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Tightening budget control in social services

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ABSTRACT

This study investigates how tight budget control is enacted in social services, drawing on a comparative case study of two Danish municipalities. The analysis focuses on how budgeting principles within purchaser-provider arrangements shape managers' interpretations of controllability, flexibility, and responsibility under conditions of fiscal pressure. The study examines why similar efforts to tighten budget control may lead to markedly different outcomes across otherwise comparable organizations. The findings identify three key drivers of these differences: how controllability is interpreted, how budgeting principles structure flexibility and budget adjustment, and how accounting information is coupled with professional work. The analysis shows that the enabling and empowering potential of tight budget control depends critically on how budgeting principles are designed and enacted. In the two cases, tight budget control facilitated rather than constrained budgetary flexibility, but in fundamentally different ways. Finally, the analysis demonstrates that professionalism is not determined by formal organizational arrangements but is locally enacted through managerial work that connects accounting information to operational practice.

1. Introduction

Prior research has extensively examined how accounting shapes action and professional practice in social care and public sector organizations (e.g., Carlsson-Wall et al., 2016; Fırtın, 2023; Schrøder et al., 2022). While tensions between accounting and professional logics often give rise to resistance (Allain et al., 2021; Timor-Shlevin et al., 2023), studies have also shown that professional values may be aligned with accounting systems (e.g., Bukh et al., 2021; Grossi et al., 2022; Kurunmäki, 2004; Schrøder et al., 2022). The outcomes of introducing accounting into professional domains are thus contingent on context and cannot be presupposed.

Despite a growing body of accounting research on budgeting in public sector and professional settings, we still know relatively little about why similar efforts to tighten budget control may lead to markedly different outcomes across otherwise comparable organizations. Prior studies show that tight budget control may foster resistance, stress, and reduced adaptability (e.g., Van der Stede, 2001; Bedford et al., 2022), but may also enable coordination, accountability, and managerial ownership when controls are perceived as fair and meaningful (e.g., Johansson & Siverbo, 2014; Bukh & Svanholt, 2022; Johansson-Berg & Wennblom, 2023).

Recent studies on public sector budgeting under austerity continue to highlight the tension between budgetary discipline and operational flexibility (Raudla & Douglas, 2022; Weißenberger & Tica, 2025), while Chua et al. (2026) show that controllability may be interpreted differently in practice. However, this literature still provides limited insight into how budgeting principles embedded in purchaser-provider arrangements shape the local enactment of tight budget control in professional service contexts. While purchaser-provider arrangements have been studied as institutional control structures (e.g., Siverbo, 2004; Johansson & Siverbo, 2014; Wällstedt, 2017), less attention has been paid to how specific budgeting principles embedded in such arrangements influence managers' interpretations of controllability, flexibility, and responsibility under conditions of fiscal pressure. Furthermore, when organizational changes, such as the introduction of tight budget control, are implemented, middle managers operate as key intermediaries in the change process (Balogun & Johnson, 2004; Bukh & Svanholt, 2020; Carlsson-Wall et al., 2016).

In this paper, we approach tight budget control not as a fixed set of techniques, but as a contextual practice that is enacted through locally structured budgeting principles and managerial work. Drawing on the literature on tight budget control (Van der Stede, 2001; Bedford et al., 2022), purchaser-provider arrangements (Johansson & Siverbo, 2014;

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Wällstedt, 2017), and the interaction between accounting and professionalism in public sector organizations (Kurunmäki, 2004; Carlsson-Wall et al., 2016; Bukh et al., 2021), we focus on how budgeting principles shape managers' interpretations and actions under fiscal constraint.

The study is guided by two closely related research questions. First, how do budgeting principles within purchaser-provider arrangements shape the local enactment of tight budget control in social services? Second, how does the enactment of tight budget control influence managers' ability to combine budget discipline with flexibility and to enact professionalism in everyday managerial work?

We use the term budgeting principles to refer to the locally established rules, assumptions, and procedures through which budgets are allocated, adjusted, monitored, and interpreted within purchaser-provider arrangements. In our cases, these principles concern, in particular, budget flexibility, tolerance for deviations, symmetry or asymmetry in budget adjustments, and the distribution of budgetary responsibility between purchasing and provision.

While our empirical focus is on middle managers in social service departments in two Danish municipalities (Beta and Gamma), our contribution does not lie in extending middle-management theory as such. Rather, we use middle managers' interpretations and actions to analyze how budgeting principles are enacted as tight budget control, and how this enactment shapes the relationship between budget discipline, flexibility, and professionalism.

The comparative case design identifies three key drivers that explain the different outcomes in the two municipalities. First, the municipalities differed in how controllability was interpreted: whereas Beta treated social services as controllable through stricter budget discipline, more detailed accounting information, and closer capacity management, Gamma enacted tight budget control primarily through explainability and justification of deviations. Second, the municipalities differed in their budgeting principles for flexibility and budget adjustments. In Beta, flexibility was linked to symmetrical adjustments and active management of occupancy and capacity, while in Gamma, budget flexibility was more asymmetrical, allowing upward adjustments without corresponding downward adjustments when demand declined. Third, the municipalities differed in how accounting information was connected to operational and professional work. In Beta, accounting information became embedded in day-to-day managerial practice across purchasing and provision, whereas in Gamma, this connection remained weaker, especially among provider managers. These drivers explain why similar formal efforts to tighten budget control produced different implications for flexibility, budget responsibility, and professionalism.

The article contributes to the literature on tight budget control in public sector organizations (Van der Stede, 2001; Johansson & Siverbo, 2014; Bedford et al., 2022) by showing that the enabling or constraining[1] effects of tight budget control depend critically on how budgeting principles are structured within purchaser-provider arrangements. This extends prior research by showing that tight budget control cannot be understood only as a matter of formal control intensity but must also be analyzed as a locally enacted practice shaped by interpretations of controllability, budget adjustment rules, and the connection between accounting information and operational practice. In doing so, we also complement recent work on controllability boundaries (Chua et al., 2026) by showing how interpretations of controllability are embedded not only in performance measurement systems, but also in budgeting practices, budget adjustment rules, and the distribution of responsibility between purchasing and provision.

Second, the study contributes to the literature on accounting and professionalism in public sector organizations (Kurunmäki, 2004; Carlsson-Wall et al., 2016; Bukh et al., 2021) by showing that professionalism is not a fixed attribute of organizational fields but is locally enacted through middle managers' mediation of budgeting practices. We show how accounting information becomes meaningful and how professional responsibility is reconfigured when budget control is operationally relevant and embedded in everyday managerial work.

Practically, the findings suggest that public organizations seeking to tighten budget control should not focus only on more frequent follow-up and stricter variance monitoring, but also on how budget adjustment rules distribute responsibility, whether flexibility is symmetrical, and how accounting information is made operationally meaningful to managers across purchaser-provider boundaries.

2. Literature review

Emphasizing citizen choice as a core element of NPM-inspired reforms, professional work in many public sector domains has increasingly been organized through purchaser-provider arrangements (Kirkpatrick et al., 2023; Siverbo, 2004). In accounting research, these arrangements have been examined as institutionalized control structures that separate financial responsibility for purchasing from the operational responsibility for provision (Johansson & Siverbo, 2014; Wällstedt & Almqvist, 2017). Such arrangements typically shift budgeting principles from negotiated, relationship-based processes toward systems that structurally separate purchasers from providers. Purchasers assume responsibility for budget management, price setting, and demand forecasting, while providers are accountable for delivering services efficiently and maintaining budgetary balance. This structural separation introduces both opportunities for enhanced cost control and risks of decoupling financial accountability from service quality (Kurunmäki et al., 2003; Carlsson-Wall et al., 2016).

2.1. Tight budget control

Accounting research typically characterizes tight budget control by the use of formal and comprehensive budgeting mechanisms, marked by minimal tolerance for temporary budget variances, detailed line-item monitoring, intensive discussions of budget results, and a strong emphasis on achieving short-term financial targets (Bedford et al., 2022; Bukh & Svanholt, 2022; Johansson & Siverbo, 2014; Van der Stede, 2001). In public sector contexts, these mechanisms are often embedded within purchaser-provider arrangements, where budgetary responsibility is formally separated from service delivery. Such arrangements reflect broader New Public Management (NPM) principles, including the adoption of market-like structures, the attribution of accountability for results, and an overriding focus on cost containment (Hood, 1991; Siverbo, 2004). While these features are intended to enhance fiscal discipline, prior accounting studies suggest they may also reshape professional practices, alter decision-making authority, and reconfigure the relationship between financial control and service quality (Carlsson-Wall et al., 2016; Kurunmäki, 2004).

While tight budget control can strengthen an organization's short-term financial position, prior research also warns that it may constrain necessary organizational adaptability (Francesco & Alford, 2017; Raudla & Douglas, 2022), increase emotional exhaustion among employees (Bedford et al., 2022), and lose effectiveness over time (Deschamps, 2019; Van der Kolk et al., 2015). At the same time, accounting studies indicate that decentralizing certain aspects of control and assigning clear accountability for budgetary outcomes may foster creativity, innovation, and organizational responsiveness (Friis & Hansen, 2015; Frow et al., 2010). This underscores a central dilemma in public sector budgeting: how to balance the disciplining effects of tight control with the adaptive potential of flexibility (Francesco &

[1] We use "constraining" rather than "coercive" in line with the Levers of Control tradition, in which control systems are understood as creating both enabling and constraining forces (Simons, 1995; Tessier and Otley, 2012). Our focus is on how budgeting principles shape managers' scope for action by making some actions possible while limiting others, not on whether controls are experienced as coercive.

Alford, 2016; Raudla & Douglas, 2022). Flexibility in this context refers to "how readily budget allocations, expenditures, and reporting processes can be varied to enable useful responses to nonroutine problems" (Francesco & Alford, 2016, p. 23), and its realization often depends on how budgetary rules and information systems are structured and enacted in practice. Focusing on controllability, Chua et al. (2026) show that controllability is not fixed, but may be interpreted narrowly or broadly, producing tighter or looser controllability boundaries. This suggests that the effects of tight budget control depend not only on the intensity of budget monitoring, but also on how managers define what is controllable, by whom, and under what conditions.

Budgeting principles and rules often constitute "hard" factors that may restrict flexibility and reduce organizational responsiveness to nonroutine situations, particularly when controls are applied ex post, i.e., after expenditures have occurred. Prior accounting research has examined how balancing constraining and enabling management controls can generate a dynamic equilibrium that fosters productive tension (Mundy, 2010; Toldbod & Dumay, 2023). Such a balance can help ensure fiscal discipline without undermining operational adaptability. Moreover, studies indicate that the dynamic interplay between control and flexibility may serve to empower managers, enhancing their ability to act within budgetary constraints while still pursuing service objectives (Bukh & Svanholt, 2020; Deschamps, 2019).

Managers' perceptions of budget controls, however, vary considerably depending on contextual factors. Extending Van der Stede's (2001) conceptualization of tight budget control beyond the budgeting domain, Weißenberger & Tica (2025) show that tight controls can be perceived positively when they provide clarity, guidance, and a sense of security, suggesting that tightness is a multidimensional concept. Similarly, Johansson-Berg & Wennblom (2023) demonstrate that a supportive psychological climate, characterized by trust and fairness, increases the likelihood that control mechanisms are experienced as enabling rather than constraining.

In summary, prior research has conceptualized tight budget control primarily in terms of the intensity of budgetary mechanisms, including low tolerance for deviations, detailed monitoring, frequent follow-up, and emphasis on short-term financial targets. This literature shows that tight budget control may strengthen fiscal discipline, but also that it may reduce adaptability, increase pressure on managers, and conflict with operational flexibility. More recent studies, however, suggest that tight budget control can also be experienced as enabling when it provides clarity, predictability, and meaningful accountability. What remains underexplored is how similar formal mechanisms of tight budget control produce different effects when embedded in purchaser-provider arrangements. In particular, we know less about how locally structured budgeting principles, such as budget flexibility, tolerance for deviations, symmetry in budget adjustments, and the distribution of budgetary responsibility, shape managers' interpretations of controllability and their ability to act under fiscal pressure.

2.2. Accounting information and professional work

Traditionally, social work has been understood as grounded in relational interactions between clients and professionals (Parton, 2008; Rollins, 2020), with an emphasis on addressing the specific circumstances and needs of individual clients (Kivistö & Hautala, 2022; Wällstedt, 2017). Building on Llewellyn's (1998) analysis of the potential conflict between costing and caring, a substantial body of accounting and public management research has examined how accounting systems and information in social care settings shape actions and influence professional practice (Bukh & Svanholt, 2022; Bukh et al., 2021; Carlsson-Wall et al., 2016; Schrøder, 2019a, 2019b). This literature generally assumes that accounting and social work represent distinct value systems (Wällstedt, 2017; Weichselberger et al., 2024) and cultural repertoires (Schrøder et al., 2022), each providing different sources of motivation and legitimacy for professional action. Understanding how these systems interact is therefore critical for analyzing how budgetary reforms, such as the tightening of budget control, are interpreted and enacted in practice.

Much research has examined the relationship between accounting and professionalism in healthcare, where professions such as medicine are highly institutionalized and rest on strong epistemological foundations (Carr & Beck, 2022; Gebreiter, 2022; Kirkpatrick et al., 2023; Kurunmäki, 2004). By contrast, social work lacks a similarly well-defined epistemological knowledge base (Chow et al., 2019; Wilkins et al., 2023). Moreover, the characteristics of clients in social services tend to be less predictable and more interchangeable than in healthcare settings (Llewellyn & Northcott, 2005; Schrøder, 2019a), making the assessment of needs, and the allocation of resources, more contingent and context-dependent. These differences in professionalization and client heterogeneity shape how accounting information is interpreted and acted upon, and they are central to understanding how tight budget control is enacted in social service contexts.

When professional service organizations adopt accounting techniques, research has shown that management accounting and control practices may challenge established professional cultures and values (Carr & Beck, 2022; Broadbent et al., 1991; Kurunmäki, 2004). Numerous studies document how professionals often respond with resistance (Allain et al., 2021; Schott et al., 2016; Timor-Shlevin et al., 2023), perceiving new accounting techniques and control systems as threats to their professional autonomy (Buckmaster, 2018; Allain et al., 2021; Purcell & Chow, 2011). While accounting may in some cases subordinate professional logics, the interaction between accounting and professional expertise in public sector organizations is highly context-dependent and shaped by local interpretations (Carr & Beck, 2022; Gebreiter, 2022; Llewellyn, 1998).

Accounting and professional values may hybridize in multiple ways (Kurunmäki, 2004; Sartirana & Giacomelli, 2024), with contextual factors shaping the form and durability of such hybridizations (Weichselberger et al., 2024). For instance, Ahrens et al. (2018, p. 352) document "the emergence of a hybrid practice as a response to budget pressures and the requirement to safeguard service," as service managers acquire financial skills. Similarly, Bukh et al. (2021) and Llewellyn (1998) demonstrate how cost-consciousness may develop through exposure to accounting information and budgetary responsibility, aligning considerations of cost and care.

When accounting techniques and information enter professional domains, the consequences are often complex and context-dependent, making outcomes difficult to predict ex ante. The particular design features of the accounting techniques and the ways in which they are enacted may help explain how managerial and professional values interact in situated organizational settings. Here, the quality, relevance, and perceived usefulness of accounting information are critical. Høybye-Mortensen's (2016) study of Danish municipal disability services shows that performance information can vary substantially in validity and reliability, depending on data entry practices, system complexity, and the alignment between the information needs of managers and practitioners. Where information is perceived as irrelevant or unreliable for operational decision-making, it is unlikely to inform practice, even if formally embedded in control systems. This highlights the need to consider not only the formal design of budgeting principles, but also how underlying data are generated, validated, and translated into meaningful insights for managers at different organizational levels.

Middle managers serve as key intermediaries in organizational change processes, particularly when change initiatives are introduced by top management. Typically, change is first communicated to middle managers who then relay and interpret it for other organizational members, placing them at the center of change implementation dynamics (Balogun & Johnson, 2004; Bukh & Svanholt, 2020; Carlsson-Wall et al., 2016). However, when top management sets directions and initiates tight budget control, it may conflict with the demands at lower hierarchical levels where managers work closely with

service delivery (Dutton et al., 1997). While interpretations may vary at the individual level, accounting changes often give rise to the collectivization of judgment, wherein actors converge on a shared, plausible understanding (Goretzki & Messner, 2016). Through this process, accounting information may serve both to reinforce existing mental models and to enable the development of new cognitive frames (Englund & Gerdin, 2015). In the context of tightening budget control, this interpretive work is crucial for determining whether control mechanisms are seen as enabling or constraining.

In summary, the literature on accounting and professional work has shown that accounting information may challenge professional values, autonomy, and judgment, but also that accounting and professional values may become aligned when accounting information is perceived as operationally relevant and meaningful. Existing studies therefore caution against assuming that accounting necessarily colonizes or supports professional work. Instead, the effects of accounting depend on how information is interpreted, translated, and connected to local work practices. What remains insufficiently understood is how these processes unfold when tighter budget control is introduced in social services and when middle managers must connect budget discipline, operational flexibility, and professional responsibility. This provides the basis for our comparative case study of two municipalities, where similar fiscal pressures and formal control instruments led to different enactments of tight budget control and professionalism.

3. Empirical setting and methodology

3.1. Social services in Denmark

This study focuses on social services provided by Danish municipalities to adults, including individuals with physical or mental impairments and those facing specific social challenges requiring specialized interventions. Municipalities are responsible for assessing client needs, purchasing and delivering appropriate services, and financing these services. The service portfolio includes permanent and temporary residential care, home-based care, sheltered workshops, training programs, and various forms of treatment. These interventions are typically highly specialized, delivered by professionals, and tailored to meet individual clients' needs.

Although Danish municipalities operate with a high degree of autonomy, their overall expenditure is subject to an annual national agreement negotiated between the government and the Danish Association of Local Authorities. As part of the 2010 negotiations, municipalities agreed to reduce costs within social services. By 2011, fiscal sanctions were introduced through a national budget law (Suenson et al., 2016), stipulating that any municipal overspending would be offset by equivalent reductions in state grants. In response to these fiscal constraints, many municipalities succeeded in adhering to their budgets between 2010 and 2012.

This paper forms part of a broader qualitative research project on management control systems and budgeting practices within social services in Danish municipalities. Three articles have previously been published from this broader project (Bukh & Svanholt, 2020, 2022; Bukh et al., 2021). These studies address related but distinct questions concerning management control systems, middle managers, cost-consciousness, and the balancing of budget control and quality. The present paper differs from these studies by analyzing two different municipalities, Beta and Gamma, and by focusing specifically on how budgeting principles within purchaser-provider arrangements shape the enactment of tight budget control and its implications for flexibility and professionalism.

3.2. The two municipalities

The empirical analysis is based on a case study investigating the elements and processes of management control within the social services departments of two Danish municipalities, referred to as Beta and Gamma, in 2012. The municipalities were selected to be as comparable as possible in terms of size, demographics, and other contextual factors. Both municipalities had faced rising expenditures and budget deficits in preceding years, prompting local politicians and top management to introduce tight budget control. At the same time, they differed markedly in how tighter budget control was implemented and interpreted, making them particularly useful for analyzing why similar formal efforts to tighten budget control may lead to different outcomes.

To preserve anonymity, we do not disclose the municipalities' exact geographical locations, but both were located in rural areas and had approximately 50,000 inhabitants each, placing them around the median size for Danish municipalities. The municipalities are governed by a politically elected council serving four-year terms, headed by a mayor and organized into sub-committees based on service responsibilities. In both cases, the overall organizational structure follows a purchaser-provider arrangement (Siverbo, 2004), where purchasing departments are responsible for procuring services from provider units. Case managers employed by the purchasing departments assess client eligibility and make referrals to services delivered by municipal provider units, other municipalities, regional institutions, or private suppliers. The provider units deliver services such as residential care, workshops, and home-based care, and may also serve clients referred from external municipalities. Following the 2011 budget cutbacks, both municipalities introduced new control systems and adjusted social work practices to address the complexities inherent in delivering social services.

In both municipalities, top management comprised a municipal CEO and three directors, each overseeing specific service areas. Furthermore, both municipalities had a centralized finance department (FD) that supported all departments and service areas across the municipality, under the leadership of a Chief Financial Officer (CFO). Due to historical developments, the organization of the social services departments differed between the two municipalities. The organizational structures of the social services departments in Beta and Gamma are presented in Figs. 1 and 2.

In Beta (see Fig. 1), the Head of the Department of Health and Disability (DHD) held overall responsibility for both purchasing and provision, while the Head of the Purchasing Department (PD) was operationally responsible for purchasing activities. These included client needs assessments, eligibility determinations, service referrals, and both professional and financial follow-up. In the empirical analysis, the term purchasing refers to these functions. In Gamma (see Fig. 2), purchasing and provision were organized as separate departments, with purchasing responsibilities divided between two departments based on client groups. The Department of Purchasing, Disability (DPD), and the Department of Purchasing, Psychiatry (DPS), were each responsible for needs assessment and managed by a Head of Department.

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

3.3. Data collection

Data collection took place between November 2011 and June 2012 and consisted of initial access meetings, semi-structured interviews, documentary material, and contemporaneous field notes. Initial access meetings were held in November 2011 at the municipalities' administrative offices. These meetings were followed by interviews conducted on site between 4 May and 1 June 2012. The purpose of combining these data sources was to establish the organizational and political context of the two municipalities, identify relevant interviewees, reconstruct the development of the control arrangements, and understand how managers interpreted and enacted tight budget control in practice.

The empirical work began in Beta with a meeting involving managers (the Head of DHD and the Head of PD) and staff from the DHD. In

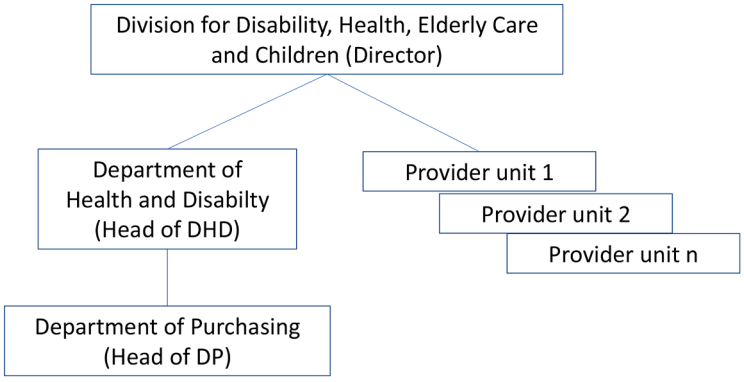

Fig. 1. Organization of the service departments in Beta.

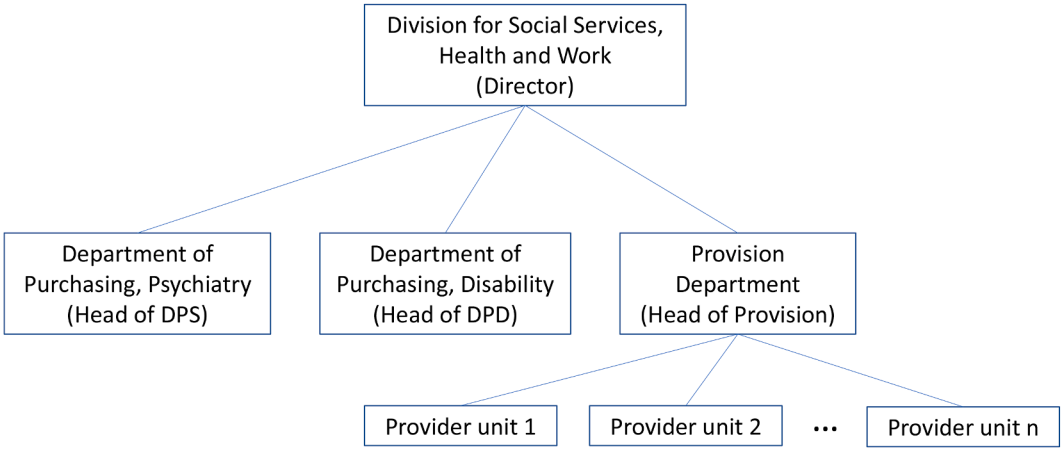

Fig. 2. Organization of the service departments in Gamma.

parallel, a similar meeting was conducted in Gamma with managers and staff from the purchasing departments (DPD and DPS), service provider units (SPU), and the municipality's central finance department (FD), which serves all administrative areas.

At these meetings, the research project was presented, and an initial understanding of the organizational structures and political context was established to inform the selection of interview participants. The meetings also served to clarify and refine the interview protocol.

The semi-structured interviews constituted the main empirical material for analyzing how managers interpreted and enacted tight budget control. They were used to examine managers' understandings of budget responsibility, controllability, flexibility, purchaser-provider relations, and the relationship between financial control and professional work. The interviews were supplemented by documentary material from both municipalities, including plans, standards, strategy documents, descriptions of control frameworks, action plans, and professional tools used in the social services departments. These documents were collected to provide insight into the design of the control arrangements, the formal objectives and strategies guiding the social service area, and the procedures through which budgeting and professional work were connected. They also helped us reconstruct the sequence of key events and changes, verify interview accounts, and understand the terminology and categories used locally in each municipality.

In addition, brief notes were written after each interview, summarizing the physical setting, the interview situation, the interviewee's role, and the main points emerging from the conversation. These notes were not treated as a separate data source for quotation, but were used during the analysis to support recall, distinguish between interviews, and preserve contextual impressions from the fieldwork. We also prepared municipality-level summaries to keep track of emerging differences between Beta and Gamma during the analytical process.

The fieldwork was conducted between November 2011 and June 2012. The semi-structured interviews were conducted between 4 May and 1 June 2012. In total, we conducted 16 interviews, eight in each municipality, each lasting an average of approximately 90 min. Table 1 contains an overview of the interviewees. In both municipalities, we interviewed department managers responsible for purchasing and provision, referring to them according to their job titles as presented in Figs. 1 and 2. Seven interviews were conducted with service provider managers responsible for delivering residential care, home care, and workshop services—four in Beta and three in Gamma. In both municipalities, the interviewed service provider managers represented more than half of the total number of managers, as several managers oversaw multiple smaller units. Additionally, CFOs and financial controllers were interviewed in each municipality.

The semi-structured interview protocol is included in Appendix A. It was structured around five themes: the interviewee's role and responsibilities; the organization and its history; management control systems and budgeting; professional work and financial considerations; future planning, innovation, and cooperation. The first theme explored the interviewee's perspective on the organization's history as well as current and anticipated future challenges. The second theme addressed the interviewees' views on the most essential aspects of the management control system. Specifically, questions were posed regarding their perceptions of the purchaser-provider arrangements, the organization of the budgeting process, and their experiences with tight budget control.

The third theme focused on social work processes and control systems. Interviewees were asked about the challenges they encountered

Table 1
Overview of interviews in Beta and Gamma.

Number	Municipality	Position	Interview date	Duration (Approx. Min.)
1	Beta	Head of Health and Disability	07/05/2012	90
2	Beta	Head of Purchasing	07/05/2012	94
3	Beta	Service Provider Manager 1	08/05/2012	98
4	Beta	Service Provider Manager 2	08/05/2012	91
5	Beta	Service Provider Manager 3	10/05/2012	91
6	Beta	Service Provider Manager 4	10/05/2012	97
7	Beta	CFO	14/05/2012	90
8	Beta	Financial Controller	14/05/2012	87
9	Gamma	Head of Purchasing, Psychiatry	21/05/2012	99
10	Gamma	Head of Purchasing, Disability	21/05/2012	92
11	Gamma	Head of Provision	31/05/2012	86
12	Gamma	Service Provider Manager 1	01/06/2012	92
13	Gamma	Service Provider Manager 2	01/06/2012	96
14	Gamma	Service Provider Manager 3	04/05/2012	99
15	Gamma	CFO	04/05/2012	85
16	Gamma	Financial Controller	13/05/2012	75

when implementing changes in work practices, how they balanced economic considerations with professional judgment, and how they perceived employee involvement in the change processes. This theme also included questions on the social dynamics surrounding the introduction of new control systems, with particular attention to accountability and professional competencies within social services.

The fourth theme concentrated on long-term planning and the functioning of related processes. Interviewees were asked how new challenges were identified and how needs for innovation and organizational learning were addressed. Finally, the fifth theme addressed internal and external collaboration, including interactions between the administration and the political level. Questions under this theme explored perceptions of collaboration within the purchaser-provider arrangements and how political actors influence work practices.

The interview questions within each theme were primarily open-ended and formulated to invite elaboration on interviewees' perceptions and interpretations of the changes. With respect to the use of control systems, broad questions were posed, 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 for achieving the objectives of the municipality?" In addition, more specific questions were asked, including: "Do you perceive the budgeting process to be sufficiently integrated with the professional core tasks?", "How important is it to achieve the budgetary targets?", and "Have you/the organization experienced budget overruns? How did you handle this, and what were the consequences?" Each interview lasted between one and two hours, and interviewees were assured full anonymity.

3.4. Data analysis

All interviews were audio-recorded and subsequently transcribed to convert the verbal data into written form. The documentary material was also coded. To address potential analytical bias inherent in qualitative research and enhance reliability, qualitative data analysis software (NVivo 10) was employed. The software facilitated a systematic process of data reduction, categorization, and interpretation, thereby supporting the study's validity by helping ensure alignment between the predefined research objectives and the patterns identified during the analysis (Mason, 2002).

The coding process was conducted in three stages. In the first stage, we applied a set of deductive codes to identify key elements of budget control, including systems, principles, methods, and procedures. The second stage of the coding focused on how managers interpreted and responded to changes, while in the final stage, inductive coding was used to capture emerging themes and contextual variations across the two municipalities. Particular attention was paid to the differences between purchasing and provider managers, and how their organizational positions shaped interpretations of budget control.

The combined coding strategy allowed us to systematically relate theoretical concepts to empirical patterns while remaining open to unanticipated meanings expressed by the interviewees. Throughout the empirical sections, illustrative quotes from managers are used to substantiate key interpretations and to give voice to the actors' own understandings. Quotations were selected to exemplify central patterns and points of contrast between the two cases.

The findings are presented in two case sections, one for each municipality. To make the comparison transparent, both case sections are organized around the three drivers identified in the introduction: how controllability was interpreted under tight budget control, how budgeting principles structured flexibility and budget adjustment, and how accounting information was coupled with professional work. This structure allows us to show how similar formal efforts to tighten budget control produced different outcomes in Beta and Gamma.

4. Findings in Beta

In the years leading up to the interviews, the political council allocated additional funding to social services in response to rising costs. However, in line with a new national agenda in Denmark, curbing cost growth and balancing the overall social services budget became a priority for both top management and the political council. Whereas overspending had previously often led to upward budget adjustments, the introduction of the 2011 Budget Law, effectively prohibiting further spending increases, established a new imperative to keep within existing budgets.

4.1. Interpreting controllability under tight budget control

Following top management's increased focus on budget compliance, attention was directed toward identifying aspects of social work practices that could be integrated with management control systems to support tight budget control. The CFO specifically observed difficulties in distinguishing whether cost increases stemmed from rising client numbers or changes in existing clients' service needs. A need for more proactive controlling also emerged, including continuous and detailed budget line-item monitoring and transparent procedures. The CFO described the new controlling approach as follows:

> 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, I7)

Thus, by emphasizing budget targets, lowering tolerance for budget deviations, and introducing closer and more frequent monitoring of results, budget control was tightened (cf. Johansson & Siverbo, 2014; Van der Stede, 2001).

Previously, budget problems were explained by rising service

demand. In Beta, however, the overspending was now seen as a result of weak control over the purchasing budget. This explanation implied a need for low tolerance for budget deviations and a strong emphasis on meeting short-run budget targets. 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 neglecting 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. As the Head of DHD and the Head of PD assumed this new responsibility, they reached 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! (Head of PD, I2)

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. Both the Head of DHD and the Head of the PD emphasized the need to collect information on costs related to individual cases. Based on the more detailed accounting information, the Head of DHD directed attention 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, I1)

4.2. Budgeting principles for flexibility and budget adjustment

A need to balance occupancy rates and budgets at the service provider level was brought into focus. Previously, service providers' budgets had essentially been annual static budgets. However, to increase flexibility, the Purchasing Department managers initiated the development of a new flexible budgeting model in which budget allocation depended on the occupancy rate. 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, I8)

Effectively, this changed the service provider managers' role from cost center managers to managers responsible for a profit center. Consequently, service provider managers needed to integrate the new demands for financial responsibility with social work practices. As new understandings emerged, managers came to see the importance of minimizing vacant capacity. Given the high fixed costs and relatively low variable costs associated with service provision, it became crucial, especially under the new flexible budget regime, to ensure full occupancy in order to balance the budget. One of the service provider managers explained:

> 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, I4)

The changes prompted the provider managers to reflect on this new understanding of costs as part of the social work practice. The Head of DHD, however, emphasized that a narrow focus on costs would be insufficient. In her view, successful cost control required a rethinking of social work itself—one grounded in the principle that services must adapt to clients, not the other way around:

> 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, I1)

A new direction for social work based on a rehabilitation approach, in which individual solutions to client needs were central, 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, I2)

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 interdependence in the purchaser-provider arrangements. 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, I4).

4.3. Coupling accounting information with professional work

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 service provider managers engaged in interpreting the accounting information and initiating change within their units:

> 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 [severe] 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, I3).

The coupling of accounting information and professional work did not occur automatically through the introduction of more detailed

budget follow-ups. Rather, it depended on middle managers' interpretive work in translating accounting information into operationally meaningful concerns about capacity, specialization, and client needs. In this process, middle managers became active mediators between the financial control agenda, the purchaser-provider arrangement, and the professional values of social work.

Focusing on finding adequate solutions to clients' needs, the service provider managers sought to align cost control with the provision of specialized services. In doing so, they also came to see the FD as a supportive partner rather than merely an instrument of control. As one manager emphasized, the predictability and dialogue with the FD made it possible to monitor the budget proactively and maintain a small surplus:

> 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 provider manager 3, I5).

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 offer constructive criticism" (Controller, I8).

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 strengthened 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 as valuable for clients and therefore a matter of good social work (Schrøder 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, I2)

The service provider managers also 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 individualized service" (Service provider manager 1, I3).

Thus, by initiating interventions, the service provider managers enacted a hybridization of managerial and professional values that might otherwise have been in tension. The new interpretation of social work reframed the relationship between cost and care as a question of delivering equivalent services more efficiently in-house, thus freeing up resources to expand offerings for other client groups:

> 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, I5)

However, service provider managers also recognized that the increased emphasis on budget compliance could disrupt the balance between caring and costs: "Sometimes I think professional judgment is lacking" (Service provider manager 2, I4). One manager illustrated how such tensions could affect both dialogue and priorities:

> 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, I4)

This example illustrates how differences in perspectives on cost and care can lead to tensions and misunderstandings that must be actively negotiated. Maintaining a workable balance requires ongoing dialogue and mutual adjustment.

5. Findings in Gamma

As in Beta, the change toward tight budget control 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 analyzes, 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 resided at our service provider units" (Controller, I16).

5.1. Interpreting controllability under tight budget control

Before the change process was initiated, each of the two purchasing departments was allocated a static budget for purchasing services from the provider units within Gamma, other municipalities, or private suppliers. In practice, the purchasing budgets had been determined 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 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 mandates that client needs be assessed individually. 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, I15)

As this quote illustrates, the CFO acknowledged that Gamma retained discretion over how services were delivered and how cases were followed up. However, he also emphasized that the legal obligation to provide appropriate services to all eligible clients limited the municipality's ability to influence demands. This constrained the extent to which tight budget control could be enacted as strict budget discipline.

Unlike the FD, the purchasing managers viewed costs as controllable, aligning with their general focus in Gamma on achieving cost control through adjustments in work practices. The availability of more detailed accounting information, linking budget and budget deviations to specific social work activities, enabled the managers in the purchasing departments to monitor deviations closely and make timely 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, I10)

For the Head of DPD, cost controllability was not about adhering to a static budget but about taking action based on available information. The Head of DPS similarly emphasized that they perceived the field as controllable and suggested that an increased focus on costs could foster

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, I9). Moreover, the purchasing departments reported significant improvements in professional competency during the process, particularly in relation to case assessments and referrals to services. According to the Head of DPD:

> 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, I10)

5.2. Budgeting principles for flexibility and budget adjustment

The provider units' budgets were formally structured as flexible, based on expected costs and predetermined occupancy levels. However, in practice, this flexibility was asymmetrical. When occupancy exceeded expectations, budgets were typically revised upwards during the year to provide additional funding. In contrast, when occupancy levels were lower than projected, no corresponding downward adjustments were made.

This asymmetry effectively created a soft budget constraint (Kornai et al., 2003), as provider units could expect budget increases in response to higher activity, while being shielded from budget reductions when activity declined. As a result, most provider units were able to remain within budget by year-end, and some even reported surpluses. However, this budget compliance was often enabled by additional mid-year allocations rather than by cost discipline.

To reduce the overall overspending in the social service area, top management had asked for tight 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 of the cost increases within the purchasing departments.

The CFO's understanding of the purchasing budget as relatively uncontrollable became pivotal in shaping the municipality's approach to tight budget control. As a result, the FD allowed for a greater tolerance for budget deviations and placed less emphasis on meeting short-run budget targets. Although deviations were accepted, decisions about whether to allocate additional funding to the purchasing departments remained essential. The CFO observed a steady increase in client intake, which was interpreted as the main driver of rising expenses. In this context, tight budget control was no longer about strict constraint but about explaining and justifying deviations. Accordingly, controllers took on a more active role in revising budgets and supporting the purchasing managers in ensuring that clients received the services they were entitled to while still keeping budget goals within reach. One controller explained:

> …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, I16)

However, the approach taken by the FD gave rise to tensions within the purchasing departments. While the CFO and the controllers framed the budgets as largely uncontrollable, due to legal entitlements and client demand, the purchasing departments were still under pressure from politicians and top management to reduce costs.

The FD interpreted the ongoing adjustments to purchasing budgets, based on cost and the number of referrals, as a form of tight budget control since they helped reduce deviations. However, from the perspective of the purchasing departments, these adjustments were not experienced as tight budget control, but rather as a reflection of their continued need for better explanations and more detailed information.

While the purchasing budget was regularly adjusted, the provider units operated under formally static budgets that remained fixed throughout the fiscal year. Provider units were automatically allowed to carry forward up to 5% of any under- or overspending, and the political committee could approve additional transfers of surpluses above this threshold. The static nature of the provider budgets meant that no downward adjustments were made if occupancy rates declined. However, if a provider unit accepted a client with additional needs, they were typically compensated through mid-year adjustments. As one manager recalled:

> 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, I13)

Thus, for the provider departments, explainability was central when budget adjustments were negotiated with the FD. The CFO interpreted instances of overspending as evidence that costs in this area were fundamentally uncontrollable. At the same time, the controller observed that provider units most often ended the year with a surplus. The CFO interpreted this as a sign of budgetary commitment:

> In general, service providers 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, I15)

5.3. Coupling accounting information with professional work

The purchasing managers focused on the monthly budget follow-ups. Over time, they realized that they lacked the financial and non-financial information needed to analyze cost drivers, particularly the link between individual clients and the services they had been referred to. As the Head of the Department of Purchasing for Disability (DPD) explained:

> … 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 which clients you are purchasing services for… 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, I10)

As budget follow-ups intensified and the purchasing budgets were adjusted more frequently, it became increasingly clear that rising service demand would make it difficult to balance the overall budget. Since the increase in client intake was identified as the main driver of escalating costs, the purchasing managers began to interpret the budget data as indicating a need for changes in professional assessment practice. Rather than viewing referrals as isolated professional judgments, they now began to question established routines and explore alternative solutions. As the Head of the Department of Purchasing for Psychiatry (DPS) explained:

> 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, I9)

Connecting the referral processes to the budgetary challenges, the purchasing managers concluded that client cases needed to be scrutinized more thoroughly to challenge and revise established practices. Recognizing the referral process as the primary cost driver, they further

identified inadequate assessment of client needs, eligibility, and service adequacy as key contributors to rising costs. On this basis, the purchasing departments initiated changes to referral practices:

> 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 care that we receive which allow us to change how we do things or have done things traditionally? (Head of the DPS, I9)

Furthermore, the more detailed accounting data were interpreted as a need for more forward-looking information. As a result, a new strategy emerged within both the purchasing and provision departments. According to one of the purchasing managers:

> 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. (Head of DPS, I9)

The purchasing departments shared their estimates of changes in client intake with the provider managers, along with the anticipated reductions in referrals resulting from revised referral procedures. However, the provider managers did not perceive the information as a call for changes in budgetary control, nor did they consider the new strategy particularly relevant to their own practice. Since provider units typically ended the fiscal years with a surplus, they did not view the overspending within Gamma's social services as stemming from their own budget management. Instead, the provider units interpreted the shift from static to flexible budgeting not as a constraint, but as an incentive to develop new services in order to sustain their budgets. As 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, I14)

The service provider managers were aware of the budgetary challenges faced by the purchasing departments, but this awareness did not lead to substantial changes in their own professional practices. A manager explained:

> 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, I14)

Consequently, the service provider managers remained focused on day-to-day operations and regarded the change processes as primarily concerning the purchasing departments. While they recognized the financial pressure, they perceived it as potentially threatening and associated it with the risk of cutbacks. Thus, tight budget control was interpreted not as a managerial tool or planning instrument, but as a sign of impending reductions in resources.

However, the service provider managers experienced a decline in professionalism and felt that the balance had shifted too far in favor of 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, [saying things] 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, I14)

Finally, although both the purchasing and provider departments perceived an improvement in the explainability of costs, it remained a challenge for the FD. A controller highlighted the continuing uncertainty regarding how to assess and align service intensity with resource allocation:

> 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, I16)

The purchasing departments' reconciliation of explainability with controllability was experienced by provider departments as a transformation of work practices. Several managers expressed concerns that professional judgments had been marginalized in referral decisions, and the changes were interpreted as service cutbacks. One service provider manager questioned whether the purchasing departments prioritized rehabilitation and possessed the necessary professional expertise:

> 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, I12)

Consequently, the service provider managers did not appear to recognize or accept the idea that tight budget control had contributed to strengthening professional competencies.

6. Discussion and conclusion

This study has examined how middle managers in social services within two comparable municipalities interpreted tight budget control and translated it into changes in budgeting and social work. While NPM-inspired reforms often assume that strengthening financial accountability through tight budget control will enhance efficiency, we found that shared understandings and contextual alignment between budgeting principles and professional work logics were critical for enabling tight budget control to function as an organizing device.

Both municipalities introduced reforms that resonate with existing descriptions of tight budget control. For example, Johansson & Siverbo (2014) emphasize the role of formal budgetary routines, while Van der Stede (2001) characterizes tight budget control by low tolerance for short-term budget variances, detailed monitoring of budget items, regular follow-up discussions, and a strong focus on short-term financial targets.

Comparing the two cases: budget control in Beta and Gamma

We organize the comparison around three drivers that emerged as central to explaining the different outcomes: interpretations of controllability, budgeting principles for flexibility and adjustment, and the coupling between accounting information and operational/professional work. This comparison resonates with Chua et al.'s (2026) argument that controllability is not fixed but may be interpreted narrowly or broadly, producing tighter or looser controllability boundaries. In our cases, however, these boundaries were drawn through budgeting principles and adjustment rules embedded in purchaser-provider arrangements. Table 2 summarizes the cross-case differences in the enactment of tight budget control.

In both municipalities, the FD responded to fiscal pressure by tightening budget control, following political and top management demands. Although the two municipalities faced comparable financial challenges and introduced similar control instruments, such as detailed line-item monitoring and intensified budget follow-up, they came to interpret and enact tight budget control in notably different ways. While the formal mechanisms appeared similar, the budgeting systems evolved along different trajectories due to contrasting managerial interpretations, structural configurations, and degrees of alignment between financial and professional logics.

In Beta, tight budget control was implemented based on an understanding that social services were controllable. Budget revisions during

Table 2
Key cross-case differences in the enactment of tight budget control.

Analytical driver	Beta	Gamma	Implication
Interpretation of controllability	Social services were treated as controllable through stricter budget discipline, detailed accounting information, and capacity management.	Social services were initially treated as only partly controllable; budget deviations were managed through explainability and justification.	Tight budget control became action-oriented in Beta and explanation-oriented in Gamma.
Budgeting principles for flexibility and adjustment	Flexibility was structured through fixed purchasing budgets and symmetrical provider budget adjustments based on occupancy and capacity.	Flexibility was more asymmetrical: upward budget adjustments were possible, while downward adjustments were limited.	Flexibility reinforced budget responsibility in Beta but weakened the link between activity and responsibility in Gamma.
Coupling accounting information with professional work	Accounting information became connected to operational decisions and professional work across purchasing and provision.	Accounting information informed purchasing practices but remained weakly connected to provider managers' professional work.	Professionalism became aligned with budget control in Beta but remained contested in Gamma.

the fiscal year were not permitted, and provider units were expected to adjust their activities according to predefined budgets. Capacity utilization was systematically monitored, and budgets were actively managed in line with changes in occupancy rates. Frequent budget follow-ups were conducted across all units, fostering a close coupling between financial data and day-to-day operations.

This allowed managers to integrate accounting information with operational knowledge (Bukh et al., 2021; Englund & Gerdin, 2015), thereby enacting a version of tight budget control that was not merely formal or imposed, but embedded in managerial routines. As a result, budget control came to be understood as an accounting-based and action-oriented practice (Goretzki & Messner, 2016), which enabled rather than constrained managerial work.

Gamma also intensified its budgetary focus; however, compared to Beta, its budget control was perceived as less tight in practice. Although budget compliance was still expected and budget follow-ups became more frequent, social costs were viewed as less controllable than other areas of the municipal budget. Accordingly, tight budget control was enacted primarily as a matter of explainability rather than strict controllability.

The purchasing departments' budgets were converted from static to flexible budgets, allowing for revisions during the fiscal year to accommodate rising costs due to price fluctuations or variations in demand across different client groups. While this principle introduced greater flexibility, it also increased the involvement of the FD in managing departmental finances by adjusting budgets in response to referrals and shifts in demand.

In contrast to Beta, however, the budgets of service provider units were not adjusted downward during the year if service demand declined. As a result, reductions in demand within the purchasing departments did not automatically translate into lower expenditures in the provider units.

The change processes within the purchasing departments in Beta and Gamma initially focused on developing accounting information and professional control systems grounded in new principles for client assessment and referral. Regarding budget compliance, Beta's purchasing department emphasized strict adherence to budget targets, reflecting the assumption that budgets were fully controllable. In Gamma, by contrast, budget compliance was less rigid from the FD's perspective, and budget revisions were permitted when changes in client numbers or needs could be justified. This flexibility did not lead purchasing managers in Gamma to view budgets as uncontrollable. Rather, they developed financial competencies (cf. Ahrens et al., 2018) and independently initiated tighter budget control measures within their own remit.

Within the provider units, tight budget control posed challenges in both municipalities. The need to integrate costing and caring did not initially arise from provider managers' own interpretations but was perceived as a requirement imposed by the purchasing departments and the FD. In Beta, service provider managers experienced the increased emphasis on budget compliance as a need to balance professional care with financial considerations, consistent with prior studies showing professionals' acceptance of financial responsibility (e.g., Ahrens et al., 2018; Bukh et al., 2021; Kurunmäki, 2004). This was not a passive acceptance but rather an ongoing process in which the meaning of budget control was continually reconstructed and negotiated in everyday practice. In Gamma, by contrast, service provider managers neither recognized nor accepted a link between enhanced professional competence and the introduction of tight budget control. Their reactions more closely reflected studies showing that professionals often perceive accounting mechanisms as a threat to professionalism (Allain et al., 2021; Purcell & Chow, 2011).

Interpreted through the lens of Chua et al. (2026), controllability boundaries in Beta were drawn relatively tightly around budget compliance, capacity utilization, and occupancy rates. This did not simply constrain managers, because detailed accounting information and symmetrical budget adjustments made these boundaries operationally meaningful. In Gamma, by contrast, controllability boundaries were looser and more negotiable. Budget deviations could be explained and justified, and purchasing budgets could be revised when changes in client numbers or needs were documented. While this made budget control more flexible, it also weakened the connection between provider managers' operational decisions and the municipality's overall budget responsibility.

Tight budget control as a contextual practice

This study contributes to the literature on tight budget control (Bedford et al., 2022; Bukh & Svanholt, 2022; Johansson & Siverbo, 2014; Van der Stede, 2001) by showing how budgeting principles embedded in purchaser-provider arrangements (Johansson & Siverbo, 2014; Wällstedt, 2017) interact with how managers perceive and enact tight budget control.

Previous research (Bedford et al., 2022; Johansson & Siverbo, 2014; Van der Stede, 2001) typically conceptualizes tight budget control in terms of the intensity of budget follow-ups, the emphasis on target achievement, and managers' willingness to assume budgetary responsibility. However, when applied in public sector settings, where accounting changes unfold within institutional environments shaped by potentially competing professional values, the translation of these formal controls into practice depends heavily on managerial mediation. As a result, the outcomes become more contingent and less predictable than in contexts where financial and professional logics are more closely aligned.

The present study underscores not only the role of individual managers' interpretations of accounting mechanisms under tight budget control, but also the importance of shared understandings regarding the meaning of responsibility. Consistent with Bukh et al. (2021), we found that in Beta, initially divergent interpretations of tight budget control gradually converged. In Gamma, by contrast, divergent perspectives

persisted: managers constructed different meanings of tight budget control and as a result, acted in ways that reflected these differences.

In Beta, the purchasing departments' emphasis on social work processes was critical in shaping how service provider managers interpreted the newly implemented control processes. They recognized that maintaining flexibility in meeting emerging service needs was contingent on keeping budgets within predefined limits, which in turn required close attention to controllability and systematic monitoring of capacity utilization and occupancy rates. The availability of more detailed accounting information further reinforced these connections, as purchasing managers engaged in ongoing dialogue with service provider managers, jointly reflecting on the complexity of service provision, strategic considerations, and trends in service demand. This integration of operational knowledge with budgetary control fostered a shared understanding of how financial discipline and service flexibility could be aligned.

Similarly, in Gamma, the purchasing departments shared accounting information and capacity estimates with service provider managers; however, the service provider managers did not perceive this information, framed primarily in terms of explainability rather than controllability, as being directly relevant to their practice. Consequently, no shared understanding of budgetary responsibility emerged. Service provider managers remained focused on day-to-day operations and local service delivery, with limited engagement in issues such as capacity utilization or the budgetary implications of changing occupancy rates. Their operational focus thus remained largely disconnected from the accounting information provided by the purchasing departments.

Thus, consistent with Englund & Gerdin (2015), the study demonstrates the critical importance of linking operational knowledge to accounting information. This resonates with Høybye-Mortensen's (2016) observation that performance information will only be acted upon if it is perceived as both reliable and relevant to the decision-making context. In Gamma, the absence of such a link meant that service provider managers were less engaged in the change processes, interpreting the demand for tighter budget control primarily as cutbacks, constraints on flexibility, and threats to professional autonomy. As emphasized by Balogun (2006) and Balogun & Johnson (2005), middle managers do not always translate strategic changes as intended by top management. The study indicates that this may be particularly be likely, when operational priorities and accounting frames are poorly aligned.

By showing how controllability boundaries are enacted through budgeting principles, the study complements Chua et al.'s (2026) analysis of changing interpretations of controllability. Whereas Chua et al. examine how controllability is integrated into the redesign of a performance measurement system, our study shows how controllability is enacted through everyday budgeting practices and responsibility arrangements. Purchasing-provider arrangements not only define what is measured; they also shape who is expected to act, how deviations are explained, and whether flexibility supports or weakens budget responsibility.

In conclusion, the findings suggest that the enabling (Mundy, 2010; Toldbod & Dumay 2023) and empowering (Bukh & Svanholt, 2020; Deschamps, 2019) effects of tight budget control depend on how budgeting principles are structured and enacted within a purchaser-provider arrangement. When controllability, capacity utilization, and occupancy rates are made visible through detailed accounting information, and when this information is meaningfully connected to operational practices, tight budget control can facilitate rather than hinder flexibility (cf. Raudla & Douglas, 2022; Francesco & Alford, 2016). The results indicate that, under these conditions, the combination of accounting information and budget compliance can trigger changes in operational practices, as also demonstrated by Friis & Hansen (2015).

Professionalism and the role of middle managers

As a second overall contribution, this study advances the literature on how management control and accounting information shape actions and influence organizational dynamics in the public sector (Bukh et al., 2021; Carlsson-Wall et al., 2016; Carr & Beck, 2022; Gebreiter, 2022; Kirkpatrick et al., 2023). It shows that professionalism is not a fixed attribute of occupational groups but is locally instantiated and enacted by middle managers in response to budgetary reforms.

While accounting and professional work in public sector organizations are often portrayed as reflecting distinct, and sometimes conflicting, value systems (Weichselberger et al., 2024; Wällstedt, 2017), with stronger emphasis on accounting frequently triggering professional resistance (Allain et al., 2021; Timor-Shlevin et al., 2023; Carlsson-Wall et al., 2016; Kurunmäki et al., 2003), prior research also demonstrates that accounting and professional practices can be aligned (Kurunmäki et al., 2003; Llewellyn, 1998). Such alignment can enable professionals to assume financial responsibility without undermining their core service values (Bukh et al., 2021; Lehtonen, 2007; Kurunmäki et al., 2003; Kurunmäki, 2004).

In both municipalities, rising social service costs over several years prompted the introduction of reforms aimed at restoring budgetary balance. These reforms brought in both accounting and operational information that had previously been unavailable, enabling managers to link changes in service demand, operational adjustments, and budget compliance. This new visibility into cost drivers and capacity utilization triggered shifts in understandings among purchasing managers in both municipalities. However, provider managers interpreted these developments differently. In Beta, service provider managers accepted controllability as a guiding principle, assumed responsibility for the municipality's financial position, and initiated operational changes to align service delivery with budgetary targets. In Gamma, where a shared understanding failed to emerge, provider managers, framing the reforms primarily in terms of explainability, did not perceive a need for change and interpreted tight budget control as a constraint on professional judgment. The comparison suggests that resistance or acceptance of budgetary responsibility depends not only on how changes are initiated and how middle managers are engaged, but also on their capacity to connect accounting changes and modifications in social work practices.

Englund & Gerdin (2015) emphasize that accounting information can be mobilized both to confirm existing mental models and to construct new ones. Consistent with their findings (Englund & Gerdin, 2015, p. 301), we find that in Beta, shifts in top management priorities encouraged experimentation with new accounting information, enabling managers to establish plausible connections between budgetary follow-ups and operational insights. This process reshaped their understanding of professional values and facilitated alignment between financial and social work objectives. In Gamma, by contrast, similar accounting information was interpreted as conflicting with the prevailing social work logic, reinforcing rather than bridging the divide between financial and professional perspectives. These findings demonstrate that professionalism does not stem from the formal attributes of organizational fields (Friedland & Alford, 1991) but is locally instantiated and enacted in context-specific ways. In this process accounting becomes meaningful and purposeful (cf. Hopwood, 1992) when embedded in situated managerial practices.

Furthermore, as intermediaries, middle managers play a pivotal role in organizational change processes (Balogun & Johnson, 2004; Bukh & Svanholt, 2020; Deschamps, 2019). When reforms are introduced (Goretzki & Messner, 2016), they act as interpretive filters, shaping how changes are understood, accepted, or resisted across the organization (Bukh et al., 2021). The findings of this study highlight the significance of this role: in Beta, middle managers recognized the need for new approaches to organizing work and successfully linked management control agendas with professional competency agendas, as exemplified by the introduction of a new direction in social work. This ability to connect financial imperatives with professional values enabled managers to enhance both service quality and organizational performance.

Ahrens et al. (2018) demonstrated how the hybridization of financial and professional expertise may emerge in response to budget pressures

and the need to safeguard service delivery. To redesign services effectively, service provider managers require financial competencies, while controllers must possess operational knowledge to ensure the sustainability of new service arrangements. Although this study does not explicitly focus on the role of the FD and controllers, the findings suggest that the FD's limited engagement in the day-to-day operational and professional aspects of service provision, particularly in Gamma, may help explain the observed differences between the two municipalities. This is consistent with Ahrens et al. (2018, p. 353), who found that service provider managers may perceive the support provided by the finance department as less useful when it lacks direct relevance to their operational and professional challenges.

Limitations and suggestions for further research

While we report on managerial interpretations of the outcomes associated with tight budget control, the study does not include objective indicators of effectiveness such as cost savings, client outcomes, or performance metrics. Our analysis is based on interviewees' perceptions and organizational narratives, which provide insight into how effectiveness is understood and enacted locally.

It is important to acknowledge that this study is situated within the institutional context of Denmark—a country with a comprehensive welfare system and strong legal entitlements to social services. These features may influence how budget constraints are perceived and managed, and how professional standards are negotiated. In contexts with less generous or more market-oriented welfare arrangements, the enactment of tight budget control may follow different trajectories, and the balance between financial and professional values may be harder to sustain. Future research could therefore explore how similar budgetary reforms play out in institutional settings with weaker social rights or different governance logics.

While our analysis has focused on how middle managers respond to tight budget control, it is important to recognize that such changes in managerial practices may also have downstream implications for service users. Previous research has shown that reforms associated with New Public Management can significantly affect the discretionary space of frontline workers, and ultimately the nature of services provided. For example, Brodkin (2011) demonstrated how managerial reforms and financial pressures shape the policy work of street-level organizations, often producing a form of compliance that sidelines attention to client needs. Furthermore, in the field of eldercare, Wällstedt (2017) showed how a focus on cost control and managerial reporting may undermine care quality by eroding professional autonomy and reducing relational continuity.

Although our study did not include interviews with service users or frontline staff, the findings suggest that managerial mediation under tight budget control is likely to influence how resources are allocated, how services are prioritized, and how professional standards are negotiated. These dynamics may have important implications for user experience, particularly when shared understandings between managerial and professional actors are lacking. Future research could build on this study by investigating how the enactment of budget control by middle managers is translated into frontline practice—and how these processes are experienced by citizens who rely on public services.

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Informed consent statement

Informed consent was obtained from all subjects involved in the study.

CRediT authorship contribution statement

Per Nikolaj Bukh: Conceptualization, Funding acquisition, Methodology, Project administration, Writing – original draft, Writing – review & editing. **Karina Skovvang Christensen:** Conceptualization, Writing – original draft, Writing – review & editing. **Anne Kirstine Svanholt:** Formal analysis, Methodology, Project administration, Writing – original draft, Writing – review & editing.

Declaration of competing interest

The authors declare the following financial interests/personal relationships which may be considered as potential competing interests:

Anne Kirstine Svanholt reports financial support was provided by Komponent. Anne Kirstine Svanholt reports financial support was provided by The Association for Municipal CFO's. Anne Kirstine Svanholt reports financial support was provided by Innovation Fund Denmark. Anne Kirstine Svanholt reports financial support was provided by KMD. If there are other authors, they declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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Supplementary materials

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Data availability

The data that has been used is confidential.

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