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The use of “Levers of Control” to control strategy and drive strategic change in corporatization

by

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Abstract

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Purpose: The purpose of this thesis is to contribute to the “Levers of Control” theory through empirical insights on the use of levers of control to control strategy and drive strategic change in a corporatized context.

Methodology: A single-case study built on a qualitative research strategy around a revelatory case of corporatization has been chosen to fulfill the purpose of this study. Data collection has been conducted primarily through semi-structured interviews, along with complementary relevant documentation. Data was subsequently analyzed employing a deductive content analysis approach, in which techniques of pattern matching and explanation building were used.

Theoretical perspectives: The theoretical foundation of this study consists of Simons’ (1995) “Levers of Control” framework. The framework includes the use of belief systems, boundary systems, diagnostic control systems and interactive control systems in order to control strategy and help drive strategic change. The framework is further complemented by subsequent theoretical developments as well as research pertaining corporatization and public administration.

Empirical foundation: The study describes and analyzes how Folktandvården Skåne, which underwent corporatization in 2014, makes use of the levers of control to control strategy and drive the strategic change deemed necessary. The principal empirics presented stem from interviews with the organization’s CEO, one division manager, two clinic managers, two controllers and one HR-partner.

Conclusions: The findings show that Folktandvården Skåne balances the use of all levers of control to implement intended strategy and encourage emergent strategy in order to ensure success through both predictable goal achievement and innovation. It was also found that the use of all levers of control was initiated by top management with deliberate differences in both timing and purpose to satisfy urgent demands to achieve the desired strategic change. Furthermore, the study concluded a need to broaden the theoretical framework by separating the components of strategic validity controls and interactive use of controls within interactive control systems, reimagining the concept of belief systems, and including the prospect of widening and adapting boundaries. Lastly, the understanding of how and why formal levers of control are used is enhanced through utilizing a wider set of the control “package” including informal control and a broader definition of formal controls as they interact in a two-way relationship.

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1. Introduction

1.1 Background

Trust is continuing to deteriorate in the fundamental systems put in place to govern our societies and ensure our democratic way of life. Trust in national governments in many OECD countries together with regional and local authorities in the EU show clear negative trends with only about 40 % expressing trust (European Commission, 2018; OECD, 2017). The trust and satisfaction with public services also remain on a low level, although there are major differences among countries (OECD, 2017). The importance of trust is highlighted by its significant influence on the outcome of public policy motivating action to build more trust (OECD Public Governance Review, 2017).

The underlying trust issue has triggered governments and other public institutions to engage in the modernization of the public service delivery in order to try to restore some of the trust (Van de Walle & Bouckaert, 2003). Improving service delivery can both increase satisfaction with the organizations performing the services and the trust for government at different levels within a country according to OECD Public Governance Review (2017). This entails not only trying to increase quality, timeliness and effectiveness, but also tailoring services to user needs. The debate on how to manage and organize public organizations continues to be intense. In this context, the New Public Management (hereinafter NPM) movement has led to a range of reforms in the public sector resulting from pressures for better efficiency in service delivery as well as greater customer demands, as presented in Hopper, Northcott and Scapens (2007). The NPM reforms proposed solution is to incorporate market mechanisms together with managerial processes from private sector organizations.

The NPM movement has now existed for about three decades and the effects of the reforms on performance in the public sector are still heavily debated (Bejerot & Hasselbladh, 2013). Some NPM reforms are guided towards increasing competition within the public sector in addition to incorporating private sector management practices (Hood, 1995). One particular persistent feature is the strive to ensure that organizations become more autonomous, especially in the context of universities, hospitals and social services (Kirkpatrick, Altanlar & Veronesi, 2017). This is called corporatization, where public enterprises are made into independent corporate entities from a legal perspective (United Nations, 2008). Consequently, they operate as private corporations with their own management and are often solely owned by the relevant public entity taking the role of shareholders (Kirkpatrick, Altanlar & Veronesi, 2017). Corporatization has in recent times become classified as one of the most substantial trends when it comes to public service delivery (Klein, 2014).

Corporatization has been suggested as an alternative to more radical privatizations as the public ownership remains (Klein, 2014) while at the same time enhancing performance (Bozec & Brenton, 2003; Nelson & Nikolakis, 2012). Meanwhile, little research has been devoted to the implications of corporatization in the light of its recent rise in popularity (Klein, 2014; Nelson

& Nikolakis, 2012). A central area where the corporatization literature continues to call for answers is related to how the strategic change often required in corporatized organizations can be achieved (Kirkpatrick, Altanlar & Veronesi, 2017; Zhang, 2008). It entails that corporatized organizations must enhance their focus on efficiency in their strategic orientation to ensure long-term survival, while recognizing their impact on society according to Oates (2015). Thus, one main feature of corporatization efforts is the need to put a greater focus on strategy (Kirkpatrick, Altanlar & Veronesi, 2017), where corporatized organizations are “... *required to adopt a strategic perspective to the management of scarce resources*” (Teo, 2000, p. 558). In this respect, management control systems are said to play an important role in ensuring that the behavior and decisions of employees are in line with the organization’s strategies and objectives (Malmi & Brown, 2008) and driving strategic change (Abernethy & Brownell, 1999). The significance of management control systems is further reinforced by the academic research showing how the ideas of NPM have direct implications on how public services have come to be both managed and controlled, writes Hopper, Northcott and Scapens (2007).

1.2 Problematization

The background presents strategy as a fundamental aspect of concern to ensure success over time for corporatized organizations. The central relationship between strategy and management control has been the focus of intense theoretical debate and evolution over time (Anthony et al., 2014; Davila, 2005; Henri, 2006; Hopper, Northcott & Scapens, 2007; Simons, 1994). The management control field initially adopted a narrow view where a significant body of research investigated the effects of strategy on management control systems according to Henri (2006). This view considered management control systems as static strategy-implementation systems following a structural approach. The underlying idea has become known as the cybernetic model, where the achievement of goals in line with the intended strategy is monitored (Davila, 2005). Consequently, the focus of this line of research was directed at the design of management control systems to fulfill this purpose (Henri, 2006).

The NPM movement has promoted the adoption of management control systems based on this traditional and narrow view (Düren, Landøy & Saarti, 2017; Hopper, Northcott & Scapens, 2007; United Nations, 2008, Verbeeten & Speklé, 2015). NPM prescribes the formulation of strategy and then connecting the control systems to that strategy in order to accomplish strategic change (Düren, Landøy & Saarti, 2017). As a result, much of the academic literature has been focused on these cybernetic types of management control systems presents Hopper, Northcott and Scapens (2007) in their synthetization of the field. The field has also primarily concerned design considerations (Abernethy & Brownell, 1999; Verbeeten & Speklé, 2015). However, very limited empirical results have been provided showing performance effects of the design choices (Bejerot & Hasselbladh, 2013). Monitored performance variables have also been criticized for often having a poor connection to the organization’s strategy following Ittner and Larcker (2003). Verbeeten and Speklé (2015) further argue that the promoted narrow view of management control systems is not related to increased performance. One of their main

criticisms is that the field of NPM seems to lack theoretical substantiation in their argumentation for management control system design choices.

The promoted narrow view and focus on design driving corporatization efforts represents a problem area for understanding how management control can be understood in relation to strategy in corporatized organizations. An increased theoretical focus on the use of management control systems stems from a more recent second line of research adopting a process rather than a structural perspective, showing how management control systems also influence strategy (Davila, 2005; Henri, 2006; Simons, 1994). The scope was expanded to include the notions of how strategy is not only formulated by top management, but also how strategy emerges as employees respond to opportunities and threats throughout an organization following Davila (2005). In this respect, emergent strategy can be facilitated through the use of management control systems. This reasoning suggests that management control systems have a two-way relationship with strategy by playing a role both in the formulation and implementation of strategy relayed by Henri (2006). As a consequence, management control systems were reimagined as dynamic systems present throughout the strategic-management process, with a more prolific focus on the use rather than design.

Academic evidence also suggests that the actual use of the information gathered from management control systems is more significant than the design itself (Ferreira & Otley, 2009). It also the use of management control systems that enable organizations to respond to the increased competitive pressures through strategy, following the reasoning of Lokman and Brian (1999). As a result, they argued that increased competition stemming from the corporatization and other commercialization efforts put more pressure on decision-makers in such organizations to use management control systems. A change in the type of management control systems used has also been shown in large state-owned enterprises in China, as a result of increased competition (O'Connor, Chow & Wu, 2004). The lack of focus on the use of management control systems to both formulate and implement strategy represents a significant limitation for the theoretical and practical understanding in a corporatized context due to the need for strategic change and increased focus on strategy.

The neglecting of the two-way relationship between strategy and management control systems in theoretical models was purposefully bridged by Simons' (1994; 1995) "Levers of Control" framework. It has gained a rise in popularity in recent times and is built on insight gained from private practice (Martyn, Sweeney & Curtis, 2016). The "Levers of Control" framework was specifically developed to show how a combination of management control systems, termed levers of control, can be used by top management to drive strategic change and control the strategy of an organization (Simons, 1994; 1995). As such, the theoretical understanding of the relationship between strategy and management control systems can be severely limited if you study the use of individual systems in isolation. This pitfall has prevailed in the sole focus on the cybernetic aspects of a control system within the NPM field. Consequently, this may influence the quality of conclusions drawn especially as management control systems needs to be understood in relation to its function within the broader "package" of management control

(Malmi & Brown, 2008). In fact, the recent rise in popularity for the “Levers of Control” framework may be related to its proven usefulness as a tool to address the calls of Malmi and Brown (2008) to adopt this “package” view (Martyn, Sweeney & Curtis, 2016).

There is a lack of empirical support both for the general use of management control systems as it relates to corporatization and the application of Simons’ (1994; 1995) framework in a corporatized setting. We have found few publications departing from the broader NPM movement concerning the use of management controls through the “Levers of Control” framework by Abernethy and Brownell (1999), Kober, Ng and Paul (2007), Nuhu (2016) and Nuhu, Baird and Appuhamilage (2017). However, no studies were found specifically dealing with use of management control systems in relation to strategy with corporatization as the point of departure. This motivates further empirical research, reinforced by the views of Bozec and Brenton (2003) as they argue that corporatization requires radically different management than other non-corporatized public organizations. Plenty of research has been conducted regarding the use of management control systems in conventional private organizations, but there is a general lack of empirical evidence of successful use in public and corporatized organizations (Oates, 2015). As a result, little is known about if the findings also apply to this context (Nuhu, 2016). Furthermore, none of the previous studies have researched all four levers of the framework and, in general, there has been scant attention devoted to belief and boundary control, even in private organizations (Tessier and Otley, 2012). This indicates that the area is under-researched, which can prevent more holistically sound conclusions as relevant aspects of the wider control system are not captured, in line with Malmi and Brown (2008).

Consequently, this study adopts Simons’ (1995) “Levers of Control” framework to understand the two-way relationship between strategy and the use of management control systems in a corporatized setting. Simons (1994; 1995) proposes research to utilize situations of change relating to strategy, systems and managers in order to understand this relationship. The most evident change is that corporatized organizations often need to change their strategy (Kirkpatrick, Altanlar & Veronesi, 2017; Zhang, 2008). Further, corporatization entails a radically different management of public organizations (Bozec & Brenton, 2003), and requires the use of different sets of systems to gather information as indicated by Lokman and Brian (1999). Corporatizations also carries an ownership restructuring between the board and the management, whereby specific managers are often appointed to drive strategic change (Valkama, Bailey, Anttiroiki, 2013).

The wide array of possible situations of change provided by the corporatized organization offers ample opportunity for theoretical and practical contributions specific to the corporatized context relating to the use of levers of control systems to control strategy and drive strategic change. More importantly, the intriguing context serves as a vehicle for general theoretical developments for the “Levers of Control” theory, which can also have wider practical implications beyond the corporatized context. The used theoretical framework is consequently not only a tool to gain empirical findings, but the work is also seen as an opportunity to be able to refine the underlying theory. Therefore, the study attempts to discuss whether the theory is

satisfactory in providing explanations or whether additional explanations should be developed and what understanding is specific to the corporatized context. In closing, we hope the study to aid practitioners, not at least those participating in the study, by way of providing a clearer understanding of how management control systems can be used in a corporatized context. We hope for the study to be able to act as stimuli for discussion regarding potential problems and potential solutions to said problems from a management control perspective.

1.3 Purpose and Research Question

Based on our problem description above, the purpose of this thesis is to contribute to the “Levers of Control” theory through empirical insights on the use of levers of control to control strategy and drive strategic change in a corporatized context.

The purpose then resulted in the following research question:

How and why are levers of control used to control strategy and drive strategic change within a corporatized context?

1.4 Thesis outline

To provide an overview of the disposition of this thesis, an outline of the contents of the following chapters is presented below:

Chapter 2 – Research method and design: The purpose of this chapter is to provide motivations behind the research methodology and design. More specifically, the rationale of conducting a qualitative single case study, the selection of case company and interviewees is motivated. We present our data collection, analysis method and limitations of the study.

Chapter 3 – Theoretical framework: In this chapter the theoretical framework of Simons’ (1995) “Levers of Control” at the outset of the study’s purpose is presented. The chapter is synthesized along the theoretical framework with the relevant findings from literature on theory development and criticism along with context specific literature.

Chapter 4 – Empirical findings: The fourth chapter presents the gathered empirical material. It begins with an overview of Folktandvården Skåne and its business strategy before each lever is more closely investigated. The chapter ends with empirics concerning the balance of levers.

Chapter 5 – Analysis: In this chapter empirical findings are analyzed and discussed against the theoretical framework set in chapter three, with the ambition to answer the research question.

Chapter 6 – Conclusions, discussion and contribution: For the final chapter, the conclusions derived from the analysis are presented. We further discuss limitations as well as theoretical and practical contributions of the study and present suggestions for possible areas of future research.

2. Research method and design

2.1 Research strategy

Bryman and Bell (2015) refer research strategy to the orientation of a study, which can take on two distinctive directions, qualitative research and quantitative research. The discussion held in the problem description, along with the analytical nature of the stated purpose, emphasized the need of deeper understanding and empirical insight (Bryman & Bell, 2015). Our earlier discussion on corporatization suggests that contextual understanding is important in order to draw valuable theoretical and practical conclusions. In addition, deeper insight is also fundamental to the fulfilment of our purpose by understanding the use and rationale of the levers of control. Thus, the qualitative approach was deemed as most appropriate, its unstructured nature also offers more flexibility compared to that of a quantitative analysis (Bryman & Bell, 2015). A qualitative approach is further said to enable richer and deeper data for the purpose of understanding beliefs, actions and behaviors. A qualitative approach also allows the enabling of contextual views and experiences from the participants' perspectives, as opposed to the researcher's (Bryman & Bell, 2015).

Furthermore, alternative methodological research approaches have been called for within the area of study by Nuhu (2016) and Nuhu, Baird and Appuhamilage (2017). Both these publications adopt a quantitative approach together with Abernethy and Brownell (1999). This study also looks at all four levers of Simons' framework and, thus, an overall "package" of control, which requires the deeper understanding generated by a qualitative research method. The proponents of the "package" view Malmi and Brown (2008) explicitly mentions the problems of quantitative methods due to the trouble of capturing the underlying phenomena in a way that can be considered meaningful. Their reflections are also consistent with Mason's (2002) view of qualitative research being more suitable for holistic analysis whereas the qualitative approach focuses on trends and correlations. In general, qualitative studies are most common to use when adopting Simons' (1995) framework (Martyn, Sweeney & Curtis, 2016). This may also say something about the framework and the amount of insight that is necessary in order to get substantive findings. Thereby, a qualitative study will add to the literature within a corporatized context indicated by the calls of other researchers.

2.2 Research design

Bryman and Bell (2015) refer research design as a framework aiding studies in data collection and analysis. The chosen research design should be appropriate to the research question (Bryman & Bell, 2015; Yin, 2018). To decide on the design options for this study, we consulted Yin (2018) who presents three conditions needing consideration: the type of research question asked by the researchers, whether focus is on contemporary or historical events, and to extent the researcher has control of these events. First, our research question contains how and why components. Further, with a relevant organization available and accessible and with the study

focusing on the use of management control systems, predominant focus lies on contemporary events. However, we have no control over the events happening in the organization. Jointly, these conditions and decisions parallel with Yin's (2018) characteristics of a case study. Accordingly, the case-study method was adopted to best fulfil the purpose. Case studies were also explicitly called for by Nuhu (2016) and is consistent with Oates' (2015) conclusion on the need for more empirical research.

Schramm (1971; in Yin 2018, p.14) offers *"to illuminate a decision or set of decisions: why they were taken, how they were implemented, and with what result."* as one definition to the essence of a case study. Thus, the chosen research design aligns with the how and why dimensions of our research question investigating the rationale behind to the use of the levers of control. This type of understanding is critical in order to make theoretical contributions related to the study's purpose. A case study is especially suitable when trying to understand a real-world case, where the understanding itself involves important contextual conditions argues Yin (2018). This stands in contrast to that of a survey and is significantly more limited in the ability to investigate context, which is important for the purpose of this thesis. Yin (2018) also informs us that a case study can manage situations where there are additional multiple variables of interest than data points, as is often the case with strategy and management control. It also benefits greatly from previous development of theoretical propositions as these can guide research design, data collection and analysis, which is certainly applicable to the widely-used Simons' (1995) Levers of Control framework and its guiding principle is evident throughout the study.

A single-case study can be seen as beneficial due to all resources being put on one single case and can yield more in-depth analysis than would a multiple-case study. However, due to the nature of a single-case study, generalizability may suffer. As such, one common concern regarding case studies and single-case study in particular is the ability to generalize the results (Bryman & Bell, 2015; Scapens, 1990; Yin, 2018). However, the goal of a single-case study is not to represent and be applicable to samples, rather it is to expand and generalize theories, so called analytic generalization, as opposed to statistical generalization. Our study thereby conforms with the reasoning of Yin (2008) and Scapens (1990) in that this case study is an opportunity to shed empirical light on a certain theoretical concept, where the ambition is to strive for findings that are generalizable beyond the specific case studied. Such generalization can help provide more clear understandings and help practitioners solve problems by acting as stimuli, according to Scapens (1990). The study with its purpose does not provide the answers to problems, but in providing deeper understanding of the social context in which practitioners work, awareness of problems and possibilities for solutions may increase. Therefore, the adopted case study method can help the research provide a practical contribution.

This distinction between types of generalizations also helps us position the case study as explanatory, in line with Scapens (1990). Case studies are explanatory when they produce theoretical generalizations and the underlying theory is used to understand and explain the specific case. With a well-defined theory and major research issues identified, it may thus be

possible to select a critical case to address the issues in question, writes Scapens (1990). An explanatory case study aims therefore to determine whether the theory is satisfactory in providing explanations or whether additional explanations should be developed, as our purpose is to develop theory. This is reinforced by Saunders, Lewis and Thornhill (2009) who describe case studies as a useful way of exploring existing theory while also being able to challenge existing theory and be a source of new research questions.

Consequently, the end goal of the study is to make analytically generalizable claims through supportive arguments, where implications can lead to greater insight on the “how” and “why” question the study poses (Yin, 2018). Lastly, we employ a holistic single-case study design, partly due to the inability to identify logical sub-units in the case, and especially due to the holistic nature of Simons’ Levers of Control framework, consistent with Yin (2018).

2.2.1 Case selection

We concluded that our purpose and subsequent research question should focus on a corporatized context but did not specify any country context suitable to perform our study. Consulting the literature related to our purpose, all the previous studies by Abernethy and Brownell (1999), Kober, Ng and Paul (2007), Nuhu (2016) and Nuhu, Baird and Appuhamilage (2017) were performed in Australia. This study was performed in Sweden, a country often held up as an example where the NPM ideas have managed to establish a foothold, while upholding the notion of a strong welfare state (Hopper, Northcott & Scapens, 2007). To our knowledge, no other study has used Simons’ (1995) “Levers of control” for a corporatized context in Sweden before, which answers the call for research in other countries by Nuhu (2016). This hopefully contributed to the ability of gathering insightful empirical findings and thus, aiding the study in fulfilling its purpose to develop the theory.

The case selection was in line with Yin (2018) straightforward as the identity of the case company has been known since the outset of the study. We identified Folktandvården Skåne AB as a suitable candidate, a publicly owned dental care provider in the region of Skåne. The organization underwent a corporatization in 2014 through a decision by the then political majority in the region, relayed in Karlsson (2013). In addition, the influence in the study’s case selection consisted of a two-pronged effect of access and scarcity, two important factors in case selection (Yin, 2018). Access, due to an already established relationship with the chosen case company and the ability to garner satisfactory access in to ensure sufficient empirical material, a key for our purpose. The second factor was that of scarcity, due to few larger-scale recently corporatized candidates in the region with a change in management positions to our knowledge. One of the main arguments behind the decision to corporatize was that Folktandvården Skåne already was a part of a competitive market (Karlsson, 2013). This corresponds with the view of the United Nations (2008) that corporatization is one step of wider commercialization efforts and indicates a viable corporatization context to study in Sweden.

Another argument behind the corporatization of Folktandvården Skåne was to improve the responsiveness to the demands of the customers (Karlsson, 2013), in line with the NPM

discussion held in the introduction. Folktandvården Skåne has shown positive results both in terms of increased customer satisfaction (Folktandvården Skåne, 2018c) and profits since the corporatization (Folktandvården, 2017a). Meanwhile, dental services are also one of the industries in which Swedes have the highest trust (Folktandvården Skåne, 2018a) relating back to the background discussion. Combining this with the fact that Folktandvården Skåne also appointed a new CEO in connection to the corporatization (Suslick, 2014), further relating to the chosen theory as Simons (1995) based his framework on studying newly appointed CEOs, which we elaborate more over in the next section.

Altogether, this indicates that Folktandvården Skåne represents a unique and scarce case company from which valuable conclusions may be drawn from both a theoretical and practical perspective, aligned with the notion of a revelatory case as presented by Yin (2018). Further, the joint factors of access and scarcity supports the opting for a single-case study writes Yin (2018) and made our study more feasible in both scope, resources, access while still generating a unique context to study.

2.3 Theoretical framework

The usefulness of Simons' (1994; 1995) "Levers of Control" framework for highlighting the use of management control systems in relation to strategy was relayed already in the problematization. One fundamental strength of the framework is its focus on the issues associated with strategy as well as incorporating their implications on the control systems (Ferreira and Otley, 2009). This strategic connection is evident both in our purpose and research question together with the focus on strategy for corporatized organizations. The framework accomplishes the strategic connection while simultaneously preserving a broader and more holistic focus (Martyn, Sweeny & Curtis, 2016) consistent with the choice of conducting a holistic case study. This is a strongly contributing reason for why the study did not opt for the even broader framework developed by Malmi and Brown (2008). Their "package" of controls is more of a toolbox consisting of management control systems that can be used to fulfill strategy, but provides very little guidance on their actual use. In addition, they do not relate the controls to the important concepts of formulation and implementation of strategy evident in the strategic management literature.

Ferreira and Otley (2009) also give more attention to such types of control in their framework. However, that framework was developed to provide a quick overview of the management control system. In this respect, it was disregarded due its broad orientation as it would distort from the necessary empirical depth for use in our purpose. It does neither include all the levers for control. The "Levers of Control" framework still acknowledges the existence of informal controls together with arguing that the formal control can indirectly influence information control (Simons, 1995). One criticism brought forth by Ferreira and Otley (2009) is the theory's exclusive focus on top management, but we do not consider it damaging or particularly limiting to this study. As evident in the following chapter, Simons (1994; 1995) builds much of his framework on his observations on the use of control systems by top managers to drive strategic

change and renewal. Folkvandvården Skåne got a new CEO coinciding with the corporatization, which constitutes an intriguing connection to the origin of the framework. These circumstances have impact on the empirical insights gained and important as they relate to the contribution established in the purpose. By interviewing people from multiple levels and areas in the organization, the risk of focusing too much on top management was mitigated. As such, despite its relatively old age, the “Levers of Control” framework has shown resilient and even growing in popularity in recent times as a management control framework, likely due to the guiding insight it can provide on strategy in conjunction with management control. Further criticisms and shortcomings of Simons’ (1995) “Levers of Control” will be presented and discussed in our theoretical chapter. As the study sets out to test the theory, we viewed any potential criticisms as opportunities for assessing the viability of the “Levers of Control” theory.

Consequently, the “Levers of Control” framework is used to provide an answer to our how and why research question so that the study’s purpose can be fulfilled through empirical insights. The original framework is built upon the understanding gained from empirical observations, which shows consistency with our purpose to also develop the theory. As previously discussed, the corporatized context coinciding with the CEO change allows for deeper theoretical insight as Simons (1994; 1995) prescribed method is to utilize situations of change to understand the two-way relationship between strategy and control systems. In this respect, the “Levers of Control” framework offers a theoretical frame that also incorporates knowledge added by other authors to interpret the findings. The used theory has underlying “how” and “why” dimensions that can be used to draw valuable conclusions. As such, the theoretical framework also guides the gathering of empirical data used in the analysis. The gathered data is assessed and related to the different levers to allow the reader to grasp the empirical material and how it relates to the theoretical lens, which is discussed in greater detail in the next section. The analysis and discussion provide the grounds for answering the research question as well as establishing the contribution in relation to the purpose.

2.4 Empirical data gathering

With a qualitative approach and the need for the organizational insight and contextual understanding required to achieve the study’s purpose, qualitative interviews were deemed the most appropriate source of primary data. It is highlighted through the fact that interviews allow the subject participants to provide more detailed and in-depth responses (Bryman & Bell, 2015). Qualitative interviews are in addition flexible by design and make the interviewee’s point of view the chief interest. They also leave room for new questions and impromptu follow-ups as well as allowing the interviewee to express themselves freely, something that can be useful when trying to ascertain subjective perspectives and thoughts (Bryman & Bell, 2015; Qu & Dumay, 2011). Researchers can further vary the order of the questions or even change the wording, which allowed us to gather the amount of empirical insights required by our purpose. This flexible adjustment allows for the insight into what the interviewee sees as relevant and important, corresponding with our need of rich and detailed answers for a qualitative interview (Bryman & Bell, 2015).

Qualitative interviews can be conducted either in an unstructured or semi-structured manner (Bryman & Bell, 2015). The unstructured interview is akin to a conversation and often departs from a single topic, theme or question, upon which the interviewer follows up throughout the conversation. As such it places reliance on the ability of the interviewer to adequately gather enough relevant data. A semi-structured interview on the other hand features some predetermined guideline to themes, topics or questions to cover. With a clear research focus employing Simons' (1995) "Levers of Control" framework in a corporatized context, structure is necessary to address specific issues and gather as much relevant information as possible, in line with Bryman and Bell (2015). Structure is additionally advised for when the researcher has an idea of how the data will be analyzed. The theoretical framework gives us the guiding structure for an analysis, as elaborated upon previously. Consequently, we view semi-structured interviews as most suitable relating to the depth of the study as well as the time limitation in place, analogous to the argument of Qu and Dumay (2011) in that semi-structured interviews are often the most effective method of data gathering.

This structure was consequently provided by an interview guides (appendix A-F), in which the different elements of Simons' (1995) framework are broken down into more concrete subsections to facilitate easier understanding for the interviewees. Upon formulating and revising the questions, focus was on capturing the different elements in the framework from a perspective of the interviewee, in accordance with Bryman and Bell (2015). Due to this being a single-case study, where the comparability required in a multiple-case study is of lesser importance, the interview guide was adjusted for each interviewee, depending on their function in the organization and to purposefully increase the breadth of data. Furthermore, the interview guide was emailed well in advance of the interview, allowing the interviewee to grasp the overarching theme of the interview. However, eventual prompting questions were also written down in advance to aid the researchers should certain answers be insufficient or incomplete, as recommended by Creswell (2007).

The selection of interviewees (table 1) was done with the theoretical framework in mind, as Simons' (1995) "Levers of Control" has its predominant focus on the dealings of top management and other managers. We were keen on interviewing respondents with satisfactory insight into the company's strategic developments, management control systems and the daily operations as it relates to these processes. In other words, it was important to choose participants that are able to provide relevant data and insights for the research question and purpose, consistent with Bryman and Bell (2015). As such, we first interviewed the CEO, who was a key initiator in the strategic change and the decision to use certain controls. Furthermore, we interviewed one of three division managers at the company, a position that is a top management function as well as chief responsible for the link between top management and the clinic managers closest to the daily operations. Then, the two controllers working most closely with the company's management control systems were interviewed due to their appropriateness to the subject matter. Moreover, two clinical managers were also interviewed as they serve an important leadership role and carry the responsibility to execute the company's strategic

direction in the daily business. Lastly, one HR-partner was interviewed with deeper insight in employee sentiments, current challenges and all work processes related to human resources.

All interviews but one was carried out face-to-face, which allows the interviewers to engage with the interviewee more interactively (Bryman & Bell, 2015). With the deep and detailed data required for the study's purpose, effort was made on arranging face-to-face interviews. However, due to issues of time and logistics, one interview was done through telephone, which can help the researchers to stay focused to the specific topics of the study (Bryman & Bell, 2015). However, with a thematic interview guide rooted in the designated theoretical framework, it helped us stay on topic and cover each perspective, while also allowing for additional flexibility for other potential related and useful topics. In addition, prior to each interview, company-provided documentation was examined with the purpose of formulating contextual questions as well as company-specific prompting questions that go beyond the interview guides. This was done to increase the interviewee's understanding of the questions as it relates to the organization's operations.

Additional data was gathered from official documents provided by the case company, both in the public domain and private (Bryman & Bell, 2015). Annual reports, business plans, salary documentation, management systems overviews and previous PowerPoint presentations were used (table 2) to support and strengthen the data collected from the interviews. Documentations can prove important to a case study as they are what Yin (2018) denotes as unobtrusive. That is, they are not created as a result of the case study, unlike interviews. Their format also allows for repeated unaltered review. However, Yin (2018) warns against overreliance on documentation in case study research as the documents were written for other reasons than those of the case study being done. In accordance, documentation provided by the case company was first and foremost used as complementary to the interviews and to corroborate evidence and information.

Together, this aligns with the principle of using more than one source of data, commonly referred to as triangulation and especially recommended in case study research (Bryman & Bell, 2015; Saunders, Lewis & Thornhill, 2009; Yin, 2018). Documentation was used in conjunction with interviews, and these interviews included seven individuals spanning five different positions in the company. Multiple interviews also follow the principle of multiple sources of data and can help mitigate the possibility of multiple realities, ultimately improving accuracy and increasing confidence (Yin, 2018) to increase the trustworthiness of our theoretical contributions.

Name	Function	Years in the organization	Interview type	Date	Duration
Marika Qvist	CEO	1-5 years	Face-to-face	19.04.2018	1h 30m
Jan-Åke Hansson	Controller	1-5 years	Face-to-face	19.04.2018	1h 5m
Björn Neroth	Division manager	>20 years	Face-to-face	24.04.2018	1h
Maria Mathioudaki	Clinic manager	>15 years	Face-to-face	25.04.2018	50m
Andrea Gerner	Clinic manager	>15 years	Telephone	25.04.2018	55m
Therese Bjerström	Controller	1-5 years	Face-to-face	02.05.2018	1h 10m
Charlotte Lindberg	HR-partner	>15 years	Face-to-face	08.05.2018	45m

Table 1. Overview interviewees.

Documentation used	Type	Content	Length
Annual report 2016	Official document, public domain (PDF)	Comprehensive account of the company's activities throughout the preceding year	23 pages
Annual report 2017	Official document, public domain (PDF)	Comprehensive account of the company's activities throughout the preceding year	23 pages
Business plan 2018-2021	Official document, private domain (PowerPoint)	Formally stated business goals, motivations behind strategy, how to achieve it and other important current issues	87 pages
"Questions and material for employee development and salary talks"	Official document, private domain (PDF)	Presentation on the basis of evaluation at Folktandvården Skåne, for both managers and employees	7 pages
"Developing Successfully when Culture and Structure work together"	PowerPoint presentation, public domain (PowerPoint)	Presentation of the company's cultural journey and future ambitions	45 pages

Table 2. Overview company provided documentation.

2.4.1 Data processing and analysis technique

The data of our research was analyzed through what is called content analysis, a steadily growing method of analysis in areas such as business (Elo & Kyngäs, 2008). A content analysis allows for the testing of theoretical issues with the purpose of enhancing the understanding of data, critical to the fulfillment of the study's purpose. Its aim therefore is to make valid and replicable inferences from data to their context in order to provide new knowledge and insights, according to Elo and Kyngäs (2008).

This study will employ a deductive content analysis approach, meaning the structure of the analysis is operationalized on previous knowledge and where the purpose is the test of theory (Elo & Kyngäs, 2008). By employing Simons' (1995) framework, an established theory, the deductive approach moves from the general to the specific. In deductive content analysis, researchers must develop a categorization matrix and subsequently code the gathered data according to these categories. The data is reviewed for its content and coded either by exemplification of or correspondence with the identified categories. Accordingly, the categorization matrix is in our case the opted framework and its levers and subcomponents. However, such a matrix can either be of structured or unconstrained nature, depending on the aim and scope of the study (Elo & Kyngäs, 2008).

An unconstrained matrix allows for different categories to be created within the theoretical bounds, similar to the principle of an inductive content analysis (Elo & Kyngäs, 2008). In contrast, a structured approach only allows the data included in the analysis to be of that which fits the matrix. With the study investigating a relatively novel context in corporatization, both as it relates to management control systems and Simons' (1995) "Levers of Control", the added flexibility of an unconstrained matrix is argued for. The unconstrained matrix allowed us to capture additional data that does not necessarily align with the established categories provided by the "Levers of Control" framework, which may help extend the theory relating back to our purpose. Lastly, it is important to mention that a content analysis is not a standardized process and with no 'right' way of doing it, putting additional pressure on the researchers to make judgements on how to conduct the analysis in a manner most appropriate for the research problems (Elo & Kyngäs, 2008).

Further guidance to data analysis is provided by Yin (2018), where we view the analysis techniques of pattern matching and explanation building as two appropriate approaches of analysis within the overarching deductive content analysis. He explains pattern matching as one especially desirable method for a case study analysis. It involves comparing theoretical anticipations with the empirical findings of a case, where the "how's" and "why's" of a study are suitable processes for pattern matching, according to Yin (2018). In particular, we find the use of pattern matching as appropriate to test Simons' (1995) theory and analyze the data in accordance with the predetermined categories. It primarily serves to help us analyze the "how's" behind the use of the levers of control, as it consists of attempts to match to the theoretical anticipations. However, it can also provide some insight into the "why's" by either conforming to, or differing from, theory.

In spite of that, we consider pattern matching to be insufficient for our purposes in its potential to adequately contribute to theoretical developments. As such, we also make use of the explanation building technique, where data is analyzed by building an explanation about the case. It is argued mainly relevant for explanatory case studies, such as this one (Yin, 2018). What differs explanation building from pattern matching is that the final explanation is not stated at the outset of the study, instead evidence is examined and re-examined, leading to revised explanatory propositions, akin to that of an iterative process (Yin, 2018). As such, it

consists of both deductive and inductive methods of analysis, similar to the aforementioned unconstrained matrix of a deductive content analysis. The “how” and “why” questions are here also central in explaining a phenomena or outcome, however they are complex in nature and carry an inherent difficulty in being able to precisely measure as case studies often employ explanation building in a narrative manner. With the likely imprecision of such narratives, Yin (2018, p. 179) stresses that “... *case studies of greater interest are those whose explanations reflect some theoretically significant propositions*”. With that in mind, explanation building can help us investigate the “why’s” deeper and with less constraints to what has already been said by Simons’ (1995), allowing for explanations that can potentially bring forth theoretically significant propositions with the ambition to develop and extend the “Levers of Control” framework.

Consequently, a deductive content analysis approach, in which pattern matching and explanation building is utilized, allows the study to test the theory and possibly bring about theoretical developments. Simultaneously, it provides the opportunity to catch other interesting aspects that may explain the case, through the inductive principles in place, while using the “Levers of Control” framework as the guiding structure for categorization and coding.

The selected approach to data analysis was thereby applied to the data gathered from interviews as well as during the review of official documentation. Moreover, the collected data was processed individually. After conducting the interviews, both researchers listened and transcribed the recordings individually, as to minimize the risk of missing information and to also offer an opportunity to compare interpretations. Along the same lines, all documentation was reviewed independently, and relevant data was collected by both, facilitating further comparability and discussion on interpretations and relevancy. This helped avoid errors and biases that might have been missed otherwise, improving the reliability of the study, in line with Yin (2018).

2.5 Validity and reliability

Bryman and Bell (2015) present four tests in evaluating the validity and reliability of a qualitative study. These four are credibility, transferability, dependability and confirmability. The authors emphasize that all four tests are important in ensuring the trustworthiness of a qualitative study, upon which we test the four criteria below.

Credibility parallels internal validity and relates to the credibility of the findings and results of a research. As there can be multiple accounts of a social reality, the acceptability of a research depends on the credibility of the account the researcher arrives at (Bryman & Bell, 2015). As such, we have made efforts to increase credibility by interviewing multiple respondents across several organizational functions. As previously elaborated upon, the “Levers of Control” has an inherent focus on top management and managers, which limited the selection of interviewees. As such, certain social realities and perceptions might have been forgone, such as the one from the various employees at the operative level. However, with the theory’s exclusive

focus and the study's limits on time and scope, the limitation was a necessity. For this specific reason, we decided to interview one HR-partner to counteract some of the aforementioned limitation and bias. As it is a function occupied with the dealings and well-being of employees, the HR-partner's perspective could differ from the other interviewees. In total, seven interviews were held and data from these along with company documentation was processed and interpreted individually by both researchers before jointly assessing it. The use of multiple corroborating sources of evidence is argued to increase the quality and trustworthiness of the study (Bryman & Bell, 2015; Yin, 2018). Another important aspect to consider regards the ability of the researcher to make inferences for casual relationships, certainly when conducting explanatory case research such as explaining the "how" and "why", writes Yin (2018). Thus, he suggests the data analysis technique as important for internal validity and recommends pattern matching and explanation building, both of whom are used techniques in this study. Therefore, it also lends credibility to the conclusions of the study as correct understanding of data is imperative for any substantial theoretical development. Lastly, the establishment of a chain of evidence is also recommended (Yin, 2018). Through recording and transcribing all interviews, we were able to utilize direct quotes in the empirical section, allowing the reader to make personal judgements on what the researcher's arguments are based on in the analysis.

Transferability in turn refers to external validity, that is the generalizability of the findings (Bryman & Bell, 2015; Yin, 2018). The (in)ability to generalize the results of a study is a common critique to case study methods, especially in single-case studies. However, as discussed in the research design section, the goal of such a study is not to generate findings applicable to large samples, but rather to expand and generalize theories, also known as analytic generalization. Such an explanatory case study aims to test theory in providing explanations to the case or whether additional explanations need to be developed. This higher conceptual level of generalization is consequently used to confirm, modify or reject theoretical propositions and concepts, or even lead to new concepts springing from the completion of the study (Bryman & Bell, 2015; Yin, 2018). Consequently, we see the findings and conclusions of this study as part of a generalizable theoretical development apt for future theory testing and aiding in explaining and understanding other cases relating to the control and implementation of strategy, both within and outside the studied corporatized context. This discussion will be further expanded on in the final chapter in regards to the degree of generalizability for each conclusion.

Dependability relates to the reliability of the study and poses the question whether the same study can be performed over again by a different set of researchers and still amount to the same findings and conclusions (Bryman & Bell; Yin, 2018). For reliability, adequate documentation of the methodological procedures is necessary. Wherefore, our chosen research strategy and design has been documented and motivated throughout this chapter, providing insight into choices and considerations undertaken by the researchers. As the interviews were recorded and subsequently transcribed, it would allow for future researchers to make their own interpretation and analysis of the data gathered. Finally, as described earlier and in section 2.4.1, both researches processed all empirical data individually for initial individual interpretation, allowing for the decreasing of errors and biases, as is one stated goal of reliability (Yin, 2018). Nevertheless, we recognize the nature of qualitative research in that even with a step-by-step

approach, results and findings may differ due to possibly shifting internal and external circumstances during and after the initial study.

The final criterion refers to objectivity and the extent the researchers have acted in good faith and not blatantly allowed personal values to influence the final results of the study (Bryman & Bell, 2015). As previously elaborated upon, per Yin's (2018) recommendation on objectivity, both triangulation and a chain of evidence was applied to allow for cross-referencing, verification and increased transparency. Along similar lines as with dependability, we also acknowledge complete objectivity to be an impossible feat in qualitative case research, in line with Bryman and Bell (2015).

2.6 Ethics

Ethical considerations were taken into account concerning empirical data gathering and the methodological choices made. Four main ethical principles when conducting business research are listed by Bryman and Bell (2015) being; harm to participants, lack of informed consent, invasion of privacy and deception. Here, harm can take shape in either physical terms, such as stress, or as it relates to career prospects and future employment. As such, interviews were held at times chosen by the interviewees and at their workplace. Further, no confidential information was requested from an interviewee and all respondents volunteered to participate as well as agreeing to being recorded. An initial meeting with the case company was set to inform the study's purpose and scope before an agreement of participation was made, ensuring informed consent. In addition, a written presentation of the researchers and the study's aim was sent out to potential interviewees within the case company. Anonymity has not been requested by any interviewee, which would have been honored. Furthermore, no question or information from the interviews was requested to be left out. All documentation provided by the case company, along with the recordings, have been available exclusively for the researchers. Lastly, deception was avoided by the open and collaborative approach to the intentions of the study and it is worth mentioning that the authors hold no affiliation or conflicts of interest, in line with Bryman and Bell (2015).

2.7 Literature review

Conducting a literature review was necessary in order to gain explicit insight and understanding of the academic knowledge and debate on the chosen topic. Moreover, it allowed us to summarize systematically the existing knowledge, with a specified scope applied. As such, it served to provide us with an initial impression of the topic area, intended to be further understood through our research in accordance with Bryman and Bell (2015). Articles were searched for on the online databases of LUBSearch and Google Scholar with the following key words and/or combinations:

- Corporatization (and similar phrases such as public administration, state owned enterprises and public sector organizations)

- AND/OR Management control systems (and similar phrases and acronyms such as MCS, control systems et cetera)
- AND/OR Levers of Control (and the acronym LOC)
- AND/OR Strategic change (and similar phrases such as strategy, renewal and shift)

With that, we could find appropriate literature related either directly or indirectly to the subject matter of our research. The search filtered for peer-reviewed journals in English, for easier replicability (Bryman & Bell, 2015). Articles were subsequently scanned, where the abstract and conclusions provided the main basis in the decision of inclusion. A careful and critical approach to this type of examination is recommended as the relatively young field of business and management, rooted in social sciences, carries low consensus and inconsistent definitions and research approaches (Bryman & Bell, 2015). With that in mind, we reviewed and included those articles that aligned with our research interest, purpose and scope. In addition, the snowball principle was applied to reference lists of relevant articles, resulting in further inclusion of published articles. In particular, we found guidance in the literature review conducted by (Martyn, Sweeny & Curtis, 2016), who synthesized research applying Simons' (1995) "Levers of Control" during the last 25 years. The primary ambition our literature review was to collect studies either adding to Simons' framework or providing contextual factors as it relates to corporatization and public administration.

Lastly, despite conducting a thorough literature review, it is not free of limitations. With business research constantly evolving it is unlikely for most literature reviews to be fully exhaustive, writes Bryman & Bell (2015). For instance, the process of finding relevant literature might have been hampered by articles not being captured by the chosen search words or by virtue of research having unclear and/or disjointed titles as it relates to its content. Other relevant work might have been omitted if they have been published in any other language than English or Swedish or if they were published in other mediums not used by the researchers. Moreover, the snowball principle could also yield additional limitations (Bryman & Bell, 2015). While often useful for further search and direction, there is a risk of researchers knowingly not referencing to studies that disagree with their own findings.

3. Theoretical framework

3.1 Overview of Simons' "Levers of Control"

In the Levers of Control framework, management control systems are defined as *"the formal, information-based routines and procedures managers use to maintain or alter patterns in organizational activities"* (Simons, 1995, p. 5). The definition entails a focus on formal management controls, which in turn can affect informal processes. Simons (1995) suggests that control systems must incorporate both intended strategies as well as emergent strategies leading to innovation and experimentation. This distinction between the two types of strategies is important within the framework, adopted from the classic work of Mintzberg (1978), where intended strategies are the plans managers try to implement based on systematic analysis of organizational capabilities and the competitive landscape (Simons, 2000). The emergent strategies differ in that they arise spontaneously through the experimentation by employees when they are faced with unforeseen threats and opportunities. Realized strategies are then the combined result of intended strategies and spontaneous emergent strategies (Simons, 2000).

The "Levers of Control" framework, with its model for how an organization can control strategy (Simons, 1995), can highlight the connection to control systems for strategy in a corporatized context. Its core consists of the business strategy defined as: *"How a firm competes and positions itself vis-à-vis its competitors."* (Simons, 1995, p. 6). Simons (1995) states that four key constructs need to be analyzed and understood in order to successfully control strategies: core values, risks to be avoided, critical performance variables and strategic uncertainties. The framework is introduced below in figure 1, where managers can control these constructs through the use of four types of management control systems ("Levers of Control"): belief systems, boundary systems, diagnostic control systems and interactive control systems.

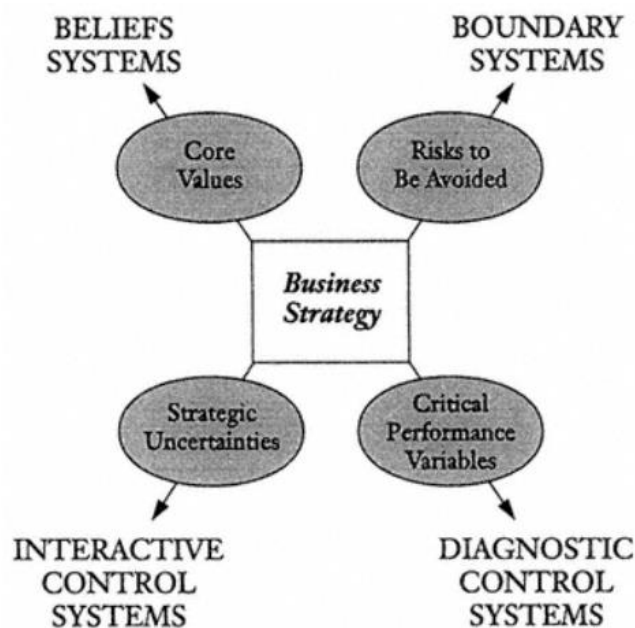


Figure 1. Controlling Business Strategy (Simons, 1995, p. 7)

Simons (1995) makes the analogy to yin and yang to explain the opposing forces of the levers that make up effective control of strategy. He likens belief systems and interactive control systems to the yin, positive and enabling forces. Accordingly, boundary systems and diagnostic control systems make out the yang, negative and constraining forces. He contends the use of these offsetting forces creates a dynamic tension that allows effective control of strategy. The use and emphasis of the different control systems has its implications and will be analyzed separately in forthcoming sections.

3.1.1 The corporatized context

The framework has proven to be suitable in the private sector and due to the similar importance of strategic intentions it has been suggested to also be suitable in the public sector (Norman, 2001). The distinction of intended and emergent strategies offered by Simons (1995) becomes increasingly evident in a corporatized setting. It enables to capture both the more rational analytical aspects of intended strategy and the process of strategic development and change stemming from emergent strategy (Zhang, 2008). In particular, a corporatization often requires the organization to develop new strategy in order to respond to the organizational change (Zhang, 2008). Relating back to the problem discussion, corporatized organizations need to put a greater focus on efficiency in their strategic orientation to ensure long-term survival, while also needing to recognize their impact on society (Oates, 2015). There are a number of such contextual factors which differentiate publicly owned organizations from those in the private sector. These can affect the relationship between strategy and structures as well as systems such as management control systems, following the reasoning of Kirkpatrick, Altanlar and Veronesi (2017).

Accordingly, the move towards more divisionalized organizational structures among corporatized organizations carries increased autonomy for the operating divisions and their managers, along with increased accountability and intensified performance pressures (Hill, 1985 cited in Kirkpatrick, Altanlar & Veronesi, 2017). It stands thereby in stark contrast to the traditional arrangements in public sector organizations with management being more dispersed among professional staff, administrators and functional managers at higher levels in the hierarchy (Bach & Winchester, 2003).

Another influential contextual factor is that of the wider institutional and political context at play for organizations undertaking corporatization (Bejerot & Hasselbladh, 2013). For example, goals are often influenced by political considerations and the organizations are given diverse objectives, as noted in United Nations' publication on public enterprises (2008). It further suggests that innovation can be inhibited due to a multitude of factors. These being, little incentives to deviate from established procedures, restrictions on innovation from a bureaucratic or political standpoint, the ability to survive despite financial losses, and limitations on fixed salary development. Moreover, within human resources management, there are less possibilities to reward those that perform. Greenwood et al. (2011) explain that within public organizations, legitimacy takes on an increased role in shaping management decisions

and management may often face competing institutional expectations, resulting in organizational tensions. It may also entail that the actions undertaken reflect prioritization among key stakeholders as well as potentially competing coalitions within organizations, which can influence the need to shift strategic focus, in line with Kirkpatrick, Altanlar & Veronesi (2017). Political control has also been shown to prevent learning from the use of control systems, where elected representatives can question the control systems (Batac & Carassus, 2009). Correspondingly, this impact may be amplified for organizations undergoing corporatization, as increased formal autonomy often brings forth added performance pressures, accountability and media attention.

3.2 Belief systems

Belief systems are used to inspire both intended and emergent strategies (Simons, 2000). They are defined as: *“the explicit set of organizational definitions that senior managers communicate formally and reinforce systematically to provide basic values, purpose, and direction for the organization.”* (Simons, 1995, p. 34). It is an attempt to communicate how the organization creates value and which level of performance is desired from the organization’s members. Belief systems can aid organizational members in knowing how to act and search for solutions when problems arise in the control of strategy.

Understanding is a central aspect in a belief system as relayed by Simons (1995), as middle managers are considered key individuals in the identification and creation of strategic initiatives. Therefore, belief systems carry a key role in the generation of ideas and thus steer the strategic agenda of an organization (Marginson, 2002). For it to be possible, members must understand the organizational core values in order to transform them into action (Simons, 1995). Belief systems contribute to the strengthening of individual performance and they need to be broad enough for the individual to contribute on his or her terms. For instance, belief systems should direct and inspire both a receptionist and operational manager alike to perform in line with the organizational values (Simons, 1995). Belief systems also direct organizational members in a way where intended and emergent strategies are merged. They inspire and guide the search of new venues of creating value. Widener (2007) states in addition that organizations will use the other three control systems increasingly the more belief systems are accentuated. Belief systems can as such be viewed as a starting point for an organization to work from.

Simons (1994; 1995) mentions vision and mission statements as illustrative examples of typical belief systems in organizations. Today, many organizations adopt explicitly stated core values described in core value statements (Kelly et al., 2004). In practice, any management control system that provides managers with information regarding organizational priorities and values can be used as a belief system (Mundy, 2010). Malina and Selto (2001) use the Balanced Scorecard as an example through its ability to communicate and mediate the organization’s strategy, it has also been shown to reinforce beliefs (Tuomela, 2005). Additionally, Rodrigue, Magnan and Boulianne (2013) showed how belief systems can also influence the choice of performance measures as it takes into account multiple stakeholders. Thus, the added

theoretical knowledge by these authors align with Simons' (1995) view of how a belief system is created by being formally communicated through different channels. However, Simons' description of belief systems has been criticized to leave too much room for subjective interpretation due to its diffuse nature, as argued by Ferriera and Otley (2009).

Another important dimension of a belief system is for top management to be personally involved in the formal communication argues Simons (1995). One major responsibility of the top management is to formulate the organization's core values and vision. Top management's vision of how the organization should be operated and which distinct competencies it possesses plays a large role for belief systems. Through top management involvement and the support of specialists, static documents and processes can transform into formal systems aiding the control of strategy (Simons, 1995). Widener (2007) adds that belief systems promote effective use of top management's time and attention in relation to the time invested, and thereby low cost of control, due to the positive effects it can bring for the wider organization.

The importance of belief systems in a corporatized context seems to be highly relevant. Public service organizations like dentistry are often lacking in specific organizational identity where corporatization can help the organization fill this void, as described in Kirkpatrick, Altanlar and Veronesi (2017). It coincides with the increased autonomy received through corporatization, which allows them to compete in the same sense as that of commercial firms. However, improvement in performance calls for a cultural change (Verbeeten & Speklé, 2015). As belief systems inspire opportunity-seeking, they carry an increased role in times of change where new values and beliefs need to be internalized (Bruning et al., 2004). Such change can come from the transformational setting of corporatization. It corresponds with Simons' (1995) view that the formal systems indirectly can influence informal control systems such as cultural controls relayed in the broader framework by Malmi and Brown (2008).

3.3 Boundary systems

Simons (1995) describes boundary systems as a means of showing an organization's members what top management deems acceptable activities. They are defined as: "*formal systems used by top managers to establish explicit limits and rules which must be respected*" (Simons, 1994, p. 170). Through these systems, top management attempts to ensure that realized strategy is not implemented through activities that do not support the strategic direction or are seen as too risky (Simons, 1995; 2000). As such, boundary systems act to set boundaries for the search activities that belief systems encourage. Their importance is signified as organizations cannot solely rely on regulations and legislation, since regulatory compliance is insufficient in preventing actions that may lead to financial loss or even bankruptcy (Sarre, Doig & Fiedler, 2001).

Boundary systems are likewise important as top management cannot be aware of every single opportunity, solution or problems the members within the organization encounter (Simons, 1995). Should top management and managers micromanage the actions of the organization,

experimentation and innovation would suffer. Simons (1995) explains that top management mitigates these issues through boundary systems that control what subordinates should not do. Through these restrictions, managers rely on individuals to use their creativity to create value within the set boundaries. As such, managers can allocate decision-making power to allow the organization maximum flexibility and creativity. These formal systems set two types of boundaries in the form of strategic boundaries and business conduct boundaries according to Simons (1995).

3.3.1 Strategic boundaries

Establishing strategic boundaries is central for individuals' search processes to support and align with the organizational strategy (Simons, 1995). One of its chief purposes is to limit search activities by stating which activities are not acceptable through the use of strategic planning. As opportunities are often of erratic and unpredictable nature, attempts to specify ways to compete may be counterproductive. Instead, planning tools can be used to specify the range of opportunities the organization should not pursue, in other words to make efficient use of the organization's resources. Financial data can prove to be another useful tool which tries to ensure that the organization is protected from financial risk (Tuomela, 2005). For example, Simons (1995) highlights the use of asset acquisition systems as a possible strategic boundary system by management being able to control that proposals inconsistent with the strategic domain are not funded.

Relating to the corporatized context, boundary systems can be critical in establishing the strategic domain in line with previous reasoning on Nuhu (2016). It makes them highly relevant in this context due to the strategic shift, together with the increased autonomy to more freely compete in the market. In addition, as evidenced in the literature review done by Martyn, Sweeney and Curtis (2016), boundary systems was found to be the least examined lever. This disparity was of concern to the researchers as they argue all levers to be of importance, highlighting the relevance of this lever for potentially enhanced theoretical understanding.

3.3.2 Business conduct boundaries

Another area within boundary systems are business conduct boundaries, following Simons (1995). These boundaries build on business ethics and depart from society's laws, the organization's belief systems as well as the behavioral codes established by professional and industry associations (Gatewood & Carroll 1991 cited in Simons, 1995). They often concern areas that can jeopardize an organization's financial position and reputation. Such areas include conflicts of interest, abuse of power structures and corruption (Simons, 1995). Furthermore, incentives for conformance with business conduct boundaries are often of penalizing characters as it is not reasonable to reward an entire organization simply because of rule conformance, writes Simons (1995). In order for sanctions to be effective, managers should not make exceptions to transgressions. In addition, there should be ways for an organization to discover transgressions. However, Chenhall, Hall and Smith (2010) found that the presence of a strong

belief system can reduce the need of boundary systems. While the use of Balanced Scorecard can reinforce establishments boundaries, as shown by Tuomela (2005).

Rules and other forms of codes of business conduct will limit the degree of freedom available to employees in terms of possible actions, according to Simons (1995). Some may perceive such boundaries as constraining while other may appreciate them due to their ability to shield inappropriate pressure from possible senior management interference. For instance, professionals who find their work inherently motivating value their autonomy, while boundary systems promote rules in the form of behavioral control. This control is perceived as less controlling if rooted in professional expertise according to Abernethy and Stoelwinder (1995). This corresponds with Simons' (1995) view of less resentment occurring if business conducts better reflect the personal standards of the employee.

The concept of business conduct boundaries is also relevant for this study when looking at the corporatized context. The NPM movement has adopted a negative attitude towards rules and procedures, relayed in Verbeeten and Speklé (2015). They argue that the movement has neglected the important role of rules and regulations in setting the strategic domain and communicating best practices. Rather than creating constraining red tape, as often argued, task performance can thereby actually be enhanced. It connects to the multiple dimensions in the strategy of a corporatized organization where internal control entails more than just achieving economic goals, such as the ability to address political and ideological objectives.

3.4 Diagnostic control systems

Simons (1995) explains diagnostic control system to be what is traditionally viewed as the cybernetic model of management control. This established knowledge within the management control field is argued to be one of the principal reasons for the lack of theoretical development related to this lever (Martyn, Sweeney & Curtis, 2016). Diagnostic control systems serve to implement the intended strategies to ensure predictable goal achievement and are defined as: *“formal feedback systems used to monitor organizational outcomes and correct deviations from preset standards of performance.”* (Simons, 1994, p. 170). The complex nature of today's organizations and operations often leads to subordinates having to make many decisions on their own. The challenge for top management and managers becomes as such that the decisions made should be consistent with the goals and strategy of the organization (Simons, 1995). It is primarily three features that distinguishes diagnostic control systems according to Simons (1995): (1) the ability to measure the output of a process, (2) having predetermined standards against which actual outputs can be compared to, and (3) the ability to correct eventual deviations from these standards.

Simons (2000) lays out two principal reasons for the use of a diagnostic control system, the first being for effective strategy implementation and the second to conserve scarce management attention. Anthony et al. (2014) contend that measurement is important as what gets measured is what gets done in organizations. Simons (2000) explains that managers can steer their

organizations to success if they employ measures (critical performance variables) that are in line with strategy. Consequently, measures can support and complement the strategic goals of an organization, in addition they should be easily quantifiable and organizational members should be able to affect their outcome.

To ensure that an organization fulfills its strategy, managers must personally establish and negotiate goals with subordinates in regards to desired results, according to Simons (1995). This predetermined and agreed upon standard can then be compared with the actual results, monitored through measures. Managers should not delegate the periodical goal setting as these are central in achieving the intended strategy, argues Simons (1995). Diagnostic control systems further require managers to know in advance which type and level of performance is desired. As such, diagnostic control systems may be inappropriate and difficult to implement when results of a process are typically unclear or when there is a high degree of novelty associated with the process.

Even though diagnostic control systems necessitate that managers do not need to micromanage, it is nonetheless important that they employ corrective actions for significant deviations from the predetermined goals (Simons, 1995). Managers must therefore spend time and resources to return to the desired level of performance. Thereby, diagnostic control systems can be viewed as negative feedback systems with the ambition to avoid surprises and negative deviations. Hence, managers using these systems need not wait on formal reports but can be informed when corrective actions are needed to reach the predetermined targets explains Simons (1995).

Simons (2000) explains further that diagnostic control systems act as powerful tools in communicating strategy by the establishment of specific goals and the rewards associated with completing the goals, which can act motivationally for the organization's managers. Rewards are within this context often of objective nature as they originate from measures and targets in the diagnostic control system, something that simplifies the reward process according to Simons (1995). As such, objective formula-based performance evaluations are more likely to be accepted when performance is controllable, where the input and output relationship is clear, or when it is considered acceptable as part of institutionalized practice argues Ferreira and Otley (2009). Lastly, diagnostic control systems need not only be characterized of monetary rewards and non-financial rewards as recognition or prestige can be included following Simons (1995).

For the implications of the corporatized context, NPM, as advocated by the OECD, recognizes performance measurement systems as powerful catalysts when undergoing a cultural shift (Verbeeten & Speklé, 2015). It is argued that simply complying with rules and procedures is not sufficient and that performance measurement is a tool for instilling accountability and encourage managers to think in terms of results. It is through the use of accounting information that measurable pre-set targets are decided upon and serve to guide employees in achieving organizational objectives. It also emphasizes the need for monitoring against these targets as well as rewarding and penalizing good and bad performance, respectively. However, Verbeeten and Speklé (2015) found further that the use of performance measurement yields a positive

effect in communicating organizational direction, something that is not a part of the OECD NPM version.

3.5 Interactive control systems

Simons (1995) expresses how managers can use interactive control systems to achieve help achieve creative innovation within the organization. They are defined as: *“formal systems used by top managers to regularly and personally involve themselves in the decision activities of subordinates.”* (Simons, 1994, p. 171). For organizations to be successful in the long run, they need to monitor and work proactively as it relates to opportunities and threats, suggests Simons (2000). With larger unforeseen disturbances in the external environment, organizations should also be open to the possibility of revising strategy. The reporting, monitoring and measuring previously described in the diagnostic control systems is not sufficient enough in this respect.

Efficient managers are constantly on the lookout for changes that signal the need to reform organizational competencies, structures and production processes (Simons, 1995). Accordingly, strategic uncertainties are the building block for interactive control systems and consists of various uncertainties and circumstances that can result in the invalidation of an organization's current strategy (Simons, 1995). The strategic uncertainties an organization faces are unique and can stem from current strategy and vision. Bisbe, Batista-Foguet and Chenhall (2007) have tried to operationalize the term strategic uncertainties by relating it to changes that stem from what they denote the competitive dynamics and the internal competencies that can affect the success of a business over time. The idea of interactive control systems is to provide managers with a tool that encourages a continuous search process (Simons, 2000) and the used control systems differ depending on the strategic uncertainties faced (Abernethy & Brownell, 1999). This type of search activity is complemented by information networks that allow the scanning and reporting of changes and as such, information can and should be shared throughout the organization in line with Simons (1995). Consequently, new emergent strategies ensue over time as members react on perceived opportunities and threats.

According to Simons (1995), senior executives in normal competitive landscapes with a clear strategic vision elect to use few control systems interactively at any given time point. He argues that there are various reasons behind it, not least because of economic implications as interactive control systems are costly and put a higher demand on attention within the organization. Widener (2007) strengthens this further by stating that interactive control systems consume the attention of top management, giving way to a cost for the control.

All interactive control systems are distinguished by four characteristics (Simons, 1995, p. 97):

“1. Information generated by the system is an important and recurring agenda addressed by the highest levels of management.”

2. *The interactive control system demands frequent and regular attention from operating managers at all levels of the organization.*
3. *Data generated by the system are interpreted and discussed in face-to-face meetings of superiors, subordinates, and peers.*
4. *The system is a catalyst for the continual challenge and debate of underlying data, assumptions, and action plans.”*

Simons (1995) also describes the conditions for a control system to be used interactively in practice. First, it must be able to reforecast future conditions based on the current available information. Thus, it leads to both positive and negative deviations of results, triggering a search for understanding of why the change occurred. This enables organizational members to estimate the effects change may have on current strategies, goals and plans, ultimately forcing a dialogue on the underlying reasons and causes. Likewise, the information that is available in a control system must be simple to understand for it to be used interactively and thereby spur innovation. Moreover, it requires the control system to not only be used by senior management but also by managers throughout different levels of the organization. An interactive control system must also lead to revised action plans. Finally, the last and most critical condition concerns the ability of the control system to collect and generate information relating to the potential effects that strategic uncertainties have on the business strategy. Schaltegger and Burritt (2010) point in this direction on how interactive processes help top management to identify potential challenges to an organization's strategic agenda.

However, there still exists a lot of confusion around the concept of interactive control systems within academic literature, which has increased calls for the need to achieve greater consistency among studies (Martyn, Sweeney & Curtis, 2016). Bisbe, Batista-Foguet and Chenhall's (2007) study has had an impact on the theoretical understanding in their operationalization of the concept. Bisbe, Batista-Foguet and Chenhall (2007) explain how interactive control systems are a reality-based concept whose theoretical characteristics can be observed in practice. In their suggestion, interactive control systems need to be understood in a formative rather than a reflective way. It entails that the dimensions put forward by Simons (1995) make up the concept of interactive control systems. Bisbe, Batista-Foguet and Chenhall (2007) list five of these necessary dimensions for interactive use based on their work including: intensive use by top management, intensive use by operating managers, face-to-face challenge and debate, focus on strategic uncertainties and non-invasive, facilitating and inspirational involvement. Subsequent studies have varied in the degree to which of these dimensions are incorporated according to Martyn, Sweeney and Curtis (2016).

In contrast, Ferreira and Otley (2009) raise criticism against the original configuration of interactive control systems by suggesting that Simons (1995) conflates intensive use of information and being able to identify the need to revise strategy. Instead, they propose that interactive control systems should be split into interactive use of controls and strategic validity

controls. Their brief description explains that strategic validity controls are necessary for the alignment of strategic intent and strategic action as dynamic environments will create a gap between them. They point to key moments when this occurs, such as the change of industry dynamics, shifting from one successful strategy to another and new technological developments. Ferreira and Otley (2009) then turn to how strategic validity controls are used to signal the need to revise the strategy. These revisions are helped by frank and open discussions among managers and employees that show failure of intended strategies and the need for emergent strategies. The strategic validity controls should therefore not be conflated with interactive use of controls, which can generate new solutions and organizational learning, but not necessarily leading to revised strategy.

Ferreira and Otley (2009) build their argumentation without reference to van Veen-Dirks and Wijn (2002) who also express the need for a similar strategic control. Van Veen-Dirks and Wijn (2002) argue against the prevalent belief in the literature that diagnostic systems, such as the balanced scorecards built for strategy implementation, can be used to revise strategy based on organizations facing large strategic uncertainties. Therefore, the authors suggest a new lever in the form of strategic control that signal the need to revise strategy using both positive and negative forces. Their interpretation is more difficult to align with Simons' (1995) framework as interactive control systems then become based on implementing strategy and not encouraging emergent strategy (Martyn, Sweeney & Curtis, 2016). In contrast, Simons (1995) explicitly mentions how business intelligence and budgets can be used interactively to gather information in relation to strategic uncertainties. However, he argues that strategic planning systems are poorly suited to be used as interactive control systems. This, as he considers long-range planning not leading to revised action plans and not being used throughout the whole organization.

Simons (1995) contends that management control systems become interactive when top management are continuously and personally involved, meaning that the interactive control systems are not unique by themselves. Rather, certain management control systems are used interactively by managers. As such, Simons (1994) asserts that a diagnostic control system can be made interactive by continuous and frequent attention from top management. They can, for example participate in decision activities of subordinates in areas such as establishing new programs and targets, monthly reviews of action plans and progress as well as following up on business intelligence related matters. Abernethy and Brownell (1999) offer support in how top management can invite the employees into the budget process, identification of risks or in the development of measurement systems, in order to exchange critical information. In addition, Rodrigue, Magnan and Boulianne (2013) explain in addition that performance variables can be used both diagnostically and interactively when they are a part of the overall strategic measurement system. Chenhall and Morris (1995) point to the advantages this offers as effective interactive control systems require structure, something often offered by diagnostic control systems. Widener (2007) showed further that interactive control systems affect the diagnostic control systems as the systems may give top management information regarding new emergent strategic opportunities. In turn, this influences the organization's targets and critical

performance variables and consequently, the diagnostic control system must adapt to the emergent strategies generated by the interactive control system.

Moreover, Simons (1995) highlights the need of a special incentive structure designed for an interactive control system. Incentives in this context are discernibly different from those of the diagnostic systems, which tend to be of formal nature. Within an interactive control system, the incentives are based on subjectivity, with individuals being rewarded for their contributions. This enables organizations to reward innovation, encouraging the individual search for opportunities. To obtain rewards of subjective nature, efforts must be visible to managers, effectively increasing communication from employees regarding the opportunities, challenges and issues they face (Simons, 1995).

The underlying thought behind interactive control systems is also relevant in a corporatized context. Abernethy and Brownell (1999) argue that more intense interactive use is associated with higher performance when an organization undergoes strategic change, while diagnostic use seems to enhance performance when there is little change. Wherefore, the aforementioned transformational setting of a corporatization may prove opportune in regards to the analysis of interactive control systems, which have also been shown to help facilitate strategic change (Kober, Ng & Paul, 2007). Thereby, the interactive control systems can prove instrumental in understanding and attempting to influence the complex environment. The attention directing has been significantly related to enhancing performance due to being able to focus attention on the areas where strategic uncertainties exist (Verbeeten & Speklé, 2015). Along these lines, Kominis and Dudau (2012) showed how public organizations have started to adopt more interactive control systems, in addition to the used diagnostic ones, to address the more uncertain environment. The work of Nuhu (2016) seems to confirm the high relevance of interactive control systems in public sector types of organizations.

3.6 Balancing the “Levers of Control”

Overall, Simons (1995) points to the importance in making a distinction between intended, emergent and realized strategies to understand how formal systems can control business strategy as depicted in figure 2 and 3 below. Diagnostic control systems monitor and coordinate the implementation of intended strategies. However, not all intended strategies come to fruition and instead go unrealized. For example, circumstances can change, or goals can have been set inappropriately. Interactive control systems in turn allow managers to influence opportunity-seeking and experimentation, which could result in emergent strategies. Accordingly, belief systems can inspire both intended and emergent strategies, while boundary systems ensure that the realized strategies fall within the acceptable strategic domain. As such, Simons (1995) stresses that strategic control is achieved through the four levers working in unison to control the implementation of intended strategies as well as the formation of emergent strategies.

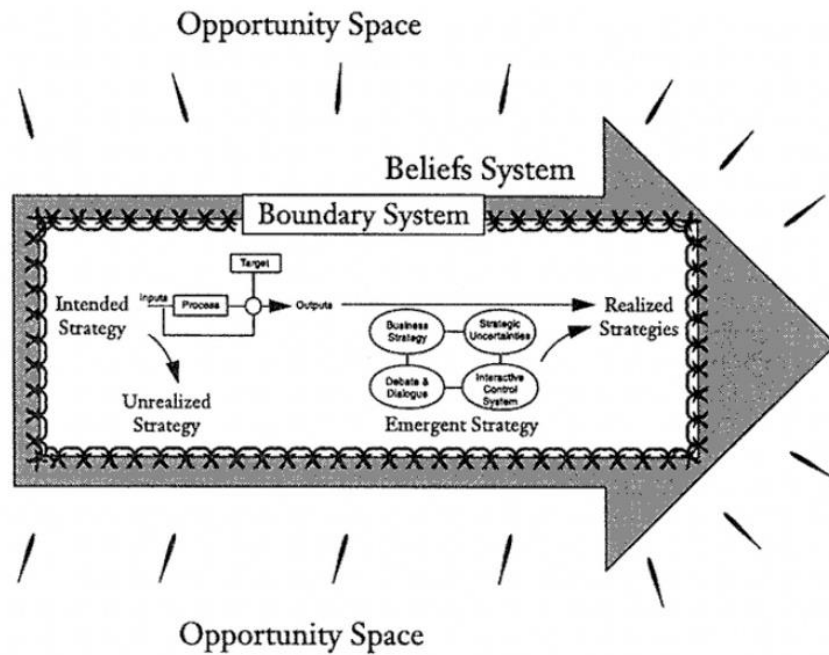


Figure 2. Relationship Between Levers of Control and Realized Strategies (Simons, 1995, p. 154).

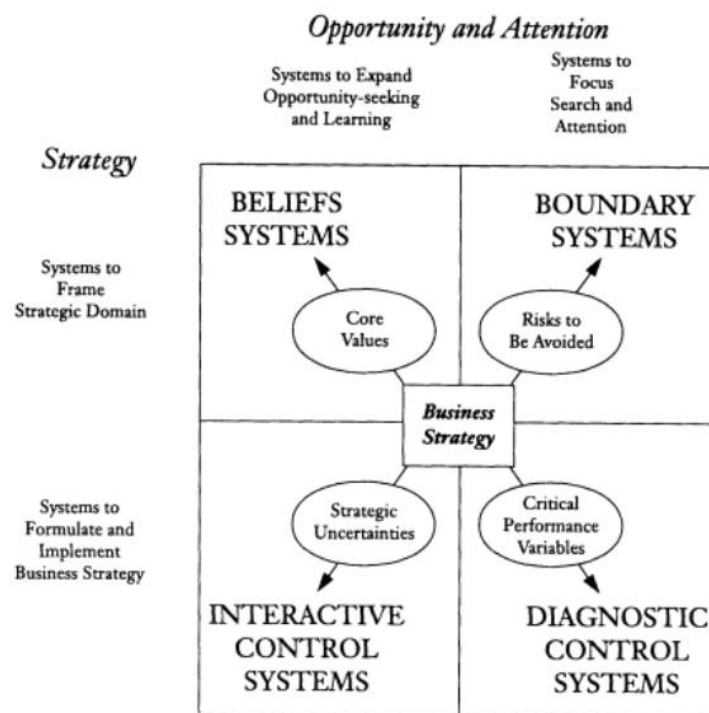


Figure 3. Interrelation of Levers of Control with Strategy & Opportunity and Attention (Simons, 1995, p. 157).

Controlling strategy effectively requires a balance between the four levers of control, argues Simons (1995). The four levers of control create opposing forces which jointly contribute to effective control of strategy (figure 4). Simons (1995) suggests that belief and interactive systems create positive forces, while boundary and diagnostic systems create negative forces that ensure compliance and limitations. It is when working simultaneously that the formal systems are capable of alleviating these tensions between efficiency and innovation, according to Simons (1995). He also notes that all four control systems include elements of both learning

and control. Tessier and Otley (2012) extended the theoretical knowledge further by explaining how the use of the words positive and negative forces was inappropriate to describe the different control systems. This as Simons (1995) himself does not see the negative forces as inferior to positive. Instead, they suggest that the forces should be described as enabling and constraining. Moreover, they add that control systems can play a two-fold role, where for example a code of conduct can act both enabling and constraining as it can also spread “good practice” throughout the organization.

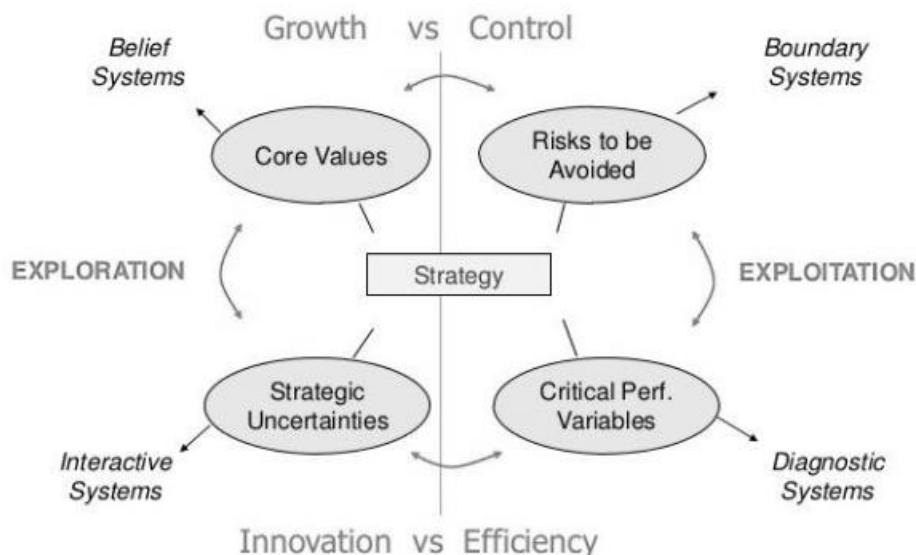


Figure 4. Overview of tensions between the Levers of Control from McCarthy (2013) adapted from Simons (1995).

Consequently, the choice by managers as how to use the control systems to manage these tensions is decisive to be able to achieve creative innovation and predictable goal achievement, both of which are key to profitable growth according to Simons (2000). Not least has a balance shown to increase organizational learning and improve performance (Widener, 2007), but has also developed organizational capabilities (Mundy, 2010). In their study of 217 managers, Kruis, Speklé and Widener (2016) found balancing arrangements of the levers of control to be effective when they were designed and used to be aligned and consistent with both the strategic and contextual challenges of an organization. However, consistent with the theorizing of Simons (1995), their findings also imply that while all levers are required to achieve balance, balance does not necessarily entail equal weight amongst them. A better balance between diagnostic and interactive use of control systems is called for in public sector organizations as they previously have been dominated by the diagnostic use, in line with Nuhu (2016). Similarly, beliefs and boundary system are usually not under the realm of control for subsidiary units (Ferreira & Otley, 2009).

Simons (1995) stresses control systems to not be equal in purpose or timing. Rather, they evolve over time to meet control and information needs of organizations and their managers in order to drive the strategic agenda. In the case of Folktandvården Skåne, a mature firm, Simons (1995) argues the need for belief systems and strategic boundaries as well as diagnostic and interactive control systems to work together to control formation and implementation of strategy.

However, this description alone fails to explain the power and timing of the levers to either maintain or alter patterns within an organization. This dimension of the theory can help the study gain deeper understanding in relation to the research question examining how and why by means of describing and analyzing the relationship between strategy and the use of levers. It can also help find further insights in relation to the view of Kober, Ng and Paul (2007), that the management control systems both shape and is shaped by strategy.

Simons (1994; 1995) distinguished two separate clusters in the use of management control systems based on the managers perceived mandate for change, which can yield interesting insights in relation to corporatization and the appointed CEO at Folktandvården Skåne. Simons (1994; 1995) categorized the clusters as strategic turnaround and strategic evolution mandate. Managers with strategic turnaround mandate could declare the previous strategy a failure and employ strategic boundaries to overcome organizational inertia and new belief systems to communicate the substance of the new strategic agenda. The source of inertia is often the habits, procedures and programs in place among longstanding groups within an organization. As such, a new strategic agenda requires for old behaviors to be unlearned, potentially through the use of boundary systems. This is furthermore reinforced by belief systems, which provides a new strategic domain to guide changes to come. Managers also used the diagnostic control systems' goals to present the strategic roadmap to superiors in order to establish support and commitment to the goals. The diagnostic control systems were also used to help establish the implementation timetables and targets based on the established goals and linking the systems to the strategy. Additionally, continuing attention was ensured through the use of subjective incentives rooted in effort as well as adherence to the new strategy. Lastly, control systems were used interactively to emphasize priorities and spur dialogue and debate within the organization. As such, the organizational learning shifted towards strategic uncertainties and the visions for the future.

In contrast, the strategic evolution mandate could not declare previous strategies as failures due their success, which has led to organizational complacency, following Simons (1994; 1995). Managers here had to use diagnostic control systems with demanding financial targets to overcome the organizational inertia by increasing awareness of the need to change behavior. Then, planning systems were used to communicate the substance of the new agenda while diagnostic control systems were used to establish goals and evaluate organizational response. Ensuring attention through incentives was instead more based on formula-devised evaluations linked to demanding financial targets. The learning associated with strategic uncertainties was then applied through similar interactive control systems.

However, additional critique against the "Levers of Control" framework has been raised in the academic literature. An established weakness in the Simons framework is the limited attention to informal control systems (Ferreira and Otle, 2009), which are included in frameworks like the one developed by Malmi and Brown (2008). The Malmi and Brown (2008) framework proposes that cultural controls provide the contextual frame in which other controls operate. Martyn, Sweeney and Curtis (2016) explain that a significant area for theory development is

related to the usefulness of the “Levers of Control” framework in studying informal controls based on their literature review. Simons’ (1995) definition of management control systems is further argued by Malmi and Brown (2008) to be restrictive in terms of relying on information-based formal systems. They also argue that administrative controls, such as the governance and organizational structure, affect employee behavior and that the administrative controls offer the structure in which other control systems are used. Consequently, the critique boils down to the risk of not explaining the whole “package” of management control systems used, with the framework also focusing on the controls used by top managers, as discussed in section 2.3 (Ferreira and Otley, 2009).

3.7 Summary of theoretical framework

The key elements of Simons’ “Levers of Control” framework, the theoretical development provided by other authors and the raised critique are summarized in the tables below (table 3a & 3b). The theoretical framework sets the foundation for the current knowledge and helps position the results of this study both in terms of additions and support for previous research. Thus, it is key to fulfilling the purpose of contributing to the theory based on the empirical insights gained from the empirical findings in the next section. Establishing the theoretical contribution allows for determining what the practical implications can be, in addition to the practical understanding gained from the empirical findings. Furthermore, it can help determine and distinguish the conclusions that are confined to the specific corporatized setting studied and those that have more general theoretical bearing.

	How	Why	Critique
Belief systems	<p>Should be communicated through different channels, with top management involvement and be understandable through the use of:</p> <ul style="list-style-type: none"> - Mission and vision statements - Credos - Statements of purpose - Core values statement (Kelly et al., 2004) <p>Any control system providing information on organizational priorities and values can be used as a belief system (Mundy, 2010):</p> <ul style="list-style-type: none"> - Balanced Scorecard (Malina & Selto, 2001; Tuomela, 2005) - Influencing the choice of performance measures (Rodrigue, Magnan & Boulianne, 2013) 	<p>To provide momentum and guidance to opportunity-seeking behaviors through providing values, purpose and direction</p> <p>To generate ideas and steer the strategic agenda (Marginson, 2002)</p> <p>The other levers are increasingly used the more belief systems are accentuated. Also promotes effective use of top management's time and attention. (Widener, 2007)</p> <p>A strong belief system can reduce the need of boundary systems (Chenhall, Hall & Smith, 2010)</p>	<ul style="list-style-type: none"> - Description of belief systems too diffuse and leaves room for subjective interpretation (Ferreira & Otley, 2009)
Boundary systems	<p>Establishment of explicit rules and limits through strategic and business conduct boundaries, such as:</p> <ul style="list-style-type: none"> - Codes of business conduct - Strategic planning systems - Asset acquisition systems - Operational guidelines - Financial data to highlight financial risk and use of Balanced Scorecard to establish boundaries (Tuomela, 2005) 	<p>To allow individual creativity within defined limits of freedom and establishing the strategic domain</p>	
Diagnostic control systems	<p>Feedback and measurement systems involving:</p> <ul style="list-style-type: none"> - Measuring outputs - Setting standards - Correction of deviations - Linking incentives to goal achievement 	<ul style="list-style-type: none"> - To aid in implementation of intended strategy to ensure predictable goal achievement - To provide motivation - To communicate the strategy - To free scarce management attention 	

Table 3a. Summary theoretical framework, adopted from (Simons, 1995, p. 178-180).

	How	Why	Critique
Interactive control systems	<ul style="list-style-type: none"> - Ensure that data generated by the system becomes an important and recurring agenda in discussions with subordinates - Ensure that the system is the focus of regular attention by managers throughout the organization participate in face-to-face meetings with subordinates - Continually challenge and debate data, assumptions, and action plans - Formative, rather than reflective concept (Bisbe et al., 2007) - Performance variables can be used both diagnostically and interactively (Rodrigue, Magnan & Boulianne, 2013) - Used control systems differ depending on faced strategic uncertainties (Abernethy & Brownell, 1999) 	<ul style="list-style-type: none"> - To focus organizational attention on strategic uncertainties and provoke the emergence of new initiatives and strategies - Interactive control systems affect the diagnostic control systems as the system may give top management information regarding new emergent strategic opportunities (Widener, 2007) 	<ul style="list-style-type: none"> - The need for separation of interactive control systems into 'interactive use' and 'strategic validity controls' (Ferreira & Otley, 2009) - The discarding of diagnostic control systems as able to be used to revise strategy. Instead proposing a new lever 'strategic control' (Van Veen-Dirks & Wijn, 2002)
Balance	<p>Through the four levers working in unison, providing a balance between positive and negative forces.</p> <p>Used to be aligned and consistent with both the strategic and contextual challenges of an organization (Kruis, Speklé & Widener, 2016) but does not entail equal weight amongst them.</p> <p>Control systems can play a two-fold role and act both enabling and constraining (Tessier & Otley, 2012)</p>	<p>Control strategy to ensure predictable goal achievement and spur creative innovation.</p> <p>Balance has shown to increase organizational learning and improve performance (Widener, 2007), but has also developed organizational capabilities (Mundy, 2010).</p>	<p>Limited attention to informal control systems contributing to the risk of not explaining the whole "package" of management control systems used as the framework also focus the controls used by top managers (Ferreira and Otley, 2009).</p> <p>Simons' (1995) definition of management control systems is restrictive in terms of relying on information-based formal systems (Malmi & Brown, 2008)</p>

Table 3b. Summary theoretical framework, adopted from (Simons, 1995, p. 178-180).

4. Empirical findings

4.1 Overview

4.1.1 Case company

The establishment of Folktandvården in Sweden dates back to 1938 and the ambition to offer dental care to the people through the public sector, which is today organized through the dental organizations in Swedish regions (Folktandvården Sverige, 2015). The chosen case study company Folktandvården Skåne was transformed into a corporate entity 2014, on the first of January (Karlsson, 2013), coinciding with a CEO change, where Marika Qvist was appointed (Suslick, 2014). The company is owned by the region of Skåne and the board is appointed by the elected regional council (Folktandvården Skåne, 2018a). The board has the right to appoint the CEO for the organization and in addition to the CEO, the top management team consists of division and headquarter function managers. Moreover, Folktandvården Skåne is the largest provider of dentistry services in the region of Skåne (Folktandvården Skåne, 2018b). The company operates 68 clinics and has 1440 employees, with over a million visitors and over one billion SEK in revenue during 2017 (Folktandvården Skåne, 2018a). In summary, it makes Folktandvården Skåne (2017b) one of the biggest health organizations in Sweden.

4.1.2 Business strategy overview

The initiation of the change in business strategy at Folktandvården Skåne in 2014 was driven by the political ambition of the then majority coalition, explains CEO Marika Qvist (personal communication, 19 April 2018). The politicians wanted to create something new and with a broader purpose despite it doing well financially at the time. The intended change was expressed through the corporatization of the company and with the view that Folktandvården Skåne should provide more accessibility, high quality services and a good working environment for the employees. This is also apparent in the owner directives provided by Region Skåne, which presents a number of general ambitions (Folktandvården Skåne, 2018d).

CEO Marika Qvist (personal communication, 19 April 2018) expresses how it was deemed necessary to move from being a grey public player to a colorful, leading-edge and fully-fledged service company. From this position, a three-part business strategy stated in a business plan was developed for the newly corporatized Folktandvården Skåne, including: developing the position as knowledge leader, the conceptualization of clinics and offerings and the integration of general and specialist dental care (Folktandvården Skåne, 2017a). Several respondents as well as the business plan documents (Folktandvården Skåne, 2018d) confirm that the business strategy and its associated plans incorporated both intended and emergent elements. Top management had their view based on systematic analyses carried out both inside and outside the organization. In addition, employees from multiple levels were consulted and encouraged to come with their own suggestions in the process.

As such, the knowledge leader strategy was essential in becoming a more attractive employer with dedicated employees that could enhance the customer experience relayed by Marika Qvist (personal communication, 2018). Furthermore, the conceptualization of clinics and offerings stemmed from the ability to provide a better customer experience by being located in convenient and attractive locations. It also generated more generous opening hours, welcoming facilities and offerings more suited to customer needs that corresponded with the desired position. The strategy to integrate general and specialist dental care also allowed for more optimal availability with shorter waiting times from a customer perspective as well as being desired by the dentists themselves (Neroth, personal communication, 24 April 2018).

During 2017, a new three-part business strategy building on the previous was introduced for the business plan of 2018-2021 (Folktandvården, 2018d): world class customer experience, knowledge leader and acting businesslike. These modifications can be seen as a continuation of the strategic direction to further refine the business development. This plan also has a supporting strategy to develop the leaders of tomorrow, which is viewed as a prerequisite to succeed in the embarked development journey. The change of strategic direction in the business strategy at Folktandvården Skåne since the corporatization has had significant impact in the organization as expressed by HR-partner Charlotte Lindberg (personal communication, 8 May 2018):

“We have had coworkers and managers who worked here before the corporatization, coming back to the organization and stating ‘the difference is like night and day’. For myself, I can say that Folktandvården Skåne has always been a good organization, otherwise I would not have worked here for 15 years. But now, now it is something entirely different, it is a fantastic organization today, the difference is huge.”

However, Folktandvården Skåne also faces challenges in fulfilling their strategic business strategy. One such challenge is the balancing act of being expected to deliver both financial results and services beneficial to society. Controller Therese Bjerström (personal communication, 2 May 2018) mentions the reimbursement rates not to be sufficient for certain customer groups. For example, child refugees often require more extensive care needs, but yield the same compensation as other children. The challenge varies geographically and the number of clinics operated by Folktandvården Skåne allows for cancelling out the financial deficits through financially better performing clinics. Another related challenge concerns the fact that Folktandvården Skåne cannot determine the price charged from adult customers as that is determined by politicians in the region (Folktandvården, 2017b). It has one of the highest impacts on the financial result and may prevent the organization from pursuing the business plan due to lack of resources. According to CEO Marika Qvist (personal communication, 19 April 2018), this entails the need to be efficient but ultimately has an unwanted stressful effect on the employees in contrast to other private dentist companies. The concern is also relayed by the two interviewed clinic managers who manage the daily operations (Gerner; Mathioudaki, 2018). Thus, the management of Folktandvården tries to convince the politicians to allow for

greater independence in pricing decisions according to CEO Marika Qvist (personal communication, 19 April 2018):

“Therefore, we also have a political game to be mindful of.”

The mindset and behavioral changes required by the new strategic orientation with a customer focus has also generated challenges within the organization (Gerner; Hansson; Lindberg; Neroth; Qvist, 2018). Some of the caregivers still exclusively have the “patient” view while failing to recognize the importance of being customer oriented. HR-partner Charlotte Lindberg (personal communication, 8 May 2018) expresses the need to work daily to enhance that understanding, both amongst old and new employees. In addition, the general lack of qualified personnel is restraining both expansion and the ability to generate enough revenue at clinics (Bjerström; Gerner; Hansson; Lindberg; Neroth, 2018). The same is true of the need to develop leadership skills among the existing staff. Leadership is seen as important in facilitating the pursuit of the strategies and in making Folktandvården Skåne a more attractive employer (Folktandvården Skåne, 2018d; Lindberg, personal communication, 8 May 2018).

In order to realize the business strategy in light of the strategic challenges, Folktandvården Skåne uses a number of control systems simultaneously as presented in the following sections.

4.2 Belief Systems

The transformational work at Folktandvården Skåne began with a reimagining of the corporate vision, mission and core values. It signaled a move in the direction of more valued based management, as a direct initiative by the newly appointed CEO Marika Qvist (personal communication, 19 April 2018). The belief systems, consisting of vision, mission and core values statements, are used to provide direction for employees (Folktandvården Skåne, 2018a) in how the organization creates value for customers, employees and owners (Folktandvården Skåne, 2018d).

The vision *“Zero holes. A million smiles.”* provides the direction for the future, expressing how customer satisfaction and care quality go hand in hand (Folktandvården Skåne, 2018d). The mission *“Today I am creating a positive experience for my customers and colleagues.”* has a clear connection to the strategy, in which the experience of both customers and employees play a vital part (Folktandvården Skåne, 2018d). The clearest manifestation of the new value-oriented management are the explicit core values expressed as the acronym NUT, consisting of New-thinking, Uncovered and Together (Folktandvården Skåne, 2018a).

NEW-THINKING

To be at the forefront, work on the height of our competency, develop work processes and receive customers.

UNCOVERED

Everyone is welcome, openness at our clinics, in the work climate, in the mind and in society.
To be tolerant.

TOGETHER

Fellowship! Together, we are better.

CEO Marika Qvist (personal communication, 19 April 2018) describes how the provided direction from the belief systems lessens the need for micromanagement. Managers and employees can instead act on their own based on the intended strategy and, for example, ask themselves “what can I do at my clinic?”.

“They [the vision, mission and core values] are of utmost importance in stating the direction and to make it clear. I believe that to be one of my strengths, in that I have the ability to make the journey clear, but also to create enthusiasm for it.” (Qvist, personal communication, 19 April 2018).

This is reinforced by the clinic manager Andrea Gerner (personal communication, 25 April 2018) who explains that the organization should reach certain objectives together, but that the path towards them is different for everyone. She informs us further that in this respect, the vision, mission and core values permeate the whole organization and have given the employees a sense of why and a new approach to the work and their patients. Clinic manager Maria Mathioudaki (personal communication, 25 April 2018) showed support for the CEO’s view by describing how employees are increasingly talking in terms of the core values as to how the goals necessary for the business strategy could be achieved by thinking in new ways, being open and working together. Further, clinic managers use the core values to understand the different elements of the scorecard and guide them in how to work in the different perspectives in order to achieve the established goals (Gerner; Mathioudaki, 2018). Division Manager Björn Neroth (personal communication, 24 April 2018) puts it as a form of self-management in contrast to the previous public administration where you were more guided through rules. It would sometimes lead to a rigidity which did not always put the customer at the center of attention. He argues that the core values provide an important guide in this setting, where employees feel more inclined to use their judgement whether certain routines make sense in a given situation or if other actions are warranted.

In this respect, the used belief systems also play a role in the search for new opportunities that evolve into emergent strategy in the organization. For example, Controller Therese Bjerström (personal communication, 2 May 2018) expresses how the core values can work as a facilitator for discussions at meetings within Folkvandvården Skåne. Managers and employees are expected to actively adhere to the organization's core values by contributing with suggestions for improvement, together with being open to changes, as part of the new-thinking core value (Folkvandvården Skåne, 2018e). The same is true for the uncovered core value, which aims to facilitate the sharing of opinions.

Especially, the core values should work as the least common denominator permeating the organization regardless of the individual's role (Folktandvården Skåne, 2018d). CEO Marika Qvist (personal communication, 19 April 2018) provides an illustrative example of how a receptionist should be able to act from vision, mission and core values to deal effectively with arising problems, rather than relying too much on a set protocol. Controller Jan-Åke Hansson (personal communication, 19 April 2018) expresses how this was important in order to achieve the change required in people's mindset. Division manager Björn Neroth (personal communication, 24 April 2018) highlights the importance of patience and recognizing that such a change requires time to come into effect fully, especially in living by the core values. In turn, HR-partner Charlotte Lindberg (personal communication, 8 May 2018) explains how the employees have responded in a positive manner to the more value-oriented control by experiencing a more fun work environment. She adds:

“You work in a more freely manner. In the work, you think about how to solve issues in the best way possible, departing from our core values, rather than following a manual of sorts as it sometimes was previously.”

After her appointment as CEO, Marika Qvist personally made an effort to visit each of the company's 68 clinics and arrange core value exercises (Qvist, personal communication, 19 April 2018). This information was slowly put together, analyzed and aggregated to be consistent with the intended direction of the organization. This entailed consistency with the sentiment among the employee groups, as the core values were derived from their opinions and discussions on how the organization should be characterized (Lindberg, personal communication, 8 May 2018). Marika Qvist puts the process as:

“To find core values is similar to panning for gold. You take a scoop, pan it and find three grains of gold waiting.” (Qvist, personal communication, 19 April 2018).

The decided vision, mission and core values are then communicated using a number of channels (Neroth; Qvist, 2018). In this respect, the organization makes good use of meetings at different levels, clinic visits, their intranet, along with traditional top management briefings through bi-weekly emails. They are also heavily prominent in the corporate documents, such as the business plan and annual reports (Folktandvården Skåne, 2018a & 2018d). The HR department is also involved in instilling the core values by, for example, conducting core value games and held workshops out in the clinics (Lindberg, personal communication, 8 May 2018). Additionally, an employee survey held in 2016 showed that 97.4% know the organization's three core values very well (Folktandvården Skåne, 2017b).

The core values are further enforced by the used balanced scorecard and the accompanying strategy map (Folktandvården Skåne, 2018a). It explicitly expresses how dedicated and healthy employees will have more time to fulfill the core values, which is expected to benefit the company. The core values are also reflected in the chosen performance measures with an

explicit “NUT”-perspective in the scorecard (Bjerström, personal communication, 2 May 2018). The “NUT”-criteria is also central in accompanying salary and development talks (Folktandvården Skåne, 2018e). The core values play a prominent role in the recruitment process of new employees, according to HR-partner Charlotte Lindberg (personal communication, 8 May 2018). This, in order to try to ensure that the employees will thrive in the organization and employ people with different backgrounds in the management teams who have worked in this way before.

CEO Marika Qvist (personal communication, 19 April 2018) further believes that the work with the belief systems clarified the type of identity that Folktandvården Skåne should have, corresponding with the strategic change stemming from the corporatization. She argues:

“I perceive the employees to be prouder, to dare go out on the market saying ‘I am actually proud to work at Folktandvården Skåne’, which is also something real happening in the journey.”

In this sense, the corporate culture also takes departure in the core values (Folktandvården Skåne, 2018d) and the involvement of employees in the process and general discussion significantly differs from the previous public administration (Gerner; Mathioudaki, 2018).

“We did not talk about core values prior to the corporatization, in fact, I probably could not have told you what they were. Today, I do not think there is a single employee who has been here over a month and does not know our core values. They picture the ‘nut’ and there is no way really that they do not know it.” (Gerner, personal communication, 25 April 2018).

4.3 Boundary Systems

Folktandvården Skåne’s business departs from the owner directives, which also regulate the roles and division of responsibility between the owner Region Skåne and Folktandvården Skåne. The directives provide the limits to compete within the dental industry and align the organizational strategy in accordance with their ambitions (Folktandvården Skåne, 2018a):

- Offer general and specialized dental care for children and adults in Skåne.
- Work for the good oral health of Skåne’s citizens.
- Be an active part in research and development.
- Provide dental care to citizens in Skåne, and citizens who are not registered in Skåne but stay here.

The owner directives, together with code of conduct and existing rules and regulations, set boundaries for the business of Folktandvården Skåne in relation to what can be considered acceptable activities for employees (Folktandvården Skåne, 2018a). These, together with patient integrity and anti-corruption measures, are the underpinnings of the business.

4.3.1 Strategic boundaries

The owner directives make up a central departing role for the strategic boundaries within the organization by establishing the dental care industry as the business area (Folktandvården Skåne, 2018a; 2018d). Within the industry however, the mandate for deciding where and how to compete has been quite large. The new business plan for 2018 defines the strategic choices that frame the continued effort to be a business with satisfied customers and committed employees (Folktandvården Skåne, 2018d). The findings from several respondents and documents suggests that a widening of the constraining strategic boundaries occurred after the corporatization. Division manager Björn Neroth (personal communication, 24 April 2018) describes the underlying reasoning behind the way Folktandvården Skåne has established the strategic domain in the industry:

“Our strategies depart from what customers want their dental care to be, combined with what we want ourselves to be.”

CEO Marika Qvist (personal communication, 19 April 2018) illustrates how the strategic planning of becoming a knowledge leader is related to an intended desire to expand Folktandvården Skåne’s role within the industry and find new opportunities in a wider strategic domain to enhance the potential of the organization:

“It is still dental care that we should concern ourselves with, but the value of the company can also increase in as we are doing now with conducting more research and development, which is also included in our owner’s directives. We want to be more known for working with R&D, as we think that will further strengthen our brand. ... Before I joined the organization, we had no budget for research and development, we went from public administration to wanting to act more aggressively and become a better player on the market.”

Furthermore, there was an interest among coworkers in knowledge and the professional ambition is still alive amongst many even after decades in the field explains division manager Björn Neroth (personal communication, 24 April 2018). HR-partner Charlotte Lindberg (personal communication, 8 May 2018) asserts knowledge development as the most important element in being an attractive employer, the ability to gain competency and conduct projects. Customers also value competency and it contributes to a view of an organization that is leading the development in the industry, according to division manager Björn Neroth (personal communication, 24 April 2018). Consequently, he also highlights the company’s own ambition in widening the strategic domain towards more knowledge and research:

“The company can also have its own ambition in creating such a platform, have it serve two purposes: have us gain knowledge and also create further attraction to working here.”

The move to integrate specialist and general dentistry to the same strategic domain was driven by similar motivations and was desired by employees and customers, mentions division

manager Björn Neroth (personal communication, 24 April 2018). Moreover, the customer focus in both the new and previous strategy stem from an ambition to attract more adult paying customers to Folktandvården Skåne as described by CEO Marika Qvist (personal communication, 19 April 2018). However, the extensive owner directives entail that the organization cannot become a cost leader in the market and instead aim for other alternatives to compete and offer value within the strategic domain. The reconceptualization of clinics and offers has been a central element to enhance the customer experience by limiting the actions made by employees in the organization (Folktandvården, 2017a). Enhancing the experience around the actual dental visit has been characterized by large investments in re-modelling clinics and training staff to handle the customer meeting (Neroth, personal communication, 24 April 2018). Moreover, a new establishment plan was introduced with the new strategy of the company. Its aim is to support the strategies of a good customer experience, committed employees and becoming knowledge leader and limiting decision-making towards these strategic dimensions (Qvist, personal communication, 19 April 2018).

Therefore, the strategic domain is also reflected in the investment appraisal performed in the organization explains controller Jan-Åke Hansson (personal communication, 19 April 2018; Folktandvården Skåne, 2018a). One large investment is the new knowledge center with increased capacity for research and a relocation of company headquarters (Folktandvården Skåne, 2018a). However, investments at Folktandvården Skåne do not often involve large financial commitments as in many other companies explains controller Jan-Åke Hansson (personal communication, 19 April 2018). Instead the investment decisions aim to be consistent with the strategy encouraging decisions that would not have been allowed before.

“Overall, our investments are made centrally. The decision to move an established clinic in Ödåkra, to build a new exemplary clinic in the hotspot of Väla, was made by the top management. This was a big investment for us due to the embodiment of our new strategic direction in that clinic. However, it will not bear its costs for several years.” (Hansson, personal communication, 2018).

On the other hand, HR-partner Charlotte Lindberg (personal communication, 8 May 2018) explains some of the negative effects of the widened strategic boundaries. The increased investments on research and the overall strategic change created a new work environment where everyone wanted to do a lot and engage in projects. She highlights the fact that the operative day-to-day business must still be done, for all levels in the organization. This ambition resulted in an increased workload and subsequently increased number of sick leaves, according to HR-partner Charlotte Lindberg (personal communication, 8 May 2018). She says there is a challenge in conducting ambitious development and still make time for the operative work and adds:

“We have tried to slow down and prioritize more. The top management has in particular this year prioritized and reduced the number of projects. Everyone wants to participate, so they

have to hold the reins a bit. It is not an easy thing. It is about prioritizing and waiting, you need to constrain and make sure that people do not have too wide assignments.”

In turn, clinic manager Maria Mathioudaki (personal communication, 25 April 2018) expresses support for how the boundaries are today clearer:

“We know what the organization in its whole should accomplish. We want to be knowledge leaders, but everyone can’t just conduct research and development projects. Each clinic knows which strategic points it should work towards to reaching a certain objective, whether it is to increase the market share of adults, working with R&D or increase resources to certain areas, so it differs across the organization, but the purpose is still clear. You contribute to the overall strategy of Folktandvården Skåne.”

4.3.2 Business conduct boundaries

The dental industry is heavily regulated due to it being a health care service according to division manager Björn Neroth (personal communication, 24 April 2018). In this respect, a large amount of activities are deemed unacceptable from a regulatory standpoint and put in place to protect the care receivers. Controller Therese Bjerström (personal communication, 2 May 2018) relays both owner directives and national political guidelines as restrictions the company must adhere to. Some of the policies and guidelines Folktandvården Skåne follows are common for all of Region Skåne’s businesses and administrations (Folktandvården Skåne, 2018a). Others are specific for Folktandvården Skåne and these are updated and revised continuously based on the conditions and environment the organization faces (Folktandvården Skåne, 2018a).

These business conduct boundaries are policies and guidelines in place make the basis for risk prevention in the organization as to what are deemed unacceptable activities to engage in (Folktandvården Skåne, 2018a). Some examples include employee, social, environmental, corruption and human rights policies. However, CEO Marika Qvist (personal communication, 19 April 2018) and several other respondents indicate that the business conduct boundaries help to achieve the quality dimension in the intended strategy. As such, CEO Marika Qvist (personal communication, 19 April 2018) describes the boundaries as a continuation for the management system, where you can derive every action, from the vision down to the smallest routine. Division manager Björn Neroth (personal communication, 24 April 2018) explains the organization’s reasoning in terms of the extent of boundaries at Folktandvården Skåne:

“There’s two sides of having a high degree of independence and having somewhat clear boundaries. It does not take much for an organization to be sprawling and create its own realities. So, it is a balance between having freedom, but making it accommodate the business and the needs of the customer without controlling things too much.”

HR-partner Charlotte Lindberg (personal communication, 8 May 2018) further explains that under the administration of Region Skåne, Folkandvården Skåne had to follow each and every guideline and policy, which was not always consistent with their own business. She explains that certain business conduct boundaries are still necessary and mandatory as delivering care quality is one primary goal, but with the corporatization she described the changes in the use of routines as:

“As our work now departs from what is in our culture, instead of policies, guidelines and routines, it has given our employees and managers a greater freedom. There is less micromanaging now.”

Division manager Björn Neroth (personal communication, 24 April 2018) confirms this view:

“We try to steer the organization with our core values and I am actually quoting Marika now: ‘When policies and guidelines take over, common sense departs.’”

The guidelines also influence the control systems in Folkandvården Skåne according to controller Therese Bjerström (personal communication, 2 May 2018). For instance, certain measures in the balance scorecard come from national directives. The business conduct boundaries mainly in the form of policies are available on the company intranet and are included in development talks (Folkandvården Skåne, 2018a). When a coworker deviates from the work a clinic is set to do or violates a certain rule, they get a reprimand, or a meeting is set depending on the severity. Committing a mistake or fault, is often bad enough from the individuals’ professional standpoint (Neroth, personal communication, 24 April 2018), should it carry on further, an action plan is set (Gerner, personal communication, 25 April 2018). For disciplinary discussions with HR, the departing point is the organizational culture, core values and how you adhere to it, according to HR-partner Charlotte Lindberg (personal communication, 8 May 2018). Sanctions for unacceptable behavior in Folkandvården Skåne are to a large extent handled externally by governmental agencies such as the Health and Social Care Inspectorate, that can start investigations into care misconduct in (Neroth, personal communication, 24 April 2018).

4.4 Diagnostic Control Systems

With diagnostic control systems, CEO Marika Qvist (personal communication, 19 April 2018) argues that the main purpose of the organization’s balanced scorecard is to help implement the intended strategy. She was central to the adoption of a new balanced scorecard with four perspectives connected to the new strategic agenda. The four perspectives are: satisfied customers, dedicated employees (including NUT), quality and finances. According to CEO Marika Qvist (personal communication, 19 April 2018), the organization should build its business around these perspectives and she believes that the previous scorecard used was unclear under public administration. Controller Therese Bjerström (personal communication, 2 May 2018) provided documents to back-up the complexity of the previous system and lack of

strategic clarity. She also confirms the CEO's active role in having fewer measures in the scorecard, which has made it easier for employees to focus on what is important (Lindberg, personal communication, 8 May 2018). Similarly, CEO Marika Qvist (personal communication, 19 April 2018), along with several respondents, also expresses the role of the balanced scorecard in communicating the organization's intended strategy.

It is evident through the communicated strategy map, which shows how employees are at the core of being able to provide the right quality and how it should lead to satisfied customers and financial performance (Folktandvården Skåne, 2018d). Controller Jan-Åke Hansson (personal communication, 19 April 2018) highlights how a greater focus on the financial side has been combined with softer perspectives, which he contributes to the CEO. He also believes it to be important for the communication of strategy where you now have multiple angles to approach things, which have had an effect out on the clinics. The strategy map and scorecard further guide the budgetary process in the organization by building on the concept of doing things the right way (Qvist, personal communication, 19 April 2018).

Clinic manager Maria Mathioudaki (personal communication, 25 April 2018) recounts the balanced scorecard's importance in relation to the corporatization:

“We have a scorecard that we are evaluated against. Of course, with any repositioning, you need clear goals and a marked-out road. There should be a common theme throughout. We have also another way of thinking today. If we have satisfied customers and work with quality, then we will eventually meet the budget.”

From a perspective of implementing the intended strategy, controller Therese Bjerström (personal communication, 2 May 2018) continues by stating that you need to measure and continually talk about things in order for things to happen. Both in terms of sticking to the strategic plans but also spotting if deviation from the plans are necessary. Controller Jan-Åke Hansson (personal communication, 19 April 2018) continues with how the work is guided by being able to translate the four goal perspectives into something that is actually measurable. Another challenge is the budget according to division manager Björn Neroth (personal communication, 24 April 2018). Folktandvården today uses a bottom-up budgeting process where the budget becomes a tool for planning and discussions, due to the different circumstances of each clinic. The clinics themselves are involved in setting their targets both for the balanced scorecard and the budget. Before, every clinic could get the same goal and that meant that some never met their targets, regardless of effort (Gerner, personal communication, 25 April 2018). HR-partner Charlotte Lindberg (personal communication, 8 May 2018) explains how each clinic was treated more in isolation rather than the collective view of working together in the division to achieve the intended strategic goals.

Under public administration, both the budget's and balanced scorecard's pre-set target standards used in the diagnostic control systems were more considered to be of a commanding nature, according to division manager Björn Neroth (personal communication, 24 April 2018).

However, CEO Marika Qvist (personal communication, 19 April 2018) believes that some of this commanding thinking lives on in the organization instead of looking at the information as ways to improve and discuss. When she took over, the clinics were not as involved and their circumstances were not taken into account. Clinic manager Andrea Gerner (personal communication, 25 April 2018) has a similar view and highlights the involvement:

“As we are involved in the whole process by being able to design the control systems and their content, then we also know why we have them. If an employee comes and asks why we measure certain things, why a certain goal exist and why we have the balanced scorecard, I can now explain that to them. This is why, and this is the way we have thought. It is something I did not feel at all before.”

Nevertheless, controller Jan-Åke Hansson (personal communication, 19 April 2018) describes how every manager still has a profit responsibility and the goals for the clinics are established in connection to the budget process. Division manager Björn Neroth (personal communication, 24 April 2018) highlights the encouragement to challenge yourself, due the value of challenging yet attainable budget (Lindberg, personal communication, 8 May 2018). The clinic managers get a general template from top management and then develop their own budget, which is then presented to and discussed with the divisional manager, HR controller and clinic coordinator (Gerner; Mathioudaki; Neroth, 2018). A similar process also results in the goals for the balanced scorecard.

When it comes to evaluation for the actual performance against the pre-set targets, division manager Björn Neroth (personal communication, 24 April 2018) talks about follow-ups being made each month at the division meetings. He argues that the more effective steering in these terms takes place between the division manager and the individual clinic manager. If deviations from goals are significant, then action plans are established, often consulting both the controller and HR-representative. However at the divisional level, more general discussions are held to exchange good practices and how the clinics can help each other. Meetings are also held at the clinics to look at the previous year’s performance. Controller Jan-Åke Hansson (personal communication, 19 April 2018) also describes a new benchmarking-system that is expected to increase the ability to compare and spot deviations in a more rapid manner. The primary point of the performance evaluations is to learn rather than to punish for failure in reaching targets (Bjerström; Gerner; Mathioudaki; Hansson, 2018).

For rewards of good performance in line with the intended strategy, CEO Marika Qvist (personal communication, 19 April 2018) points to the salary development and career opportunities. Before the corporatization, the organization was limited to using the same percentage as the Region Skåne in their salary revisions according to HR-partner Charlotte Lindberg (personal communication, 8 May 2018). This was problematic due to the general shortage of dentist, which limited the recruitment potential and revenue was negatively impacted. Current opportunities to provide more competitive salaries has, in her opinion, allowed Folk tandvården Skåne to enhance their competitiveness. Today, the salaries are based

on performance and the organization has made an effort to make it visible (Lindberg, personal communication, 8 May 2018). However, the organization is reluctant towards financial incentive programs (Qvist, personal communication, 19 April 2018). Instead, Folktandvården Skåne provides individuals with leadership development and possibilities to extend your knowledge if you want to develop and put effort into your work (Qvist, 2018; Lindberg, 2018).

“Salaries are important but only motivate up to a certain level, then you have to have other elements as well.” (Qvist, personal communication, 19 April 2018).

In the documents used at Folktandvården Skåne (2018e) for salary and development talks, the overarching goal perspectives from the balanced scorecard are the basis for the evaluation. It entails that adherence to the core values is evaluated, such as how you contribute to others growth (Qvist, personal communication, 19 April 2018). As a result, the evaluation is more subjective in the eyes of the respondents due to how the salary and development is determined as a consequence of the complex environment in which they work in.

4.5 Interactive Control Systems

At the center of the work for managers at Folktandvården Skåne is the management system whose final output is the business plan (Folktandvården Skåne, 2018d), which plays a major role as it relates to strategic validity control. The business plan is established on a three-year basis in the strategic planning system where the previous plan was active from 2015-2018 and the new plan will run from 2018-2021 (Folktandvården, 2017a & 2018d). The system begins with performing analyses of both the environment and operations. The analysis of the external environment maps out the market and competitors (Folktandvården Skåne, 2018d). Meanwhile the operation analysis focuses on the previous internal operations performance. Less comprehensive analyses are performed in year 2 and 3 to keep the strategic choices in the business plan up to date. In the process, it is clearly stated how employees from multiple levels should be involved to provide their input. Workshops are arranged at clinic level, HQ level and top management level. Initial drafts are then reflected and discussed upon in multiple steps before the final business plan is accepted by the board (Folktandvården Skåne, 2018d; Qvist, personal communication, 19 April 2018). Then, goals are established to provide a road map together with connecting them to the budgets and balanced scorecards (Folktandvården Skåne, 2018d).

“Before, you received a document stating, ‘this is what we are doing, the politicians have decided this and that’. While politicians still influence our work, we now employ an entirely new way of thinking and working with strategy. It is less pointing now.” (Mathioudaki, personal communication, 25 April 2018)

The notion that employees are involved in the formulation of strategy is clearly stated in the management system put in place to ensure that the strategy in the business plan is up to date (Folktandvården Skåne, 2018d). This description is also confirmed by the interviewees.

Division manager Björn Neroth (personal communication, 24 April 2018) highlights that the need to gain insights from departments with specific knowledge and the view of the employees who are close to operations. Clinic manager Andrea Gerner (personal communication, 25 April 2018) also indicates that top management has a more visionary role in relation to the organization's journey and the clinics help adapt those overarching ideas in the clinic context through planning days. She argues that the involvement both helps the understanding and dedication among employees. For example, clinic managers can in different meeting forums express their opinion concerning possible contents of the new business plan. It is further strengthened by HR-partner Charlotte Lindberg (personal communication, 8 May 2018), she sees employees as now being able to grasp the bigger picture and interconnectedness to a greater extent and asking themselves how they can affect and contribute to the organizational work. She also asserts that the dedication and delivery increases as a result of this participation.

Division manager Björn Neroth (personal communication, 24 April 2018) describes how the organization after it became a corporation finally got a process to work with strategy with consciousness about strategic issues and where the organization is headed. In his opinion, it comes down to the fact that Folktandvården Skåne is now a for-profit organization which must work with strategic uncertainties and development to ensure long-term organizational survival. While there was competition before as well, they still had a steady stream of customers without having to invest in order to distinguish themselves on the market (Mathioudaki, personal communication, 25 April 2018). Division manager Björn Neroth (personal communication, 24 April 2018) also points in the direction that the first business plan after the corporatization required and involved more people in relation to the new one. He believes this is down to the fact that, unlike before, the process leading to the new business plan builds upon the previous one and is it now more about further refinement.

Another central aspect of the management system at Folktandvården Skåne is the management and responsibility chain that both transmit and gather information (Folktandvården Skåne, 2018d). CEO Marika Qvist (personal communication, 19 April 2018) puts it as:

“From top management out to the employees there are interfaces in which different management groups interact and we know that managers are the most important channel when it comes to delivering information to the employees and people often turn to their manager ... to transmit information upwards.”

These forums are intended to catch different points of view and suggestions that then feed into the business plan process (Qvist, personal communication, 19 April 2018; Folktandvården Skåne, 2018d). The management and responsibility chain ensures that meetings are held at top management, divisional and clinical levels. Apart from general discussions taking place at these meetings, the balanced scorecard and the budget goals appears to be frequently discussed and their interconnection with action plans to find opportunities to improve through an interactive use of the control systems.

On the operative level, clinic managers hold meetings with their personnel where they discuss how to work and plan in relation to the goals established for the clinics (Mathioudaki; Gerner, 2018). They analyze their operations and find areas where they can improve and how they should do it rather than focusing on strategic uncertainties. HR-partner Charlotte Lindberg (personal communication, 8 May 2018) describes the use of dialogue exercises, designed to ensure that every opinion and view is heard, especially in relation to the control systems. The budget is further discussed in a similar way to ensure that the personnel is on-board, the budget is realistic and targets the right areas (Gerner, personal communication, 25 April 2018).

Moreover, the clinic managers feel that they can discuss and debate the use of the scorecard, budget and action plans at the next level in the management and responsibility chain, the divisional level (Gerner; Mathioudaki, 2018). The discussions are generally more frequent at this level with additional workshops, explains HR-partner Charlotte Lindberg (personal communication, 8 May 2018). The underlying reasoning is that clinic managers can gather opinions that exist in the clinics to bring forward (Hansson, personal communication, 19 April 2018). For example, such discussions have generated changes in the scorecard according to multiple interviewees when certain measures do not fulfill any useful purpose.

“When we do changes [in the scorecard], Therese [the responsible controller] is out in the division meetings and talks with people. We have a communication throughout the organization, incorporating the views of top management, the divisions and the clinics on what works and what doesn’t.” (Hansson, personal communication, 19 April 2018).

However, the discussions are generally broader at the divisional level using the available data where the clinics can learn from each other depending on their success in achieving their goals or difficulties they have faced (Neroth, personal communication, 24 April 2018). Controller Jan-Åke Hansson (personal communication, 19 April 2018) gives an example of how they discuss the measures relating to team based dental care where certain clinics perform poorly while performing well in other perspectives. Then a discussion is held if the performance also is beneficial to the wider organization or if changes need to be made. Division manager Björn Neroth (personal communication, 24 April 2018) believes that the leadership development programs enhance both discussions in and between clinics. The division management also visits each clinic where the future, concerns and specific issues can be brought to the attention of the management.

The division managers are a formal part of the top management team where the divisional performance is discussed every month and represents an opportunity to bring forward the suggestions and opinions of the division (Hansson; Gerner, 2018). The discussions are according to controller Jan-Åke Hansson (personal communication, 19 April 2018) not focused on individual measures as many cannot be aggregated to the corporate level. Instead a more general discussion is held concerning measures of importance from an overarching view. It is also possible for information related to strategic uncertainties to be put forward (Qvist, personal communication, 19 April 2018).

The rewards for contributing in the discussions is mainly reflected in informal expressions of appreciation (Qvist; Hansson, 2018). Examples include recognition and encouragement. CEO Marika Qvist (personal communication, 19 April 2018) also believes that good contributions are rewarded through salary talks and career advancements. Furthermore, the ability to contribute to the development of Folktandvården Skåne is reflected in all core values used as criteria in the salary and development talks (Folktandvården Skåne, 2018e).

4.6 Balancing the “Levers of Control”

The new CEO Marika Qvist (personal communication, 19 April 2018), was hired externally with her experience with professional service firms and brand building. She felt clearly she had the support of the board to drive the new strategic direction and with a clear mandate from the start. It also meant building on the given mandate and not run everything by the board as open for questioning, but rather presenting her view and suggestions. The presented plans deemed necessary for change by Marika Qvist and the rest of top management gained support among the board through continuous briefings. Prior to the corporatization, the organization was an entity within Region Skåne, which affected the ability to change both the strategy and control systems according to division manager Björn Neroth (personal communication, 24 April 2018):

“Now we own the questions in a completely different way. I personally experience that the top management and board now from this position can work towards the whole chain down ... I believe it to not be comparable to before the corporatization in my work as a division manager.”

CEO Marika Qvist has played a central role in the strategic change at Folktandvården Skåne and influenced the use of control systems according to several respondents. She explains:

“The greatest challenge is to even believe in something. This is where leadership becomes important. Our previous chairman said, ‘what separates us now, from public administration, is that the leadership becomes a lot clearer.’” (Qvist, personal communication, 19 April 2018)

She adds that the first year of the corporatization was used to establish the belief systems of the new organization, together with formulating the new strategy for the business plan. The board then approved the business plan at the end of the CEO’s first year in the organization. Clinic manager Andrea Gerner (personal communication, 25 April 2018) gives us her perspective on Marika’s role in this development:

“Marika I would say has been vital in this aspect. She made the business plan, vision, mission and core values clear and understandable for the coworkers. She did not construct them all by herself, but structured it in such a way where everyone can understand it, from coworkers all the way up ... She also had us be a part of the process from the start and let us partake in, and

shape, the journey. It has created a depth of understanding that was previously lacking and made it more fun.”

She believes that it represents a significant difference from when the organization was publicly administered. Previously, the decisions were finalized on a higher level and pushed down in the organization without the possibility to discuss them beforehand and provide input to the planning process. She uses an analogy of a helium balloon that continues to rise but never comes back to describe the lack of interaction between levels. In her opinion, the distance between top management and operational employees is much shorter today. Controller Therese Bjerström (personal communication, 2 May 2018) highlights the work conducted in relation to the promoted core values through the belief systems:

“If we would have had a CEO other than Marika, it would not be guaranteed that we would have the same level of value-oriented control. That came with Marika, it is her way to lead, the transformative type of leadership.”

The work with belief systems after the corporatization was described by several respondents as beneficial to the strategic change, highlighted in section 4.2. HR-partner Charlotte Lindberg (personal communication, 8 May 2018) explains further that the cultural shift has brought forward changes in the organization’s rules, procedures and routines in the boundary systems. Today they are not designed to micromanage, but instead for each and every employee to assume as much responsibility from his/her role as possible. It is also designed for the role to be clear and for the employees to know what is expected and what needs to ultimately be delivered. Clinic manager Maria Mathioudaki (personal communication, 25 April 2018) also gives expression to this shift in focus within the organization:

“... now it is not seen as taboo to try something new, as long as you stay within what is allowed.”

After the first year, CEO Marika Qvist (personal communication, 19 April 2018) turned the attention towards following-up the performance through diagnostic control systems in relation to the established business plan. This involved the aforementioned changes in the balanced scorecard together with on-going project follow-ups. The budget process also later changed to the bottom-up approach. The on-going business was then followed up and discussed during the meetings at the different organizational levels providing interactive elements. She has not yet experienced any counter reaction towards the softer control within the organization with less negative forces in the used control system. Further, HR-partner Charlotte Lindberg (personal communication, 8 May 2018) asserts how the new approach to control allows for greater freedom for all employees, with the work departing from the organizational culture instead. This view is shared by controller Therese Bjerström (personal communication, 2 May 2018):

“Many have experienced the corporatization and Marika in a positive way. It has become a reawakening and you think differently. I believe that the control was stricter before with more

focus on measures and figures without really creating value. This [the current control] is more value creating ... even though I believe that we should talk more figures sometimes.”

Controller Jan-Åke Hansson (personal communication, 19 April 2018) also agrees that the control today is softer than before in terms of the reinforced positive forces. Clinic manager Maria Mathioudaki (personal communication, 25 April 2018) tells a similar story and concludes:

“... with any repositioning, you need clear goals and a marked-out road, there should be a common theme throughout.”

She also argues that the differences in the type of control used in relation to the balanced scorecard may not be very large. The main difference in her opinion is the increased dedication from colleagues in terms of driving themselves rather than something the managers do. The large professional groups within Folktandvården Skåne also affect the way the organization is controlled in the view of CEO Marika Qvist (personal communication, 19 April 2018):

“[On the discussion on the need for integration and exchange] ... I have only been CEO or a board member in service companies and they [employees] have always been specialists, creators, engineers, doctors and dentists. Thus, they are service companies with a high knowledge level where the employees are the assets. I often to say that I am a catalyst; you need to bring energy ... and channel the energy from all co-workers, which makes the exchange super important. I believe that is a difference.”

5. Analysis

Overall, the empirical findings paint a picture where the formal control systems play a key role in controlling the business strategy and driving the strategic change expected after the corporatization at Folktandvården Skåne. Consequently, the findings show a high level of consistency with Simons' (1994; 1995) "Levers of Control" framework indicating its usefulness for understanding the relationship between strategy and management control systems.

Simons' (1995) adoption of Mintzberg's (1978) intended and emergent strategy lends key understanding for the management control systems at work at Folktandvården Skåne. The empirical findings showed how strategy stemmed both from intended and emergent initiatives. The strategic planning system derives from deliberate analyses that affect the strategy driven by top management and the emergent suggestions resulting from discussions among employees at different levels, which can be made intended in the business plan. Frameworks not incorporating this distinction fail to give theoretical and practical understanding for how and why management control systems are purposefully used, both in the formulation and implementation of strategy. The importance of this understanding is enhanced by the contextual factors at play in the corporatized setting, which further illuminates the usefulness of Simons' (1994; 1995) "Levers of Control" framework. Especially, Zhang (2008) highlights how corporatized organizations often need to formulate a new organizational strategy. He contends emergent strategy having the central role in strategic change for corporatized types of organizations, conforming with the findings at Folktandvården Skåne. In this respect, emergent strategic initiatives are considered crucial in the organization due to the input stemming from employees closer to the market and with specific expertise. This is viewed to enhance the success of the realized strategies, in line with Simons (1995).

In addition, the role of political influence in corporatized organizations (United Nations, 2008) further confirms the importance of including formulation and implementation when trying to understand the use of control systems at Folktandvården Skåne. The political directives remain relatively broad and were possible to integrate in the previous and current strategy established in the business plan. Still, the strategic change at Folktandvården Skåne is consistent with Oates (2015) and Verbeeten and Speklé (2015) by involving both demands on efficiency and being a social actor on the market as presented in the empirical material. However, the high degree of free mandate at the management's disposal can here be central, which has allowed the organization to shape the strategic change while still adhering to the broader owner directives. This mandate places a higher importance on the formulation and implementation of business strategy that takes place at Folktandvården Skåne due to the management's increased responsibility to compete successfully in the industry. Thus, it could lessen the need for legitimizing actions, in contrast to Greenwood et al. (2011). Rather, using the perspective of Simons (1995), the top management's use of control systems becomes vital to achieve the necessary strategic control to ensure long-term success.

The following sections in the analysis strongly suggest such a purposeful use of control systems within the organization. It further illustrates the theoretical and practical viability in using the “Levers of Control” framework to understand the use of management control systems in relation to strategy.

5.1 Belief systems

The belief systems have according to the empirical material been used in a comprehensive way at Folktandvården Skåne to both guide actions in line with intended strategies and inspire emergent strategies consistent with Simons (1995). In terms of guiding behavior in line with the intended strategies, the typical belief systems of vision, mission and core values statements play a key role in the studied organization. The vision is mentioned to provide the direction for the future while the mission is more directly connected the strategy, which is centered around customers and employees in order to create value for different stakeholders. Furthermore, the core values statements are explicitly mentioned to guide behavior in support of the intended strategy when necessary, rather than relying on routines that may not always align with the customer-oriented strategy. The above is illustrated through empirical examples relating to how clinic managers and their staff use the core values as a departing point to achieve the goals consistent with the intended strategy.

The core values promoted by the belief systems have also proven to be useful in facilitating and inspiring new emergent initiatives from employees that subsequently have resulted in changes to the intended strategy, as argued by Simons (1995). As such, they perform a central function by encouraging opportunity seeking within the organization, which can help towards achieving long-term success. The belief systems’ significant focus on encouraging the generation and sharing of new ideas through core values has for example helped facilitate discussion and interaction at multiple levels in the organization. Thus, the use of belief systems complies well with the view of Simons (1995) that they guide both intended and emergent strategies.

Consequently, the added theoretical knowledge contributed by Marginson (2002), that belief systems both help generate new ideas and steer the strategic agenda in an organization also finds support in this study. The findings show that increased use of belief systems has probably been the most purposeful change in the control systems at Folktandvården Skåne to drive the strategic agenda after the corporatization, while also generating new ideas among employees. This provides evidence for the theoretical development from Widener (2007) in that belief systems are the starting point and indicative to the extent of use of the other levers of control. Belief systems were one of the first areas to be addressed by the new CEO and the organization now uses all levers. The theoretical viability of these claims is further reinforced by Simons’ (1995) description that successful control in mature organizations, such as Folktandvården Skåne, requires the use of all levers.

Simons’ (1995) argument that understanding is key to the successful use of belief systems is further strongly supported by the empirical findings. The mentioned role for both intended and emergent strategy would not have been possible without the widespread understanding of the

belief systems within Folktandvården Skåne. The fact that respondents highlighted their role for successfully realizing strategy shows an understanding of the meaning behind the words in the belief systems. The belief systems are also broad enough and conform with Simons' (1995) discussion on how they should appeal to everyone in the organization in order to be effective.

The involvement of top management has also been apparent at Folktandvården Skåne judging from the empirical material, following Simons (1995). They are involved both in the communication and drafts behind the vision, mission and core values. In contrast to Simons' (1995) description, the top management also made sure to closely involve the employees in their formulation. This seems to have brought positive effects by creating understanding, commitment and acceptance, especially to the core values. Likewise, top management ensured the belief systems to be consistent with the new desired strategic direction. It seems that this is the way that Folktandvården Skåne transformed the documents into formal systems that actually steer behavior, as stressed by Simons (1995), which can be fruitful for the understanding of the impact of the belief systems. The findings are also consistent with Widener (2007) who suggested belief systems to represent effective use of the top management's time. The interviewees explicitly mention the idea of not having micromanage and the positive effects stemming from increased responsibility and autonomy for employees by reliance on the use belief systems.

The empirical material suggests that the belief systems are communicated through a variety of channels in the organization. However, the findings also suggest that more belief systems are used than just the vision, mission, and core values. First, an explicit core value statement was used, which is consistent with the study by Kelly et al. (2004). However, this is not mentioned as a possible standalone document by Simons (1995). Moreover, the findings indicate that many different control systems could be used as belief systems as suggested by Mundy (2010) who helped develop the "Levers of Control" theory. One such example is how the balanced scorecard is used at Folktandvården Skåne with its specific core values perspective to enforce the beliefs, which goes even further than the example expressed by Malina and Selto (2001). This role of core values in the balanced scorecard is also more extensive than the findings of Rodrigue, Magnost and Boulianne (2013). They found that performance measures reflected core values by incorporating stakeholder concern, while the core values at Folktandvården Skåne directly influenced the choice of performance measures to steer organizational behavior patterns. Folktandvården Skåne also makes use of reward systems in a similar way, by including the core values in the salary and development talks.

Overall, this study suggests that a significant broadness is needed in terms of what constitutes a belief system. Therefore, we find that the criticism of the diffuseness of Simons' (1995) definition, which is argued to allow for too much room for subjective interpretation, is ungrounded in contrast to Ferreira and Otley (2009). Rather, we see the original definition by Simons (1994; 1995) as providing the necessary scope to incorporate the different control systems that can be used as belief systems. You cannot forget that the beliefs systems' underlying construct is core values, which is the most intangible of the four constructs

mentioned by Simons (1995). As such, a too narrow definition risks excluding the use of many systems that fundamentally give insight into how basic core values, purpose and direction are instilled in an organization. Moreover, this finding is theoretically consistent if you take notice to the later theoretical development provided by Tessier and Otley (2012), who point to the dual role of single control systems. The balanced scorecard can both provide positive and negative forces, or enabling and constraining in the words of Tessier and Otley (2012). It accomplishes this by providing enabling forces as a belief system, in addition to being used in a constraining manner in its diagnostic role and enabling in its interactive role as described in later sections.

Consequently, we believe that there is no need to modify the definition, but rather future studies need to synthesize different systems that have been used as belief systems. This work could then be combined with Mundy's (2010) broad view to provide more inclusive examples of belief systems than those brought up by Simons (1994, 1995) himself. The explanation to the confusion in the theoretical understanding of belief systems may be down to the framework's descriptive origins where the examples are based on empirical findings. The increased focus on value-oriented management globally and at Folktandvården Skåne can be a reason for the expansion of the use of formal systems to provide the organization with core values, purpose and direction. Insights like these can increase our theoretical and practical understanding of the relationship between strategy and management control systems.

Overall, the findings indicate viability for the belief systems lever within the framework with the suggested theoretical additions. This indicates an opportunity to reimagine the belief systems to more fully capture and understand contemporary organizations, as to how and why beliefs are used, relating back to the theory tables in section 3.7. It is also important for the practical implications in a corporatized setting due the ability of providing the organization with an identity and the possibility to leverage the lever as an autonomous company. It lends further credibility to the role of belief systems in shaping the emerging identity in newly autonomous organizations as put forward by Kirkpatrick, Altanlar and Veronesi (2017). It relates back to Ferreira and Otley's (2009) observation how subsidiaries may not be in the control of the organization's belief systems. The empirical material indicates a similar story before the corporatization with Folktandvården Skåne, then an entity within Region Skåne, and why it may now may be a more prevalent form of control for strategy, as the mandate for management is larger today. As the belief systems' creation coincided alongside the emergence of a new organizational identity, it may be one explanation to the successful use and effect of them at Folktandvården Skåne. In closing, the role of belief systems in the formulation of strategy and guiding behavior according to intended strategy further highlights its viability in strategic change as suggested by Bruning et al. (2004), which characterized the corporatization.

5.2 Boundary systems

Boundary systems are also used at Folktandvården Skåne to both provide strategic and business conduct boundaries in line with the description of Simons (1995; 2000). Such boundaries help establish the strategic domain stating what is acceptable activities and establishes the

opportunity space in which employees can try new ideas. The empirical findings express the importance of letting employees themselves make decisions based on their judgement as long they stay within the boundaries created by the organization, consistent with Simons (1995). It shows the important use of boundaries to ensure that Folktandvården Skåne avoids risks that are harmful to the strategic success of the organization, something not sufficiently provided by regulations or legislation as suggested by Sarre, Doig and Fiedler (2001). As such, the lever makes up an important part of how Folktandvården Skåne uses management control systems to control the business strategy. Overall, we find consistency with the “how” and “why” of boundary systems, as presented in the theory tables in section 3.7. Theoretical developments and deviations are synthesized in the two sections below.

5.2.1 Strategic boundaries

The strategic planning control system is central to the establishment of strategic boundaries at Folktandvården Skåne, in line with Simons (1995). The investment appraisal control system also functions as a strategic boundary where top management are involved to ensure that investments and commitments reflect the strategic direction of the organization, which further supports Simons (1995). It tries to ensure that the organization spends its resources on investments that are beneficial to customers, employees and owners by having welcoming clinics located at strategic locations, while also being financially sound corresponding with Tuomela (2005). However, the organization can also find strategic value in taking calculated financial risks due to their contribution to the intended strategies complementing the findings of Tuomela (2005) theoretically. The large investments in the new research facilities also indicated the importance of strategic boundaries to provide guidance for decisions to align with the intended strategies.

The most noticeable difference after the corporatization is the widening of the strategic boundaries as a changed use of boundary systems. This alternative is not prevalent in the theoretical literature on Simons’ “Levers of Control”, which could enhance both the theoretical and practical understanding of the use of management control systems. The widened strategic boundaries can be seen by consulting the contextual understanding of corporatization and the empirical findings as it relates to the choice of including research within the dentistry field and the widened possibilities to enhance the customer experience. The previous lack of focus on innovation and research under the public administration aligns with the contextual political and bureaucratic restrictions on such activities (United Nations, 2008). In this respect, the widening of the boundaries allowed for simultaneous fulfillment of the new owner directives as well as forming the strategic domain after the ambitions of the organization. There is also more room for both intended and emergent initiatives stemming from the belief systems, such as act new-thinking, working together and being open with regards to the new boundaries. This seems to confirm the findings of Nuhu (2016) where the increased autonomy for the corporatized organization to compete more freely led to purposeful changes in the strategic domain. The findings further highlight the importance of including all levers to get a more holistic

understanding as argued by Martyn, Sweeney and Curtis (2016), especially in a corporatized context due to the gained control over some of the boundaries.

Along these lines, the professional groups within Folktandvården Skåne seem to have found motivation by being allowed to focus on research as they feel they can develop themselves and the profession, corresponding with the reasoning of Abernethy and Stoelwinder (1995). A large part of the employees have also felt increased motivation as they are allowed to be an active part of a new journey, which suggest that the new strategic domain has been well received within the organization. Not least, the interviewed clinic managers strongly felt this way, with one even stating that she would not have been a manager if the strategic change and the corporatization had not occurred.

Contrarily, there are also signs that too wide boundaries can cause problems from a practical perspective. The HR-department made us aware on large amount employees and managers feeling motivation to contribute to the new agenda, such as conducting research, which sometimes negatively impacted employees and operations. Folktandvården Skåne fixed this by increasing the negative forces of the boundary controls through providing clearer guidelines on the individual's responsibility and prioritization areas among staff on lower levels. This observation supports the argument made by Simons (1995) that boundaries can be used to limit search activities to make efficient use of Folktandvården Skåne's resources. However, these empirical findings can from a theoretical view be used to criticize the evidential one-dimensional thinking for strategic boundaries in Simons' (1995) "Levers of Control". Due to the necessity of broadness in the belief systems in that they should appeal to all employees, it may be necessary to clearly state the need to establish different strategic boundaries at each organizational level. This is not something that is widely discussed in Simons' (1995) framework nor in the other literature but could be a possible addition to theory in our opinion. We believe it could be a useful addition, especially when dealing with former public and health care organizations with large professional groups. They can be overly and inherently motivated to perform certain activities if left without suitable constraints that are adapted to their role in the organization. This understanding can practically be used to achieve a better balance for the use of control systems.

5.2.2 Business conduct boundaries

The business conduct boundaries in Folktandvården Skåne are partly formed by the dental industry being heavily regulated, as mentioned in the empirical findings. This provides the basic legislation and regulation that needs to be adhered to in Folktandvården Skåne's operations. Such regulation stemming from professional guidelines are often not seen as constraining by professionals, following the reasoning of Abernethy and Stoelwinder (1995). This addition of professional knowledge is theoretically consistent with Simons (1995) as he suggests that business conduct boundaries are more easily accepted when conforming to personal standards. However, as expressed by both Simons (1995) and Sarre, Doig and Fiedler (2001), an organization needs business conduct boundaries beyond regulation to prevent the organization

from harm. This is evident in the case of Folktandvården Skåne based on the policies and guidelines they develop themselves and receive from Region Skåne. The prevalent view within the organization is that these boundaries mainly help achieve the quality dimension of the intended strategy, portrayed in the balanced scorecard. It can be seen as an indication of viability in the criticism offered by Verbeeten and Speklé (2015) as the business conduct boundaries play a substantive role at Folktandvården Skåne. For example, they help fulfill the intended strategy in addition to constraining the emergent initiatives within reasonable limits consistent with Simons (1995). This provides a contrast to the skeptical view towards rules and regulations by the NPM school, where Simons' (1994; 1995) boundary systems instead offer theoretical and practical arguments for how boundaries can be beneficial to the organization.

Nevertheless, Folktandvården Skåne has since the corporatization actively tried to decrease the amount of such boundaries to limit rigidity. The overall goal was to make them more integrated with each other and allow for a larger amount of personal judgement. It is a result of the increased mandate according to the respondents. The finding conforms with the observation in Ferreira and Otley (2009) that boundary systems often remain outside the control of subsidiary entities, which was the case before the corporatization. However, still many business conduct boundaries come from Region Skåne as they retain ownership.

Many respondents also express the benefits in the use of the less burdensome boundaries. As a result, Folktandvården Skåne can leverage the decreased negative forces to alleviate the lack of incentives to innovate with less reliance on procedures and standards, in contrast to the contextual factors stated in United Nations (2008). Furthermore, the extensive use of belief systems to communicate core values is used as a source for establishing boundaries compliant with Gatewood and Carroll (1991 cited in Simons, 1995). The finding is further supportive of the dual role of control systems, in this case the core value statement used as a belief system, as argued by Tessier and Otley (2012). For example, the core value "together" is indicative of both how you should and should not work in the organization, which provide both enabling and constraining forces. Thus, the study confirms the view of Chenhall, Hall and Smith (2010) that core values can decrease the need for an extensive set of business conduct boundaries.

Moreover, the external sanctions from different public agencies on serious misconduct ensures that certain behavior is punished. It allows the organization instead to focus more on their core values as guiding. This external source of sanctions and its influence on the use of boundary system in public organizations is missing from the original theoretical framework, something that can certainly differ across industries. The external supervision may actually ensure that the professional staff cannot be pressured to part with their standards in the pursuit of financial results and customer orientation. Therefore, this extension is theoretically consistent with Simons' (1995) observation that boundaries can shield employees from managerial pressure, although it remains contextually bound.

5.3 Diagnostic control systems

The implementation of intended strategy is a major reason behind the use of balanced scorecard and budget in the organization's diagnostic control systems, in line with Simons (1995). Simons (1995) writes about the need to guide the decisions of employees within the organization. The divisional structure at Folktandvården Skåne, the strive for autonomy and complexity in different conditions may amplify the need for guidance from these management control systems to align operations with the goals of the intended strategy. It is consistent with the traditional view within NPM literature that rules and policies are not enough to ensure goal achievement (Verbeeten & Speklé, 2015). Thus, the chosen measures need to reflect strategy to represent critical performance variables according to Simons (1995; 2000) and the CEO has driven the work for the different perspectives in the balanced scorecard in this respect.

The empirical findings also indicate the important role for the balanced scorecard in communicating the strategy within the organization during and after the strategic change. Thereby, it becomes a road map for how to work with the new strategic direction, which also instills a new way of thinking. The organization's strategy map that is communicated to the employees an illustrative example of this. This additional visualizing and communicating role of the diagnostic control systems is more consistent with the later work of Simons (2000). It is also similar to the view of Verbeeten and Speklé (2015) in that performance measurement communicates the organizational direction, something often neglected in the NPM field. The balanced scorecard's facilitating role in the desired cultural shift to align with the new strategic direction is further apparent as explained by Verbeeten and Speklé (2015). Empirical expressions include the prevalent view that dimensions other than only financial results are valued as well as the inclusion of core values in the diagnostic control systems.

Nevertheless, Folktandvården Skåne's use contradicts Simons (1995) in the way that they relatively freely delegate the target setting both for the balanced scorecard and the budget. This risks failure to achieve the intended strategy according to Simons (1995), but Folktandvården Skåne still discusses all suggested targets, so it is not completely unrestricted. It is likely rather the complex conditions in the organization that require more involvement from the operational managers as they are responsible for trying to achieve the targets important to the intended strategy. The commanding orientation under the public administration alienated managers and reduced their commitment to the targets. Now, Folktandvården Skåne can instill accountability, while ensuring the managers to think in terms of results in line with Verbeeten and Speklé (2015) by allowing them to construct the budget and recognizing their different challenges. The participative target setting may be a way in which Folktandvården Skåne practically has dealt with the difficulty of implementing diagnostic control systems where the results of a process is unclear in accordance with Simons (1995).

This is also reflected in the evaluation process as several respondents point to the difficulty of determining what constitutes good managerial performance as the conditions can differ significantly. Thus, Folktandvården Skåne has adopted a more learning approach to the

performance evaluation where you try to learn from each other and improve. Nevertheless, the organization needs to employ action plans for significant deviations, which confirms the diagnostic element in the control systems expressed by Simons (1995). Altogether, we see the diagnostic control not as prominent as the other levers of control used at Folktandvården Skåne.

The reward for good performance becomes then largely subjective as performance and adherence to core values is taken into account, contradicting the view of Simons (1995). He argues that the diagnostic reward system tends to be largely objective. One explanation behind this can be found in the argument made by Ferreira and Otley (2009) as the different conditions for clinics entails a diffuse relationship between inputs and outputs, which the respondents argue makes it hard to put objective numbers on performance. Moreover, the performance is not always in the manager's control as political decisions have their influence and due to a heavy reliance on staffing availability to reach targets. There is also no wide institutionalized practice of having formula-based rewards, both in Sweden nor at Folktandvården Skåne and other corporatized organizations. However, this does not necessarily mean that the motivation for accomplishing the strategy is diminished. Rather managers and other employees might not value being rewarded objectively as it would ignore conditional factors, even though more objective grounds could be called for. The reward systems include both financial and non-financial rewards, which is consistent with the view of Simons (1995). The ability to award those that perform well with the more subjective evaluation and the possibility to deviate from fixed pay ranges, as a now corporatized organization, stands in contrast to many publicly owned enterprises (United Nations, 2008). Likely, this is one reason behind the strengthened adherence to the strategy and the competitive position.

Overall, also the diagnostic use of control systems conforms very well to the descriptions of Simons' (1995) in relation to controlling strategy. Our findings for this lever do not indicate any specific theoretical development, but the empirical insights can still be beneficial from both a practical and theoretical sense when related to the corporatized context. As such, the argument of Martyn, Sweeney and Curtis (2016) may hold true that diagnostic control systems are generally well understood within the management control field. With that, we find correspondence to the "how" and "why" of diagnostic control systems as laid forth in section 3.7. However, future research could from a theoretical standpoint try to incorporate the advancements that have been made in the wider management control field since the development of Simons' framework. In addition, the findings of participative target setting and the use of subjective performance evaluations conform well with more specific literature for service firms such as Folktandvården Skåne which can serve to increase our understanding of the use of the diagnostic control lever.

5.4 Interactive control systems

The empirical findings indicate the possibility of generating emergent initiatives from employees throughout the organization that can lead to revision in strategy, consistent with Simons (1995). As a consequence, Folktandvården Skåne has systems in place to discover both

opportunities and threats in line with Simons (1995; 2000) and Schaltegger and Burritt (2010), which Simons (2000) suggests is a prerequisite to long-term success. However, the way that Folktandvården Skåne does this does not conform with all of the characteristics and conditions put forward by Simons (1995) for interactive control systems. As such, the empirical insight gained from the revelatory case indicates strongly the need for theoretical reform in relation to how interactive control systems are constructed in Simons' (1995) framework. The lack of coherence in the way interactive control systems are operationalized can fundamentally limit the theoretical understanding of the use of levers of control in relation to strategy.

Our table summarizing theoretical framework highlights the theoretical development and criticism made by other authors on how Simons' (1995) describes the interactive control systems. We believe that is important to relate our empirical findings to the development and critique presented in the table in order to set the stage for a more coherent theoretical understanding in future research. This departs from the fact that the theoretical contributions most critical in nature, provided by Ferreira and Otley (2009) and van Veen-Dirks and Wijn (2002), have not had a breakthrough in the research using the original "Levers of Control" framework. It may very well be down to that the criticism was incorporated into two new separate frameworks, rather than relating the arguments back to the configuration of the original framework. Their work was also built independent from each other. Therefore, we see their potentially viable theoretical knowledge as possible to draw out to the benefit of the "Levers of Control" theory through analysis of our empirical findings.

We see the separation of interactive control systems into the two distinct components strategic validity controls and interactive use of controls made by Ferreira and Otley (2009) as necessary based on our empirical findings. They point to key moments when a gap between strategic intent and strategic action occurs, such as the change of industry dynamics, shifting from one successful strategy to another and new technological developments. For Folktandvården Skåne, the corporatization entailed both a change in strategy and new possibilities to compete more freely in the market. Such key moments of change are also in line with Simons' (1994) key for understanding the relationship between strategy and management control systems, which indicates theoretical viability in the distinction made by Ferreira and Otley (2009).

Ferreira and Otley (2009) then point to how strategic validity controls are used to signal the need to revise strategy in order to align this gap. In contrast, the interactive use of control systems is more related to organizational learning without the need to identify strategic failures. These broad descriptions find support in our empirical material. The strategic validity controls align with the empirical findings of the interaction among employees at multiple levels which facilitated discussions signaling the need for revision of strategy after the corporatization. These discussions conform well with Ferreira and Otley's (2009) view that frank and open discussions can encourage emergent strategies. In contrast, the use of interactive controls in the form of balanced scorecard and budget instead facilitates learning through the discussions occurring along the management and responsibility chain. Consequently, these empirical findings support

the notion that the theoretical separation of the two components is useful in trying to understand the relationship between management control systems and strategy.

In our opinion however, Ferreira and Otley (2009) provide very little theoretical and practical understanding for how these two different uses of control systems actually interplay with each other. The interplay between different components is key to the understanding in Simons' framework and is subsequently sorely lacking in their discussion. Especially, the interactive use of controls facilitates learning regarding if the control systems are well suited for the strategy, how performance can be improved and what types of changes in action plans that are necessary. The respondents mentioned that emergent strategic initiatives can arise also in these interactions, but that strategic uncertainties are not emphasized in the systems. These reflections then feed into the strategic validity controls where people from multiple levels interact before the business plan is established. For example, different managers have had discussions during the year leading to learning in regard to how performance has evolved at different levels. From this learning, the strategic validity control could signal if there actually is a gap between the strategic intent and strategic actions within the organization, consistent with Ferreira and Otley (2009).

Moreover, other information is also fed into the strategic validity controls, such as the systematic market analyses performed that more closely informs the system participants about strategic uncertainties. Folktandvården Skåne also uses information about employees, competencies and core values. As such, the strategic validity controls can in a much more adequate way deal with the strategic uncertainties as defined by Bisbe, Batista-Foguet and Chenhall (2007). They state the importance of information facilitating the discussion to both address the competitive dynamics and the internal competencies necessary for long term success. The fact that Folktandvården offers possibilities to signal the need for revision of the strategy can then be taken into account by making the emergent strategy into intended strategy in the established business plan. The new business plan then interacts with the interactive use of control by setting the new aligned frame for discussions and learning to occur. This insight offers some support for the view of van Veen-Dirks and Wijn (2002) in that interactive use of controls becomes at least in part based on the intended strategy, in contrast to Simons' (1995) original concept.

In this respect, the work of van Veen-Dirks and Wijn (2002) offers additional insight into the strategic validity controls judging by our empirical insights. Their incorporation of both positive and negative forces being employed by strategic control is consistent with the dual role presented by Tessier and Otley (2012). The positive forces were portrayed in the facilitating discussions taking place. However, you cannot forget the negative forces enforced by top management to have the intended strategy in mind when the need for revisions is discussed with other managers and employees. In this sense, the negative forces set a domain to keep discussions within reasonable limits as to not endanger predictable goal achievement.

The theoretical and practical understanding of the interplay between the two components is further enhanced through the strategic change that occurred after the corporatization. The new strategic direction required the involvement of multiple levels in the organization. This was to ensure that the new strategic intent from the CEO and top management could be consistent with the actions of employees, which is at the core of the reasoning of Ferreira and Otley (2009). Here, Folktandvården Skåne made sure that every level was involved, which also created commitment and alignment for the new direction. Less comprehensive follow-ups are made each year to ensure that the alignment is still sufficient. Telling is also how this strategic validity control has evolved since the corporatization. The extent of the involvement prior to the establishment of the new business plan for 2018 was lower as it was seen as a continuation of the previous plan, indicating viability for the strategic intent in the organization. Rather, the interactive use of controls has increased their prominence as there are currently less strategic uncertainties facing the organization in their mature industry. It is consistent with Simons' (1995) view that strategic uncertainties often stem from the strategy, which had been proven viable in the industry for Folktandvården Skåne.

This balance between the strategic validity control and interactive use of controls results in few interactive based control systems being used at the same time, which conforms with the view of Simons (1995) as their use demands significant attention in the organization. It also provides more general insight than presented by van Veen-Dirks and Wijn (2002) as they mainly look at strategic validity controls in organizations facing large strategic uncertainties due to uncertain markets. For example, Folktandvården Skåne does not have the constant need to monitor the market due to their established role within the industry. Furthermore, van Veen-Dirks and Wijn (2002) framework is based on a theoretical discussion on the balanced scorecard, which is a specific system that limits broader understanding. Rather the separate components allow for a better balance and less costly control as the interactive use of controls can be utilized when an organization face less strategic uncertainties to complement the diagnostic use. Strategic validity controls are used more selectively following Abernethy & Brownell's (1999) reasoning that different control systems can be used depending on the strategic uncertainties faced. This should be a valuable insight for organizations in more mature industries where major strategic uncertainties may come more infrequently as how to effectively use formal control systems.

The empirical insights gained from this study together with addressing the work of Ferreira and Otley (2009) and van Veen-Dirks and Wijn (2002) can be argued to be applicable with the "Levers of Control" framework. It is important so that future studies do not neglect these findings by trying to categorize everything under interactive control systems as described by Simons (1995). It is quite clear from this revelatory case that Simons' (1995) characteristics and conditions of interactive control systems are not adequate. Rather the formative view of Bisbe, Batista-Foguet and Chenhall (2007) needs to be adopted as the different interactive characteristics and conditions can instead be fulfilled by the presented systems. Specifically, the strategic validity controls provide the necessary focus on strategic uncertainties by incorporating broader information, face-to-face challenges and debate as well as involvement of employees. In turn, the interactive use of control systems mainly provides intensive use by

top management and operating managers, involvement and face-to-face meetings with a focus on action plans. As such, the strategic validity controls and interactive use of control systems jointly help fulfill the overall purpose of interactive use, which makes the addition in our view possible to incorporate into Simons' (1995) without questioning the theoretical viability of the whole framework.

The remaining possible inconsistency with Simons (1995) is that the strategic validity control at Folktandvården Skåne is part of the wider strategic planning systems, which Simons' (1995) firmly states is poorly suited to be an interactive control system. He argues that strategic planning systems are not used throughout the organization and notes its inability to affect action plans. First of all, this view is based on trying to incorporate all the dimensions raised by Bisbe, Batista-Foguet and Chenhall (2007) into one single system. Looking at Folktandvården Skåne, we could see that the strategic planning system did not have to fulfill every dimension, such as intensive use. It can also be said that the strategic planning is actually used throughout the organization at Folktandvården Skåne although not intensively. This is consistent with Ferreira and Otley's (2009) claim that Simons (1995) conflates the intensive use of information with the ability to actually find that the strategy needs to be revised. Furthermore, the wider strategic planning system at Folktandvården Skåne incorporates business intelligence information and information from the budget system, which Simons (1995) describes to be examples of possible interactive control systems. This highlights the need of not being too overly focused on a single system as the overall purpose of the use is important. It reduces the risk of excluding used control systems that help fulfil an important purpose. Further, the risk of subjective interpretation in research can be lowered by not trying to force one system to fit all Simons' (1995) dimensions.

In summary, this theoretical development is consistent with the reasoning of Bisbe, Batista-Foguet and Chenhall (2007) that theoretical characteristics can be observed in practice as it relates to "Levers of Control" theory. Consequently, empirically driven insights such as these can be used to develop the theory by advancing the knowledge of how strategic validity and interactive use of controls interplay and fulfill different purposes. It suggests theoretical sustainability of this development as it does not question the overall purpose of the interactive lever, which still makes the "Levers of Control" framework viable.

The findings are also consistent with how interactive control elements can facilitate strategic change following Kober, Ng and Paul (2007) and their high relevance for public sector types of organization as described by Nuhu (2016). This by being able to revise strategy if needed and the freer mandate experienced by the organization today facilitates the ability to stay alert. The necessary structure for the ongoing meetings at different levels uses the structure of the balanced scorecard and the budget from the diagnostic control systems to find room for discussions as indicated by Chenhall and Morris (1995). The budget system providing interactive use of control comply with the findings of Abernethy and Brownell (1999) and Rodrigue, Magnan and Boulianne (2013) in that performance variables from the balanced scorecard can both be used diagnostically and interactively. The empirical material also show

support for Widener (2007) as to how the interactive use of control systems affect the diagnostic control systems by the discussion leading to changes in their design, such as with changed measures due to new information requirements.

Lastly, the reward system for coming up with new emergent strategies or ideas does not differ from the one used for the diagnostic control systems, unlike indicated by Simons (1995). This can come down to the importance of the core values in the subjective evaluation as they explicitly encourage involvement and creativity. The employees' efforts are made visible in the interfaces making up the management and responsibility chain, which aids recognition for contributions consistent with Simons (1995). Therefore, the reward structure at Folktandvården Skåne suggests the possibility of building a single coherent reward system encompassing both alignment to intended strategies and emergent initiatives.

5.5 Balancing the "Levers of Control"

Overall, the empirical findings and the analysis clearly show how Folktandvården Skåne uses all levers of control to control the business strategy, with the added separation of strategic validity controls and interactive use of controls. It confirms Simons' (1995) view that all levers are necessary and fulfil a purpose at Folktandvården Skåne and is further consistent with the organization being a mature firm. However, Simons (1995; 2000) stresses the need for balance among the levers to achieve both predictable goal achievement and innovation. Kruis, Speklé and Widener (2016) helped develop the theory further by showing that balance among the levers does not need to entail equal weight to each lever, which has been indicated in the analysis so far.

To be able to understand how a type of balance has occurred for Folktandvården Skåne, this study uses the empirical material to go back to the core of Simons' (1994; 1995) framework. He utilized situations of change coinciding with a change in management to gain an understanding of the relationship between strategy and control systems. The empirical findings strongly indicate the important role of the new CEO that coincided with the corporatization. The two core control patterns Simons (1994; 1995) finds stem from the different strategic mandates perceived by the manager. The relatively free mandate at Folktandvården Skåne for the CEO is clearly more in line with the strategic turnaround mandate than the evolutionary mandate, as described in the theoretical framework. The CEO and the top management team had their underlying view of the how the organization should compete in the industry, built on analyses and visits in the organization supporting Simons' (1994; 1995) claim that business strategy is the central departing point for the use of control systems.

The used control systems for the strategic turnaround mandate described by Simons (1994; 1995) also shows similarities with the development at Folktandvården Skåne. It is important to note that it is hard to discern the exact timing of the different systems as they seem to overlap in some sense. However, the more important aspect is their purpose and function within controlling the strategy of the organization at different points in time. The suggested separation

of the two components strategic validity controls and interactive use of controls from interactive control systems has a large impact on the theoretical understanding in relation to the original timeline of events presented by Simons' study (1994). The previously described strategic validity control ensured that employees at different levels were involved in the formulation of the business strategy right from the start. It resulted in the possibility to signal the need for revisions to the strategic vision of the top management. As such, strategic uncertainties could be identified by involving people with different competencies, presented in the empirical material.

Also early on, the CEO used the strategic planning system as a boundary control to establish the new strategic domain of the newly corporatized organization. The work can be related to the organizational inertia mentioned by Simons (1994; 1995) as old patterns such as the patient view and neglecting of research needed to change in order to fulfil the owner directives. As such, the coinciding strategic validity controls also provided a forum for discussion in relation to these strategic boundaries to ensure commitment and adherence. These findings support the argumentation of Widener (2007) as to how interactive control systems can help organizations in their strategic positioning and understanding of their environment. In addition, the business conduct boundaries such as rules, policies and routines were actively redesigned and scaled down to better match the strategic agenda. Effectively, the boundary systems' negative forces were limited to allow for a widening of the strategic domain. The use of belief systems helped then communicate the substance of the new agenda, in the words of Simons (1994; 1995) by both providing direction and an identity that were broad enough with the potential to appeal to all in the organization.

The occurrence of using the belief and boundary systems early on in the strategic change process corresponds therefore with Simons' (1994; 1995) timeline. The communication of the substance of the new agenda to the board is evident in the reviewed documents as the dialogue is continuous even though it was not explicitly mentioned in the interviews. Further, the establishment of timetables and targets in relation to the diagnostic control system is evident through the use and modification of the balanced scorecard. It supports Simons' (1994; 1995) description of how diagnostic control targets are linked to the established strategy. Further in line with Simons (1994; 1995), Folktandvården ensured continuing attention by using different incentive structures involving salary increases, career advancements and personal development. The evaluation was also mostly subjective due to the importance of core values and the ability to align to the new strategic direction of the organization.

The empirical findings then indicate that Folktandvården Skåne began to utilize interactive use of controls, which is one of the components separated from the interactive control systems. The purpose differs from Simons' (1994; 1995) timeline as the focus is not necessarily on strategic uncertainties, but rather using discussions and involvement to refine action plans and the used control systems within the organization. Of course, strategic concerns are also brought up here but are then fed into the strategic validity controls when developing the business plan. Moreover, the empirical material suggests a lessened need for as extensive interaction for the

new refined and continual business plan, which suggests that no major strategic uncertainties were discovered. Thereby, this corresponds well with Simons' view (1995) that the interactive element is important to the long-term survival of an organization. The findings also comply with Kominis and Dudau (2012) in terms of the increased adoption of interactive control systems to address the more uncertain environment among public sector types of organizations. The focus on being able to compete in order to survive suggests the presence of more financial pressure than usually found in public sector organizations, following United Nations (2008).

The gained understanding of the relationship between strategy and control systems offers confirmation to Kruis, Speklé and Widener's (2016) argument that balance does not need to mean equal weight among the levers. In line with Simons (1995), the belief systems have at Folktandvården Skåne helped both guide behavior in accordance with the intended strategy and inspire emergent initiatives. Their role is today much more significant and palpable than before the corporatization and is viewed as an integral part of the control systems "package". In turn, the wider boundaries in the organization are used to ensure that the strategic positioning can be achieved with the organization competing in a way that is consistent in the views of the customers and internally, while still trying to avoid risks following Simons (1995). Together, the belief and boundary systems are used to form a strategic domain that corresponds with the move towards a more colorful and leading-edge service firm through the use of positive and negative forces.

Folktandvården Skåne's use of diagnostic control systems still provides negative forces to steer decisions to be made in agreement with strategy as argued by Simons (1995), even though the systems are less commanding today. The focus is on learning up to a certain point, upon which more coercive actions take place, indicating the occurrence of both control and learning within a lever, as proposed by Simons (1995). The organizational learning is also evident in the organization's greater use of the interactive control elements through the use of its two aforementioned components than prior to the corporatization. Thus, Folktandvården Skåne seems to have dealt with the problem raised by Nuhu (2016) on the tendency to have too much focus on the diagnostic control systems rather than the interactive ones in public organizations.

The lessened focus on the need for extensive interaction in the strategic validity controls, concerning strategic uncertainties, towards instead more daily interactive use of controls reflect the views of Abernethy and Brownell (1999). They argue that interactive control systems lead to higher performance in times of strategic change, which is consistent with Simons' (1995) view that such systems are costly for organizations. Abernethy and Brownell (1999) state that diagnostic control system use seems to enhance performance when facing little change. This may explain the organization's move towards more extensive benchmarking tools in recent time to be able to track and compare performance better. A similar reasoning could be behind the choice to more clearly state some boundaries again to fulfil the operational duties and prevent the organization of doing too much.

However, overall the positive forces have clearly been increased since the corporatization and the appointment of Marika Qvist as the CEO, with more prevalent belief systems and interactive control systems. At the same time, less emphasis has been put on diagnostic control systems and the boundaries are less constraining, resulting in fewer negative forces at Folktandvården Skåne. Understanding of the balance has thus been gained through understanding the strategy of the organization as it has both influenced the control systems and been influenced by the control systems, as argued by Kober, Ng and Paul (2007). Further reasons can be sought in the contextual challenges according to Kruis, Speklé and Widener (2016), which have been discussed throughout the analysis.

Adopting Kruis, Speklé and Widener's (2016) premise of balance not entailing equal weight, Folktandvården Skåne's pursuit of balance seems to confirm the effects of organizational learning, capabilities and performance raised by Widener (2007) and Mundy (2010). The introduction of interactive use of control systems has promoted organizational learning by, for example finding new solutions, increase participation and develop leadership. The investments and increased practice of leadership has also lead to newfound organizational capabilities, combating the often dispersed leadership among many individuals in public sector organizations as argued by Bach and Winchester (2003). The increased focus on the learning in the use of diagnostic control systems, by reducing the negative forces, follows a similar logic with more participatory elements leading to learning for clinic managers and their staff. There was also a realization of that taking the widening of boundaries for certain levels and individuals too far led to negative effects for the organizational performance. It offers support to our suggestion of the importance of establishing different boundaries at different organizational levels. Meanwhile, the overall ambition of widening the boundaries can be seen as increasing organizational learning and capabilities as it encourages research and enhanced customer focus, while supported by the inspiration gained from the new belief systems.

5.6 Beyond the "Levers of Control"

The empirical findings paint a picture where the formal control systems, through all levers, play a key role in controlling strategy and driving the strategic change expected after the corporatization. As such, the formal control systems can help gain a lot of understanding on their own even though the findings also show the use of more informal control such as cultural controls. Due to the relatively novel context of corporatization, in conjunction with both management control systems and Simons' (1995) "Levers of Control", the possibility of data falling out of the levers was to be expected. As such, with the use of an unconstrained matrix it allowed for the opportunity to gather and investigate additional data that may help explain the case further and extend the contribution of the study.

Examples in the material include a prevalent culture enhanced through recruitment, socialization and clan controls for professional groups, with the goal of completing a cultural journey. In some sense, the observations seem to conform with the view of Ferreira and Otley (2009) regarding the lack of attention to more informal controls in Simons' (1994; 1995)

framework, which can prevent understanding of the whole control system “package”. However, insightful findings appeared in relation to the interplay between the formal and informal control. The empirical material showed how formal systems such as the balanced scorecard, in combination with the reward system, the communication of core values and the high degree of interaction reinforced the culture and could help the organization exercise value-oriented leadership. This is consistent with Simons’ (1994;1995) view that the formal controls can have an indirect effect on the informal controls. Such interplay is not directly captured in the “Levers of Control” framework, but based on the experiences related to this study, can represent a useful tool for understanding an organization's informal control that can be lost if the role of formal control is neglected.

However, in our opinion it is not sufficient to stop at that level of understanding, based on the empirical material. There is also an opposite relationship that can be of interest to the framework as the informal control also affects the formal controls. The view of Malmi and Brown (2008) in that informal cultural controls provide the contextual frame for the other controls can be used as a departing point for further understanding. For example, the clan controls of professional groups within Folktandvården Skåne affect the balance of the levers as the operational knowledge puts a premium on more autonomy, where the positive forces seemed to gain traction after the corporatization. We can also see how the recruitment and socialization process ensures that individuals with the right type of behavior staff the organization at key positions. This seems to enhance the spreading of core values for belief systems, the achievement of balance in adherence to rules in boundary systems, the ability to learn from rather than to punish deviations in diagnostic control systems and in ensuring insightful discussions in the interactive control systems. As such, the informal controls have also played a key role in the corporatization process and the following strategic change.

A similar observation is the apparent need to broaden the view of formal control in the “Levers of Control” framework. It may be down to the age of the framework and guidance could be gained from the work of Malmi and Brown (2008) yet again in future studies. We find their addition of administrative controls to be useful, not least as facilitators in the use of the different levers of control. For example, the governance structure from the board and down the management and responsibility chain represents a necessary prerequisite for the ability to hold interactive meetings at different levels, gain a dialogue for the strategic validity controls and follow up performance in the diagnostic control systems. The same can be said regarding the organizational design as the divisional structure at Folktandvården Skåne gives a lot of responsibility to the clinic and division managers, conforming to Hill (1985 cited in Kirkpatrick, Altanlar & Veronesi, 2017) and standing in contrast to traditional arrangements in public sector organization as suggested by Bach and Winchester (2003). It seems to have been taken into consideration in the changes made in the control systems after the corporatization. One such example is the lesser rigor in follow-ups, where the organization now more largely accepts deviations due to the very different conditions faced by each clinic and a clearly increased mandate for the budget process.

In conclusion, Malmi and Brown's (2008) view that cultural controls set the contextual frame for the other control systems and that the administrative controls create the structure appears to work at least as an overarching "package" concept also in relation to the "Levers of Control" framework. The cultural and administrative control could therefore with some modification work as the outer ring around the framework, in particular for more in-depth studies, to ensure even more holistically sound conclusions and new possible insights. As such, we have integrated the criticism expressed in the theoretical framework and tables into a possible avenue for future research to further develop the understanding of the "Levers of Control" theory.

6. Conclusions, discussion and contribution

The purpose of this thesis has been to contribute to the “Levers of Control” theory through empirical insights on the use of levers of control to control strategy and drive strategic change in a corporatized context. From the theoretical framework, the empirical findings have been analyzed and it has resulted in the following four conclusions, based on the research question:

- Folktandvården Skåne is balancing the use of all levers of control to implement intended strategy and encourage emergent strategy in order to ensure success through both predictable goal achievement and innovation.
- The use of all levers of control were initiated by the top management with deliberate differences in timing and purpose to satisfy urgent demands to achieve the desired strategic change in conjunction with the corporatization.
- In order to understand how and why the levers of control were used it is necessary to broaden the theoretical framework by: separating the components of strategic validity controls and interactive use of controls within interactive control systems, reimagining the concept of belief systems, and including the prospect of widening and adapting boundaries.
- The understanding of how and why formal levers of control are used is enhanced through utilizing a wider set of the control “package” including informal control and a broader definition of formal controls as they interact in a two-way relationship.

The first conclusion drawn from the research question shows how Folktandvården Skåne uses a balance of formal systems from all levers of control to the control the strategy, consistent with the “Levers of Control” theory. The belief systems in the form of vision, mission and core value statement are pivotal to encourage employees to take initiatives as it relates to finding new emergent opportunities helpful to the organization and in guiding behavior in line with the intended strategy. Boundary systems, such as strategic planning, investment appraisal and rules and policies, were used to establish the strategic and business conduct boundaries, as it relates to how the organization intends to compete within the dental industry. The belief systems and boundary systems then work together to provide Folktandvården Skåne with a strategic domain in which the diagnostic and interactive control systems are used. In turn, the diagnostic control systems balanced scorecard and budgets are used try to help the organization implement the intended strategies. The interactive control system components, mainly strategic validity control, helped Folktandvården Skåne in their generation of emergent strategies. The wider strategic planning system was here used in addition to the balanced scorecard and budgets being used in an interactive manner. Consequently, the belief systems and interactive control systems create the positive forces that encourage innovative development. Meanwhile, the boundary systems and diagnostic control systems tries to ensure that Folktandvården Skåne achieve their established goals in a consistent manner. However, balance in this sense has shown not to be equal in weight.

The second conclusion presents how Folk tandvården Skåne, with the CEO as the leading initiator, used the levers of control to drive strategic change following the corporatization, conforming to the “Levers of Control” theory. The timing of the use differed amongst the levers as they fulfilled different purposes in addressing some of the urgent demands arising during the strategic change. The systems put in place to ensure strategic validity control facilitated interaction supported by information related both to the market and internal competencies. It helped discern potential strategic uncertainties with the general strategic vision among top management at the outset of the corporatization. The boundary systems then helped unlearn old behaviors and views at Folk tandvården Skåne to overcome organizational inertia. Belief systems helped communicate the substance of the new strategic agenda that inspired employees and reinforced desired behavior in line with the new direction. Later, the diagnostic control systems both communicated the substance of the new agenda and established the necessary timelines and targets for the strategic change. The subjective performance evaluation reinforced the new agenda by rewarding those who gave attention to the new strategic agenda. Then interactive use of control systems like the balanced scorecard and budget allowed for continual refinements of the work with the initiated strategic change.

Accordingly, the study’s two first conclusions help fulfill the purpose of this study by providing support for the viability of the “Levers of Control” theory. The theoretical contribution is highlighted by the application of the “Levers of Control” framework in the corporatized context being useful for understanding the empirical findings as it relates to the control of strategy and driving strategic change. The difference in contextual factors such as the political influence does not seem to invalidate the theoretical foundation and applicability of the framework. This displays the framework’s versatility, suggesting further theoretical development being worthwhile, giving merit to the research purpose. In this respect, the development of the study’s theoretical framework contributes to the theory by incorporating significant theoretical advancements that can be used in future studies. Wherefore, it can be employed both in the specific corporatized context and, more importantly, as a departing point for all types of contexts. In this sense, we view the aforementioned and following theoretical contributions as generalizable and apt for future testing and challenging of theory, indicating transferability.

The practical contributions of the viability of the framework is that managers can still find guidance in the almost three-decade old framework to control strategy and drive strategic change. The fact that it also works in the corporatized context can help the understanding of how the associated strategic change can be achieved as corporatization today represents a major trend. The “package” view is here also key to understand as to how different control systems have different purposes and interact with each other. As they are not static, their timing also matters and requires active and timely choices from managers, forming different balancing arrangements. The specific systems used and the balance between them needs to be considered specific to the strategic and contextual factors of Folk tandvården Skåne, both from a theoretical and practical perspective. The analysis has shown that the contextual factors stemming from corporatization have had an effect on the use and balance of the levers. The strategic change often required by the corporatization increases the need to have interactive control elements that inspire emergent strategy to formulate a suitable strategy. It can also be said that the

necessity of surviving financially as a corporation increased need to adopt interactive elements to continually debate strategy and operations. The separation between ownership and management through the corporatization also entails a need to adopt all levers as the management is now ultimately responsible for the success of the strategy. The increased role of belief systems can in part be attributed to the importance of instilling a corporate identity that is often lacking in public administration. The regulatory nature of public administration can be attributed to the will to decreasing the negative forces of boundaries and create opportunity for innovation that was previously missing. However, there are a range of contextual factors affecting the balance at Folkandvården Skåne of which not all can be attributed specifically to corporatization. Overall, this indicates the need of top managers to be involved in the development of how to use the levers to achieve the desired “why”, depending on the faced contextual factors.

Consequently, our two last conclusions build on the notion of how the framework can be further developed to advance the theoretical and practical understanding outside the corporatized context of how and why levers of control can be used to control strategy and drive strategic change. This transferability is a critical dimension of the research purpose in contributing to the “Levers of Control” theory, providing opportunities for future research.

The third conclusion merges the contributed theoretical development that is confined within the limits of the original “Levers of Control” framework as presented in the analysis. The suggestions relating to belief systems, boundary systems and the separation of strategic validity control and interactive use of controls all concern formal information-based systems that alter or maintain behavior within an organization. We argue the most substantial theoretical contribution to be the gained understanding in relation to the separation of the concepts of strategic validity controls and interactive use of controls. The interplay between them offers both theoretical and practical knowledge as to how and why levers of controls can be used to control strategy and drive strategic change. It also represents a major possibility to unite the theoretical development that has occurred for the interactive control systems as discussed under future research. The practical contributions can be substantial by highlighting the necessity to have control systems that signal the need to revise strategy. It can also provide guidance on the extent of use of the strategic validity controls, depending on the amount of strategic uncertainties faced, which can be critical to strategic success and a manageable cost of control. The interactive use of controls here complements with continual refinement to organizational activities and generate important information that can be used by the strategic validity controls. Further, we argue that, by relating the two components of strategic validity controls and the interactive use of controls to how Simons’ (1994; 1995) built his framework, the theoretical understanding on how the systems are used, why and their interplay increases. Thus, by using Simons’ (1994) proposed method of utilizing situations of change to understand the relationship between strategy and control systems, the contributions gain theoretical viability.

The theoretical contribution relating to the suggested reconceptualization of belief systems can offer better possibilities for comparability among studies in the future. It can also increase the understanding of the role of belief systems within the control “package”. From a practical point,

it makes managers aware of the role of, for example, the balanced scorecard in instilling beliefs in an organization. As such, it can be used to drive strategic change by communicating the substance of the new strategic agenda to organizational members. The theoretical knowledge gained through the widening of organizational boundaries and the need to have different strategic boundaries at specific organizational levels highlights how the lever is used and why. It relates to the practical effects of how a widening can provide increased motivation, but also to the adverse effects for the organization if left overly unconstrained. As a result, the third conclusion helps fulfill the purpose of contributing to the “Levers of Control” theory through the empirical insights that do not undermine the theory itself, but rather highlighting the framework’s usability in gaining further understanding.

The fourth conclusion goes beyond the limits of the “Levers of Control” theory by looking at how the theoretical and practical understanding of the framework can be enhanced by relating it to both informal and formal non-information-based systems. The informal controls in this study show not only how formal systems influence control systems indirectly, but also how informal controls influence the formal systems by impacting the balance between the levers, which can also be useful from a practical view to comprehend. Further theoretical understanding can be gained by including formal systems that are not information based due to the important role of governance and organizational structure to facilitate the use of diagnostic control systems, interactive use of controls and strategic validity control systems. We see the view of organizational and governance structures as control elements, rather than contingency variables, as possibly fundamental from a practical sense to make use of the levers of control.

In summary, we argue that both the theoretical and practical understanding could be enhanced through this study. Especially, the understanding of balance and timing for the use of management control systems and shifting the focus of design in the prevalent NPM view to the use, can aid practitioners and policymakers in future decisions. With insight on the two-way relationship of strategy and management control systems, future debate on policy and governance decisions can be spurred. As trust and improved service delivery are generally desired features of public sector organizations, the use of management control systems to improve performance in this context is worthy of further investigation. In turn, we see the broadening of the theoretical framework as presented in the conclusions, being a necessary development to increase the trust, usability and viability of the framework in academic research. Thus far, the framework has stood the test of time as indicated in its increased usage in the field of management control and strategy. However, this should not discourage the opportunity to improve the framework and capitalize on its distinct positioning as useful for empirical research due to its practicality, accessibility and broadness in dealing with strategic issues. The expanded framework proposed by this study could therefore serve to further increase its applicability and continue helping it to stand the test of time. In conclusion, trust seems to be important both to public services and the theoretical framework of authority within the current knowledge.

6.1 Future research

The purpose of this study was to contribute to the “Levers of Control” theory. Therefore, the study itself provides an opportunity for future research to capitalize on the findings to find support, contrary evidence and further ways to develop the theory. We see it as central that Simons’ framework is continued to be developed so that its usefulness for gaining understanding in relation to use of management control systems and strategy is not lost. Future studies could also adopt quantitative approaches to test the theory, if it can be done with sufficient empirical depth. However, we recommend comparative multiple-case studies as the next step to further advance the qualitative knowledge.

We see an opportunity for future research to adopt our distinction and interplay between strategic validity controls and interactive use of controls to find conformance in our understanding of how to study these systems, so comparability among studies can be increased. As a consequence, what criticism has remained can finally become an avenue for research that contributes to the original “Levers of Control” theory. In this respect, studying a context in which the top management experience a strategic evolution mandate can be utilized to align these components also in relation to the timeline suggested by Simons in this context.

Our study also suggests that research is needed in relation to the reimagining of belief systems to synthesize different systems that have been used as belief systems. This can help the field to establish a common frame that does not exclude the use of systems that are beneficial to the enforcement of beliefs within an organization. A similar opportunity can be offered by developing a theoretical framework that adequately incorporates the “Levers of Controls” two-way relationship with informal controls and the formal controls excluded from the current theory.

7. References

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Appendices

Appendix A - Interview guide: Marika Qvist (CEO)

Overall strategic context

1. In general, how do you believe that Folktandvården Skåne should compete in its industry?
2. How does the current strategy compare to the previous strategy prior to the corporatization?
Why was it changed?

Prompting question: Which changes was met with resistance and which were more easily accepted?

3. What were the biggest challenges facing the organization at the time of the corporatization?
What are the biggest challenges today?
4. What do you believe your mandate for strategic change was when you took over as CEO?

Prompting question: Do any challenges arise due to the pressure of needing to deliver both financial returns and societally beneficial services?

Belief systems

5. Do you see your core values and vision/mission as important for the organization's strategy?
6. What did the process look like when you developed these systems? When in relation to the corporatization did this take place and why?
7. How do you communicate the core values and vision/mission throughout your organization?
Which channels and/or documents are used?
8. How do you ensure that the employees in your organization understand the core values and vision/mission?

Boundary systems

9. What is your strategic domain? Which markets, customer segments and/or investments do you focus on and why?

Prompting question: Did the strategic domain change after the corporatization?

10. How do you use formal control systems to ensure that the organization competes within its strategic domain?
11. Do you believe your Codes of Conduct, policies, procedures, rules et cetera, contribute to being able to implement the strategy of the organization?

Prompting question: Do you believe they played any role in relation to the undergoing of corporatization?

12. Do you believe the organization to have credible sanctions in relation to behavior that is considered unacceptable by the organization?

Diagnostic control systems

13. What role do you have in determining the organization's critical success factors or overall goals? Who else involved?

Prompting question: How are different stakeholders represented in the goals?

14. Do you believe the performance measurement system to be important to the organization? The budget?

Prompting question: How does the performance measurement system and the budget relate to the strategy of the organization? Do core values play a part?

15. Do incentives play a role in achieving continuing attention to the strategy? Did their role change after the corporatization?

Interactive Control systems

16. How is the strategy of the organization formulated in the strategic planning process? Which people are involved?

17. Do you believe that employees from different levels in the organization can initiate dialogue and debate in terms of how the strategy can be improved or convey other suggestions to the top management?

18. How was the strategic planning process used after the corporatization to establish the new strategic agenda for the organization?

Appendix B - Interview guide: Jan-Åke Hansson (Controller)

Overall strategic context

1. Based on your experience, in what way did the strategic change coinciding with the corporatization change the management control systems in the organization?
2. Has the CEO had an influence on the management control systems since her appointment?
3. Do you believe the management control systems to be an active part in realizing the strategy of the organization?
4. What are the biggest challenges from a management control perspective that you face today to realize the formulated strategy?

Prompting question: What were the biggest challenges at the time of the corporatization?

Belief systems

5. What role do you believe core values and vision/mission have from a management control perspective in the corporatized organization to guide behavior?
6. In what way is top management involved in the communication of core values and vision/mission?

Boundary Systems

7. Do you believe that top management has made the strategic domain (E.g. target markets, customers and/or investment areas) of the organization clear to organizational participants?
8. What role does investment appraisal play in keeping organizational decisions within the strategic boundaries? Who are involved in this process?
9. Do Codes of Conduct, policies, procedures and rules play an important role in the implementation of strategy in the organization?
10. Do you believe the organization to have credible sanctions in relation to behavior that is considered unacceptable by the organization?

Diagnostic Control Systems

11. How is the organization's performance measurement system designed? How does it relate back to strategy?
12. Which managers have responsibility to attain goals related to the strategy based on the performance measures?

Prompting question: How are these goals identified and negotiated?

13. How frequent is the actual performance evaluated against the targets?

Prompting question: How is the evaluation performed and who is involved? How are deviations identified and corrected?

14. How are budgets used in the organization? Who participates?

Prompting question: Are there any incentives connected to the performance measurement and/or the budgets? Why?

15. Do you believe the performance measurement system and/or budgets to have helped the organization to realize the strategic change required in conjunction with the corporatization?

Prompting question: Have they helped communicate the strategy within the organization?

Interactive Control Systems

16. Are people from multiple levels in the organization involved in the formulation of strategy?

17. Is there any management control system which facilitates dialogue and debate between managers from different levels in face-to-face meetings?

18. Have these control systems resulted in changes for the strategy?

Prompting question: Have the control systems led to changes in actions plan and/or changes in control systems such as performance measures used?

Appendix C - Interview guide: Björn Neroth (Division Manager)

Overall strategic context

1. How does the current strategy compare to the previous strategy prior to the corporatization? Why was it changed?
2. Which challenges have you faced in your role as division manager in achieving the organization's strategy?
3. Overall, would you say the control systems in the organization have changed since the corporatization?

Belief systems

4. Do you see your core values and vision/mission as important for the organization's strategy?
5. How do you work with communicating the core values, vision and mission towards the clinics?
6. Has there been any challenges with having the employees embrace the core values and vision/mission?

Boundary systems

7. Do you believe that top management has made the strategic domain (E.g. target markets, customers and/or investment areas) of the organization clear to organizational participants?
8. Which role does your code of conduct, policies, procedures and rules play in relation to the organization's strategy? Did their use change with the corporatization?
9. Do you believe the organization to have credible sanctions in relation to behavior that is considered unacceptable by the organization?

Diagnostic control systems

10. Which managers carry responsibility in achieving targets from the strategy based on performance measures and budget?

Prompting question: How are the goals/targets identified and negotiated?

11. How does performance evaluation look within the organization and who is involved?

Prompting question: How often is the performance evaluated against the targets? How are deviations identified and corrected?

12. How is your performance as division manager evaluated?

13. Which role does the performance measurement system and budget play in relation to the organization's strategy, from your perspective as division manager?

Prompting question: How do you make use of rewards and incentives regarding performance measurement and/or budget? (Does not have to be financial rewards)

14. Have you met any challenges regarding the use of performance measurement and/or budget within the organization?

Interactive control systems

15. Are people from multiple levels in the organization involved in the formulation of strategy?

Prompting question: Does it differ from prior to the corporatization?

16. Do you believe that employees from different levels in the organization can initiate dialogue and debate regarding strategy or bring forth other suggestions relating to control systems or action plans?

Prompting question: Are there any challenges associated with incorporating the employee's suggestions and opinions?

Overall strategic context

1. How does the current strategy differ from the one prior to the corporatization? Why do you think it changed?
2. Have you met any challenges in your role as clinic manager in achieving the organization's strategy?
3. Overall, would you say the control systems in the organization have changed since the corporatization?

Prompting: Which role has Marika had in this change?

Belief systems

4. Do you see your core values and vision/mission as important for the organization's strategy?
Prompting: Has it led to more autonomy for the clinics and yourself?
5. How do you work with communicating the core values, vision and mission towards the clinics?
6. Has there been any challenges with having the employees at your clinics embrace the core values and vision/mission?

Boundary systems

7. Do you believe that top management has made the strategic domain (E.g. target markets, customers and/or investment areas) of the organization clear to organizational participants?
8. Which role does your code of conduct, policies, procedures and rules play in relation to the organization's strategy? Did their use change with the corporatization?
9. Do you believe the organization to have credible sanctions in relation to behavior that is considered unacceptable by the organization?

Diagnostic control systems

10. Which role does the performance measurement system and budget play in relation to the organization's strategy, from your perspective as clinic manager?
11. To what degree do you have the responsibility to achieve targets and goals related to the strategy (such as the Balanced Scorecard and budget)?

Prompting question: How are these targets/goals identified and negotiated?

12. How does performance evaluation look within the organization and who is involved?

*Prompting question: How often is the performance evaluated against the targets? (prompting)
How are deviations identified and corrected?*

13. Do you believe that you as an employee in Folktandvården Skåne get rewarded for good performance (need not only be financial rewards)?

Prompting question: Difference from prior to the corporatization?

14. Have you met any challenges regarding the use of performance measurement and/or budget at your clinics?

Interactive control systems

15. Do you believe that you and your clinics are involved in the formulation of strategy?
16. Do you feel that you as a clinic manager can initiate dialogue and debate regarding control systems and/or action plans?

Prompting question: Are there any challenges associated with incorporating the employee's suggestions and opinions?

Appendix E - Interview guide: Therese Bjerström (Controller)

1. Do you believe the management control systems to be an active part in realizing the strategy of the organization?

Prompting question: What were the biggest challenges at the time of the corporatization?

2. Did the strategic change following the corporatization affect the control systems in the organization? If so, how?
3. Has the CEO had an influence on the management control systems since her appointment?
4. What are the biggest challenges from a management control perspective that you face today to realize the formulated strategy?

Prompting question: What were the biggest challenges at the time of the corporatization?

5. Do you believe the political board has had any effect on the control systems used?

Prompting question: do any challenges arise due to the pressure of needing to deliver both financial returns and societally beneficial services?

6. Do you believe that your dominant position on the markets allows you to use the control systems in any different way?
7. Do you believe the strong professional group that is dentistry has affected the way you have chosen to control the organization?
8. How has the new positioning of knowledge development, customer focus and being businesslike been received by the employees?
9. Has the employees' involvement had any effects within the organization for a) core values b) business plan c) Balanced Scorecard/budget?
10. Do core values have any role in discussions held at meetings on different levels in the organization?
11. Are the discussions and reflections held at these types of meetings reflected in the development of the business plan?
12. Is information gathered from the organization's control systems reflected in the development of the business plan?
13. Which role do external sanctions have in the organization as it relates to transgressions?

Prompting question: Does this affect the control in any way?

14. Do you believe the performance measurement system and/or budgets to have helped the organization to realize the strategic change required in conjunction with the corporatization?

Prompting question: Have they helped communicate the strategy within the organization?

15. Have you met any challenges regarding the use of performance measurement and/or budget within the organization?

Appendix F - Interview guide: Charlotte Lindberg (HR-partner)

1. Overall, do you believe that the work of the HR-department differs today from the time under public administration?
2. How has the strategic change undertaken by the organization been received by the employees?
3. How has the new positioning of knowledge development, customer focus and being businesslike been received by the employees?

Prompting question: Which effects have you seen from this?

4. What has been the biggest challenges since the corporatization, from an HR-perspective?
5. Which role would you say the HR-department has in spreading the core values, vision and mission to the employees?

Prompting question: How has the work with the core values, vision and mission been received within the organization?

6. Which role does your code of conduct, policies, procedures and rules play in relation to the organization's strategy? Did their use change with the corporatization?
7. How is the current use of Balanced Scorecard and budgets being received by the employees?
8. Do you believe the strong professional group that is dentistry has affected the way you have chosen to control the organization?
9. Are employees rewarded for good performance? (Does not have to be exclusively financial rewards)
10. Do the employees feel involved in the development of the business plan?
11. Do the employees feel that they can initiate discussion and debate the use of Balanced Scorecard and budgets?
12. Are there any challenges associated with incorporating the employee's suggestions and opinions?