



# The role of consultant-researchers in the design and implementation process of a programme budget in a local government organization

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## ABSTRACT

This paper deals with our role as consultant-researchers in the improvement trajectory of a programme budget used in a Dutch province. For the 2009s programme budget the newly designed budget format was used in two pilot programmes. One year later we participated in the implementation of this format in all programmes of the 2010 budget. This paper discusses our activities in these different stages. Our aim is to show how consultant-researchers can contribute to the development of management accounting innovations in the public sector and how institutional theory can play a role here. Our interventions were directed at increasing the coherence between the logics underlying NPM-like innovations and the management accounting techniques adopted in actual practice.

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## 1. Introduction

During the 1980s and 1990s output-oriented planning and control as well as private sector management approaches formed the basis of the New Public Management (NPM)-like innovations implemented in local government organizations in the Netherlands (Hood, 1995; Humphrey et al., 2005; ter Bogt and van Helden, 2005). Later on, in 2002/2003, the Dutch central government introduced the so-called dual system for local governments. For the provinces this system means that the Provincial Council is expected to determine the policies and control the Executive's policy execution. For these tasks the Council – consisting of elected (part-time) politicians – needs to formulate an outcome-oriented programme budget containing a broad outline of the future activities, the resources involved, and the outcomes to be achieved by each of the programmes. A programme is a combination

of interrelated policy areas. In general, the number of programmes in provincial budgets varies between 5 and 15. The Provincial Executive exercises control by means of output budgets which are more detailed in that they specifically list the products to be delivered and the resources which can be used (Bac, 2003, pp. 661–665). The provinces are free to decide what programmes and outputs they wish to define, and what information to include in the output and programme budgets (MBZK, 2002).

Since in 2007 already some experience had been gained with the outcome-oriented programme budget, the question was becoming relevant whether this new type of budget met the demands of the Council, or whether changes were required. The province of Groningen, one of the 12 Dutch provinces, was also faced with this question. As external advisors we were involved in the process of re-designing its budget. The current literature is not particularly focussed on the role of consultants, i.e. advisors, in relation to changing ways of thinking about control and accounting in governmental organizations. It is our aim to contribute to increasing the knowledge about this topic. Our interventions as consultant-researchers, i.e. external advisors, were originally only aimed at improving the budgeting format of the case organization. However, based on

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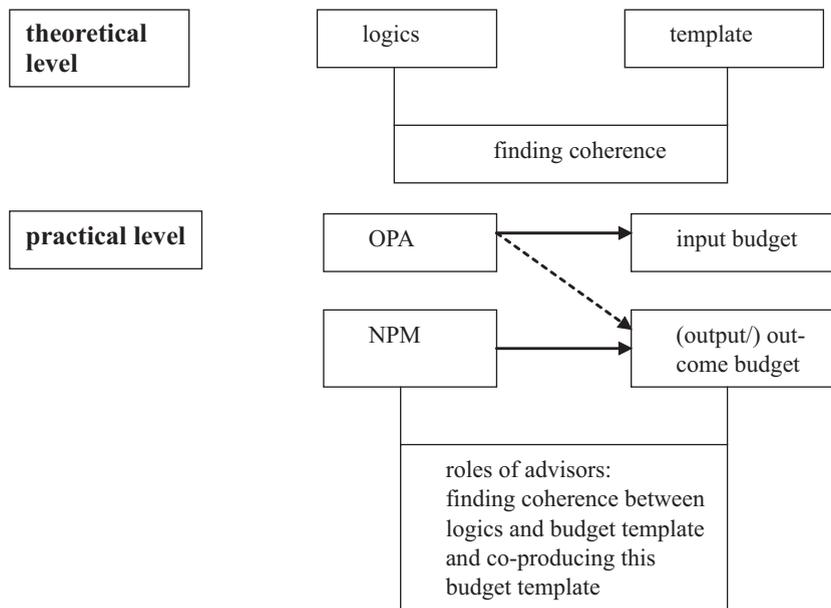


Fig. 1. The role of advisors in finding coherence between logics and templates.

the institutional theory, our research gradually extended to seeking coherence between this organization's budget format and the NPM logics. In addition, we believe that our research has contributed to decreasing the gap often observed between academic work in the public sector management accounting domain and what is actually relevant in practice (Hopwood, 2008; van Helden and Northcott, 2010; Baldvinsdottir et al., 2010; van Helden et al., 2010).

The paper proceeds as follows. Section 2 introduces the institutional perspective which enabled us to shape our roles and activities as external advisors in the accounting change process. Section 3 describes the research process and methods of data collection. Section 4 presents the analysis of the case study, describing the way in which the province of Groningen changed its outcome-oriented programme budget and our activities as external advisors in this process. Finally, Section 5 contains some conclusions and reflections with respect to our findings.

## 2. An institutional framework for the role of advisors in accounting change

This section presents a theoretical framework that can help shape advisory activities in public sector accounting change processes.

In the Netherlands, just like in other Western countries, views on the control of (local) government and the focus of budgets have changed over the last two decades. Several principles of the Old Public Administration (OPA) have gradually been replaced by those of NPM (Hood, 2000; Lynn, 2001). In our work for the province of Groningen, however, we did initially not pay any particular attention to the transition from OPA to NPM principles. We were more interested in improving the budget format, i.e. providing the people in this organization with technical support. However, after some interviews and discussions

with politicians and civil servants it became clear to us that a purely technical approach would not be sufficient to develop a usable new budget format.<sup>1</sup>

We observed a gap between the actual ways of thinking of the people who were involved in preparing and using the new provincial programme budget, and the ways of thinking that underlie NPM. We concluded that our work would benefit from including elements of institutional theory, especially logics and templates, in order to contribute to a better understanding and shaping of the budgetary change processes. This resulted in the framework as presented in Fig. 1.

The 'theoretical level' in Fig. 1 shows the notion of finding coherence between logics and templates. *Logics* are sets of material practices and symbolic constructions constituting the organizing principles available to organizations and individuals (Friedland and Alford, 1991, p. 248; see also Townley, 1997, p. 263). Logics are influenced by institutions, i.e. the taken-for-granted assumptions about 'how things are and should be' in the organization. In their turn, logics shape *templates*; i.e. sets of more or less coherent and concrete structures, ideas, and practices (Greenwood and Hinings, 1988). A budget format is a template at a relatively operational level (at such a level another template might relate to, e.g. organizational structure). On a more specific level, templates influence the formal rules which guide the everyday processes and activities of the individuals in the organization (see also Burns and Scapens, 2000,

<sup>1</sup> In a more general sense this theme is also discussed by Lapsley and Pettigrew (1994, pp. 83–87), who make a distinction between 'receptive' and non-receptive contexts for change. They argue that receptivity to change may depend on several factors, such as the existence of environmental pressure, the quality and clarity of the purposes of change, and the availability of people who can transform the necessity for change into sustainable action.

p. 7; ter Bogt and Scapens, 2009). According to Lounsbury (2008, pp. 350–354), the dynamics of practice can be studied by revealing the multiple logics and tracing the changes in these logics (see also Modell, 2009, p. 289). In general, the ‘appropriate’ use of a template will benefit from a sufficient degree of coherence of the template with its underlying logics.

At the ‘practical level’ – i.e. the empirical domain of revising a local government budget format – Fig. 1 has operationalised this notion by seeking coherence between the new outcome-oriented budget format and the NPM-based logics underlying this format. The OPA logics have traditionally been associated with the input budget format. However, a newly introduced outcome-oriented budget format may in practice be based on different logics, for example on a mixture of OPA and NPM. The dashed line in Fig. 1 shows the influence of OPA. When people, probably implicitly, associate the new budget template with diverging logics, there might be an incoherence between these logics and the outcome-oriented budget template.

An organization can try to develop a coherent link between changing logics and templates itself, but it can also ask for assistance from external advisors. In a more general sense, public sector reforms confront public sector officials and managers with a broader scope of responsibilities: from finding the resources for solving certain problems to the control of operations, achieving efficiency, and being accountable for the results accomplished (Pollitt and Bouckaert, 2004). This increase in responsibilities may lead to a gap between these public sector managers’ current proficiencies and skills and those that are required. If this is the case, they may call upon the help of external experts, particularly that of consultants or academics. Furthermore, Seo and Creed (2002, pp. 242–243) indicate that people are not always capable of recognising the need for institutional change, because they have become institutionalised into a particular way of thinking, and if they do recognise this need, they may lack the knowledge and experience to successfully develop and implement changes. There may then be a need for someone ‘outside’ the public domain, e.g. a consultant or academic, who can help define this need for change and introduce new ways of thinking.

The role of consultants in public sector organizations has formed the subject of many studies (Hood, 1995; Saint-Martin, 1998; Lapsley and Oldfield, 2001; Christensen, 2005). In our case, consultants could also be ‘consultant-researchers’ who – often in addition to their core activities as lecturers and researchers at universities – do practice-oriented work in organizations (for the role of researchers see also, e.g. Hopwood, 2008; van Helden et al., 2010).

OPA underlies the notion that governmental organizations should be controlled on the basis of inputs and processes using the input budget as its template, whereas NPM emphasises that control should focus on output and outcomes by means of an output and/or outcome-oriented programme budget. Transparency about outputs, outcomes, and outcome accountability are essential in NPM. Further, managerialism is considered as a main aspect of NPM (Hood, 1991). Under OPA political and managerial responsibilities are not clearly separated, in the sense that politicians are ultimately responsible for both the main

lines and details of policy making and policy execution. NPM’s managerialism implies that politicians are responsible for the predominant policy ambitions at an aggregated level, while the managers, bounded by these ambitions, are responsible for the details, including the resulting activities and resources. An important implication of managerialism in the context of a budget reform at the political level, as in the province of Groningen, is that politicians are expected to focus on the main lines of policy making. Here, an advisor could help clarify the logics and support the development of the new format (i.e. template) for the budget (in the case of the province of Groningen the programme budget). Brunsson and Sahlin-Andersson (2000) introduced the idea of the ‘completed organization’, which implies that the provision of public services is often supplemented by installing or reinforcing the local identity, hierarchy and rationality. This concept resembles to some extent our notion of templates, which are only usable if they are complemented by appropriate logics.

However, as suggested before, the change from OPA to NPM may take time because the institutions as well as the views of the organization’s participants regarding the rational types of control (i.e. the logics) are often relatively static. In line with the framework in Fig. 1, our role as advisors would then be to help the participants in making the shift towards the new budget template and its underlying logics, e.g. by asking them questions and having discussions with them which are underpinned by the new logics.

Given the above presented theoretical notions, our study has focussed on answering the following question: How could the need for seeking coherence between logics and templates inform the roles that consultant-researchers play as external advisors in an accounting change process?

### 3. Research process and methods

Our work can be considered as interventionist research, which can be defined as a reflective process of progressive problem solving in which both the members of the organization in question and the researchers work together as a team to improve the way in which organizational issues are addressed. According to Jönsson and Lukka (2007), interventionist research implies that the researchers acquire the position of ‘insiders’, in the sense that they become well-respected members of the organizations studied in their fieldwork, while at the same time they maintain their link with the theory in the interpretation of their findings.

There are several streams of interventionist research. Action research is probably the most well-known. It emphasises the co-production of knowledge by researchers and professionals in organizations. Design-oriented or clinical research, as advocated by van Aken (2004), is another branch of interventionist research, which makes use of the so-called problem solving cycle, comprising problem identification, diagnosis of alternative interventions for solving the problem at hand, and implementation and assessment of the interventions. Van Aken especially emphasises the need for testing and grounding alternative interventions by means of field research. As such this form is a method-driven stream of interventionist research. Next, constructivist research stands out in comparison with the

**Table 1**  
Stages in the longitudinal case study.

Stage	Issues addressed
1. Orientation (December 2007)	Discussion with Council committee – awareness of need for change
2. Design and testing (February–May 2008)	Design of new outcome-oriented programme budget format Two pilot programmes based on this format Feedback from Council members and managers
3. Comprehensive elaboration (February–May 2009)	Format developed in previous stage implemented in all programmes, leading to comprehensive new budget format for 2010
4. Assessment (September–December 2009)	Assessing the levels of appreciation of Council members and managers/employees of new outcome-oriented programme budget

other streams of interventionist research in that it highlights the potential of theoretical contributions. *Kasanen et al. (1993, p. 246)*, for example, indicate that this approach tries to combine finding a solution to a practically relevant problem with showing the theoretical connections and the research contribution of this solution. In a methodological sense, *Kasanen et al. (1993, p. 255)* typify the constructivist approach as explicitly normative (due to its focus on goal-directed problem solving) and case-method-oriented.

Our study can be positioned in the constructivist research domain for the following reasons. First, as opposed to action research, it is aimed at linking goal-directed problem solving to theoretical insights. Second, it seeks a solution to an identified problem without trying to test the effectiveness of alternative solutions, as in the design-oriented approach. Third, it deliberately selects methods which can lead to the co-production of knowledge by the professionals and the consultant-researchers, particularly by organizing ‘design sessions’ as well as presentations for the users of the information in order to receive feedback on the solutions proposed.

As explained in *Table 1*, our research is a longitudinal case study, which comprises four stages. The start of our work dates back to December 2007, when one of us was invited to take part in a discussion with one of the Council committees of the province of Groningen, namely the committee in charge of budgetary and accounting affairs. In this meeting the committee agreed that an improvement of the budgetary format was required.

During the next stage – in the Spring of 2008 – we were involved in the design of the new budgetary format, and the introduction of two pilot programmes based on it. Our work during this stage evolved around four substages. First, we conducted desk research on the province of Groningen’s budget format in use at the time, the contents of this budget, and the budgets of four other provinces. This search resulted in preliminary findings on ‘gaps’ between the budget in use and the ideas of the dual system and NPM, and possible ways of removing them. Second, we interviewed 10 Council members, two members of the Executive, and six employees involved in the two programmes which were selected for trialing the new format. Each of the interviews took between 30 and 90 min. We asked the

interviewees to give their opinions about our preliminary ideas and to offer further suggestions for improving the budgetary format. Afterwards, a report was sent to them for possible comments and their final confirmation. Third, we produced a first draft of the new budgetary format, discussed it with the employees of the departments concerned, and applied it to the two pilot programmes in collaboration with the staff members responsible. It took in total six meetings of 30–60 min each (further denoted as ‘design sessions’) and several more informal discussions with civil servants to complete the two pilot programmes. How our co-production work was informed by the theoretical notions as developed in Section 2 will be further explained in Section 4.1. Fourth, we presented the outcomes of the third substage at meetings with the two Council committees in charge of the pilot programmes. Based on the feedback we received during these meetings and some further informal discussions with civil servants, we prepared a revised draft of both the budgetary format and the pilot programmes. These newly developed programmes were then included in the budgetary document for 2009. During these various stages we also discussed our work on four separate occasions with an informal advisory committee.<sup>2</sup>

About one year later, in the Spring of 2009, we were again invited to assist in the change process of the province of Groningen’s programme budget. The Council committee in charge of budgetary and accounting affairs had decided that the new format should be introduced for all the budget programmes. Our role was to support the financial employees and other staff members in preparing the appropriate information for the budgetary documents of ten programmes in total. This stage started with a kick-off meeting with the employees involved. Subsequently, for all 10 programmes one to three design sessions were organized, in which we discussed the employees’ proposals. Also in this stage our questions were particularly informed by the NPM logics, as discussed in Section 2 and further elaborated in Section 4.2. In total 18 design sessions of 30–60 min each were held. In addition, again some informal discussions were organized. The design sessions and formal and informal discussions resulted in the final programme budget for 2010, which was completely based on the new format.

The final stage of our study comprised an assessment of the extent to which the various parties involved in the 2010 budget appreciated the new format. The assessment was particularly aimed at both the members of the Council, as they would be the primary users of the budget, and the producers of the budgetary information; the latter were the employees of the financial department and the employees/managers of the programme-related departments.

During the second and third stage of our case study (see *Table 1*) we worked intensively with staff members of the province of Groningen. This collaboration was an iterative

<sup>2</sup> This committee, formed at the beginning of the project, served as our sounding board. It consisted of a small group of provincial employees and councillors, as well as the Executive of financial affairs.

process in which several budget formats were developed and elaborated. We deliberately avoided monopolizing the role of designers of the new format, on the one hand by challenging the employees to clarify the reasoning behind their contributions, and on the other hand by helping them improve the quality of these contributions. We view consultancy as a collaborative and interactive process in which advisors and their clients are the co-producers of knowledge (see, for example, *Sturdy et al., 2009* on new directions of consultancy research). During the first and fourth stage, however, we took a more detached approach. In the first stage we gave our outsider's opinion on the budget in use at the time, while in the fourth stage we assessed whether the primary players in the budgeting process had appreciated the budgetary information provided and how they perceived our role in the change process.

#### 4. Case analysis

In this section we will discuss the various stages in the project, as depicted in *Table 1*. In addition, we will show how our roles as advisors were shaped by the concepts in the framework presented in *Fig. 1*.

##### 4.1. Orientation (stage 1) and design/testing (stage 2)

In the first stage we were invited to give a review of the budget in use of the province of Groningen at a meeting of one of its Council committees (see *Table 1*). The idea that New Public Management (NPM) principles are important philosophies underlying the dual system in the Netherlands as a whole and the provinces' planning and control in particular, was confirmed during the discussions in that meeting. Moreover, a greater transparency of the outcomes of the programmes in the budget was advocated during this meeting. After further discussions, the committee concluded that an improvement of the budgetary format in an NPM-like way was needed. However, as we indicated before, in this stage we did not yet focus much on the logics of NPM.

In the second stage (see *Table 1*), we started by analyzing the province of Groningen's outcome-oriented programme budget for 2008. This analysis focussed on the two pilot programmes, 'Employment in Groningen' and 'Mobility in Groningen', which would be developed later during this stage. In consultation with representatives of the Council committee, these two policy areas were chosen because the characteristics of the Mobility in Groningen programme closely resembled those implicitly presupposed by NPM, such as concreteness of tasks and the measurability of outputs and outcomes, whereas the Employment in Groningen programme exhibited these characteristics to a much lesser extent. The structure and content of these two budget programmes were compared with those of similar programmes in four other provinces. The findings of the analysis and comparison were written down in a 'note' which formed the basis for a first discussion with six leading officials in the policy areas of employment and mobility.

Our analysis resulted in the following findings:

- The expected outcomes, for example in the form of the programmes' societal effects, were often formulated in a rather general and vague manner;
- There was often no relationship between plans/studies/projects/programmes and the performance expected to be realised in a particular year;
- Regarding many policy areas the budget did not present any information.

These findings were also supported in the interviews with the members of the Provincial Council and the Executive. One of the councillors said:

"The province is often only one of the parties trying to contribute to a certain goal, but this does not mean that the members of the Executive and officials cannot specify concrete objectives?"

Further, during these interviews the Council members expressed their concerns about the use of 'elaborate' and 'obscure' language in the budgetary documents.

At this time, we observed that the arguments of both the members of the Executive and the civil servants were still largely based on the notions of input and input accountability, i.e. the amounts available for certain policy areas. For many years, however, the province of Groningen had already formally worked with an output budget, while it had been using an outcome budget format since 2003. At this stage of our interventions we began to recognise that there was a lack of coherence between the remnants of the Old Public Administration logics (OPA) and the outcome-oriented logics of NPM (see our framework in *Fig. 1*). Our discussions with the provincial employees revealed that many of them were not aware of the objectives of the dual system and neither of the programme budget in general and the logics of NPM in particular. This meant that civil servants found it difficult to establish which budgetary information could be relevant from the point of view of a member of the Council. As a consequence, they included in the budgets a large amount of descriptive and detailed information about projects' inputs and activities. In addition, to avoid being blamed afterwards, the employees and members of the Executive were often reluctant in giving clear indications about the outputs and outcomes to be realised.

After a while we therefore concluded that we needed to do much more than merely assist in developing an improved budget format. We realised that it was important to discuss the 'new' logics and the issues of openness about performance with the province's civil servants and the members of the Executive. We provided them with information on the logics of both OPA and NPM, and on how to operationalise this knowledge in revising the organization's budget format.

Our discussions with politicians and employees were particularly informed by the two NPM aspects as highlighted in the theory section, i.e. outcome-orientation and managerialism. These aspects shaped our questions dur-

ing the interviews with these parties. With respect to outcome-oriented budgeting, our key questions concerned the identification of the consequences of activities or projects and the formulation of explicit performance standards as part of the yearly budgeting process. As regards managerialism, we had to keep in mind that our activities concerned the budget format at the political level of the organization. Therefore, we focused on the following questions: which aspects of the policy area are currently seen as important at the political level, for example because they are new or 'sensitive'?; what is the precise contribution of the organization to the policy area?; which results within this policy area can be realised in the budget year?

After studying Groningen's programme budget and conducting interviews with the various groups involved, we developed the new budget format. In line with the NPM logics, there was a focus on transparency with respect to the outcomes in the given budget year. The format listed the relevant policy aspects and structured the information provided. We discussed it with several councillors; these discussions also informed us about their logics. Next, on the basis of the comments we received, we adapted our proposal to the new format. This format was again discussed with two Council committees (responsible for the policy fields associated with the two pilot programmes). The minutes of the meeting of the Council committee for Economy and Mobility reported (among other issues) the following about the format proposed:

"Mr. A (a councillor) remarks that . . . a brief indication of the relevant [policy] frames [is desirable].

Mrs. B (another councillor) . . . agrees, but the [new] format . . . allows for a much clearer presentation of what [the province] is doing and how this can be controlled [by the Council]. The goals are formulated in a measurable way."

Then, after including the final comments of the councillors regarding the relevant policy frames, the final template (see Fig. 2) appeared to be to everyone's satisfaction – provided that its users would feed it with the 'proper' information.

During our presentations to the two committees, we underlined that the use of the new template would need some changes in 'attitudes'. In doing so, we might implicitly have drawn on our past experience in local politics and civil service (and on these areas' logics). We indicated that the use of the format was not just a technical matter, but also had to do with ways of thinking, which are the reflection of an organization's logics. We emphasised, for example, that for the new format to be successful in the longer run, the employees and Executives had to be more open about their ambitions, i.e. what they intended to achieve with certain policies and projects. However, we also asked the councillors whether they thought it to be likely that the Executive would be transparent about its ambitions and the expected performance if the Council 'incessantly' confronted them with their responsibilities. We posed this question to make them aware of the fact that expected performance can always change over time. So whenever an outcome is not realised, councillors may ask for the reasons and have discussions about it, but they cannot by definition hold the Executive (and the employees) accountable. By emphasising a close relationship between accountability and sanctions, the openness about intended outcomes can be undermined. And although hesitant at first, several councillors supported this view. One of them said:

"[If] the Council immediately punishes . . . the Executive . . . the openness will probably come to an end soon."

The discussions with the councillors about the new format showed that particularly some of the 'opposition parties' (i.e. those not represented in the Executive) were initially somewhat hesitant to agree with the focus on 'currently important' policies and 'main lines'. However, the councillors of the political parties represented in the Executive committee, who were likely to be also informed by 'their' Executive(s), did not express such hesitations. As indicated above, a focus on only the most important policies forms part of the managerialism approach and can be regarded as an important element of the NPM logics. It means that politicians (i.e. Council members) concentrate on these policies, while the responsibility for their exe-

<i>Per subprogramme of a programme in the budget</i>	<i>Type of information</i>
policy and policy development	brief description (legitimizing)
policy currently important (new or politically sensitive)	dealing with four topics per subprogramme: - policy and longer-term goals - activities to be undertaken, and, if applicable, when they are completed - specific results or consequences of the activities - resources
<i>Per programme in the budget</i>	<i>Type of information</i>
complete overview of policy	mentioning or referring to policy notes and reports, i.e. other than budgetary documents
financial recapitulation	benefits/costs/balance for: - the policy currently important (per subprogramme) - complete overview (total)

Fig. 2. Format for outcome-oriented programme budget per (sub)programme.

cution is decentralised to the Executive and its managers. We tried to clarify this in our discussions with councillors, while also underlining that if a certain policy issue was not mentioned in the programme budget, this did not mean that the Executive was no longer responsible for it, or that no questions could be asked about it.

As we indicated above, we prepared two pilot programmes for 2009. As regards the 'Mobility in Groningen' programme it was relatively easy to 'convince' the Member of the Executive and the managers of the need to be more transparent about outcomes. In the 'Employment in Groningen' programme, however, this was much more difficult. This was because the performance objectives and the role of the province in this policy area were much less concrete. Many of the issues involved were in fact ongoing activities of which it was not clear what they exactly contributed to the realisation of certain outcomes. However, the reluctance of the employees involved to provide 'proper' information on these less concrete policy areas diminished after we had extensively discussed the 'new' logics and template with them. Moreover, these discussions offered us the opportunity to inform them about the informal advisory committee's dissatisfaction with the preliminary results. This increased the pressure on the employees to be more open, especially because it was the Executive responsible for finance who was particularly dissatisfied with the progress of the 'Employment in Groningen' programme.

Although the pilots as they were finally included in the programme budget for 2009 still slightly differed concerning the degree to which policy consequences were concretely formulated, we explained that such a 'variation' was acceptable because not all policy fields are equal with respect to, e.g. the concreteness of tasks and the measurability of outcomes. The councillors and others involved also supported such variations and they welcomed the final results, because they regarded them as an improvement. This is why it was later on decided that the new budget format would become the standard for all programmes in the programme budget for 2010.

During our investigations we anticipated possible conflicts between outcome-orientedness and managerialism. We, on the one hand, emphasised that the councillors would benefit from an open attitude of the employees and the members of the Executive regarding their ambitions, i.e. what they intended to realise with certain activities and projects. This view is in line with the outcome-orientedness of NPM. On the other hand, we indicated that holding the Executive strictly accountable for all of these ambitions could undermine the Executives' and managers' willingness to be transparent and open. To put it differently, a tight relationship between accountability and sanctions may be a hindrance for openness about intended outcomes.

#### 4.2. Full-fledged elaboration (stage 3)

After some consultations with the members of staff from the financial department, we started our activities for the 2010 programme budget (stage 3 in Table 1). First, we organized an introductory meeting for the employees responsible for the various programmes and some staff

members of the financial department. In this meeting the basics of the dual system and the programme budget were explained, i.e. the information needs of the councillors. Further, we introduced our format and explained and discussed the type of information to be included in it, i.e. the template (see Fig. 2). After the meeting the employees had to develop the information for the 2010 budget for their programme on the basis of the new format. As will be explained below, for several employees this turned out to be a difficult process.

Once the employees had produced their first drafts, we critically discussed these with them by asking several questions. In many cases the information provided in the drafts was quite extensive and not very concrete, while it was written from an internal point of view, e.g. focussing on tasks of people inside the organization instead of the outputs and outcomes to be realised. So we had to explain the idea of the dual system and the NPM logics several times in more detail. We did this by asking quite practical questions about the degree of selectivity regarding the subprograms to be included in the programme budget in terms of their political importance and sensitivity, an issue associated with NPM. Furthermore, we posed questions aimed at challenging the employees to make the outcomes of the subprogrammes measurable and controllable, referring to NPM's outcome-orientedness. We discussed the draft versions of the programme budgets with small groups of employees, and sometimes we also had individual discussions with them after the group meetings. In all these discussions we underlined that in view of the NPM's logics and the need to be transparent, it was necessary to try to look at the information in the programme budget through the eyes of a councillor. In this stage, therefore, as explained in Section 2 (see Fig. 1), we again stressed that not only the format, i.e. the template, but also the way in which it is used is important, i.e. its contents and the concreteness of this information (as in line with the NPM-logics underlying the new format).

The aim of our discussions about the various draft versions of the programmes was to make both the employees responsible and the financial department staff members aware of the ideas of the dual system and the NPM logics. It was crucial that they obtained a full understanding of these issues, because in the future they would have to organize the preparation of the programme budgets themselves. For that reason, the financial employees attended all the meetings initially organized for the other provincial staff members. In the beginning they mainly listened to the discussions, but gradually they started to ask questions themselves. Usually, after discussing parts of the programme budget with those responsible, we also had some informal reflective talks with the financial department members.

When the texts of the programmes were ready (and only financial information had to be added), our contribution to the 2010 programme budget was completed.

#### 4.3. Assessment (stage 4)

The key issues in our work referred to the changes in the ways of thinking and attitude of the information users and

producers towards the new budget format, and how they appreciated this new type of information. In stage 4 of our project (see Table 1) we focussed on this topic.

Both the Council committee in charge of budgetary and accounting affairs and the plenary Provincial Council discussed the new budget for 2010 in their meetings. In these meetings most parties explicitly described the new programme budget as a big step forward in providing better information on the activities to be executed and the goals to be realised. The following quote of one of the Council members illustrates this:

“The budget as it is presented now is a relief. The activities and vision are clearly described, as well as the objectives which we – as a province – want to realise. The results to be realised are also properly presented now. We have to continue with the budget along these lines.”

In an interview we had with three financial department employees after the publication of the 2010 programme budget, they indicated that they were satisfied with the change process, including our and their roles therein. For example, they described our interventions in the text proposals as open and critical, but constructive. They felt that these types of interventions were important to improve the information in the programme budget. They also found it useful to see how we had operated, and they indicated that they now applied a similar style in determining the various details for the budget. They now perceived their own role as much more ‘committed and content-oriented’. Traditionally, the role of the financial department staff members in the budget process had been mainly processual and financial, as they were mainly responsible for organizing the budgetary preparation process and providing the relevant financial figures for the budgetary documents. They believed that the more critical-constructive approach which they adopted now, rather than the more ‘obedient style of an expert who merely offers some suggestions’, was accepted by their colleagues because we, as external advisors, had used a similar style (cf. Czarniawska and Mazza, 2003, p. 279). Further, about our roles as consultant-researchers one of them said:

“It’s likely that your experience [in politics and political processes], probably together with your critical academic approach, has led you to ask relevant and good questions. . . . [Y]ou did not deviate from a fixed standard format.”<sup>3</sup>

The element of pressure (Cyert and March, 1963, pp. 116–125), which was not explicitly included in the framework presented in Fig. 1, also played a role in the effects

realised by our activities as advisors, as the financial department staff members indicated. To some extent, central government’s introduction of the dual system and the obligation to introduce a programme budget could be regarded as an external pressure to change, but these initiatives had not included any obligations with respect to the contents of the programme budget. The internal pressure, however, came from the dissatisfaction of the Council members with the existing programme budget, which resulted in the decision to develop an improved budget in line with the NPM-logics. Later on our activities may have even increased the pressure to change, e.g. because we explicitly informed the members of the Executive and other officials about our findings from the interviews with the councillors and some provincial employees. Further, the financial department employees argued that the interventions of external advisors generally create a pressure to change.

## 5. Conclusions and reflections

The above case analysis suggests that the improved format for the programme budget has been supported by both the users (i.e. Council members) and producers (i.e. members of the Executive and their employees) of budgetary information. However, although we worked on the project for about two years, it is still uncertain to what extent the new ways of thinking of the people involved will continue to develop. Having said this, however, we may conclude that the institutional framework assisted us in working on our key challenge, which was to help people in the organization understand the new logics and their implications for the new budget format. The framework enabled us to obtain a clearer picture of the transition from the Old Public Administration to the New Public Management and of the relevant issues involved in redesigning a programme budget. Whenever remnants of old logics coexist with new templates, for example OPA with NPM, there may be a risk of unclearness and tensions among the people involved. This was indeed the case with the ‘old’ outcome budget of the province of Groningen (cf. Lounsbury, 2008, pp. 353–354). Our interventions were aimed at providing technical support in developing a new budget format, but the institutional framework also drew our attention to other elements on which we had to focus. Two issues were particularly crucial for our work as consultant-researchers in this project: the ways of thinking about accountability and transparency (should accountability and transparency in practice be focussed on inputs, activities, outputs, and/or outcomes?) and the way in which the participants involved provide and use budgetary information.

Our research has not shown how the new budget format is being used in actual practice and what type of rationalities currently play a role. This could be a topic in future research. The idea of real-life constructs, as developed by Lapsley and Llewellyn (1995), could be helpful in such investigations. A real-life construct in the context of our research would imply providing real-life information about subprogrammes within the budget and asking councillors and members of the Executive to respond to this information in order to explore the rationalities that underlie their decision making. Such rationalities could be related to, for

<sup>3</sup> It was an unexpected outcome of our research that, in addition to our academic experiences, also our experiences in the practice of public administration, although dated back to many years ago, was noted as important. One of us was a member of a Provincial Council and a Provincial Executive about twenty years ago, whilst the other was a member of a municipal Council and a civil servant in a financial government department at that time. Although no longer active in official positions, both of us are still engaged in political activities at the local governmental level every now and then.

example, organizational culture (Schein, 1992). Therefore, the role of organizational culture in the adoption of management accounting change could also be an interesting subject in future research.

Rather than merely using institutional theory for understanding accounting practices, our study has shown that it can also be helpful in shaping accounting change processes. More particularly, our roles of advisors in these change processes have been twofold (cf. Seo and Creed, 2002). First, we offered general knowledge about the logics of different approaches to public sector control, i.e. OPA and NPM, and operationalised this knowledge for revising the organization's budget format. Second, we used the operationalised logics to challenge the employees to reflect on a coherent link between NPM logics and an outcome-oriented budget template, and to co-produce the resulting budget format in collaboration with us.

The framework as it is presented in Fig. 1 could serve as a starting point for a more elaborated model. Irrespective of its degree of elaboration, however, in practice a consultant may have to adapt such a framework to each specific project. This means that the relevant logics will always have to be redefined. Further, the framework focuses on only one set of logics, whereas in practice logics from different fields may play a role (the advisor can be influenced, e.g. by ideas from both NPM and academic domains). However, what is probably more important for the time being, is that the framework draws attention to the need (which has been proven to exist) to focus on both the *technical* matters of an accounting change (i.e. the budget format) and on the logics that influence the budget format's *content* and how it is used.

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