LUND UNIVERSITY
School of Economics and Management

Can you trust the process?

A study about the relationship between governance structures and management control in Swedish municipalities

Authors:
Madeleine Axelsson
Victor Hedman

Supervisor:
Johan Dergård

Examiner:
Elin Funck

Acknowledgements

First and foremost, we would like to express our gratitude towards our supervisor Johan Dergård, who has provided us with extremely valuable feedback during the process. Furthermore, we would like to thank our interviewees for finding the time to participate and make this thesis possible. Lastly, we would like to thank our family and friends for the support during the whole process.

Lund, 27th May 2022

Madeleine Axelsson & Victor Hedman

Abstract

Title: Can you trust the process? A study about the relationship between management control and governance structures in Swedish municipalities

Seminar date: 1st of June, 2022.

Course: BUSN79, Degree project in Accounting and Finance, Master level, 15 ECTS

Authors: Madeleine Axelsson and Victor Hedman

Supervisor: Johan Dergård

Keywords: Governance in public sector, New public management, Post-new public management, Management Control in public sector, Management control as packages.

Purpose: The purpose of this study is to investigate how governance structures are related to the design of MC in Swedish municipalities.

Methodology: Nine semi structured interviews were conducted and a thematic analysis was done in order to analyze the findings.

Theoretical perspectives: Three identified governance structures (New public management, hybrid and post-New public management) and management control framework by Bedford, Malmi and Sandelin (2016) serve as the theoretical perspectives where the management control framework is complemented with some additional literature.

Empirical foundation: Nine semi-structured interviews with employees working in the area of accounting, management control and strategy.

Conclusion: It is apparent that some controls were dependent on the implemented governance structure and others were not able to be affected by the governance due to other stronger forces such as regulation, budget or best practice.

Table of contents

1. Introduction

In the introduction chapter the authors of the thesis present some background information about governance structures, management control and Swedish municipalities. This is followed by a problematization where previous research in the area is discussed which leads to a purpose of the study. Lastly a research gap will be identified which relates to both governance structures and management control.

1.1 Background

The public sector is unique and interesting in the sense that it is obligated to produce services for the society. It is financed by collective taxes and serves all citizens, without any direct demand from them (Wällstedt, Grossi & Almqvist, 2014). Since this is an operation that is supposed to act in all citizens' interests, it is of vital importance that the public sector is governed and controlled efficiently in order to maximize the value for the society (Regeringskansliet, 2016). Consequently, this great and important mission the public sector carries, the way it is managed, controlled, and governed has been up to debate (VLT, 2022; Dagens PS, 2021; DN, 2021; GP, 2021).

In addition, the public sector has been subjected to a shift in the governance structure over the last decades. NPM (New Public Management) is a result of the public sector being too bureaucratic, inefficient, and ineffective. To overcome this problem, NPM brings the private sector management concepts and market mechanisms into the public sector. The application of private sector practices in the public sector implied a shift in trust from the public servants and professionals to the market and private business methods. The low trust in the public sector generated a high degree of evaluation through subtle accounting and management practices, with

the intention to transform the public sector towards a more business-like operation (Almqvist, Grossi, Van Helden & Reichard, 2013).

As a response to NPM, post-NPM (post new public management) governance structures arose in the 1980s and 1990s (Christensen, 2012), where NPG (New Public Governance) and PVM (Public Value Management) are examples of such governance structures (Funck & Karlsson, 2018). Furthermore, Christensen (2012) points out a demand for reforms to restore common ethic and coherent culture in the public sector which has eroded due to the high degree of mistrust and controls in the NPM-era.

1.2 Problematization and purpose

The post-NPM trends arose as a response to the weaknesses of NPM but it is still unclear what implications these critics have had on MC (Management Control) (Funck & Karlsson, 2018; Wiesel and Modell, 2014). From MC point of view, Van der Kolk (2019) discusses in his literature review that there is a need for a study that investigates how MC are designed in public sector organizations. He means that research could adopt the same approach as Bedford, Malmi and Sandelin (2016) where they investigated how the choice of strategy affects the design of management control in private sector companies. Since it was apparent that there was a difference between how the companies designed their management control depending on if they were prospector and defender, it is interesting to investigate the relationship between governance structures and design of management control (Bedford, Malmi & Sandelin, 2016). Kober, Ng and Paul (2003) emphasized in their study that when the strategy in a public organization changes, the use of management control will change as well but they stress a need of doing further research in the area of alignment between strategy and management control. There are research that state there should be a connection between governance structures and MC where Wällstedt, Grossi and Almqvist (2014) means that this is interesting because of the high degree of self governance in Swedish municipalities.

However, it is not completely clear how MC and governance structures interact and therefore is there an area of interest to investigate this (Funck & Karlsson, 2018). There is some research about management control in the public sector but these are mainly focused on performance

measurement in the public sector where Saliterer and Korac (2013) suggested to future research a broader approach since the changing government structures add complexity. Felício, Samagaio & Rodrigues (2021) study do have a broader focus on management control but they mean that there is still a need of investigating more contingencies. They did not investigate the shifting governance structures specifically in their study and with this in mind it is interesting to investigate the relationship between governance structures and management control.

Moreover, it is not possible to declare NPM as dead since in some municipalities there is a mix between NPM and post-NPM which makes it more complex and also another reason to investigate the relationship between governance structures and management control (Funck & Karlsson, 2018). Wiesel and Modell (2014) means further that some hybrids could have some controls that are more typical for NPM and on the other hand have some controls that are more linked to post-NPM depending on to what degree there is a hybrid. They emphasized the complexity of the hybrids, where the shift to post-NPM could reflect the controls differently. Furthermore they emphasized the need of doing future research in the area of hybrids in different contexts in order to gain a deeper understanding (Wisel & Modell, 2014). When discussing management control it is also essential to investigate the interplay between different MC practices because some of the concepts are often related to each other and this can affect the design and outcome of the MC (Grabner and Moers, 2013).

Otley (2016) and Chenhall (2003) emphasize that there are several factors that influence the MC practices within an organization. However, the intention with this study is to investigate the linkages between public sectors' governance structure and the design of MC. In this study all the chosen municipalities are of similar size which make the size variable less relevant and the external environment variable could be interesting but all the municipalities operate within the same boundary of rules in Sweden and to some extent they are facing similar challenges when it comes to the environmental uncertainty where for example all municipalities needs to take responsibility when different crisis occurs and other types of events (SKR, 2021).

To summarize, it is of interest to investigate the effect governance structure has on MC. Secondly, it is further interesting to address if there is any interplay between the MC practices.

Since Funck and Karlsson (2018) stress that there is uncertainty as to what implications the governance structure actually has in Swedish municipalities, these organizations are interesting and suitable to further investigate the above discussed research area.

The purpose of this study is to investigate how governance structures are related to the design of MC in Swedish municipalities. This will be investigated by using three concepts of governance structures NPM, hybrid and post-NPM and by using the questions framework by using the question framework provided by Bedford, Malmi and Sandelin (2016). Since the governance structure affects the design of management control, it is of high interest to investigate where the Swedish municipalities are and how this affects the design of the management control system.

1.3 Contribution

According to Van der Kolk (2019) there is a lack of research where they investigate how MC can be used in public organizations. He gives, therefore, a couple of suggestions of how research can be conducted in order to fill this research gap. By using the framework by Bedford, Malmi and Sandelin (2016) aims the authors of the thesis to fill this research gap and in light of the changes a lot of Swedish municipalities are going through according to Funck and Karlsson (2018); Wiesel and Modell (2014).

Further, Felício, Samagaio & Rodrigues (2021) state in their suggestion for future research that there are more variables that need to be further investigated and in their study they only look at NPM. By broadening the perspective and looking at several governance structures, this thesis aims to deepen the understanding of how management control systems are designed.

1.4 Outline

The thesis starts off with an introduction chapter where some background of the topic is given which is followed by a problematization and a research purpose and a research gap is identified as well. In the following chapter the theoretical framework of the thesis is presented which consists of two parts; governance structures and management control. In the methodology chapter the authors of the thesis presented the chosen method and the process of writing this

thesis. This is followed by an empirical findings chapter which is structured after the identified governance structures. These findings are thereafter discussed in the discussion chapter which leads to a concluding chapter where the conclusions are presented as well as the contributions, limitations and suggestions for future research.

2. Theoretical frameworks

The theoretical framework is presented in chapter 2 which is divided by two. It starts with governance theory where three different types of governance structures are presented followed by a section with a management control framework.

2.1 Governance structures

2.1.1 NPM

Hood (1991) can be considered as the instigator of the term NPM, where he identified seven different doctrines within the trend, which has been used later in Funck and Karlsson's (2020) literature review. Firstly, *hands-on professional management* refers to active and visible control of organizations' top management, because of the high need for the responsibility that accountability requires. The second doctrine is the *standards and measures of performance* which are expressed, often quantitative, in different goals, targets, and key performance indicators. The reason behind the high degree of performance measurement is explained that accountability also needs clear goals and that efficiency arises from having a hard look at targets. The third doctrine emphasizes the need for *output controls* through resource allocation rewards connected to performance because of the need for a refocus from procedures to results. Further, Hood (1991) explains a shift to *disaggregation* of units to make it more corporate-like in order to create manageable units where the units should be divided at product level and the budget process should be decentralized. The fifth doctrine is a shift to a more *competitive public sector* because competition enhances cost efficiency and standards. Another doctrine that is brought up by Hood (1991) is the need for *private-sector style management* in order to use more flexible established tools connected to hiring of people and rewards instead of the public sector military style. Lastly, the author stresses greater *discipline and tightness* in the use of resources to be able to do more with less (Hood, 1991). Furthermore, NPM ideas are built upon management expertise as portable, paramount, and discretionary power (Hood, 1991).

However, NPM has been highly criticized and referred to as a hyped framework with no substance. Further, all the problems that the framework was supposed to solve seemed to remain (Funck & Karlsson, 2020). It is also claimed that NPM has damaged the public sector with its efficiency refocus. Another common criticism is that it does not seem to live up to a cheaper and better public service for all (Funck & Karlsson, 2020).

2.1.2 Hybrid

Municipalities do not necessarily need to be either NPM or post NPM, they can be a mix of both where Wiesel and Modell (2014) define hybridisation as "the process through which elements of diverse governance logics are integrated into context-specific configurations of governance practices." (Wiesel & Modell, 2014, pp.177). Wiesel and Modell (2014) concluded in their study that it is more common with a slow movement from NPM to post-NPM and there are different degrees of hybridization. Further there are some different aspects to take in account regarding hybridization; (1) *Conception of citizen interest* where there is a partial shift to the post-NPM logic to amore co-producer approach. *(2) Main legislative preference* partial shift to enhancing citizen orientation. In the three following aspects there is no shift towards post-NPM logic; *(3) structures and forms of organizing, (4) primary tasks of agencies, (5) main focus of control.* In the last aspect *(6) key performance aspect* there is a partial shift as well towards effectiveness and citizen satisfaction. So overall there is a partial shift towards post-NPM logic where some aspects have already shifted and some not. Funck and Karlsson (2018) do agree to the concept of hybridization where they mean that NPM and post-NPM offer different tools and by combining them municipalities can reach their maximal potential and also enhance the welfare system. In addition, Christensen, Knuth, Lægreid and Wiggan (2009) found empirical evidence that hybrids in different ways exist in Germany, Norway and the UK.

2.1.3 Post-NPM

Some claim that NPM is dead and that we now operate in a post-NPM era as a response to the problems with NPM, where post-NPM in contrast is characterized by the involvement of democracy and citizens in the process of value creation of social welfare. On the other hand, there are still indications that NPM is still very present in the post-NPM era (Funck & Karlsson,

2018; Wiesel & Modell, 2014). However, Funck and Karlsson (2018) defines the post-NPM as something that is differentiated from NPM, but it is not very clear what its definition really is. Therefore, they identified four strong post-NPM trends (1) New Public governance, (2) Public Service Logic, (3) Public Value Management, (4) Digital-Era Governance. The post-NPM trends offer new ways to interpret and understand the public sector and how it is supposed to be produced. However, even if post-NPM offers a new perspective, it is still highly influenced by NPM attributes. In particular, the NPM characteristics seem to be found in the post-NPM MC practices (Funck & Karlsson, 2018). The main focus will be on NPG and PVM attributes since Funck and Karlsson (2018) means that these are the two governance structures that primarily discuss the impact post-NPM has on MC. However, since post-NPM trends are similar (Funck & Karlsson, 2018), this study will discuss post-NPM as one governance trend.

Osborne (2006) called for a new way of understanding the public sector since he argued that the ideas behind NPM were not holistic enough to manage the complexity of the public sector. Out of this critique of antecedent and contemporary governance structures he presented NPG as a post-NPM version (Osborne, 2006). Funck and Karlsson (2018) further explains that NPM was too cost-focused and missed out on the consequences this had for society as a whole. However, it could be argued whether post-NPM structure should replace NPM, or rather adapt and develop NPM in other directions (Funck & Karlsson, 2018).

One central idea of post-NPM, especially NPG, is that it advocates for a pluralistic state where coordination between the organizations happens, instead of control of each organization. Therefore, post-NPM is often characterized to encompass an inter-organizational perspective. The term competition is replaced with coordination and control is replaced with trust in the post-NPM era. Another key focus in post-NPM is welfare service rather than welfare production. This is also confirmed by the fundamental idea of PVM that the public sector should not be compared to an open market exposed to competition. Instead, PVM suggests that the public sector should be governed and controlled to create value for the public (Funck and Karlsson, 2018; O'flynn, 2007). Additionally, one of the main arguments for post-NPM is that it is more analytical than NPM due to its network and coordination attributes (Funck, 2018; Almqvist et al.,

2013; Osborne, 2006). Corporation and network is therefore central in order to engage people and create value, which is why also democracy is of vital importance for post-NPM. In addition, democracy requires respect, trust and equality. The involvement is essential in order to ensure that value is actually created and decisions get legitimacy. Therefore, there should be no passive citizens, which require a certain form of culture. The challenging part in this is the facilitation of engagement. Clear information- and communication platforms enable citizens to interact and engage themselves in a simple, flexible and attractive way. Post NPM, in particular PVM, also emphasizes the importance of viewing the relationship between government and citizens as partners in order to create long and sustainable relationships (Funck & Karlsson, 2018).

To achieve this desired partnership, culture and value creation, five public sector ethos can be applied. (1) A performance culture where there is a focus on high quality service of instant improvement where the service providers constantly are being educated and supported. (2) A commitment to accountability through high transparency to the citizens in order to strengthen democracy. (3) A capacity to support universal access to enable all citizens the right of service. (4) A responsible employment practice with educated, organized and motivated employees who act professionally and are appropriately rewarded. (5) Contribution to society well-being where there is a focus on partnership to attain the citizens' needs (Aldridge and Stoker, 2002).

To be able to identify the requested and needed values, an open dialogue between different stakeholders is required. These identifications are a constant process, where a lot of emphasis on the citizens should take place (Funck & Karlsson, 2018; Stoker, 2006).

Digital-Era Governance (DEG) is the least radical post-NPM trend. It does not suggest any new roles or focus areas for citizens, politicians or officials. It rather advocates for that digital transformation affects existing governance structures and methods in the way they interact with service users. The digital-era governance effect can be viewed as different themes, where one of them is out of holism based on the citizen's needs through an interactive and clear information system, which will make public processes more agile. (Funck & Karlsson, 2018). DEG is not a new reform as a response to NPM, rather it is an additional dimension to public governance. But

since it suggests increased integration and more agile, transparent and holistic processes, DEG is essential in order to understand public governance structures (Funck & Karlsson, 2018). Therefore, this post-NPM perspective is interesting to understand as well since it adds another dimension when studying governance structures.

In Sweden trust is an important mechanism in post-NPM and Tillitsdelegationen[1] was constituted by the Swedish government in 2016. The delegation put emphasis on trust as a control mechanism where the focus lies on input control in terms of recruitment, rather than results and processes (Regeringskansliet, 2016). The organization needs to consider collaboration, team work, holism and employee structures. However, the actual control practice is diffuse since it suggests citizen participation structures, ensuring quality through normative controls but at the same time suggests that it should be connected to objective and result controls. Furthermore, seven fundamental principles for trust based control are presented (1) trust, (2) citizen focus, (3) transparency, (4) support, (5) delegation, (6) cooperation, and (7) knowledge. Interestingly, several of the key characteristics of the Swedish trust-based control are in line with the above discussed post-NPM trends. The main difference in the Swedish take is an even greater emphasis on trust (Bringselius, 2018).

2.2 Management Control in public sector

2.2.1 General Management Control framework

Bedford, Malmi and Sandelin (2016) presented a framework where the aim was to analyze a company's management controls. The specific model is used in a private sector setting and by assessing ten different aspects and then analyzing them in light of the strategic setting, they tried to understand what type of management controls a company used depending on whether the organization has a prospector or defender strategy. The different aspects of the model will be further described below where each aspect is based on previous research articles in the area of management accounting and control. However, there is one part of the model that concerns strategic type and since the model is tested in a private sector setting the authors of the thesis will

---

[1] Tillitsdelegationen means Trust delegation in English but since there is no official translation the Swedish word will be used in the thesis.

leave that one out and replace it with governance structures for the public sector. Furthermore, the well known frameworks by Malmi and Brown (2008), Simons (1994) and Bedford and Malmi (2015) have been used to add even more control dimensions.

The *diagnostic use* is one of the aspects and the explanation derives mainly from Simons (1994) where he describes diagnostic control as the traditional feedback process where they monitor pre established goals and give motivation to the employee to reach the goals. The diagnostic control further put extra emphasis on critical performance variables which are goals that need to be reached in order to reach the organizational strategy. Diagnostic use can be perceived as negative since it is mainly focusing on negative variances and there is a reversed feedback where achievement of outputs are analyzed and adjustments are made (Henri, 2006). This explanation is in line with Widener (2007) and they further add that diagnostic systems can be used in order to benchmark targets and the explanation. Both Henri (2006) and Wiedner referred a lot to Simon´s (1994) levers of control when describing this aspect.

Bisbe, Batista-Foguet and Chenhall (2007) described *interactive control use* with regards to Simon´s (1994) levers of control and put large emphasis on the importance of top manager involvement where the involvement must be empowering and generate dialogue. They further described five aspects: (1) Intensive use by top managers, (2) intensive use by operating managers, (3) a lot of debates in order to handle upcoming challenges, (4) large focus on strategic uncertainties and (5) importance of inspirational involvement by top managers. Widener (2007) did to a large extent agree with this explanation and emphasized that interactive systems are forward looking and top managers are supposed to frequently talk to each other. The interactive system is supposed to support managers in the navigation in the marketplace and point out new strategic directions if it is needed (Wiedener, 2007). Furthermore, interactive control can be practiced at several organizational levels with a dialogue between several members of the organization (Batac & Carassus, 2009).

The description of *tightness* is derived from the objects of control which are described by Merchant and Van der Stede (2007) where tightness of control refers to whether the control could be considered as loose or tight control. Furthermore, tightness could be related to the different

aspects of objects of control where results control, action control, personnel and cultural controls. Bedford, Malmi and Sandelin (2016) emphasized that tightness is mostly related to whether performance targets are tight or loose. Further, Kober, Ng and Paul (2003) define tightness as adherence to rules, policies and plans but also more generally all the activities that are being monitored by MC. In addition, Fiegener (1994) concluded that the level of tightness of control can differ and suit different types of organizations' depending on their strategy. If an organization wants a cost focus there should be more tight controls in terms of formalized control routines that are followed frequently. For more differentiated organizations with more focus on innovativeness, more loose controls are applicable with a larger focus on culture controls (Kober, Ng and Paul, 2003). Another essential dimension about tightness of control in municipalities is the area affected by the central government when it comes to regulations. Additionally, Deschamps (2019) mentioned some specific things related to management control, which could be related to the level of tightness, since the public sector in general is facing austerity which leads to there is a major focus on maximizing performance and minimizing costs.

According to Ittner, Larcker and Randall (2003) *measure diversity* refers to the use of mixed performance where traditional financial measures could be combined with a diverse set of non-financial measures in order to capture important strategic considerations which are not covered by short term accounting measures. If organizations only look at financial measures there is a risk they become backward looking which makes it harder to solve upcoming problems and explain future performance. Measure diversity can be based on the balanced scorecard where aspects like customers, internal business processes and learning and growth. However, some other perspectives could be added like employees, partners and suppliers (Ittner, Larcker, Randall, 2003).

According to Van der Kolk (2019) a multitude of MC elements refers to the increased complexity public organizations face when it comes to the main goal of the organization. Private sector is straightforward in that they should create value for their shareholders while the objective of the public sector is more fragmented. There is no goal clarity which can lead to conflicts since the main goal is not to generate profit. Furthermore, it could be a challenge to handle the conflicts that can happen in the different levels of the organization. There are several stakeholders that should be satisfied such as the government, politicians, citizens and other

interest groups (Van der Kolk, 2019). Therefore, the basics of *incentive* presented by Chalos and O'Connor (2004) where the aim of the incentive is to align the interest of top managers and owners, is not applicable in the public sector. Public sector organizations are expected to deliver service to the citizens at as low cost as possible (Deschamps, 2019), therefore, incentive schemes and compensations would not align with the core purpose of the public sector.

The *structure* refers to whether the organization has adapted a mechanistic or organic approach. Mechanistic structures are characterized by centralized decision making, keeping strictly to pre-agreed rules and procedures, tight control of information flows and preconstructed reporting and workflows. Organic structures refers to decentralized decision making, organizational flexibility and adaptiveness, open communication and less emphasis on rules and procedures. In the setting of entrepreneurial firms it is common to draw the conclusion that more technical oriented firms are organic while less technical firms are more mechanistic. Furthermore, organic firms often adapt to the external environment in a more flexible way than mechanistic firms (Covin, Slevin & Heeley, 2001).

According to Snell (1992) and Malmi and Brown (2008) *input control* could be considered as a form of cultural control since input control is related to how organizations recruit and train people. Furthermore, Snell (1992) describes that input control influences the employee's condition of performance where they especially talk about the knowledge, skills, abilities, values and motives of employees. Input control has some upsides such as it prevents performance problems since all employees are on the same page, this can be difficult to mitigate later. However there can be some problems since it is hard to predict the outcome so this will be made mainly for preventive purposes and therefore there is no guarantee that the outcome will be the expected.

According to Otley and Berry (1980) *management control effectiveness* is rather a purpose than a tool and concerns mainly three aspects; goal alignment, adaptability and integration. These can be seen as control mechanisms and all three of them have one thing in common, the importance of goal achievement where adaptation to external and internal change is of utter importance. Interestingly, Kober, Ng and Paul (2003) concluded that change in strategy should reflect MC effectiveness if it matches the strategy typology correctly. As in concordance with Fiegener

(1994), who also concluded that MC effectiveness could be attained differently depending on the organizational strategy. Otley and Berry (1980) further explains that in order to reach the goals there is a need for goal setting where the planning process is crucial, this process is about monitoring and control where there is budgetary planning and control. Other planning activity is related to the coordination between different departments, this is important when it comes to project planning. Lastly, there are planning related to the strategic position of the organization. Control is an important aspect and Otley and Berry (1980) describes control as "the process of ensuring that the organization is adapted to its environment and is pursuing courses of action that will enable it to achieve its purposes. Thus, in order to operate such an organizational level of analysis it is necessary to consider the existence and nature of organizational purposes." (Otley & Berry, 1980, pp.233). The goal alignment is dependent on what type of organization it is about; (1) Normative organizations are characterized by wide area of agreement and commitment to the organizational goals among the employees, (2) Instrumental organization are more neutral, and (3) in coercive organization, the employees are often against the organizational goals.

Beyond the Bedford, Malmi and Sandelin (2016) framework, planning and the interplay aspect of MC will be discussed below. Malmi and Brown (2008) include *planning controls* as a part of their framework management control system as packages. They both put emphasis on long- and short-term planning as controls. According to Malmi and Brown (2008) planning can enhance the alignment of cross functional goals within the organization and make sure that the individuals involved are engaged to these objectives as well. Strategic planning is also a control mechanism for effectively controlling people's behavior and actions. Furthermore, it seems that planning is an essential aspect when studying management control (Malmi & Brown, 2008; Bedford & Malmi, 2015). Planning in municipalities is special because there are some mandatory planning documents such as the financial plans which all municipalities need to do where they need to cover four years in Norway. But strategic planning has developed as they find in the study that complementary and voluntary strategic planning documents are beneficial for top managers in the public sector since they increase the perceived usefulness of the strategic planning (Johnsen, 2021).

Additionally, Malmi and Brown (2008) declare that the components of a MCS (Management Control System) package are related and interplay with each other. They also emphasize that it is important to understand MCS as packages in order to address performance. Furthermore, their study also stress that there might be a specific set of MCS configuration with specific linkages if organizations try to broaden their thinking of only serving the shareholders, but also serving other stakeholders and society (Malmi & Brown, 2008). This becomes extra interesting for our study of public sector since it is supposed to serve a broad spectra of stakeholders. Additionally, Malmi and Brown (2008) consider the linkages between the MCS and how they relate as crucial in order to achieve management control effectiveness. However, they stress that the research in this area is limited and complicated to research. Although, they conclude that the understanding of interplay between the different controls is essential to be able which ones are substitutes and complementaries (Malmi & Brown, 2008).

3. Methodology

In the third chapter the chosen method is presented as well as decisions that have been made during the process. Furthermore the interview guide is explained and how the interviews were conducted. Lastly the ethical considerations, analysis, trustworthiness and authenticity are explained.

3.1 Research strategy and design

The purpose of this study is to investigate how governance structures are related to the design of MC in Swedish municipalities. In order to answer the question, the authors of the thesis found it most suitable to do a study where a smaller number of organizations is investigated in depth in order to create a greater understanding (Deschamps, 2019). Therefore, semi-structured interviews have been conducted in accordance with Bell, Bryman and Harley (2019). The interview questions gave the interviewees the opportunity to describe their municipalities' governance structure and control practices. The studied governance structures derived from the literature review as well as the management control theory. Previous literature has been used in order to find a research gap and also what method should be used where Van der Kolk (2019) provided the authors of the thesis with some guidelines where it was preferred to conduct a qualitative study in order to understand how and why management controls are affected by the governance structure. However, the interviews were complemented by use of documents and in this case annual reports and governance documents from each municipality. The documents provided the authors with further information about governance structure and used performance measures, as to be sure that the data reached good quality (Yin, 2009). Furthermore, this was the first step of selecting which municipalities that should be a part of the study since the governance structures were initially identified in that stage; this is further elaborated in chapter 3.3.

Since this study aimed to create a better understanding of how governance structures and management controls are connected and with the respect to the chosen methodology this study can be considered as a qualitative study according to Bell, Bryman and Harley (2019); Saunders,

Lewis and Thornhill (2009), which is beneficial since qualitative studies aims to get a more in-depth understanding. Deschamps (2019) argues that semi-structured interviews are the most suitable method when studying the MC and strategy.

3.2 Literature review

The literature review in this thesis followed Bell, Bryman and Harley's (2019) way of searching for literature where the authors of the thesis read articles which were known in order to get an understanding of the topic. In this case the first article was derived from a previous course. The next step was to take notes while reading the articles in order to generate keywords relevant for searching for more literature and for finding the research purpose. The search for additional articles has been conducted through *Google Scholar* and *LUBsearch* where the key words were used in order to find new literature. The searching for literature has been done both in the area of governance where key words like *Governance in public sector*, *New public management* and *Post-new public management* were used and in the area of management control where key words like *Management Control in public sector*, *Management control as packages* and *Management Control systems* were used in order to find new literature. When assessing the quality of the literature it has been of vital importance that the research articles are peer reviewed, relevant for the topic and up to date and especially the literature where the research gap comes from. Bell, Bryman and Harley (2019); Saunders, Lewis and Thornhill (2009); Bougie and Sekaran (2019) emphasized the importance of conducting a good literature review since it is the foundation of the thesis.

3.3 Interviews

The interview questions are derived from Bedford, Malmi and Sandelin (2016) where Van der Kolk (2019) supported this approach. The questions in the article were translated to Swedish and to some extent adopted to the public sector where the questions about incentives were changed since Van der Kolk (2019); Deschamps (2019); Felício, Samagaio and Rodrigues (2021) pointed out some specific features for the public sector. To adapt the questions even more to the Swedish public sector, inspiration for the interview questions were also taken from Funck and Karlsson (2018) regarding trust and Malmi and Brown (2008) and Bedford and Malmi (2015) regarding planning. Formulating interview questions from the theoretical framework is in line with Bell,

Bryman and Harley (2019) where they emphasized the importance of connecting the questions to the theory in order to get answers that are applicable to the theory. Furthermore, the interview guide started with some introductory questions where the interviewees were asked to tell a little bit about themselves, their role in the organization and their experience. Thereafter, the interview questions were structured after ten different themes where each theme could be considered as a part of a MC package. These questions were mainly directly asked: "How do you work with budgets in the target setting?" and then there were some follow up questions: "Can you explain that further and maybe give an example?" to completely understand what the interviewees meant. Furthermore, by formulating the questions in this way the authors ensured that unbiased questions were asked, which is suggested by Bougie and Sekaran (2020). This way of constructing an interview guide is in accordance with Bell, Bryman and Harley (2019). Furthermore, the way of conducting the interview and the design of interview questions were made with the aim of identifying governance structures but also to see linkages between governance and management control. Additionally, the interview guide was designed in line with the literature review. The first question was aimed to identify the governance structure, which Bedford, Malmi and Sandelin (2016) describe as the strategic type for the private sector. By starting off by asking the municipalities about their strategy and vision, the authors were provided with a broad perception of the used governance structure. The interviewees were also directly asked how they would map out themselves in relation to NPM and post-NPM structures, in order to get their interpretation of the organizational structure. Following questions were related to management control in order to get a comprehensive understanding of the MC practices and tools used in the organization. Finally, the interviewees were asked what MC practices that they considered as most crucial and if they thought there were any interplay between these MC practices. This way of interview structure, provided us with a broad understanding which got narrowed down and also gave the authors detailed information about the governance and MC.

There are 290 municipalities in Sweden so when the authors selected which of the municipalities that should be a part of the study, the five biggest were excluded since they were so much bigger than the others. It ended up with that all the municipalities in the study had between approxamately 100 000 to 150 000 citizens and the municipalities are both from the northern and

southern part of Sweden. The municipalities' similar sizes facilitated comparison and a fair representation, which is important from a generalization perspective.

We focused on interviewing employees who worked with accounting, management control and strategy since we assumed that they are the ones with the highest level of knowledge of governance and management control, which is also supported by Bedford, Malmi and Sandelin (2016). The interviews were held with one person from each municipality except for one interview where there were two representatives since they thought they together would answer the questions in a better way. When the authors contacted the different municipalities they also attached the interview questions by email, which had two purposes. Firstly, the authors were able to get in touch with the right person in the organization. Secondly, it also ensured that the interviewees were prepared before the interview. The interview guide was used in order to keep the structure for the interview even though follow up questions were asked in order to get further explanation about things that were interesting.

All the interviews were held online via Microsoft Teams or Zoom except for one of the interviews which was conducted through a phone call due to technical difficulties. Since the municipalities were geographically spreaded, this way of collecting the data was the most suitable. However, interviews via video link were preferred over telephone interviews since it would be more difficult to have a conversation over a phone call. In spite of that fact, one interview was held through telephone due to technical issues. The interview duration lasted between 40-60 minutes and was immediately transcribed afterwards.

Interviewees	Profession	Interview date	Interview lenght
I1	CFO	13/4	52 min
I2	CFO	19/4	39 min
I3	CFO	19/4	49 min
I4	CFO	21/4	38 min
I5	Planning & Process Manager	22/4	52 min
I6	Controller	26/4	60 min
I7	CFO	27/4	54 min
I8	Head of Accounting	28/4	48 min
I9	Quality Strategist/Development Manager	4/5	50 min

Exhibit 1: Summary of interviews

Since there was some information that could be considered as sensitive, all the interviewees and their organizations were anonymous in the thesis. Furthermore, all interviews were held in Swedish where they were transcribed and translated to English. All interviews were also recorded and notes were taken during the video call to ensure that all essential information was captured and that the data was presented in an accurate way (Yin, 2009).

Before every interview the interviewees were informed that they are going to be anonymous in the study and also asked them if it was okay if we recorded the interview since that made it easier to transcribe the interviews. Furthermore, the authors of the thesis have sent the thesis to all the interviewees. After the data was used the transcriptions and recordings were deleted, which the interviewees also were informed about.

3.4 Ethical considerations

The ethical considerations are of utter importance when conducting a study where people are interviewed. Bell, Bryman and Harley (2019) presented four ethical principles which the authors of the thesis have followed in order to ensure that the research is ethically correct. The first principle that has been taken into account is that the interviewees should not be *harmed* by participating in the study and this has been mitigated in the way that all the interviewees and their employers are anonymized in the study and the recording and transcription will be deleted

after they have been used in the thesis in order to secure so the material is not used in any other situations. The second principle is *informed consent* where the authors of the thesis have made sure that the interviewees got the needed information about the study, have given their consent to be recorded, are informed about their anonymity, and that they will get the opportunity to read the report when it is finished. The third principle *privacy* relates to the first principle and this has been taken in consideration in the way that the information of the interviewees has been handled with confidentiality and they are anonymized in the study. The last principle *preventing deception* has been taken into account where the authors of the thesis have been honest with the interviewees about the purpose of the study and got the opportunity to read the thesis in order to ensure they are satisfied (Bell, Bryman and Harley, 2019).

Swedish Research Council (2017) discussed ethical considerations from a Swedish perspective where they mentioned some principles a researcher should follow. *Secrecy* has been taken into consideration by storing information by the different interviewees safely so only the authors of the thesis can access that material since it could be considered as sensitive information. But the authors of the thesis have tried to be as transparent as possible in the way that the whole process is carefully documented and described so it is possible to understand the process. P*rofessional secrecy* has been taken into account where the thesis has been discussed with the supervisor and details about the thesis have not been shared with unauthorized people. A*nonymity* is a principle the authors of the thesis strictly followed since all the interviewees and their municipalities are anonymised in the study since it was not relevant to know the name of the interviewees, it was rather the information they provided that was relevant. Lastly, *confidentiality* has been taken into account in the same way as the *secrecy* principle where data has been stored safely in order to protect the interviewees.

3.5 Analysis

When the authors analyzed the data it was done out of a thematic perspective in six phases (Terry, Hayfield, Clarke & Braun, 2017). Firstly, the data were read through, listened to and notes were taken to gain in-depth knowledge. When the authors were *familiarized* with the data, they were able to progress the analysis further and concentrate on the key takeaways and

messages (Terry et.al., 2017). This has more concrete been done in several ways where the authors of the thesis before the interviews read about the municipalities in order to do an initial categorization of what governance structure they have. One of the authors took notes during the interviews and all the interviews were thereafter transcribed so all the details were written down and a clear picture of each interviewee arose.

As a first step to identify patterns, the authors then started to *code* the data systematically into segments and label the different key takeaways from the data. This could also be referred to as data reduction which aims to categorize data and make it meaningful for the research purpose (Terry et.al., 2017). The authors also considered the data reduction as an iterative process in order to maximize the understanding of the collected data. Further, the data were mapped out in a table in order to find key terms and characteristics (Appendix F)(Baugie & Sekaran, 2020). All the interview questions had a strong connection to the theory which was helpful in the coding phase since all the answers immediately could be connected to the theory. Thereafter, *themes were developed to* find patterns out of the codes. This was made out of the author's own interpretations, where the authors ensured that both interpreted all data to make it as trustworthy as possible (Terry et.al., 2017). Since the interview questions were divided after the different MC controls, the author of the thesis found different themes within the different categories. The theme development facilitated comparison between different MC practices in the different municipalities. This was then *reviewed* to make sure that the themes were coherent with the coding (Terry et.al., 2017). Bedford, Malmi and Sandelin (2016) provided some guidelines of how the data could be interpreted since the interview questions were based on that article and from that the authors of the thesis could make sure the data was coded in a proper way. After this stage the authors were able to *define and name* the different detected themes (Terry et.al., 2017). Thereafter, the researchers used the theme to make analytical conclusions and *producing the report* out of the findings (Terry et.al., 2017). When drawing the conclusions as a final analytical step, patterns, relationships, contrasts and comparisons were made to properly fill the research gap (Baugie & Sekaran, 2020).

3.6 Trustworthiness and authenticity

When assessing qualitative research Bell, Bryman and Harley (2019) state that trustworthiness and authenticity can be used as criteria instead of validity and reliability. Trustworthiness can be divided into four criterias. The authors of the thesis have taken c*redibility* into account by being detailed in how the study is being conducted so the study could be generally accepted as well as being careful in the choice of references so the references are as good quality as possible. *Transferability* is always hard to achieve in a qualitative study since it is common to study a smaller focus group but in this case the authors of the thesis selected municipalities carefully where it was important that they were comparable in terms of size and that they are from different geographical locations in Sweden. *Dependability* has been achieved by ensuring that all the steps of the research process have been recorded and all the drafts have been saved in order to be able to go back and get an overview of the process. Furthermore, the two authors of the thesis participated in all interviews and the interviews were recorded and transcribed properly in order to document the interviews and get a correct view of what the interviewees answered. Moreover, the authors of the thesis had weekly meetings with the supervisor in order to ensure that the thesis was making continuous progress. Lastly, *confirmability* was achieved in a way that the personal values of the authors are not affecting the thesis and the development of the theoretical foundation. By having an extensive use of literature and letting the literature be the foundation of the thesis this problem has been mitigated. Authenticity is a broader term where the authors of the thesis have been honest and report a true picture of what the interviewees have answered in the interviews. The interviews have been analyzed thematically and the themes have been clearly described so it is easy for the reader to follow the thoughts of the authors.

4. Empirical analysis

In this chapter the findings from the interviews will be presented and the structure of this chapter is based on the three different governance structures where the different controls are discussed. The chapters start off with the identification of governance structures where all the municipalities are identified as NPM, hybrid or post-NPM and thereafter the controls are handled.

4.1 Identification of governance structures

Exhibit 2 summarizes the categorization of the identified governance structures in the different municipalities. Some mutual characteristics were found for the different groups of governance structures which are presented in the exhibit and then further elaborated in the common chapters.

NPM	Hybrid	Post-NPM
I8	I2, I3, I4, I6, I9	I1, I5, I7
Financial focus, key variables and output control, low employee and citizen involvement, no integration of trust.	Either on a "trust journey" or have found the perfect balance between NPM and post-NPM, output focus with a trust-based approach.	Emphasis on employee and citizen particiaption,. Trust is the core value and enables coordination and cooperation.

Exhibit 2 Summary of identification of governance structures

4.1.1 NPM

Interviewee 8 (I8) describes themselves as a municipality which prioritizes a responsible approach to the financials which is emphasized both in the annual report as well as in the interview. Due to some problems with the financials in earlier years there is more discipline and tightness in the governance. I8 means that they have not discussed NPM so much but I8 still describes the municipality as more like a NPM municipality but more in a good sense since there are bad examples of NPM. They are trying to find standards and measures as well as output

controls in order to keep track of the organization even though I8 found that sometimes a bit difficult since one of the disadvantages with NPM is that you measure too much and sometimes inappropriate. I8 means that the municipality is not completely hands on professional management, there is some employee involvement as well. Furthermore, I8 said that they are not using citizen surveys which is a tool to benchmark and compete with other municipalities therefore they are not fully adapting the private sector style management even though they emphasized cost efficiency. Interestingly, I8 was the only interviewee that had not implemented a trust into their strategy and governance structure. This also indicates the lack of post-NPM trends in this municipality since the Swedish post-NPM is predominantly imprinted by the trust delegation in their governance.

4.1.2 Hybrid

The authors of the thesis considered as hybrids do have influences from both NPM and post-NPM but the hybrids look slightly different. Some of them are more weighted towards NPM while some others are more post-NPM dominant.

According to the annual report of I2 they described their new vision which is about different sustainability considerations that should be implemented in the organization and the governance. Furthermore, I2 said in the interview that they have implemented a new governance structure a couple of years ago based on the recommendations from Tillitsdelegationen with trust-based management. I2 described the movement from the old governance structure to the new one as a journey that has recently started and they are working from three perspectives: society development, a part of the democracy, as a welfare actor and employer. The purpose of the new governance structure is to a large extent show trust for the employees and provide the society with good services where they want to provide the society with more service which requires increased efficiency. However they are in the beginning of the journey and there are still things that could be improved according to I2 and their way of working is still to some extent influenced by NPM where they focus on output controls and discipline and tightness.

In the interview with I3 it appeared that the influences of NPM and post-NPM were evenly weighted. They have an output and result focus but at the same time practice a trust-based approach. One explanation to this hybrid structure may be that they decided upon new objectives in 2021. The interviewee corresponded more to where they want to be and what they want to do rather than how the situation is today. The interviewee stresses the need for a cost focus since they are struggling with high expenditures, but I3 also states that this can be done through a trust-based control that will generate efficiency and better services to the society. It seems like this municipality's focus on numbers still remains, but that the numbers should generate high utility for the citizens.

Another municipality that has an interesting governance structure is I4. The interviewee did not mention trust at any time and did not consider themselves as an organization that have ever had any great influences of NPM. However, the post-NPM trends can be detected in their strategy since they aim to fulfill their purpose through a decentralized organization. Interestingly, they also want to focus on the cost effectiveness and the output and result. Why this municipality is an organization that is considered as more weighted towards post-NPM is because of their six fundamental strategy principles which are described with holism, long-term actions, dialogue, transparency, coordination and core values which are in line with the post-NPM characteristics. Overall this municipality has high post-NPM influences, but still some fundamental NPM approaches which is why it is categorized as a hybrid.

According to the annual report and the budget of I6's municipality it is emphasized that the overall goals of the municipality are based on the global goals from the United Nations and there is a large focus on the citizen well-being, democracy focus, society well-being and being a good employer. Furthermore I6 emphasized in the interview that they are working with trust-based management and they are quite decentralized even though they maybe will centralize some functions that cannot be decentralized. However, I6 said during the interview that they are working a lot with standards and measuring performance as well as output control. This in order to keep track of the organization and make sure that they reach their goals. Overall this municipality is largely influenced by post-NPM features such as the citizen focus but they also

have NPM features such as a high use of different performance measures which make this municipality a hybrid but with a post-NPM dominance.

I9 has, according to their annual report, a governance structure that is influenced by horizontal governance where every sub unit sets their own goals with the overall goals in mind. The governance also has a large focus on quality, goals of the organization and MC. Furthermore, I9 mentioned in the interview that their governance structure consists of many different parts which confirms what is mentioned in the annual report. However in the interview I9 emphasized that they are in a transition phase where they partly have left NPM but since it is a big organization the transition will take some time where there is still a quite extensive use of different types of governance documents. Lastly, I9 mentioned that they are trying to implement trust-based management in the organization but meant that it will take some time to implement that as well.

4.1.3 Post-NPM

Three interviewees were identified to have a clear post-NPM structure (I1, I5 and I7). Their descriptions of the municipality's governance structure were also confirmed in each municipality's annual report or governance documents. All these municipalities put a lot of emphasis on participation and trust in employees, where for instance I1 believed that better control could be managed through trust.

"To control less is to control more" - I1

This was done through both long-term planning where the employees were highly involved but also in the day-to-day operational decision making. Their work was concentrated to fulfill citizen satisfaction and consider it as their main mission. This also confirms the post-NPM characteristics of municipalities focusing on citizens and high quality service. It is also clear that the collaboration within the organization is important for these municipalities in order to produce high quality for the citizens. Furthermore, all the seven fundamental principles by Bringselius (2018) are more or less a focus area for all of these municipalities in their target setting and processes. One principle that is the most dominant in all of these three organizations is trust. All three interviewees have considered the Swedish Tillitsdelegationen in the design of their

governance structure. Trust is a key word in the way managers and employees work together and in how the organizations are structured. In summary, I1 seemed to be the one municipality with the highest degree of post-NPM structure and where Tillitsdelegationen was most integrated into the organizations' processes. For I1 the control document even emanates from the tillits delegationen. The other two municipalities (I5 and I7) had implemented the trust-based ideas, since the key characteristics for post-NPM were identified but not to the same extent. A common reason why these organizations had made this move toward a post-NPM structure was mainly because of the high degree of inefficient detail-oriented controls and the need for integration and collaboration within the organization.

4.2 Governance structures in relation to management control

4.2.1 NPM in relation to management control

In the identified NPM organization (I8) the *diagnostic controls* were not used to a large extent since they did not focus on deviations that greatly. Although, they did have a focus on the financial results, which indicate some diagnostic use. Furthermore, *interactive control* use is not used to a large extent either. The budget is rather predominant in guiding the managers. The *tightness* of control in I8 is not that great. However, there is a major focus on the financial measures and to follow these up tightly, which makes them considered as use of tight control. Furthermore, the great focus on the financial performance results in a lack of *measure diversity*. The municipality did measure some non-financial measures as well, but not to the same extent. Despite the regular surveys that are established, they did stop participating in one national citizen survey three years ago for instance and the reason behind this was that the result did not vary enough to continue the survey. Furthermore, no *incentive* system is implemented in the organization. However, according to governance documents of I8 the *input controls* in terms of recruitments in the organization aim to ensure high knowledge quality. Overall the *structure* is rather formal and mechanistic than informal and organic because of its formal communication channels and lack of cooperation within the organization. However, there is a transparency regarding information within the firm and the decision making is not concentrated to only managers. One interesting thing about mechanistic firms is that they often found difficulties in adapting to the external environment, which also I8 confirmed that they have struggled with.

Furthermore, regarding the *management control effectiveness* the NPM organization mainly put emphasis on effectiveness and innovation, and not adaption, coordination and employee engagement. The organization found it difficult to adapt to external circumstances because of the static nature in the decision making of municipalities. Furthermore, they did have coordination between units and functions, but it did not work perfectly. There have been difficulties in combining the different cultures and perspectives between the units and also who should pay for what. The organization also found difficulties in engaging the employees in the same direction as the organizational goals. Because of the lack of integration and adaptiveness which are the main components of management control effectiveness, I8 is considered to have low use of this. The interviewee stressed some contradictions between the citizens, employees, managers, and politicians in interests and ways of controlling the organization.

"They have the right to, but tend to control in detail too much. That is a politicians' dilemma" - I8

Furthermore, the *planning* in the NPM municipality was slightly shorter than in the other ones. However, the interviewee highlighted that they are aiming to extend the planning horizon. Finally, the *interplay* aspect in this municipality was described as where all the MC were equally important and connected.

Overall, the impression of the management control practices in the NPM organization was in line with the NPM key characteristics. Some certain MC practices could be detected to have influences on post-NPM. But the overall MC tools are aligned with the NPM philosophy.

4.2.2 Hybrid in relation to management control

In the identified hybrids, *diagnostic control was used* to a high extent in I2, I3, I6 and I9 while I4 used to a more medium extent. I2 used diagnostic control in order to create a general picture of the situation and from there do the planning and set the goals of the organization. Furthermore, I2 said that an important part of the analysis process is to benchmark with other municipalities and if there are deviations these are overlooked every half year. I3 emphasized the importance of

using results indicators that show where they are and also so they are maximizing the values for the citizens rather than cutting costs. The amount of indicators is dependent on what level of the organization they cover but on a more overall level they try to not have too many indicators. I4 has a lot of measures and these are both financial and non-financial, some of them are followed up every month while others are followed up less frequently. I9 uses diagnostic control since it is an essential MC tool in order to manage the aimed responsible approach to their finances.

Even though they are implementing trust it is important to consider the financials and how the organization can be more effective. They are following up on some measures monthly and always every half year and full year and deviations are managed continuously. I6 on the other hand have a less extensive use of diagnostic control regarding the financial measures but they still have it and there is a mix between financial and non-financial measures and some of them are followed up on a monthly basis where negative variances are analyzed.

Interactive control use does differ a bit between the different hybrid municipalities. I2 said that their interactive system is rather formalized where they have an agreement of how managers should cooperate with both managers and employees where the budget is the foundation for these discussions. I3 said that the organization is built on the use of budgets, however I3 did emphasize that there is too much focus on budgets rather than effectiveness which could be a risk of inappropriate prioritization. I3 emphasized the importance of handling upcoming challenges and strategic uncertainties since the municipality faces a lot of challenges regarding the demographic development for instance which lead to there are a lot of variables they need to consider. I4 mentioned that they are working with budgets and the discussion is very transparent where the employees are involved to a great extent where they set action plans together. Upcoming challenges are handled with regards to what kind of deviation they found and since it is a big organization did I4 mention that all parts of the organization no matter their level are in some way included in the discussion of facing challenges and strategic uncertainties. I6 said that the budget is used to a large extent both among politicians, top managers and operating managers. When the operating managers have received the budget, it is their responsibility to communicate the budget to the employees and have a discussion of how to handle upcoming challenges and strategic uncertainties. I9 do to some extent agree with I6 where the budget is an important tool

for politicians and top managers when they have their meeting since the budget is crucial when future strategic directions are discussed.

Tightness varied among the hybrids, where the more NPM oriented municipality I2 was a bit inflexible and less frequent when it came to the individual goal setting. I2 explained that the goals are followed-up every year through employee meetings where deviations are discussed as well as potential need to readjust the goals.

But it is the manager's responsibility that the employee fulfill its goals. I3 on the other hand mentioned that they are frequently working with individual goals where they are evaluated and this is also an important part during the salary discussions. The goal fulfillment is discussed as well during the employee meetings. I4 has a similar way of working where they are working with continuous feedback during the year where the goals are flexible as well as a part of the continuous dialogue. The feedback process is flexible as well where deviations from the set goals are discussed throughout the year. I6 mentioned that they do to some extent work with individual goals where the flexibility is dependent on what the employee works with. However, the main focus lies on group level goal setting and evaluation, but the goal achievement is a managerial responsibility.

I9 has horizontal governance as the foundation for how employee goals are set. The goals are set on all levels where the overall goals are more inflexible while the goals on the employee level are more flexible. They have formalized meetings with the employees where the goal fulfillment is discussed as well as a continuous feedback process during the year.

Measure diversity is something all the hybrid municipalities had in common where all of them measured citizen satisfaction, employee satisfaction, task fulfillment and quality. Sustainability was incorporated in all the municipalities where I2 issued three sustainability areas, I3 worked with a sustainability program, I4 considered sustainability as part of their main mission and I6 found sustainability important in terms of that every project needs to be safe, sustainable and environmentally friendly. I9 has a whole governance system which focuses on sustainability.

However, I6 emphasizes the importance of population projection since this affects the whole municipality and its future.

None of the hybrid municipalities had either incorporated formal monetary or non-monetary *incentives*. The interviewees emphasized there are other values that are more important in a municipality and they are not driven by profit. However, I9 did have a type of monetary prizes with the purpose of rewarding extraordinary performances to show appreciation to employees, but not a formalized reward system.

The *structure* differ where I2 and I3 was more slightly more formal since they emphasized that they are a manager lead organizations and there are rules they need to follow when it comes to the decision making where managers or employees with delegation are mainly allowed to make decisions even though I2 mentioned that smaller decisions could be made by employees as a part of trust based management. This makes them a bit more mechanistic but there are other parts that are more open such as the communication throughout the organization which is open and transparent and there is collaboration on top manager level in both I2 and I3. On the other hand, I4 and I6 are more informal and organic overall where the decision making is more decentralized in the organization, the information flow is transparent and there is cooperation at the top management level. Further, I9 have both formal and informal communication depending on the type of information and where in the organization it is communicated. There is an extensive collaboration among top managers across the different units of the municipality.

The *input control* is quite similar in all of the hybrid organizations where they all have formal and extensive recruitment processes where the candidate is expected to do tests and interviews. Regarding the attitude and values versus competence, I2 emphasized the importance that these were in accordance with the organization's values. This was also confirmed by I6 who also declared that the values and attitude is essential due to municipalities' strict governance attributes. However, the majority emphasized that there is a balance between competence and values depending on the position. Additionally, all the hybrid municipalities put a lot of emphasis on training and development of managers where they gave examples of different managerial programmes and leadership days.

Among the hybrid municipalities, their view on *management control effectiveness* is quite similar where all of them found it important to be innovative and have a high degree of adaptability. I3, I4 and I6 emphasized digitalization as one key factor regarding their innovativeness and effectiveness. I9 considered innovation in a more general manner where it is important that the whole organization works with this. I2 viewed innovation as a part of achieving goal alignment between employees and the municipality where employees are given trust to be innovative. However, I2 highlighted efficiency as an area of improvement since they are not working extensively with efficiency, rather activity. All the hybrids mentioned the adaptability in terms of facing upcoming crises such as the refugee crisis 2015 and Covid-19 as very important and they meant that they have managed the situation well. All the hybrid municipalities thought social responsibility, employee engagement and coordination among the different parts of the municipalities as important.

The *planning* aspect differs among the hybrid municipalities where I3, I4, I6 and I9 states that they have long-term planning where I6 for instance gave an example of an investment project where the planning horizon is 100 years where there are cross-unit collaborations and the employees are highly included in the planning but the normal plan for the next 10 years. I4 meant that they also work with 10 years planning and it is often the employees that are project leaders. I3 emphasized the importance of long term planning in regards to the challenges the municipalities will face in the future with demographic changes where there are fewer people in the workforce and more older people which makes it more important to practice effective planning. However, I2 and I9 stressed the need to improve their long-term planning which included the aim of higher degree of employee participation and alignment with short-term planning.

Lastly regarding *interplay,* I6 emphasized the importance of planning since they need to keep track of costs and that the municipality can afford their planned investments. I2 and I3 emphasized the importance of managing upcoming challenges such as the demographic changes and that effectiveness is essential to achieve value maximization. Furthermore, I3, I4 and I9 said that all the parts are important in order to create effective management control.

"All controls are connected. It is a whole package" - I9

4.2.3 Post-NPM in relation to management control

The post-NPM municipalities did vary in their use of *diagnostic controls*. I5 did only measure and used feedback for more general measures, while I1 measured more in detail, and lastly I7 did have extensive numbers of measures that were followed up monthly. Although, I7 do measure a lot, the interviewee claimed that they practiced a beyond budget perspective and that the financial is more like a prerequisite for their operation. However, they do discuss the budget and financial results at some occasions, at so-called management days for instance. I5 on the other hand describes the budget as their most important control document in the organization, but emphasizes that it is a document that is agile and flexible. The post-NPM municipalities indicate different use of *interactive controls*. I1 is the one who seemed to use it the most in the management meetings but also in the communication with the employees. In this area, I1 did really emphasize the importance of being transparent and having a dialogue throughout the organization, which argues even more for a high use of interactive control. All of the three post-NPM municipalities had individual goals with both formal and informal feedback, which can be interpreted as a high degree of *tightness* of control. However, the way these organizations set and follow up these goals is rather with the purpose of employee development, than controlling every individuals' performance. The individual objectives are activity-based and have a focus on the contribution to the operation and not on numbers or financial measures. Therefore, it is not accurate to consider the employees are tightly controlled. Regarding the measures in general in these organizations there is a great *diversity*, but not with the primary purpose of evaluating employee performance, rather the overall organizational performance. However, some post-NPM municipalities stressed the fact that it is difficult to measure the public sector performance, as stated by I7 below.

"How do you measure performance in schools? All children have different backgrounds" - I7

Therefore, measuring diversity exists to a large extent, but not with the employee perspective in mind. Moreover, the only municipality that had some *incentives* to the employees was I1, with educational gift cards, but this was not a formalized reward system. Regarding the *structure* in these organizations' they differ to some extent, but overall the structures can be considered as organic. However all three of them use more or less both formal and informal communication channels. They all apply a highly trust-based involvement of employees in the decision making processes which further include tight corporation within the organization. However, I5 stressed the difficulties with cooperation in a trust-based decentralized organization, although they try to maintain it as much as possible. Furthermore, in general all the post-NPM municipalities' input controls were competence-based in the recruitment of managers where attitude and knowledge is of equal importance.

Furthermore, all the aspects of *management control effectiveness* are also more or less being considered by the post-NPM municipalities. Increasing the effectiveness is raised as a crucial focus area for I7 for instance, in order to be able to tackle the future challenges that the public sector will face since they will have to provide more services with less resources. Further, I5 also raises the need for increased effectiveness but points out that it can not come at the expense of good service quality. The innovation aspect is present in all of these organizations' as well, with a mainly focus of digitalisation in order to be able to offer digital services for the citizens and be more effective in general. Additionally, fast adaptation and flexibility has also been considered as crucial when tackling previous crises. This is in line with the fact that these municipalities have the organic structure which is supposed to handle these types of challenges faster and better. Despite coordination, which has already been mentioned above, the last factor of management control effectiveness that was studied was the alignment between employees and the organizational objectives. The way of viewing this did differ between the post-NPM municipalities, but they all agreed that their employees were engaged and they made sure that their actions were aligned with the organizational goals. Interestingly, I5 mentioned the fact that public sector employees have a special motivating force which makes them naturally engaged and aligned with the organization as a whole. The employees want to serve people, which is the main purpose and mission of the municipality as well. In the long-term *planning* process there is

a high involvement of employees in the post-NPM organizations. Additionally, they had planning horizons of at least ten years with a great focus on sustainability. Regarding the importance of the different MC aspects, did they all agree upon that dialogue and coordination, in other words the structure, and management control effectiveness with emphasis on innovation perspective were the most crucial ones in the future. Lastly, all the post-NPM municipalities consider the *interplay* aspect in a similar way where all the MC tools are connected to each other in order to have a well-functioning MC. However, I1 considered management control effective as more important since it is essential to manage upcoming challenges the municipality is facing and I7 considered innovation as important since it is a tool to stay fit for the future. I5 emphasized the importance of collaboration as well as long-term planning and flexibility.

To summarize, all these three municipalities have implemented the trust-based control principles more or less. I1 is the one who has applied it most in almost all of the MC areas, while the other two have done so as well but not to the same extent.

5. Discussion

In this chapter the empirical findings and its implications are discussed. The chapter starts with a discussion of those controls that all municipalities have in common followed by a section where the differences are discussed.

5.1 Public sector common control practices

It is clear from our empirical findings that the regulation imprints the municipality's way of operating and use of control functions by nature. In this section, diagnostic, short-term planning, measure diversity, structure, input control but also the interplay perspective will be discussed.

The budget is central for these organizations and explained by several interviewees as the most important control document. Therefore, regardless of the detected governance structure, the diagnostic controls are practiced in similar ways. Contradictory, the literature argues that diagnostic control use is redundant for prospectors, which in our study is compared to post-NPM organizations, and does not fulfill any purpose for these organizations (Bedford, Malmi & Sandelin, 2016). Therefore, our empirical findings differ from the literature in that all of our interviewees, regardless of governance structure, emphasized the diagnostic control use. The high degree of budget focus, the diagnostic controls become important and all the variables and indicators that arise from the budget should represent the output performance (Simons, 1994). It is also included in the core mission of municipalities to be able to present output and the value that has been created.

Therefore, it seems like transparency is central throughout the structure as well. Not surprisingly, transparency both internally and externally is one key principle in the public sector which explains the similarities also here. This could be explained by the fact that both NPM and post-NPM trends put great emphasis on transparency (Funck & Karlsson, 2018), which may therefore have become a natural part of the public sector. This is also confirmed by our

interviewees who explained that there is a lot of regulation regarding public transparency for their organizations.

Furthermore, the structures were commonly organized with a balance between both formal and informal ways of structure. It can be assumed that the formal structures need to be in place in order to fulfill the fundamental functions of a municipality. Naturally, the informal structure is also needed because of the divided organizational departments that a municipality consists of. Current literature in this area in the public sector is limited, but it can be assumed that the objectives and practices of NPM advocate for more formal and hierarchical structure with regard to its managerial focus and standardized structure (Hood, 1991). On the other hand, post-NPM structures call for a more informal structure because of its characteristics of trust and involvement (Funck & Karlsson, 2018). However, our empirical findings differ here since it seems like municipalities by nature require a balance of both to fulfill their mission to the society and make the organization work.

Naturally, the high budget focus could also explain the short-term horizon in the planning processes. However, there is an aim among the municipalities to improve the long-term planning to make it more strategic (Johnsen, 2021). It is not surprising that the planning tends to be short-term when the yearly budget is as central as explained above.

Furthermore, the literature points out one of the key characteristics of NPM governance as a primary focus on financial measures (Hood, 1991). However, our empirical findings revealed that this concerted fundamental budget focus rather generated a high amount of measures and an overall broad measure diversity in all of the municipalities in order to ensure quality in all operating areas. Interestingly, one of the respondents explained that they did use a balanced scorecard with various amounts of both financial and non-financial measures even during their NPM era.

The above mentioned control tools can be explained by regulation and the nature of the public sector. Interestingly, the controls where the empirical findings could give us a logical explanation

were the ones with more cybernetic and administrative characteristics (Malmi & Brown, 2008). However, there were some controls where the municipalities, regardless of governance structure, were similar but there was no clear explanation as to why. It rather seems like there existed a best practice regarding these controls. However, the ones where a best practices could be found were more or less in line with the cultural controls from the Malmi and Brown (2008) framework. Another interesting mutual characteristic of these best practice controls is that their outputs are highly dependent on the human factor, where also the interplay aspect can be included.

Resemblance was for instance detected in the municipalities' input controls in terms of being weighted towards knowledge-based management recruitment in most cases. In some cases, the knowledge was considered as a prerequisite, which could be explained by municipalities' diverse operations which require high knowledge. However, municipalities seem to outsource the recruitment process externally or they have highly standardized procedures that are managed by the HR-function, which is the best practice.

Furthermore, the interactive controls were highly influenced by the transparency and budgetary focus. Although, it was difficult to find an explanation for the interactive control use in the communication between managers and between managers and employees that was a mix between formal and informal interactions. However, this mix and way of communicating throughout the organization were similar which indicates some best practice here as well.

Another aspect that was complex to understand is the interplay perspective. Our interviewees stressed that their broad operational structure affects the importance and interplay between all different controls. Further, Grabner and Moers (2013) argue for organizations to make sure that MC practices are wisely selected and are internally consistent. Our empirical findings call for a more broad view of the MC practices and that all of them are equally integrated with each other, due to public sector organizational structure. However, some municipalities highlighted that some MC practices are more important than others, but that they all were connected. It seems like regardless of governance type the interplay is viewed in the same way, which also indicates a best practice.

5.2 Differences in controls between the governance structures

There are some controls that differ between NPM, hybrid or post-NPM municipalities where we would like to highlight tightness, incentives, management control effectiveness and planning. Additionally, we are going to discuss trust which is an important part of the governance structure and many Swedish municipalities are using trust-based management (Regeringskansliet, 2016).

The *tightness* of control differed between the different governance structures where the NPM municipality did not put great emphasis on the individual target setting although they wanted to improve this area. Contradictionally, the hybrids that were more post-NPM oriented and the post-NPM municipalities did use individual goals and feedback to a larger extent, but it was not with the purpose of controlling the employees, it was rather with the purpose to enhance their personal development. From a literature point of view this is very interesting since Van der Stede (2007) means that tightness is dependent on whether the control is tight or loose and Kober, Ng and Paul (2003) further described this as the degree of use of rules and procedures. Defining whether tight or loose control is practiced in the different governance structures could therefore be challenging, however it is clear that the degree of tightness differs, which is in accordance with Fiegener (1994). In particular, the control in NPM is still more tight since there is a greater use of financial measures and that municipalities have faced some previous financial problems which has led to a more narrow focus on the financials at the cost of post-NPM implementation. Municipalities that are facing financial problems are not new, rather Deschamps (2019) means that the public sector in general is facing austerity which leads to an increased focus on minimizing cost which can further explain why the NPM municipality has not changed its focus. One of the post-NPM municipalities highlighted that their stable financial situation had facilitated the implementation of post-NPM features.

Furthermore, NPM municipalities are more tightly controlled, which is in accordance with Hood (1991); Funck and Karlsson (2020). The hybrid municipalities on the other hand could be defined as more loosely controlled in the sense that the employee goals are more flexible and continuously followed up. The interesting finding in the hybrids that could be further discussed is that different degrees of NPM and post-NPM control attributes can be detected, which generates more or less tightness of control in these municipalities (Wisell & Modell, 2014). Even

though the employees are followed up more frequently than the NPM municipality, we would still consider the hybrids and especially the post-NPM municipalities as more loosely controlled since the purpose of the follow ups is to enhance the personal development of the employees which is in line with Aldridge and Stoker (2002) since they emphasized the importance of having motivated employees.

Initially, the incentives were not interesting since there are no incentives in the public sector where the main purpose is not to generate profit (Van der Kolk, 2019), rather the purpose is to deliver service to the citizens (Deschamps, 2019). Therefore, the findings are interesting because none of the municipalities used incentives except two which were one hybrid and one post-NPM municipality. This could almost be considered a private sector style way of working, where Chalos and O'Connor's (2004) way of reasoning is applicable in this case since this can be a way of aligning the interests of employees and municipalities. Another aspect that can be discussed is the importance of having motivated employees which Aldridge and Stoker (2002) discuss. This can further be connected to trust-based management since this can be a way for the municipality to show that they have trust in their employees and that they are supporting them (Bringselius, 2018).

Management control effectiveness did differ where the distinction was most clear between NPM and hybrids/post-NPM. The NPM municipality was more narrow where they mainly focused on effectiveness and innovation. The more narrow focus can be explained by the fact that they found it a bit difficult to adapt to the external environment because of the static nature of the decision making. The coordination between the different departments is an area of improvement. The more NPM oriented hybrids were also more narrow in their focus while the more post-NPM oriented hybrids and post-NPM were broader and considered all the factors in exhibit 3. This can indicate that there is a higher level of goal alignment in the post-NPM oriented municipalities where they can be considered as more normative and the NPM municipality as more instrumental (Otley & Berry, 1980). Adaptability and integration are other factors Otley and Berry (1980) talks about and it is clear that the hybrids that are more post-NPM and the post-NPM municipalities do adapt to the external environment to a larger extent and they are trying to integrate the different parts of the municipality. Focusing on the overall management

control efficiency could maybe be seen as a typical post-NPM feature since Funck and Karlsson (2018) means that post-NPM has a more pluralistic view where more factors than organizational are taken into account.

The long-term planning between the different municipalities varied depending on the identified governance structure. Generally, the more detected NPM influences, the shorter planning periods were practiced. However, these municipalities emphasized that they wanted to improve and extend their time horizon in the planning processes. In addition, there was also low involvement of employees, since the planning process was described as a managerial task. Why our empirical findings differ can be explained by the post-NPM characteristics of taking a more holistic view and engaging the employees and even the citizen in the processes (Funck & Karlsson, 2018), this could elucidate why strong post-NPM municipalities had long-term visions and efficient long-term planning to a larger extent. Furthermore, the trust aspect can explain the disparity between the degree of employee involvement in the planning process. Trust in individuals throughout the whole organization enables involvement not only concentrated to the managers. This approach is also in accordance with the fundamental idea of post-NPM of creating good services through co-production and co-development (Funck & Karlsson, 2018).

However, our discussion can not exclude the aspect of trust since it is a central part of the governance in Swedish municipalities, since every municipality should have implemented a trust-based management. As our empirical findings show, this has been implemented at different levels. Therefore, the trust aspect is interesting when analyzing the differences between the more NPM-weighted municipalities and the clear post-NPM ones, because trust seems to be central for how these controls are practiced. In particular, the trust approach can be clearly detected in the tightness and long-term planning as mentioned above. Naturally, if you trust the members of the organization there is not a need for very tight controls for the purpose of controlling people because you trust them. Also the long-term planning and the degree of involvement of different employees also indicate the implementation of trust-based management. However, trust was also detected in the other areas as well and seems to be an important part of the incentive system in some post-NPM weighted municipalities, with the purpose of supporting them and showing them trust. Also the management control effectiveness is not directly connected to trust, but there were

influences of trust even here in the more post-NPM municipalities. When our interviewees talked about innovation for instance, several emphasized the importance of employee involvement in the innovation process, as with the planning process.

Management Control	Governance		
	NPM	Hybrid	Post-NPM
1.Diagnostic use	Financial focus to ensure economic result	Many KPI, feedback process, benchmarking, value maximization	Feedback process, value maximization,
2. Interactive control use	Low interactive use, budget focus as managerial guidance	Managerial interaction with budget focus	Communication, dialogue, transparency
3. Tightness	Tight control regarding financial measures	Rather loose, employee focused feedback	Loose, employee focused feedback
4. Measure diversity	Low diversity	High diversity	High diversity
5. Incentive compensation	No	Yes/No	Yes/No
6. Structure	Mix but more weighted towards formal and mechanistic	Mix between formal/informal and mechanistic/organic	Mix but more weighted towards informal and organic
7. Input control	Knowledge-based, training and development, standardized process	Knowledge- and value-based, training and development, strandardized process	Knowledge-based, training and development, strandardized process
8. Management control effectiveness	Not great focus	Great focus	Great focus
9. Planning	Short-term (4-5 years), no employee involvement	Long-term (10 years), employee involvement	Long term (10 years), high employee involvement
10. Trust	Not integrated	Integrated at different levels	Highly integrated

Exhibit 3 Summary of findings

6. Concluding remarks

In this last chapter the conclusion is presented as well as contributions both theoretical and practical. The limitations of the study are discussed both in terms of the choice of method and the empirical findings itselfs which lead to suggestions to future research.

6.1 Conclusion

The purpose of this study is to investigate how governance structures are related to the design of MC in Swedish municipalities. To conclude, our findings show that governance structure does not, and may not be able to, have an impact on all control practices due to the high degree of legislation and frameworks and the many other factors that have been elaborated above that challenge these organizations. Even in strongly post-NPM municipalities the post-NPM characteristics have not been able to affect all control areas. The purpose of Tillitsdelegationen in Sweden was to integrate trust more in the public sectors' way of operating (Regeringskansliet, 2016). Our empirical findings suggest that this has been possible to some extent. Furthermore, several interviewees give evidence that many Swedish municipalities are currently in a move towards more and more post-NPM practices. Since Tillitsdelegationen came to existence six years ago, its full potential of implementation and integration with the legislation may require more time to be possible to completely evaluate.

However, there are some controls that are clearly reflected by the implemented governance structure in the municipalities. The control tools that are more self-governed by each municipality are clearly sensitive to different governance structures compared to the more solid ones mentioned in chapter 5.1. Therefore, it is of vital importance for public sector organizations to understand what management controls that they can affect and which they can not in order to create a suitable management control package, which is also confirmed by Malmi & Brown (2008) and Grabner and Moers (2013) for organizations at a general level.

Even if some of the interviewees explained a move towards a more post-NPM organization, there might rather be various versions of governance combinations that are the best option for different organizations. As Funck and Karlsson (2018) explained in their study, NPM and post-NPM should maybe not be viewed as two contradictions or substitutes, rather as two different tools that are included in the organizational tool box. Interestingly, this idea is to some extent confirmed by our empirical findings, since many of the studied municipalities were satisfied with their way of controlling the organization, although they all had weighted the different governance structures differently into their operation.

6.2. Contributions

The purpose of this study is to investigate how governance structures are related to the design of MC in Swedish municipalities since we found that there was a research gap in this study area. To fill the identified research gap found by Van der Kolk (2019), we conducted the study in the suggested way by using Bedford, Malmi and Sandelin (2016) framework of questionnaire. By using this approach we have contributed to the management control literature since the research gap is derived from Van Der Kolk (2019), Bedford, Malmi and Sandelin (2016) and Felício, Samagaio & Rodrigues (2021). Furthermore, this study contributes to the public management literature since the study is based on Funck and Karlsson (2018) as well as Wisel and Modell (2014) and these articles highlight the complexity of governance structures.

Unlike previous research that has mainly been focusing on only one or few management control variables (Felicio, Smagaio & Rodrigues, 2021), our study investigates several management control areas which gives a more holistic and comprehensive understanding of the impact the governance structure has on MC practices in the public sector. Since public sector organizations are very complex and operate in different areas, there was a need to investigate the management control further, especially since the sector has been subjected to a shift in governance over the past year.

Practically, we contribute to an enhanced understanding of the impact governance structure has on management control, which is useful in the design and implementation of different

management control practices. Since our studied municipalities stress some great future challenges in the public sector, the understanding of the relationship between governance and management control is crucial to be able to meet future demands effectively.

6.3 Limitations

In this thesis a methodology based on interviewing people has been used and after that has a thematic analysis been done. Even though the authors of the thesis have tried to reach as high trustworthiness and authenticity as possible there are some limitations with the chosen method. Since this thesis is based on a smaller number of in-depth interviews there is a limitation regarding the risk of subjective answers which is in line with Bell, Bryman and Harley (2019). Furthermore the interviews were conducted in Swedish and then translated which can lead to some biases with the translation which is important to take into consideration. The smaller numbers of interviews leads to problems with the generalization according to Bell, Bryman and Harley (2019) since the results only are applicable in certain situations. For instance the results could be different if smaller municipalities were a part of the study. Several persons from each municipality could be interviewed also in order to give several people's perspective, the input control is in the responsibility area for the human resources department according to the interviewees which show it would be beneficial to interview those as well. Lastly, a limitation could be that the interviewees are anonymous since we are using annual reports in the empirical chapter but we need to prioritize the anonymity of the respondents which led to us having to leave out some information about specific projects and things that could be directly tied to the specific municipality.

Further limitations that are connected more to the study itself is that we did not investigate the interplay aspect in depth in the way as Grabner and Moers (2013) because it was not the main purpose of the study. The interviewees mainly stated that all MC tools are important in the multi-operational environment that municipalities are characterized by. Furthermore, we focus on the three main governance structures NPM, hybrid and post-NPM where we took the decision to leave out the different forms of post-NPM because we found them very similar and dependent on each other so it was difficult to investigate it on that narrow level. However, this could have

affected the results and it would therefore be interesting to investigate the post-NPM trends individually for even more in-depth knowledge. Lastly, we chose municipalities that were very similar in terms of size which was the purpose since this makes them comparable but we did not focus on investigating how the relationship between governance structures and MC looks in municipalities of different sizes which would give the study greater generalizability.

6.4 Future research

When conducting future research in this area the methodological aspect should be taken in consideration where it can be an idea to use the questionnaire by Bedford, Malmi and Sandelin (2016) but doing the study as a survey instead in order to reach a larger number of municipalities. It could also be an idea to do a quantitative study, the problem with the generalization will be solved as well as the shortcomings with the interview method.

Further suggestions for future research that is derived from the limitations of the study and the first aspect that could be further investigated is the interplay between different MC practices in the public sector. Our empirical findings indicated that some MC practices are more crucial than others which is of interest to further study in the light of the interplay aspect. Grabner and Moers (2013) could give some directions on how to conduct that kind of research and since there are differences between private and public sector the results will differ. Secondly, would we suggest studying the different post-NPM themes more in depth in order to find differences between them and also see which one of them is connected to management control since Funck and Karlsson (2018) claimed that not all of them should be considered as governance structures. Since some of the interviewees pointed out that they are in the beginning of implementing trust and post-NPM in their way of working, it might be an idea to wait a couple of years when they have implemented trust and post-NPM to a greater extent. Lastly, a suggestion would be to look at different municipalities since it can differ depending on how big the municipality is. Some of the interviewees said that different municipalities are facing different challenges.

Reference list

Aldridge, R., & Stoker, G. (2002). *Advancing a new public service ethos*. London: New Local Government Network, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 9 May 2022]

Almqvist, R., Grossi, G., Van Helden, G. J., & Reichard, C. (2013). Public sector governance and accountability. In Critical Perspectives on Accounting (Vol. 24, No. 7-8, pp. 479-487), Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 5 May 2022]

Batac, J., & Carassus, D. (2009). Interactions between control and organizational learning in the case of a municipality: A comparative study with Kloot (1997). *Management Accounting Research*, *20*(2), 102-116, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 24 April 2022]

Bedford, D. S., & Malmi, T. (2015). Configurations of control: An exploratory analysis. Management Accounting Research, 27, 2-26, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 20 April 2022]

Bedford, D. S., Malmi, T., & Sandelin, M. (2016). Management control effectiveness and strategy: An empirical analysis of packages and systems. Accounting, Organizations and Society, 51, 12-28, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 25 May 2022]

Bell, E., Bryman, A., Harley, B. (2019). Business Research Methods, 5th edition, Oxford University Press.

Bisbe, J., Batista-Foguet, J. M., & Chenhall, R. (2007). Defining management accounting constructs: A methodological note on the risks of conceptual misspecification. Accounting, organizations and society, 32(7-8), 789-820, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 12 May 2022]

Bougie, R., & Sekaran, U. (2019). Research methods for business: A skill building approach. John Wiley & Sons.

Bringselius, L. (2018). Vad är tillitsbaserad styrning och ledning. Styra och leda med tillit-forskning och praktik (SOU 2018: 38), 61-83, Available through: Google Scholar website https://scholar.google.com/ [Accessed 26 May 2022]

Chalos, P., & O'Connor, N. G. (2004). Determinants of the use of various control mechanisms in US–Chinese joint ventures. Accounting, organizations and society, 29(7), 591-608, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 26 May 2022]

Chenhall, R. H. (2003). Management control systems design within its organizational context: findings from contingency-based research and directions for the future. Accounting, organizations and society, 28(2-3), 127-168, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 15 May 2022]

Christensen (2012). Post-NPM and changing public governance. Meiji Journal of Political Science and Economics, vol.1, 1-11, Available through: Google Scholar website https://scholar.google.com/ [Accessed 13 May 2022]

Christensen, T., Knuth, M., Lægreid, P., & Wiggan, J. (2009). Reforms of welfare administration and policy—a comparison of complexity and hybridization: an introduction. Intl Journal of Public Administration, 32(12), 1001-1005, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 9 May 2022]

Covin, J. G., Slevin, D. P., & Heeley, M. B. (2001). Strategic decision making in an intuitive vs. technocratic mode: structural and environmental considerations. *Journal of Business Research*, *52*(1), 51-67, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 10 May 2022]

Dagens PS. (2021). Är tillitsbaserat ledarskap lösningen för offentlig sektor?. *Dagens PS.* Available online: https://www.dagensps.se/foretag/debatt/ar-tillitsbaserat-ledarskap-losningen-for-offentlig-sektor/ [Accessed 26 may 2022].

Deschamps, C. (2019). Stages of management control in a large public organization: from top to frontline managers. Journal of Management Control, 30(2), 153-184, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 10 May 2022]

DN. (2021). Lita inte på den som säger att tillit räcker som styrmetod. *Dagens Nyheter.* Available online: https://www.dn.se/ledare/lita-inte-pa-den-som-sager-att-tillit-racker-som-styrmetod/ [Accessed 26 may 2022].

Felício, T., Samagaio, A., & Rodrigues, R. (2021). Adoption of management control systems and performance in public sector organizations. Journal of Business Research, 124, 593-602, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 13 May 2022]

Fiegener, M. K. (1994). Matching business-level strategic controls to strategy: Impact on control system effectiveness. *Journal of Applied Business Research (JABR)*, *10*(1), 25-34, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 15 May 2022]

Funck, E. K., & Karlsson, T. S. (2018). Post-NPM, vad är det?: Trender och empiriska iakttagelser kring alternativa idéer för den offentliga sektorn. KFi-Kommunforskning i Västsverige, Available through: Google Scholar website https://scholar.google.com/ [Accessed 26 May 2022]

Funck, E. K., & Karlsson, T. S. (2020). Twenty‑five years of studying new public management in public administration: Accomplishments and limitations. Financial Accountability &

Management, 36(4), 347-375, Available through: LUSEM Library website
http://www.lusem.lu.se/library [Accessed 10 May 2022]

Grabner, I., & Moers, F. (2013). Management control as a system or a package? Conceptual and empirical issues. Accounting, Organizations and Society, 38(6-7), 407-419, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 13 May 2022]

GP. (2021). Vinster är inte det största problemet i välfärden. *Göteborgs-Posten.* Available online: https://www.gp.se/debatt/vinster-är-inte-det-största-problemet-i-välfärden-1.57504179 [Accessed 26 may 2022].

Henri, J. F. (2006). Management control systems and strategy: A resource-based perspective. *Accounting, organizations and society*, *31*(6), 529-558, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 4 May 2022]

Hood (1991). A public management for all seasons? Public Administration, 6(3), 3-19, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 29 April 2022]

Ittner, C. D., Larcker, D. F., & Randall, T. (2003). Performance implications of strategic performance measurement in financial services firms. *Accounting, organizations and society*, *28*(7-8), 715-741, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 28 April 2022]

Johnsen, Å. (2021). Does formal strategic planning matter? An analysis of strategic management and perceived usefulness in Norwegian municipalities. International Review of Administrative Sciences, 87(2), 380-398, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 13 May 2022]

Kober, R., Ng, J., & Paul, B. (2003). Change in strategy and MCS: a match over time?. *Advances in Accounting*, *20*, 199-232, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 15 May 2022]

Malmi, T., & Brown, D. A. (2008). Management control systems as a package—Opportunities, challenges and research directions. *Management accounting research*, *19*(4), 287-300, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 10 May 2022]

Merchant, K. A., & Van der Stede, W. A. (2007). Management control systems: performance measurement, evaluation and incentives. Pearson education, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 4 May 2022]

O'flynn, J. (2007). From new public management to public value: Paradigmatic change and managerial implications. Australian journal of public administration, 66(3), 353-366, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 15 May 2022]

Osborne, S. P. (2006). The new public governance? 1, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 10 May 2022]

Otley, D. T., & Berry, A. J. (1980). Control, organisation and accounting. *Accounting, organizations and society*, *5*(2), 231-244, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 5 May 2022]

Otley, D. (2016). The contingency theory of management accounting and control: 1980–2014. Management accounting research, 31, 45-62, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 5 May 2022]

Regeringskansliet. (2016). Offentlig sektor ska styras med tillit som utgångspunkt. *Regeringskansliet*. Available online: https://www.regeringen.se/artiklar/2016/02/offentlig-sektor-ska-styras-med-tillit-som-utgangspunkt/ [Accessed 26 may 2022]

Saliterer, I., & Korac, S. (2013). Performance information use by politicians and public managers for internal control and external accountability purposes. Critical Perspectives on Accounting,

24(7-8), 502-517, Available through: LUSEM Library website http://www.lusem.lu.se/library
[Accessed 15 May 2022]

Saunders, M., Lewis, P., & Thornhill, A. (2009). Research methods for business students.
Pearson education.

Simons, R. (1994). *Levers of control: How managers use innovative control systems to drive strategic renewal*. Harvard Business Press, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 2 May 2022]

SKR. (2021). Kommunernas åtaganden. *Sveriges Kommuner och Regioner.* Available online: https://skr.se/skr/tjanster/kommunerochregioner/faktakommunerochregioner/kommunernasataganden.3683.html [Accessed 26 may 2022]

Snell, S. A. (1992). Control theory in strategic human resource management: The mediating effect of administrative information. *Academy of management Journal*, *35*(2), 292-327, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 7 May 2022]

Stoker, G. (2006). Public value management: A new narrative for networked governance?. *The American review of public administration*, *36*(1), 41-57, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 4 May 2022]

Swedish Research Council. (2017). Good Research Practice. Available online: https://www.vr.se/download/18.5639980c162791bbfe697882/1555334908942/Good-Research-Practice_VR_2017.pdf [Accessed 26 may 2022]

Terry, G., Hayfield, N., Clarke, V., & Braun, V. (2017). Thematic analysis. The SAGE handbook of qualitative research in psychology, 2, 17-37, Available through: Google Scholar website https://scholar.google.com/ [Accessed 26 May 2022]

Van der Kolk, B. (2019). Management control packages: a literature review and guidelines for public sector research. Public Money & Management, 39(7), pp.512-520, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 29 April 2022]

VLT. (2022). Bättre styrning av offentlig upphandling är nödvändigt. *Vestmanlands Läns Tidning.* Available online:
https://www.vlt.se/2022-03-30/battre-styrning-av-offentlig-upphandling-ar-nodvandigt [Accessed 26 may 2022]

Widener, S. K. (2007). An empirical analysis of the levers of control framework. Accounting, organizations and society, 32(7-8), 757-788, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 5 May 2022]

Wiesel, F., & Modell, S. (2014). From new public management to new public governance? Hybridization and implications for public sector consumerism. Financial Accountability & Management, 30(2), 175-205, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 5 May 2022]

Wällstedt, N., Grossi, G., & Almqvist, R. (2014). Organizational solutions for financial sustainability: A comparative case study from the Swedish municipalities. *Journal of Public Budgeting, Accounting & Financial Management*, *26*(1), 181, Available through: LUSEM Library website http://www.lusem.lu.se/library [Accessed 29 April 2022]

Yin, R.K. (2009). Case Study Research: Design and Methods, 4. uppl, Thousand Oaks: SAGE Publishing.

Appendices

Appendix A - Interview questions (Swedish)

Introduction:
- Berätta lite kort om dig själv.
- Vad är din roll?
- Hur länge har du jobbat på kommunen?

A.0. Governance structure

Vi har läst en årsredovisning för 2020 och sett att ni har X styrning och X mål med verksamheten, när implementerades det här?

A.1. Diagnostic control use

I vilken utsträckning och hur används budget och budgetuppföljning för att;
- Identifiering av kritiska prestationsmått/nyckeltal (Mått som behövs för att nå kommunens strategi/mål)
- Sätta upp mål för dessa prestationsmått/nyckeltal
- Följa upp och se till att målen nås
- Följa upp eventuella avvikelser (och rätta till dessa)
- Utvärdering av de mest kritiska prestationsmåtten/nyckeltalen

A.2. Interactive control use

I vilken utsträckning använder ledningen budgetar och prestationsmått? T.ex. i ledningsmöten och kommunikation med medarbetare.

A.3. Tightness
- Hur flexibla är medarbetarnas mål när de väl blivit satta?
- Hur ofta följs medarbetarnas måluppfyllelse upp? T.ex. i form av utvärdering eller vid händelse av avvikelser från målen.

A.4. Measure diversity

I vilken utsträckning används prestationsmått/nyckeltal utifrån följande perspektiv för att utvärdera medarbetarnas prestation?
- Kunder/Medborgare (t.ex. nöjdhet)
- Anställda (t.ex. medarbetarnöjdhet eller personalomsättning)
- I utförandet av arbetsuppgifter (t.ex. produktivitet, säkerhet - hantering av uppgifter av känslig natur eller regelefterlevnad)
- Kvalitet (t.ex. service-kvalitet, utmärkelser eller brister)
- Socialt ansvarstagande (t.ex. miljöarbete, samhällspåverkan eller uppfattning)
- Övriga perspektiv

A.5. Incentives

Använder ni något belöningssystem (monetära/icke monetära)?

A.6. Structure

Dessa frågor handlar om huruvida kommunens arbetssätt kommuniceras formellt, semi-formellt eller mer informellt.

- Hur kommuniceras information ut till medarbetarna?
- Hur tillgänglig är information om kommunens arbete för alla medarbetare?
- Hur är flödet av information mellan chefer och medarbetare?
- Hur är den generella filosofin för drivandet av kommunen?
- Vidare undrar vi om det finns ett strukturerat samarbete på chefsnivå eller om eget initiativ för att hantera situationer vartefter problem uppstår.

A.7. Input control

1. Hur ser rekryteringsprocessen ut (t.ex. utsökning av kandidater, tester och antal intervjuer) för chefspositioner?
2. Hur mycket vikt läggs vid att attityd och värderingar är i linje med kommunens och inte bara kompetens vid urval av chefer?
3. Hur mycket vikt läggs vid träning och utveckling av chefer?

A.8. Management control effectiveness

- Hur viktiga är följande områden för kommunen?
1. Öka effektiviteten
2. Vara innovativ
3. Anpassa sig till förändringar (t.ex. politiska beslut på högre nivå eller omvärldsförändringar (t.ex. corona, ukrainakrisen))
4. Samordna arbetet mellan enheter
5. Få medarbetare att agera i linje med kommunens mål

A.9. Planning

Hur ser den långsiktiga planeringen ut i kommunen? (t.ex. långsiktiga projekt, mål)
- Hur följs den upp?
- I vilken utsträckning är medarbetarna involverade i planeringen?

A.10. Interplay

Vilka av områden **A.1.** till **A.9.** är viktigast för er och tror du dom har någon koppling till varandra?

Appendix B - Interview questions (English)

Introduction:
- Tell us about yourself.
- What is your role?
- For how long have you been working at the municipality?

A.0. Governance structure
We have read in your annual report that you have a specific type of governance and goals in the municipality, when was this implemented?

A.1. Diagnostic control use
To what extent does the top management team use budgets
(performance measurement systems) for the following?
- Identify critical performance variables (i.e. factors that indicate achievement of current strategy).
- Set targets for critical performance variables.
- Monitor progress towards critical performance targets.
- Provide information to correct deviations from preset performance targets.
- Review key areas of performance.

A.2. Interactive control use
To what extent does the top management team use budgets and performance measures in for instance top management meetings and in the communication with employees?

A.3. Tightness
- How flexible are subordinate performance targets once they have been set?
- How frequently are subordinates consulted about performance target achievement?
- To what extent are written explanations for variances from target performance levels required from subordinates?

A.4. Measure diversity
To what extent are measures related to the following dimensions used to evaluate subordinate performance?
- Customer (e.g. market share, satisfaction, retention).
- Employee (e.g. employee satisfaction, turnover, workforce capabilities and development).
- Operational Process (e.g. productivity, safety, cycle time).
- Innovation (e.g. R&D, new product/service success, development cycle time).
- Quality (e.g. product/service quality, defects, awards).
- Social Responsibility (e.g. environmental compliance, community impact, public image).
- Other Dimensions (please elaborate).

A.5. Incentives
Do you have reward systems (monetary/non-monetary)?

A.6. Structure

These questions are about whether the municipality works in a formal, semi-formal or informal way.

1. Indicate how control information is typically communicated in
your municipality

2. Indicate the accessibility of operational information in your municipality

3. Indicate the content of work-related communication between
top management and subordinates

4. In general, the operating management philosophy in your municipality

5. Is there collaboration among managers?

A.7. Input control

1. How extensive is the recruitment and selection process?

2. How much importance is placed on selecting managers who
have attitudes and values aligned to the municipality, not just on technical
competence?

3. How much importance is placed on training and development of
managers in your municipality?

A.8. Management control effectiveness

How important are the following
priorities for your municipality?

1. Improving efficiency

2. Being innovative

3. Adapting to changing business demands

4. Coordinating work between sub-units

5. Aligning subordinate actions to the goals of the municipality

A.9. Planning

How does the long term planning works in the municiplaity? (E.g. long term projects and goals)
- Is there a feedback process?
- Are the employees involved?

A.10. Interplay

Which one of the areas **A.1.** to **A.9.** do you find most important and do you think they have a connection
to each other?

Appendix C - Email template (Swedish)

Hej,

Vi är två masterstudenter från Lunds universitet som just nu skriver vårt examensarbete om kopplingen mellan ekonomistyrning och ledning i offentlig sektor med fokus på svenska kommuner.

Vi har bl.a. studerat olika kommuners styrdokument och årsredovisningar och tror att X kommun skulle vara intressant för vår studie. Vi undrar därför om någon hos er skulle vilja delta i en telefon-/videointervju för att svara på frågor kring hur er ekonomistyrning och ledningsstruktur ser ut.

Intervjuerna kommer vara anonyma och vi skulle gärna genomföra intervjun under april månad om ni vill delta och har möjlighet till det.

Vi ser fram emot er återkoppling.

Med Vänliga Hälsningar,
Madeleine Axelsson & Victor Hedman
Ekonomihögskolan vid Lunds universitet

Appendix D - Email template (English)

Hi,

We are two master students från Lund University School of Economics and Management and we are currently writing our master thesis about the connection between management control and governance structures in the Swedish public sector and in particular municipalities.

We have read some municipalities' annual reports and other kinds of documents and we think your municipality is of interest in our study. We wonder if you would like to participate in a video/phone interview and answer questions about your governance structure and design of management control?

You will be anonymous in the thesis and we would like to conduct the interview during april if that works for you.

We are looking forward to hearing from you!

Kindest regards,
Madeleine Axelsson & Victor Hedman
Lund University School of Economics and Management

Appendix E - Summary of literature based questions

Questions	Governance Structure	Literature
A0	NPM	Hood (1991), Funck and Karlsson (2018), Funck and Karlsson (2020)
	Hybrid	Wiesel and Modell (2014), Funck and Karlsson (2018), Christensen, Knuth, Lægreid and Wiggan (2009)
	Post-NPM	Wiesel and Modell (2014), Funck and Karlsson (2018), Osborne (2006), Almqvist et al. (2013), O'flynn (2007), Aldridge and Stoker (2002), Stoker (2006), Bringselius (2018), Regeringskansliet (2016),
	Management Control	
A1	Diagnostic use	Henri (2006); Widener (2007), Simon (1994),
A2	Interactive control use	Bisbe, Batista-Foguet and Chenhall (2007); Widener (2007), Simon (1994), Batac & Carassus (2009)
A3	Tightness	Van Der Stede (2007); Bedford, Malmi and Sandelin (2016), Kober, Ng & Paul (2003), Fiegener (1994), Deschamps (2019)
A4	Measure diversity	Ittner, Larcker and Randal (2003)
A5	Incentives	Van Der Kolk (2019), Chalos and O'Connor (2004), (Deschamps, 2019)
A6	Structure	Covin, Slevin & Heeley (2001)
A7	Input control	Snell (1992); Malmi and Brown (2008)
A8	Management control effectiveness	Otley and Berry (1980); Fiegener (1994); Kober, Ng and Paul (2003)
A9	Planning	Bedford, Malmi and Sandelin (2016); Malmi and Brown (2008), Bedford & Malmi (2015), Johnsen (2021)
A10	Interplay	Malmi and Brown (2008)

Appendix F - Thematization

Themes	Municipalities								
	I1	I2	I3	I4	I5	I6	I7	I8	I9
Governance structure	Trust-based, decentralized with feedback	Trust-based, involving employees, determined focus areas	Decentralized, aims for trust-based, result focus	Decentralized, low focus on financial measures	Trust-based, decentralized with feedback	Both decentralized and centralized, trust-based	Trust-based, decentralized, citizen focus	Decentralized, operate out of management primarily, trying to find good control variables	Aim for trust based management, NPM still present
Diagnostic use	15-20 performance measures (financial & non-financial) per authority, forecasting, benchmarking	Benchmarking, planning, analysing, feedback	Output and result focus	The authorities set key performance measures (financial & non-financial), feedback	General indicators (financial & non-financial)	Several measures (financial & non-financial) connected to the overall goals. Extensive feedback process	A lot of measures (financial & non-financial) connected to the overall goals. Extensive feedback process	Many financial objectives, but also quantitative. Haven't focused much on deviations. Standardized reports.	Several measures with rigid follow ups
Interactive control use	Transparency and dialogue with employees	Standardized cooperation-contract to achieve budgetary goals	Aim to focus on net cost, although the budget becomes central	Central transparency, further reduced into unit goals	Budget and the municipality planning document are the most important control documents, that are flexible	Budget is central	Beyond budgeting, since financials is considered as hygiene factor, central transparency that is reflected at lower levels	Budget is central, maybe too much focus, challenges is managed by managers	Budgets are central and used on all levels and have a more proactive and forecasting function
Tightness	20/80-principle (planning/feedback), Planning semi-formal, "smart goals"	Employee goals with formal feedback once a year, (frequently), which are evaluated on proactivity) organization managed by managers	Individual goals with feedback (frequently), which are evaluated on proactivity)	Individual goals with constant feedback	Individual activity-based goals, feedback mainly through managers	Individual goals exist even though evaluation is done on a group level. Managers responsibility to follow up	Individual goals that are set and followed up once every year. Continous dialogue regarding deviations	Employee should have individual goals, but that's not reality at all units	Individual goals with constant feedback
Measure diversity	High extent	High extent	High extent	High extent	High extent	High extent	High extent	High extent, but not participate in all the national surveys	High extent
Incentives	Yes, educational checks	No	No	No	No	No	No.	Yes, educational checks	Yes, educational checks
Structure	Formal and informal, cooperation, employee involvement	Formal communication between managers, corporate principles, transparency, structured employee involvement	Mainly formal, some transparency, structured coordination between managers	Informal in smaller groups, transparency, cooperation	More informal communication, lack of cooperation due to decentralization, transparency, trust	More informal communication, transparency, cooperation between managers)	Informal and transparent on strategic level, collaboration and consulting, more network than cooperation	Formal communication, transparency, decision informal and consulting, more network than cooperation	Formal and informal, cooperation, employee involvement
Input control	Standardized processes, knowledge-based, a lot of effort in training and development	Recruitment emphasize personal skills, a lot of effort in what competence and values that are important, great emphasis on training and development	Formal recruitment procedures, clear picture of how the leader should act and what competence and values that are important, great emphasis on training and development	Standardized recruitment, Mainly knowledge-based, put emphasize in training and development	High standards in recruiting, list of requirements, knowledge-based, have leadership educations	Standardized recruitment process, values and attitudes extremely important - core values essential, a lot of training and development of employees and managers	Formal recruiting procedures. Competence is a question of legitimacy, beyond that is important. Different kinds of leadership programs for training and development	Practice training and development programs for managers and potential future managers	Formal recruiting procedures and diffrent kinds of leadership programs
Management control effectiveness	Effectiveness (x), Innovation (x), Flexible (x), Social responsibility (x), Employee engagement (x)	Effectiveness ( ), Innovation (x), Flexible (x), Social responsibility (x), employee engagement (x)	Effectiveness (x), Innovation (x), Flexible (/), Coordination (x), Social responsibility (x)	Effectiveness (x), Innovation (x), Flexible (x), Coordination (x), Employee engagement (x)	Effectiveness (x), Innovation (x), Flexible (x), Coordination (x), employee engagement (x)	Effectiveness (x), Innovation (x), Flexible (x), Social responsibility (x), Employee engagement (x)	Effectiveness (x), Innovation (x), Flexible (x), Coordination (/), Employee engagement (x)	Effectiveness (x), Innovation (x), Flexible ( ), Coordination ( ), Employee engagement ( )	Effectiveness (x), Innovation (x), Flexible (x), Social responsibility (x), employee engagement (x)
Planning	Long-term planning exists with high employee involvement	Mainly demographic long-term planning, low employee involvement	Need more long-term planning, employee involvement to some extent	Many long-term project with follow-up, high involvement of employees	Many long-term projects, high involvement of employees	Many long-term projects, high involvement of employees	Many long term projects, involve the employees	4-15 years depending on project, want to be more long-term, no employee involvement	A lot of short term planning but there are some long term planning when it comes to the vision and how they are working with sustainability. There are employee involvement.
Trust	Highly integrated	Recently implemented	Little integrated	Not mentioned	Integrated	Medium integrated	Medium integration	No integration	Medium integrated