness of tight budget control. The study indicates that tight budget control's enabling, and empowering role depends on how budgeting principles are structured. Further, the study suggests that budgeting flexibility can be enabled by tight budgeting control. Finally, the study demonstrates how professionalism does not stem from the formal attributes of organizational fields but is locally instantiated and enacted.

Keywords: Accounting information; budgeting; sensemaking; management accounting; social services; tight budget control.

1 Introduction

Much research has focused on how accounting within social care shapes and forms actions and how accounting influences professional practice in public sector organizations (e.g., Carlsson-Wall *et al.*, 2016; Firtin, 2023; Schröder *et al.*, 2022). Accounting and social work

may conflict, and several studies have emphasized how professionals respond with resistance (Allain *et al.*, 2021; Timor-Shlevin, *et al.* 2023). Nonetheless, studies have indicated that professional values can be reconciled with accounting (e.g., Bukh *et al.*, 2021; Grossi *et al.*, 2022; Kurunmäki, 2004; Schröder *et al.*, 2022). Thus, when accounting is introduced in professional domains, the specific outcomes may be context-dependent and cannot be taken for granted.

When changes, such as the introduction of new accounting techniques, are introduced in organizations, middle managers serve as intermediaries in the dynamics of the change processes (Balogun and Johnson, 2004; Blakçori and Psychogios, 2022; Bukh and Svanholt, 2020; Carlsson-Wall *et al.*, 2016; Kroon and Reif, 2023). Thus, managers act as a filter through which changes are interpreted, accepted, or rejected by the rest of the organization (Klemsdal *et al.* 2022; Rouleau and Balogun, 2011).

This paper explores the consequences of tight budget control (Bedford *et al.*, 2022; Bukh and Svanholt, 2023; Johansson and Siverbo, 2014) in social sector organizations and how middle managers' sensemaking unfolds (Maitlis and Christianson 2014; Weick 1995). We investigate how middle managers in social services create meaning and enact changes in social work practices and budgeting principles when confronted with demands to tighten budget control. Further, we explore how the sensemaking processes, managers' perceptions, and interpretations influence tight budget control interpretations and how middle managers perceive budgetary changes. We also examine whether introducing tight budget control results in resistance to changes or acceptance of financial responsibilities.

In particular, this study focuses on the following research question: How are managerial and professional institutional values in social work enacted when tight budget control is introduced, and how does the enactment influence the perceptions and effectiveness of tight budget control? We focus on middle managers in social service departments within two Danish municipalities (i.e., Beta and Gamma) when new budget controls are introduced to respond to financial difficulties and demands for tight budget control.

Despite facing similar challenges, the two municipalities introduced different understandings of tight budget control. Both municipalities introduced detailed budget line-item follow-ups and focused on balancing budgets. Beta implemented a low tolerance for temporary budget variances and a significant focus on achieving immediate budgetary goals. In contrast, Gamma introduced a less tight budget control, accepting the budget as less controllable, with a higher tolerance for budget deviations and less emphasis on meeting short-run budget targets.

This study offers two primary contributions to the literature: Firstly, it enhances our understanding of tight budget control (Van der Stede, 2001) within public sector organizations (Bedford *et al.*, 2022; Bukh and Svanholt, 2023; Johansson and Siverbo, 2014;

Johansson-Berg and Wennblom, 2023) by demonstrating how budgeting principles within a purchaser-provider split (Johansson and Siverbo, 2014; Wällstedt, 2017; Zawawi and Hoque, 2022) interact with managers perceptions of tight budget control and, thus, influences the effectiveness of the budgeting principles.

Secondly, the paper enriches the literature on how management control and accounting information shape actions and impact organizations in the public sector by demonstrating how professionalism is locally instantiated and enacted by middle managers' sensemaking. Accounting and professional work in public sector organizations have been portrayed to reflect different values (Ahrens and Ferry, 2022; Firtin, 2023; Schröder, 2019b), where an increased focus on New Public Management-inspired accounting techniques can lead to resistance from professionals (Allain *et al.* 2021; Timor-Shlevin *et al.*, 2023). The study indicates that professionalism does not stem from the formal attributes of organizational fields (Friedland and Alford, 1991) but is locally instantiated and enacted and that such enactments through sensemaking processes (Maitlis and Sonenshein, 2010; Weick 1995) make accounting purposeful (cf., Hopwood, 1992) when managerial and professional values interact in specific settings.

2 Accounting and Social Work

Emphasizing citizen choice as a fundamental element of the New Public Management-inspired reforms, professional work has increasingly been organized with a purchaser-provider split (Kirkpatrick *et al.*, 2023; Siverbo, 2004). Thus, budgeting principles are transformed from a negotiation style to a system that separates purchasers from providers. Following such principles, purchasers become responsible for their budgets, price calculations, and forecasting demands, whereas providers are responsible for developing services efficiently to balance budgets.

2.1 Costing and Caring

Traditionally, social work has been perceived to be based on relationships between clients and professionals (Parton, 2008; Rollins, 2020) and focuses on the individual client and the client's situation (Kivistö and Hautala, 2022; Wällstedt, 2017). Building on Llewellyn's (1998) examination of the possible conflict between costing and caring in social work, a substantial body of accounting and public management research has concentrated on examining the ways in which accounting systems and information within social care contexts influence actions and affect professional practices (Bukh and Svanholt, 2022; Bukh *et al.*, 2021; Carlsson-Wall *et al.*, 2016; Schröder, 2019a, 2019b). The point of departure for this strand of research is that accounting and social work have different values (Wällstedt, 2017;

Weichselberger *et al.*, 2023), and cultural repertoires (Schröder *et al.*, 2022) that not only motivate action but also justify it.

Much research has addressed the interplay between accounting and professionalism in healthcare (e.g., Carr and Beck, 2022; Gebreiter, 2022; Kirkpatrick *et al.*, 2023, Kurunmäki, 2004), where professions such as medical doctors are well-established and strong. Compared with healthcare, social work does not have a similar strongly defined epistemological basis (Chow *et al.*, 2019; Wilkins *et al.*, 2023). Furthermore, client characteristics within social services are more unknown and interchangeable (Llewellyn and Northcott, 2005; Schröder, 2019a).

When professional service organizations adopt accounting techniques, research has highlighted that management accounting and control methods can threaten professional culture and values (Carr and Beck, 2022; Broadbent *et al.*, 1991; Kurunmäki, 2004). Numerous studies have documented that professionals often exhibit resistance (Allain *et al.*, 2021; Schott *et al.*, 2016; Timor-Shlevin, *et al.* 2023), viewing the implementation of new accounting techniques and controls as a menace to their professional independence (Allain *et al.*, 2021; Purcell and Chow, 2011). Although accounting can potentially dominate professional values, the interaction between accounting and professional expertise within the public sector is complex (Carr and Beck, 2022; Gebreiter, 2022; Llewellyn, 1998).

Accounting and professional values can hybridize in various ways (Kurunmäki, 2004; Sartirana and Giacomelli, 2024), where contextual factors shape the hybridization (Weichselberger *et al.*, 2023). In a particular case, Ahrens *et al.* (2018) revealed that the “emergence of a hybrid practice as a response to budget pressures and the requirement to safeguard service” (Ahrens *et al.*, 2018, p. 352) when service managers have to develop financial skills. Similarly, Bukh *et al.* (2021) and Llewellyn (1998) showed that cost-consciousness could be influenced by accounting information and budgetary responsibilities, thus aligning considerations to cost and care.

When accounting information and techniques are introduced in professional and occupational domains, the consequences can be complex, and specific outcomes appear to be context-dependent and cannot be taken for granted. The details regarding the specific accounting information and techniques and the enactment by sensemaking processes (Maitlis and Sonenshein, 2010; Weick, 1995) may explain how managerial and professional values interact in specific settings.

2.2 Tight Budget Control

Research emphasizes that tight budget control is characterized by formal, comprehensive budgeting mechanisms, including a minimal tolerance for temporary budget discrepancies, meticulous monitoring of budget items, rigorous budget result discussions, and a concentrated

effort to achieve immediate financial objectives (Bedford *et al.*, 2022; Bukh and Svanholt, 2023; Johansson and Siverbo, 2014; Van der Stede, 2001). While tight budget control may initially bolster an organization's financial health, it could hinder necessary adaptability (Francesco and Alford, 2017; Raudla and Douglas, 2022), lead to increased emotional exhaustion among employees (Bedford *et al.*, 2022), and prove to be less effective over time (Deschamps, 2019; Van der Kolk *et al.*, 2015).

Nevertheless, the literature also reveals that decentralizing control and accountability for meeting budgetary goals can encourage a culture of creativity, innovation, and responsiveness (Friis and Hansen, 2015; Frow *et al.*, 2010). Thus, a fundamental dilemma is balancing control and flexibility (Francesco and Alford, 2016; Raudla and Douglas, 2022). Flexibility concerning budgeting is “a matter of how readily budget allocations, expenditures, and reporting processes can be varied to enable useful responses to nonroutine problems” (Francesco and Alford, 2016, p. 23).

Budgeting principles and rules are often “hard” factors. They may constrict flexibility and make it difficult to respond to nonroutine situations, especially when controls are applied ex-post, that is, after spending. Studies have explored how balancing constraining and enabling management controls creates a dynamic equilibrium that fosters productive tension (Mundy, 2010; Toldbod & Dumay, 2023). Further, it has been demonstrated that the dynamic tension between control and flexibility can empower managers (Bukh and Svanholt, 2020; Deschamps, 2019).

3 Middle Managers Sensemaking

Weick (1995) introduced the sensemaking theory as a social process where individuals make sense of events through action. Sensemaking generally encompasses the process where “individuals work to understand novel, unexpected, or confusing events” (Maitlis and Christianson, 2014, p. 58). Further, sensemaking focuses on plausibility rather than accuracy; it retrospectively occurs and is guided by the mental models of organizational members.

The accounts of reality created through sensemaking may not necessarily be the most precise ones, but the understandings seem most plausible under the circumstances (Weick *et al.*, 2005). Moreover, sensemaking is limited by organizational members' ability isolate and focus on specific stimuli rather than others, i.e., to identify and bracket cues, and connect cues and mental models. Different people will bracket different cues in similar situations, develop different plausible meanings, and act differently because not all share the same interpretation (Hagebakken *et al.*, 2020).

Sensemaking is essential to organizational change because change inevitably “interrupts well-rehearsed patterns of action” (Maitlis and Sonenshein, 2010, p. 558). Much research has focused on the importance of middle managers' strategic roles, especially during

organizational change processes (Letierce *et al.*, 2023). While the thinking and routines that were appropriate in the past can be a barrier to change (Balogun, 2003), sensemaking processes can also be a critical enabler for change (Blackman *et al.*, 2022; Letierce *et al.*, 2023).

When facing an uncertain or ambiguous situation, people draw on their mental models developed through past experiences, which provide them with learned frames of understanding (Holt & Cornelissen, 2014), and accounting can provide individuals with a frame for understanding changes (Tillmann & Goddard, 2008; Weick *et al.*, 2005). Although many meanings are available to people, they notice certain elements, i.e., cues, which are contextualized into the learned frames of understanding (Holt & Cornelissen, 2014).

Previous case studies of sensemaking in accounting have shown how changes in management control practices lead to sensemaking processes (Bukh *et al.*, 2021; Carlsson-Wall *et al.*, 2021). Accounting can create ambiguity and uncertainty, thereby initiating sensemaking processes, such as when individuals question the definitions and representations of accounting numbers or challenge how numbers are operationalized (Bukh *et al.*, 2021; Hoang, 2023). Despite individual interpretations, accounting changes often lead to the collectivization of judgment, where people collectively come to a plausible understanding (Goretzki & Messner, 2016). In this process, accounting information can be mobilized for both mental model confirmation and the development of new mental models (Englund and Gerding, 2015; Ichdan *et al.*, 2023; Hall, 2011).

Middle managers play as intermediaries, an intriguing part of change processes when changes are initiated at top management levels. In most situations, the change is first introduced to middle managers and subsequently to other organizational members, with intermediaries as intermediaries in the dynamics of the change processes (Balogun and Johnson, 2004; Blakçori and Psychogios, 2022; Bukh and Svanholt, 2020; Carlsson-Wall *et al.*, 2016; Kroon and Reif, 2023). Furthermore, middle managers operationalize top management's intentions using their immediate knowledge of operations (Balogun, 2003). However, middle managers also act as a filter through which changes are interpreted, accepted, or rejected by the rest of the organization (Klemsdal *et al.*, 2022; Rouleau and Balogun, 2011).

4 Empirical Setting and Methodology

4.1 Social Services in Denmark

This research centers on social services offered by Danish municipalities to adults, encompassing individuals with physical or mental impairments or those facing specific social challenges requiring specialized services and interventions. The responsibility of municipalities includes assessing needs, purchasing, and providing adequate services to

eligible clients, and financing services. The services include permanent and provisional residential homes, home care services, workshops, training, and treatment of various kinds. In general, the interventions provided are highly specialized, with tasks performed by professionals and focused on meeting individual needs.

Danish municipalities operate autonomously, yet their total expenditure is regulated by an annual national agreement between the government and The Municipalities' Association. During the negotiations for the 2010 terms, an agreement was reached for municipalities to cut costs in social services. By 2011, fiscal penalties were established to penalize municipalities failing to meet budgetary objectives, leading to the introduction of a budget law (Suenson *et al.*, 2016). This law stipulated that any spending surpassing municipal budgets would result in a corresponding reduction in state grants to those municipalities. As a result of the threat of these fiscal penalties, numerous municipalities managed to adhere to their budgets from 2010 to 2012.

4.2 *The two Municipalities*

The empirical part of this research is grounded in a case study that examines the elements and processes of management control within the social services departments of two Danish municipalities, namely Beta and Gamma, during the year 2012. We selected municipalities as equally as possible concerning size, demography, etc. Further, both municipalities had experienced increasing expenses and budget deficits in the previous years, resulting in a demand for tight budget control introduced by local politicians and top management.

The two municipalities are both situated in rural areas and have approximately 50,000 inhabitants each, around the median municipal size. Like all Danish municipalities, they are governed by a 4-year term elected political council headed by a mayor and divided into several sub-committees according to different service fields of responsibility. Additionally, the overall organizational principle in both municipalities is based on an adoption of a purchaser-provider split (Siverbo, 2004), where the purchasing department is responsible for purchasing services from provider units. The purchasing departments employ case managers to assess eligibility and make decisions regarding referral to services provided by the provider units within the municipality, from other municipalities, regional services, or private suppliers. The provider units deliver services, such as housing and care in residential homes, workshops, and home care services. The provider units may also offer services to other municipalities purchasing and referring clients to the services provided by the unit. Following cutbacks in 2011, both municipalities initiated new control systems and social work processes, taking the complexity of providing social services into account.

Both municipalities were organized, having a top management group consisting of a municipal CEO and three directors, each responsible for specific service areas. Both

municipalities also had a centralized finance department (FD) headed by a CFO. For historical reasons, the municipalities differed regarding the organization of the social service departments. The organization of the social services in the two municipalities are shown in Figures 1 and 2.

In Beta (see Figure 1), the head of the Department of Health and Disability (DHD) was overall responsible for both purchasing and provision, whereas the Head of the Purchasing Department (PD) operationally responsible for the purchasing, including assessment of needs and eligibility among clients along with referral to adequate services and professional and financial follow-up. In the empirical findings, the term purchasing will refer to these tasks. In Gamma (see Figure 2), purchasing and provision were organized as separate departments, with purchasing divided between two departments according to target groups. The two purchasing departments: the Department of Purchasing, Disability (DPD) and the Department of Purchasing, Psychiatry (DPS) were responsible for assessing needs. As depicted in Figure 2, each was managed by a Head of Department.

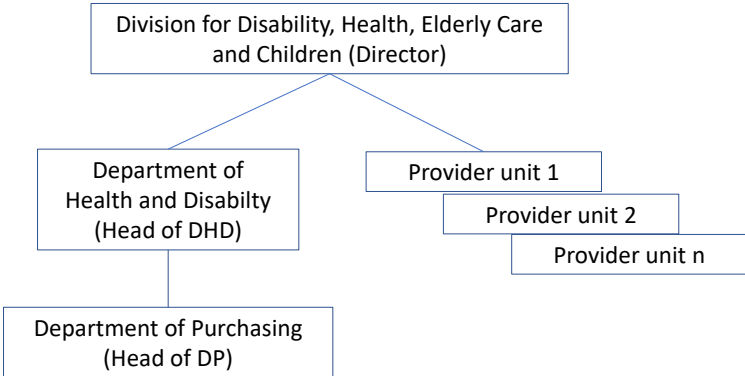


Figure 1 Organization of the service departments in Beta

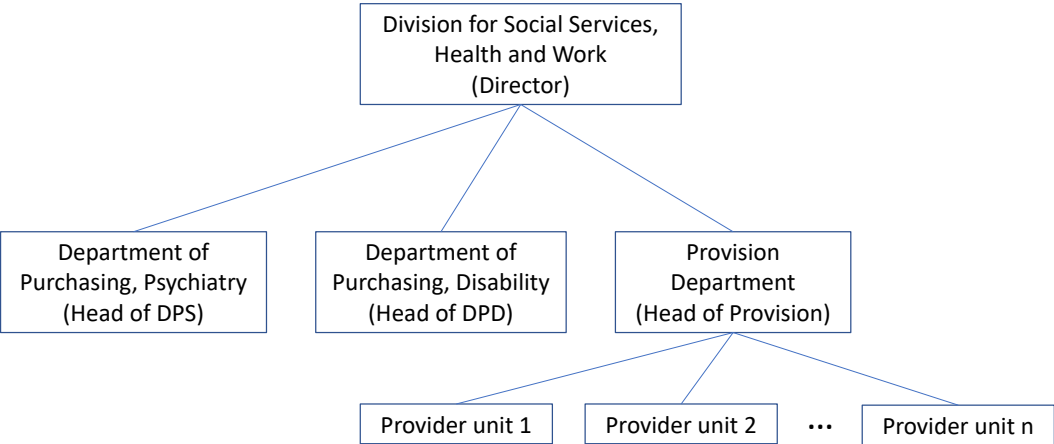


Figure 2 Organization of the service departments in Gamma

In both municipalities, the provider units (SPU) were headed by service provider managers. In Beta, these managers directly referred to the director responsible for the area, whereas the managers in Gamma referred to the Head of Provision.

4.3 Data Collection

The empirical work was in Beta initiated with a meeting where managers (Head of DHD and Head of DP) and staff from the DHD participated. Meanwhile, a similar meeting was held in Gamma with managers and staff from the purchasing departments (DPS and DPS), service provider units (SPU), and the FD. The research project was presented at these meetings, and an initial understanding of the organizational design and the political system was established to identify persons to be interviewed. Further, the meetings were used for clarification regarding the interview protocol.

Title	Department	Beta	Gamma	Total
Head of Departments, Beta	DHD & DP	2		2
Head of Departments, Gamma	DPS, DPD & Provisions		3	2
Service Provider Manager	SPU	4	3	7
CFO	FD	1	1	2
Financial Controller	FD	1	1	2
Total		8	8	16

Table I Overview of interviews in Beta and Gamma

The data collection was based on semi-structured interviews. Further, documents, including plans, standards, and strategies, were collected from both municipalities. No obvious restrictions were placed on access to documentation other than inaccessibility to confidential journals concerning the individual cases of clients receiving services from the municipality. A total of 16 interviews, 8 in each municipality, were conducted (see Table I).

In both municipalities, we interviewed the department managers responsible for provision and purchasing, and we refer to them according to their job titles, as depicted in Figures 1 and 2. We conducted seven interviews with provider managers responsible for providing services and social care through residential homes, homecare, and workshops—four in Beta and three in Gamma. In both Beta and Gamma, the interviews with service provider managers covered more than half of the total number of service provider managers, as most managers oversee several smaller units. We also interviewed the CFOs and a financial controller in each municipality.

The interview protocol was structured around five themes. The *first* theme focused on the interviewee's perspective regarding the history of the organization as well as present and future challenges. In the *second* theme, we asked the interviewees indicate the most essential aspect of the MCS from their perspectives. We specifically asked how they perceived the purchaser-provider split and how the budget process was organized from their perspective, and we asked questions about budget tightness.

The *third* theme was about social work processes and control systems. We asked the challenges the interviewees had experienced when introducing changes in work practices, how they balanced economic considerations with professional judgments, and how they perceived employees' involvement in the change processes. The theme also included questions concerning social processes in introducing changes in control systems focusing on accountability and professional competencies in social services. Following this, theme *four* concentrated on long-term planning and how these processes functioned. We asked about how new challenges were identified and how needs for innovation and learning were addressed. Finally, theme *five* was about internal and external collaborations, including the collaboration between the administration at the political level. Under this theme, we asked how they perceived the collaboration within the purchaser-provider split and how politicians influence work practices.

The questions in the interview themes were open-ended, and we focused on letting the interviewees contribute with their perceptions and interpretations of the changes. Regarding the use of control systems, we asked broad questions, such as "If we are to understand the control systems used in the municipality, what are the most important things we need to know" and "What tools do you perceive as most important to achieve the objectives of the municipality?" Further, we asked more specific questions, such as "Do you perceive the budgeting process to be sufficiently integrated with the professional core tasks?", "How important is it to achieve the budgetary goals?", and "Have you experienced overspending; how did you handle this, and what were the consequences?". The interviews lasted between 1 and 2 hours, and the interviewees were assured complete confidentiality.

4.4 Data Analysis

All interviews were recorded and then transcribed to convert the verbal data into written form. We utilized qualitative analysis software to address the analytical bias common in qualitative research and enhance reliability (NVIVO 10). This software facilitated a methodical data reduction, categorization, and interpretation process, aiming to improve the research's validity by ensuring consistency between the predefined research objectives and the findings observed and identified during the analysis (Mason, 2002).

In our analysis, we adopted sensemaking as our analytical lens, concentrating on how individuals actively shape their environment. This process involves the creation of new aspects that capture their attention. We conducted the coding process in three stages. The first round of codes was made to identify budget control elements, including systems, principles, methods, and procedures. The second round of codes was based on the elements of sensemaking theory, such as “cues,” “noticing,” “bracketing,” “enactment,” and “collective understanding.” They were developed to cover the processes of sensemaking to understand how the two municipalities and the managers extracted cues in the change process, how they created interpretation, and how they enacted changes. Finally, codes were developed based on the purchaser-provider split to understand the differences between managers in charge of the purchasing processes and managers providing care.

In each coding round, we initially coded using broad theoretical categories, which were subsequently developed and sub-coded as appropriate to answer the research questions meaningfully, reinforcing general opinions from the transcripts with specific quotes (Brinkmann & Kvale, 2014). Thus, the coded data resulted from a mixture of predefined and free codes emerging from empirics.

5 Findings in Beta

In the years up to the interviews, the political council granted more money to the social service area due to rising costs. However, following the new national agenda in Denmark, ending the growth in costs, and balancing the overall social services budget was considered imperative by top management and the political council. Previously, overspending had most often led to budget increases, but as the budget law introduced in 2011 effectively prohibited spending increases, an understanding of costs as controllable emerged.

5.1 Noticing and extracting Cues: Acting upon the Budget Overrun

Following the top management focus on budget compliance, the CFO considered possibilities for changes in the financial routines. The CFO paid attention to the social work practices that could potentially be integrated with the management control systems to meet demands for tighter budget control. During this process, the CFO particularly observed an inability to discern whether cost escalations were attributable to a rise in client numbers or alterations in the existing clients' requirements. Consequently, a need for more proactive controlling and changes in control processes, including continuous and detailed budget line-item follow-ups, transparent procedures, and increased support to managers to improve budget commitment, was identified. The CFO explains the new controlling approach:

During the budget year, we do follow-ups frequently... We are pretty strict in our controls. I think you will hear that everywhere in the organization. It is straight

on. If one of the service provider units announces that they expect to exceed the budget by more than 4%, we initiate a plan. And we do it immediately. (CFO)

By emphasizing budget targets, lowering tolerances for budget deviations, and closer and more frequent monitoring of results, the budgeting process was tightened (cf. Johansson and Siverbo 2014); Van der Stede, 2001). Rather than emphasizing the increasing demand for services, which was previously considered the explanation for budgetary challenges, the overspendings in Beta were connected to the lack of purchasing budget control. A need for low tolerance for budget deviations and a strong emphasis on meeting short-run budget targets was identified by bracketing this explanation. Accordingly, it was decided that the purchasing budget would not be adjusted during the budget year, even if the number of eligible clients or client needs increased. Instead, management was expected to prioritize resources to balance the budget without jeopardizing clients' needs and compromising care.

Faced with the political decision that the budget should be balanced, the Head of DHD welcomed the more frequent dialogue with controllers, and previously unnoticed cues came into focus. As the Head of DHD and the Head of the PD acted on the new responsibility, they started to connect cues, reaching a new understanding of the situation:

The deficit was massive. Massive! Probably, one of the reasons the former manager left. There was no controlling of data. We did not know the number of clients we were responsible for, who they were, and the costs. We knew nothing! (DHD of the PD).

Therefore, instead of attributing the budgetary issues to a shortage of financial resources, the Head of the PD viewed the problem as stemming from inadequate information on the financial impacts of referral processes due to the lack of systematic registration of clients eligible for services. In this bracketing, the Head of DHD identified a need for becoming involved in developing systems providing accounting information that could connect cost to the care dimension of social work. Both the Head of DHD and the Head of the PD emphasized the need to collect information on costs related to individual cases, and based on the more detailed accounting information, the Head of DHD interpreted the challenges as being related to changes in client groups:

It doesn't add up, the intake and exit of clients. People with disabilities are getting older and older, so the number of exits from this client group decreases. On the contrary, we have fewer traffic accidents, and we see that some of the young clients in need of services 24/7 are moving out of the municipality. But in total, the intake is still increasing. (Head of DHD)

In designing new budget controls, a connection between balancing the purchasing budget in the DHD and the ability to utilize total capacity within service provider units was brought into

focus. Previously, the service provider's budgets had essentially been yearly fixed budgets. However, to increase flexibility within the purchaser-provider split, the Purchasing Department managers initiated the development of a new budgeting model that connected the capacity-related decisions at the provider level with the budget allocation. A controller explained the changes in the following way:

We adjust if the capacity has not been fully used according to the occupancy rate that has been planned. Then they must return resources. However, if they exceed the [planned] occupancy rate, they will get [more] resources. (Controller)

5.2 Interpretation Processes: new Needs for Flexibility and Cooperation are noticed

Effectively, by changing the service providers' role from being cost center managers to being responsible for a profit center, service provider managers needed to respond to the broader accountability. Consequently, the provider managers noticed cues that could connect and integrate the new demands for financial responsibility with the social work practices. As new understandings emerged, the managers interpreted the situation as a need to be more flexible to fill up vacant spaces to balance budgets. One of the service provider managers explains:

It is a complex matter to make yourself attractive to municipalities outside Beta. We operate at full capacity right now, and if another municipality wants to refer a client, we do not know when we will have a vacancy because we do not know when one of our clients will move out. Consequently, the municipality in question might lose interest because they need the vacancy here and now. So, how do you deal with that! We have decided to become flexible, and if someone needs our services, we make extra room for them by enlarging our capacity. (Service provider manager 2)

The changes prompted the provider managers to engage in sensemaking, where costs are considered part of the social work practices. However, reflecting upon this new understanding, the Head of DHD emphasized that it would be insufficient to focus on costs alone. Noticeably, a new understanding of social work was needed to control costs successfully:

The general value is that clients should not be the ones to adjust to the system. We are the ones who must adapt to the needs of our clients. Everything we do must be based on this understanding. (Head of DHD)

A new direction for social work based on a rehabilitation approach, where individual solutions to client needs were at the center, became essential. Thus, professional competencies were in focus when implementing changes. Moreover, the rehabilitation

approach ensured that accommodating client needs continued to be the most essential concern of social work:

It is not necessarily about less care but more about following the client. Is this still the correct picture of the client? Is this still an adequate intervention? That I find to be important. (Head of PD)

Thus, the Head of the PD interpreted more frequent budget follow-ups as a matter of focusing on clients. Realizing that insufficient care not matching the need of clients would lead to a demand for intensified services, the short and long-term perspectives came into focus in the change process.

The new emphasis on rehabilitation also became important for the service provider managers' interpretation of the new control processes: On the one hand, they realized that a too-narrow understanding of their target groups would reduce referrals to their services and, consequently, reduce budgets. On the other hand, a lack of flexibility could imply that clients were referred to more expensive services in other municipalities or with private suppliers. More frequent budget follow-ups, adjustments of plans, and more focus on budget compliance led to new understandings of the interdependency in the purchaser-provider split. Previously, this interdependence between the DHD and the provider units had gone unnoticed, as the purchasing budget had been updated to reflect the current expense level, and the provider budgets had not been reduced when demand for the services had declined. Recognizing the interdependence, a service provider manager explained:

We need to cooperate with the purchasing team in DHD and take in cases... and the more cases that do not have to be solved elsewhere at a double rate, the more money we can get to solve the cases. We must understand that connection (Service provider manager 2).

The Head of DHD prioritized the dialogue with the service provider managers, sharing reflections on the complexity, strategies, and trends in service demands. Following this, the services provider managers engaged in interpreting the accounting information and initiating change within their units, thus triggering new sensemaking:

I think we constantly attempt to provide specialized services. You cannot just do that within one area and say that we are really good at providing to clients with less impaired disabilities. That time has gone, and we need to specialize. We need to be good at what we are doing, and we are specialized in providing individually planned services (Service provider manager 1).

Focusing on finding adequate solutions to clients' needs, the service provider managers connected the budget controls aimed at cost reductions and the provision of specialized

services. Furthermore, a change in the role of the FD was noticed by the service provider managers:

You get support from the Finance Department, and it is okay to make mistakes. I think they do exactly what they say they will do, and I always ensure to be ahead by monitoring the budget closely. That's why we have it under control, and we will not even get close to having 4% overspending. Instead, I make sure to have a small buffer to transfer between years. (Service providing manager 3).

Reflecting on the closer cooperation between service provider managers and the FD, a controller noted that it requires a balancing of the tight follow-up and the supportive role: "Our task is to control, but first we are partners [to the managers]. To me that signal is crucial to make, and partners can make constructive critic" (Controller).

5.3 Restoring Sense: balancing Caring and Costing

Soon after tightening the budgeting process and introducing the new direction for social work, the DHD turned years of deficits into a surplus. The Head of DHD interpreted the turnaround as a matter of increased professional competencies stating that "Management control actually promotes our professional competencies to become even sharper" (Head of DHD) when the values of social work and budgetary control merged into hybridized professional logic (cf. Kurunmäki, 2004; Grossi *et al.* 2020). The Head of the PD mentioned several examples of strengthened professional competencies, e.g., when more cost-effective solutions were perceived to be valuable for the clients, which made it a matter of good social work (Schröder *et al.* 2022):

What we do is that we decide to initiate an intervention even though it is not strictly necessary, but because we know that in a few years, we will save money. And I think the client will also benefit from this. A better experience, a better life. It is not just finance, all of it. (Head of the PD)

Also, the service provider managers embraced the new interpretation of social work, and one of the managers explained: "We need to have an individual perspective on each of them [clients]. Even though they reside here together, it is extremely important that they receive individual service" (Service provider manager 1).

Thus, by initiating interventions, the service provider managers enacted a hybridization of demands from managerial and professional values that otherwise could have been conflicting. The new interpretation of social work implied that potentially divergent understandings of cost and care were interpreted as a matter of developing in-house services more efficiently than those purchased outside Beta:

We have the same staff with the same educational background, and the [clients] get the same hours of training. In other words, we provide the same, but we could do this much cheaper, and for the extra money saved, we could even establish another service for a different target group. (Service provider manager 3)

However, it was recognized by service providers that the increased emphasis on budget compliance might influence the balance between caring and costs: “Sometimes I think professional judgment is lacking” (Service provider manager 2). As a specific example of how this could influence dialogue and priorities, a service provider manager explained:

We have been discussing our finances regarding our outgoing team...that was regarded as too expensive...I tried to give them an example of the costs if the task were to be carried out elsewhere. But then, suddenly, I found us very far from each other. We had to find common ground again, and we did. That is the most important part. (Service provider manager 2)

The example given by the service provider manager demonstrates that the balance between costing and care is delicate in practice and needs ongoing attention and restoring of sense.

6 Findings in Gamma

Like in Beta, the change toward tight budget controls was initiated by the political council and top management in Gamma. After years of budget overspending, it was decided that budgets should be balanced, and the FD should initiate analyses of the causes of the overspending. Based on the initial analyses, it was concluded that the massive cost growth was not explainable because of the absence of reliable data: “We did not know the number of clients and how many of them residing at our service providing units” (Controller). This initial bracketing became important for the change process in Gamma.

6.1 Noticing and extracting Cues: Explainability rather than Controllability

In principle, the purchasing departments and the provider units in Gamma were interlinked within the purchaser-provider split, but the department budgets were based on different principles. Before the change process was initiated, each purchasing department was allocated a fixed budget for purchasing services from the provider units within Gamma, other municipalities, or private suppliers. In practice, the purchasing budgets had been decided based on last year’s spending with some discretionary reductions to balance the overall municipal budget. However, for several years, both purchasing departments had been overspending every year.

The provider unit’s budgets were based on the expected cost and predetermined occupancy level. If providers took in additional clients, the budget was renegotiated, and typically,

additional funding was provided so that the providers could balance the budgets. If the occupancy level was lower than budgeted, no reductions were made. Contrary to the two purchasing departments, the provision department was generally able to balance the budgets at year-end and, in most years, several provider units also generated a surplus. However, in most provider units, the balancing was only possible because of the additional funding during the year.

To reduce the overall overspending in the social service area, top management had asked for tighter budget control, and the CFO decided to introduce systematic and detailed line-item follow-ups, transparent financial reporting, and increased financial support to managers. The focus was mainly on cost control within the purchasing departments because these departments were overspending. When analyzing the accounting data, the CFO initially noticed that the increased intake of clients was the main driver for the cost increase within the purchasing departments.

The CFO perceived social work expenses as less controllable than other municipal expense areas because the supply obligation in the Social Service Act requires Gamma to provide services to all eligible clients and because the act stated that client needs should be assessed individually in each case. The CFO explained:

...Controllability within this field is low. We cannot control demands [for services], but we can, of course, decide how we do things and follow up on [client] cases. Therefore, we have decided that this field is regulated differently from other fields in Gamma. (CFO)

As seen, the CFO understood Gamma could decide on a service level and follow-up procedures. Still, he recognized the obligation to provide sufficient services and how that would influence costs. Thus, the CFO concluded that the inability to control client demands would affect how tight budgets could be controlled.

The CFOs' understanding of the purchasing budget as less controllable became crucial in the change process because the FD decided to allow for a higher tolerance for budget deviations, and less emphasis was put on meeting short-run budget targets. Although deviations were permitted, decisions on providing additional funding the purchasing departments was still essential. The CFO noticed that the client intake was increasing, which was interpreted to be the main driver for the increasing expenses. Furthermore, tight budget control was perceived as a matter of explaining budget deviations in the purchasing departments. Thus, the controllers became more involved in revising budgets to support the heads of purchasing in making sure clients would be referred to sufficient services while having achievable budget goals. The controller explained how she perceived cost and care to be connected:

...if we had 100 [clients] and now have 110, then we will present to the political council that now we have 110 instead and that we cannot do anything except provide what they are entitled to receive. (Controller)

However, the approach taken by the FD caused tensions within the purchasing departments. Although the CFO and the controllers enacted budgets as non-controllable, the purchasing departments were still required to reduce costs because of political and top management demands. The conflicting demands directed purchasing managers' attention to the information provided with the monthly budget follow-ups. The managers came to understand that they lacked both the necessary financial and non-financial information at the client level to analyze and comprehend the costs and the relationship to the services that clients became referred to:

... We knew nothing about what we were dealing with, and that is the crucial part. If you want to control this field, you need to know precisely what clients you are purchasing services to... The first two years were spent cleaning up, and getting things under control, such as registering the number of clients receiving services and constructing a sheet of accounts. (Head of DPD)

The FD interpreted the adjustments of the purchasing budgets according to the cost and number of referrals as a tightening of budgets because it reduced deviations. However, the tensions were for the purchasing department's cues that were bracketed as needs for explanations and more information.

While the purchasing budget was regulated, the provider budgets were considered fixed for the year. It has been the budgeting principle in previous years' practice. The provider units were automatically allowed to transfer up to 5% of underspending or overspending to the following year, and the political committee could grant an additional transfer of surpluses of more than 5%. The fixed provider budgets implied that budgets were not adjusted when the occupancy rate declined. However, if a provider unit agreed to take on a client with additional needs, they would often be compensated:

Once, I ended the year with overspending, but that was not something I could do anything about, and I was compensated. It was about a client we took in who eventually had additional care needs. We had to hire extra social workers, and I was able to document this additional spending. (Service provider manager 2)

Thus, for the provider departments, explainability was important when budget adjustments were negotiated with the FD. The CFO connected cues related to service providers overspending to the understanding of cost as uncontrollable. Further, the controller noticed that the service providers most often had a surplus, and the CFO interpreted this as budget commitment by emphasizing that "in general, service providing comply with budgets. Most of

them make a small surplus every year as a buffer. I would say that it is a mentality in this part of the country". (CFO)

6.2 Interpretation Processes: Changes in Work Practices in Purchasing Departments

After the intensifying of budget follow-ups and more frequent adjustments of the purchasing budget, it became more apparent that the increased demand for services would inhibit an overall balancing of the budget. As more increase in demand for services was the main driver for the increases in the purchasing budgets, the purchasing managers interpreted the information from the budget follow-ups as a need for changes in the professional work practice when assessing cases:

We are subject to pressure as demand for our services continuously increases in ways that tell us that it will not be possible for us to finance the demand within our budget. That is why we decided to look differently at new cases. Why refer a client to a residential home if the client is capable of staying in their own home with home care services? (Head of DPS)

Connecting the referral processes to the budgetary challenges, the purchasing managers decided that client cases should be scrutinized in more detail to challenge and change ways of doing things. Thus, from recognizing the referral process in general as the most critical cost driver, the managers identified inadequate assessment of needs, eligibility, and adequacy as crucial cost drivers. Having reached this understanding, the changes in referrals of clients to services were initiated by the purchasing departments:

Every time a new client enters the door, we do the same exercise. Is there something we can do differently? Do we see any tendencies in the applications for the care we receive which allow us to change how we do things or have done things traditionally? (Head of the DPS)

Further, the more detailed accounting data were interpreted as a need for forward-looking information, and a new strategy emerged for both Purchasing and Provision departments. According to the Head of Provision:

We must look ahead of time and plan what we want to happen. This also includes estimating how many clients we anticipate providing to, what kind of clients and what challenges we will be facing regarding capacity and so on.

The purchasing departments' estimates of changes in client intake were shared with the provider managers, as were the estimated reductions in referrals due to changes in the referral processes. However, the provider managers did not interpret the information as cues for budget control changes, nor did they interpret the new strategy as being much related to their practice. Further, as the provider units typically ended the years in surplus, they did not

connect the overspending within the social services in Gamma as related to their own management of budgets. Instead, the provider units responded to the changes in budgeting principles from fixed provider budgets to variable by noticing a need to develop new services to maintain budgets. One of the provider managers emphasized: “We must expand our services continuously, and that is why we are still here. If we did not do that, we would have been closed by now.” (Service provider manager 3)

The service provider managers noticed the purchasing departments' budgetary challenges, but their professional work practice was not changed substantially. A manager described that “despite cutbacks, not just in Gamma, but everywhere, I think we still have a sensible financial situation making it possible for us to deliver quality care.” (Service provider manager 3). Consequently, the service provider managers focused on daily operations and were less concerned with the change processes as they interpreted it to be about the purchasing departments. Further, the service provider managers identified the financial pressure as disturbing, potentially manifesting in cutbacks. Therefore, the service provider managers interpreted the tighter budget controls as cutbacks.

6.3 Restoring Sense: controllable when explainable

Initially, the FD interpreted the field as uncontrollable, and tight budget control was enacted as frequent and detailed budget follow-up and variance analyses. However, the information provided from the budget follow-ups became important cues for the managers of the purchasing departments. Thus, another understanding of tight budget control emerged within the purchasing departments:

I am very concerned about the financial results of this municipality. For that, I find myself in the shooting line all the time, and you can look at what is controllable and what is less controllable..., but I do not perceive it like that, and I don't practice management accounting based on that perception.... I perceive the field as controllable. (Head of DPD)

Unlike the FD, the purchasing managers perceived costs as controllable as their work practices in Gamma generally focus on getting costs under control. With the more detailed and elaborate accounting information that connected budget and budget deviations with the social work practices in the purchasing departments, the managers within the purchasing departments monitored deviations from the budget closely and made operational adjustments:

...when I say deviations, I look at it compared to what we had. I can see that two young persons are becoming adults, meaning they will need a residential home, implying increases in my budget. We discuss the different accounts, and we meet once a month to evaluate. (Head of DPD)

Thus, for the Head of DPD, controllability of cost was a matter of acting upon information rather than complying with a fixed budget. The Head of DPS similarly explained how they also perceived the field as controllable and how focusing on costs could lead to more creativity: “Costing and care goes hand in hand, but also creativity. That is very important to keep in mind. It is not only wrong that we must think in costs” (Head of DPS). Further, the purchasing departments expressed that professional competency has been strengthened in the process and that assessments and referrals to services had improved significantly:

If you ask the social workers, they will tell you their professional competency has been reinforced. It has been challenging and difficult times. We have had our share of dissatisfied clients and relatives. But if you ask them, they still believe their professional competency has been strengthened, and they feel that for the first time, they make professional assessments. (Head of DPD)

However, contrary to the expressions from the purchasing managers, the service provider managers perceived professionalism to be reduced and that the balance had changed in favor of the cost considerations. A service provider manager explained how the dialogue with the controllers had changed:

When you go to the department and talk with accounting people and other people, they have a non-professional approach like: It is unbelievable how much this one (client) cost! It is crazy; you can run a kindergarten with the same resources! And that is true, and it has always been like that. [The client] has always been this expensive. (Service provider manager 3)

Finally, although the explainability of costs was perceived by the purchasing and provider departments as improved, it was still a challenge for the FD. A controller expressed:

It is up for discussion how much service they [clients] need. What if a client is referred to a unit and the client needs less intensive care compared to how many social workers they have employed at the unit! How do we handle that? We still do not know now. (Controller).

The purchasing departments' reconciliation of explainability with controllability was by the provider departments experienced as changes in social work practices. Several managers expressed concerns about the lack of professional judgments in referral decisions, and the changes were interpreted as cutbacks in services. Further, a service provider manager questioned if purchasing departments prioritized rehabilitation and had acquired sufficient professional proficiency to do so:

I think sometimes this municipality lacks the expertise of specialists who can see the big picture and have knowledge and expertise with these cases. They are too

short-sighted, and therefore assessments and referrals are based too much on financial parameters and not rehabilitation. (Service provider manager 1)

Thus, the service provider managers did not appear to recognize nor accept the connection between strengthened professional competency and the introduction of tighter budget controls.

7 Discussion and Conclusion

This study explores how middle managers within social services in two similar municipalities create meaning and enact changes in social work practices and budgeting principles when facing demands to tighten budget control. In both municipalities, the approach to the tightening of budget control, when looking at it from the outside, consistent with the findings in previous literature, where, for instance, Johansson and Siverbo (2014) highlight the implementation of formal and comprehensive budget controls, and Van der Stede (2001) describes tight budget control as emphasizing low tolerance for short-term budget variances, meticulous monitoring of budget items, rigorous discussions about budget outcomes, and a focused effort on achieving immediate financial objectives.

In both municipalities, the Department of Finance introduced the need for tighter budget control upon request from top management and politicians to respond to financial difficulties. Despite facing similar challenges, the municipalities exhibit two different understandings of tight budget control. Both municipalities introduced detailed budget line-item follow-ups and focused on controlling budgets. However, the budget control systems differed in various ways. Beta introduced tight budget control based on an understanding of the social services as controllable. Consequently, budget revisions were not allowed during the budget year, the provider units' capacity utilization was closely monitored, and budgets were regulated according to occupancy rates. Moreover, Beta continuously introduced budget follow-ups within all provider units. This allowed managers to relate accounting information to operational knowledge (Bukh *et al.*, 2021; Englund and Gerding, 2015), and a new understanding of tight budget control as an accounting phenomenon (Ichdan *et al.*, 2023; Goretzki & Messner, 2016) was enacted when the managers initiated changes based on the information.

Gamma also increased the budgetary focus but compared to Beta, its budget control was, in practice, perceived as less tight. Even though budget compliance was required, and more budget follow-ups were introduced, the social cost was perceived as less controllable than other parts of the municipal budget, and the tight budget control was enacted as explainability rather than controllability. In Gamma, the purchasing departments' budgets were changed from fixed to variable budgets and were revised during the year to accommodate the increased costs due to price changes or demand variations within different target groups. Even though

this principle allowed flexibility, it also meant that the FD became more involved in managing the department by adjusting the budget according to demands and referrals. However, contrary to Beta, the service provider unit budgets were not altered during the year due to service demand declines, implying that expense reductions within the purchasing departments did not reduce expenses in the provider units.

The changes in the budgeting principles in the two municipalities are summarized in Table II. Although the budgeting principles for the provider units were not changed in Gamma, it should be noted that the overall social services budgets before the introduction of tight budget control had been increasing. Thus, in practice, the provider budgets were variable because the provider budgets were adjusted in case of increasing demands. After the introduction of tight budget control, the overall social services budget did not increase. Consequently, the provider budgets changed in practice from variable to fixed budgets.

	Overall social services budget	Purchasing department budget	Provider unit budgets
Beta	From uncontrollable to controllable	From variable to fixed budgets	From fixed to variable budgets
Gamma	From uncontrollable to predictable	From fixed to variable budgets	Fixed, but in practice, allow to increase

Table II Changes of the budgeting principles within the provider-purchasing split

Comparing the changes in the budgeting principles within the provider-purchasing split, the municipalities before the change applied “opposite” principles. In Beta, the purchasing budget was variable, and the provider budgets fixed; in Gamma, the purchasing budgets were fixed and the provider budgets variable. After the change, purchasing budget was fixed, and the provider budgets were variable in Beta, while in Gamma, the purchasing budgets were variable, and the provider budgets fixed.

The sensemaking processes in the purchasing departments in Beta and Gamma were somewhat similar concerning the initial focus on developing accounting information and professional control systems based on new principles for assessing and referring clients to services. With respect to budget compliance, the purchasing department in Beta focused on budget compliances as the budgets were demanded to be controllable. In Gamma, budget compliance was less critical from the FD’s perspective, and budget revisions could occur if the number of clients or the needs could be explained. However, this did not mean that the purchasing departments in Gamma perceived budgets as uncontrollable. Consequently, the purchasing managers in Gamma developed financial skills (cf. Ahrens et al. 2018) and initiated a tightening budget control on their own initiative.

Within the provider units, the tightening of budget control represented challenges in both municipalities. The need to integrate costing and caring did not initially emerge from the provider manager's interpretations but was experienced as a demand initiated by the purchasing departments and the FD. In Beta, the service provider experienced the increased emphasis on budget compliance as a need to balance caring and costs, like previous studies that have demonstrated professionals' acceptance of financial responsibility (e.g., Ahrens *et al.*, 2018; Bukh *et al.*, 2021; Kurunmäki 2004). However, it was not just a passive acceptance rather an ongoing process where sense continuously had to be restored and mediated. In Gamma, the service provider managers did not appear to recognize nor accept the connection between strengthened professional competency and the introduction of tighter budget controls, and the reactions of professionals were more in line with studies that have found that professionals interpret accounting devices as a threat to professionalism (Allain *et al.*, 2021; Purcell and Chow, 2011)

The study contributes to the literature on tight budget control (Bedford *et al.*, 2022; Bukh and Svanholt, 2023; Johansson and Siverbo, 2014; Van der Stede, 2001) by demonstrating how budgeting principles within a purchaser-provider split (Johansson and Siverbo, 2014; Wällstedt, 2015) interact with managers' perceptions of tight budget control and, thus, influences the effectiveness of the budgeting principles.

Previous literature (Bedford *et al.* 2022; Johansson and Siverbo, 2014; Van der Stede, 2001;) conceptualize tight budget control as a matter of the intensity of budget follow-ups, the emphasis on meeting targets and managers' willingness to accept budget responsibility. However, when introduced in a public sector organization where the consequences of accounting change are shaped by potentially competing professional values, managers' mediations of outcomes can be more complicated to predict. The present study points not only to the importance of individual managers' interpretation of the accounting devices when budgeting processes are tightened but also highlights the importance of shared understandings of the implications of responsibility. Like Bukh *et al.* (2021), we found that divergent understandings of the need for tight budget control merged in Beta. However, in Gamma, divergent perspectives persisted because managers bracket different cues, developed different meanings, and, thus, acted differently (cf. Hagebakken *et al.*, 2020).

In Beta, the purchasing departments' emphasis on social work processes became an essential clue for the service provider managers when interpreting the new control processes. They realized their flexibility when providing services in response to new needs was connected to their possibility of sustaining budgets. Further, the more detailed information enabled shared sensemaking when purchasing managers engaged in dialogue with the service provider managers, sharing reflections on the complexity, strategies, and trends in service demands.

Similarly, the purchasing department in Gamma shared information (e.g., estimates of capacity needs) with provider managers, but they did not interpret the information as much related to their practice. Consequently, shared sensemaking did not emerge in Gamma. The service provider managers focused on daily operations that were not connected to the accounting information.

Thus, the study demonstrates, in line with Englund and Gerding (2015), the importance of relating operational knowledge to accounting. Consequently, the service provider managers in Gamma were less concerned with the change processes, interpreting the demand for tight budget control as cutbacks, restrictions on flexibility, and challenges to professionalism. As emphasized by Balogun (2006) and Balogun and Johnson (2005), middle managers do not always operationalize strategic changes as top management envisages.

In the two municipalities, we studied how accounting systems and numbers create ambiguity and uncertainty that potentially lead to sensemaking processes and how managers engaged in such sensemaking processes. Based on a simple classification of budgets as fixed or variable within the purchaser-provider split, the four possible combinations of budgeting principles are shown in Table III. If we start in *quadrant B*, labelled ‘challenged cost control’, this represents the situation observed in Beta before the tightening of budget control. When demands for services were increasing, and more clients were referred to the provider units, the results were, on the one hand, an overall increase in cost because the purchasing budget was variable and, on the other hand, budget overruns within the provider units. Thus, without tight budget control, cost increases are the likely outcome.

	Purchasing department budgets fixed	Purchasing department budget variable
Provider unit budgets fixed	A: Constrained cost control	B: Challenged cost control (Beta before the change)
Provider unit budgets variable	C: Coordinated cost control (Beta after the change / Gamma before the change)	D: Loose cost control (Gamma after the change)

Table III Combinations of budgeting principles within the provider-purchaser split when applying tight budget control to reduce costs

Next *quadrant C* represents Beta's situation after the tight budget control. Having a fixed purchasing budget and interpreting budgets as controllable, coordination with the variable provider unit budgets comes into focus to avoid budget overruns. In Beta, the managers in the purchasing department and the provider units developed a shared understanding of the

accounting information, and cues were noticed and bracketed collectively (cf. Weick *et al.*, 2005), thus leading to a shared meaning. Like Friis and Hansen (2015) and Frow *et al.* (2010), we find in this situation that tight budget control can foster innovation and responsiveness. Before the accounting change, similar budgeting principles were, as shown in Table III, used in Gamma. However, the shared interpretation before the change was that budgets were uncontrollable, and budget overruns resulted from the coordination.

In practice, the combination of budget principles after the change is in Gamma, represented by *quadrant D*, which we term ‘loose budget control’. Although the same accounting devices that lead to cost control in Beta were applied in Gamma, the variability of both purchaser and provider budgets was insufficient to tighten budget controls in practice. Even though the purchasing departments interpreted costs as controllable, the provider managers enacted the budgets as predictable and adjusted the intensity of activities upwards when the client intake decreased. Without a shared understanding connecting accounting information to operational realities, as interpreted by the provider managers, the managers acted with resistance. Finally, the combination in *quadrant A*, which we have labelled ‘constrained cost control’, represents a situation where both the purchasing and provider budgets are fixed. If demands for services or the intensity of services are increasing, this combination is likely to increase tensions, while the incentives to reduce cost are weak when demand and intensity are decreasing. However, we did not observe this combination in the studied cases.

In conclusion, the findings indicate that the enabling (Mundy, 2010; Toldbod and Dumay, 2023) and empowering (Bukh and Svanholt, 2020; Deschamps, 2019) role of tight budget control depend on how budgeting principles are structured within a provider-purchaser split. The study is based on evidence from only two municipalities; thus, caution in generalizing the observations must be exercised. However, it seems that budgeting flexibility (cf. Raudla and Douglas, 2022; Francesco and Alford, 2016) can be enabled by tight budgeting control because the combination of accounting information and budget compliance can trigger shared sensemaking and changes in operational practices, as was also demonstrated by Friis and Hansen (2015).

As the second overall contribution, this study enriches the body of knowledge regarding the way management control and accounting data mold actions and affect organizations in the public sector (Bukh *et al.*, 2021; Carlsson-Wall *et al.*, 2016; Carr and Beck, 2022; Gebreiter, 2022; Kirkpatrick *et al.*, 2023). It does so by illustrating how professionalism, is manifested and applied locally through the sensemaking processes of middle manager. Accounting and professional work in public sector organizations have been portrayed to reflect different values (Weichselberger *et al.*, 2023; Wällstedt, 2017), where an increased focus on accounting can lead to resistance from professionals (Allain *et al.*, 2021; Timor-Shlevin, *et al.* 2023; Carlsson-Wall *et al.*, 2016; Kurunmäki *et al.*, 2003). Yet, studies have demonstrated

that professional practices can align with accounting practises (Kurunmäki et al., 2003; Llewelyn, 1998), indicating that professionals may accept financial responsibility (Bukh et al., 2021; Lehtonen, 2007; Kurunmäki et al., 2003; Kurunmäki, 2004)

In both municipalities, social service costs had increased for some years, and changes were initiated to balance budgets. The changes provided both accounting and operational information that was not available previously, and managers could identify relationships between changes in demands for services, operational changes, and the implications for budget compliance. This information triggered sensemaking processes among purchasing managers in both municipalities. However, the provider managers differed between the municipalities in their interpretation of the changes and the accounting information. In Beta, the service provider managers took responsibility for the municipality's financial situation, accepted the financial responsibility and initiated changes. In Gamma, where shared sensemaking did not occur, the service provider managers did not perceive the need for change and the tightened budget control was interpreted as a reduction of professional judgment. The comparison of the two cases indicates that the questions of resistance or acceptance of budget responsibility depend not only on how changes are initiated and how middle managers are involved but also on middle managers' ability to establish a connection between accounting changes and changes in social work practices.

Englund and Gerding (2015) highlighted that accounting information could be mobilized both for mental model confirmation and for building new mental models. Consistent with the findings of Englund and Gerding (2015, p. 301), we find in Beta that the changes in top management priorities fueled experimentation with new accounting information, enacting plausible connections between budgetary follow-ups and operational insights that restored sense by enacting changes in managers understanding of the professional values. In contrast, similar accounting information was enacted as conflicting with the social work logic in Gamma. Thus, the study demonstrates that professionalism does not stem from the formal attributes of organizational fields (Friedland and Alford, 1991) but is locally instantiated and enacted and that such enactments through sensemaking processes (Maitlis and Sonenshein, 2010; Weick, 1995) make accounting purposeful (cf., Hopwood, 1992).

Furthermore, as intermediaries, middle managers play an intriguing role in change processes (Balogun and Johnson, 2004; Bukh and Svanholt, 2020; Letierce *et al.*, 2023; Dechamps, 2019). When the changes are introduced (Bukh *et al.*, 2021; Goretzki and Messner, 2016) middle managers act as a filter through which changes are interpreted, accepted, or rejected by the rest of the organization (Klemsdal *et al.*, 2022; Rouleau and Balogun, 2011).

Therefore, the result of the study indicates the importance of changes to trigger manager sensemaking. Through these processes, managers recognize the need for new ways of conducting things. During the sensemaking processes, these managers can further connect the

management control agenda with other agendas more directed toward professional competency, as in the case of Beta introducing a new direction in social work. This makes the managers more capable of improving service levels and quality.

Ahrens *et al.* (2018) demonstrated how the hybridization of financial and professional expertise could emerge as a response to budget pressure and the need to safeguard service. To scope services in new ways, service provider managers need to have financial skills, and controllers need to understand operations to give assurance of the sustainability of new service arrangements. Although we do not focus explicitly on the role of the FD and controllers, the findings indicate that the FD's inability to engage in shared sensemaking may explain the outcome, which is similar to the findings of Ahrens *et al.* (2018, p. 353), who concluded that service provider managers might view the support from the FD department less useful.

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