Organizational Practices as Carriers of Logics in Situations of conflicting Logics

ABSTRACT: Institutional logics consist of material practices and symbolic constructions, which constitute the organizing principles of an organizational field (Friedland & Alford 1991). In public organizations the New Public Management (NPM)-movement introduced a new logic of control to the prevailing logic of justification and created a situation of conflicting logics.

Situations of conflicting logics have been discussed in a number of research pieces, often leaving out conflicts of different institutional logics on an intra-organizational level. Our research closes this gap by elaborating the conflicts arising when organizational practices and their users are guided by different institutional logics. We discuss the research question based on case-study data from a large German public organization, where management accounting reports were introduced as part of a new logic of control. Reports were intended to change behavior of executives, but who were guided by an 'old' logic of justification. We show that organizational logics do not simply carry a distinct logic. In fact, for organizational practices to function as carriers of logics, they have to be used in a way prescribed by its distinct logic.
Introduction

Planning and reporting are core management control practices guiding and supporting decision-making of executives (Hyvönen et al., 2009). Setting up planning and reporting processes in public organizations is often bound up with the hope that such ‘new’ management tools would lead to a replacement of traditional ways of thinking and acting. Although research in that area provides remarkable explanations and empirical evidence on how the introduction of single tools could lead to organizational change (Nigam & Ocasio, 2010; Oakes et al., 1998), experiences from the public management control practice paint a different picture: unfulfilled expectations which cannot be explained properly by the initiators of organizational change. Evidence is given both in Germany (Plag, 2007) and on an international level (Groot & Budding, 2008).

Drawing on an institutional logics perspective, planning and reporting are organizational practices that are located within a broader institutional logic (Friedland & Alford, 1991; Ocasio, 1997; Suddaby & Greenwood, 2005; Thornton, 2004). According to the concept by Friedland & Alford (1991), institutional logics consist of socially constructed organizing principles providing meaning to the institutionalized practices in a social system. The term ‘practice’ refers to a form of meaningful activity and is distinct from activity, as Lounsbury & Crumley (2007, 995) state: ‘...activity involves acts that are generally devoid of deeper social meaning or reflection, such as pounding a nail, while practice, such as professional carpentry, provides order and meaning to a set of otherwise banal activities.’ Organizational practices have been investigated in a number of publications across the social sciences (Schatzki et al., 2001), providing a useful link between broader cultural belief systems and social structures to individual and organizational action (Thornton et al., 2012). From an institutional logics point of view, practices arise in and are closely linked to the overall institutional logic.
On the one hand, institutional logics provide the cognitive and symbolic elements that actors employ in their social interactions to reproduce practices (Thornton et al., 2012). From this point of view, practices are rather passive tools that draw their justification from a specific logic. Lounsbury (2007) for example shows how conflicts between two logics, a logic of performance and a logic of trustee, led to variations in the practices adopted by mutual funds in New York and Boston. Lok (2010) elaborates in his study on management and institutional investors in the UK the correlation of institutional logics and identity construction and how this correlation is linked to the way in which institutional logics are translated into practices.

On the other hand, practices influence institutional logics. Thornton et al. (2012, 129) state, that practices play ‘a key role as exemplars in creating, reproducing and transforming institutional logics’. Former studies (e.g. Friedland, 2009) illustrate how stable material practices provide core manifestations of institutional logics and play a more active part in creating and reproducing institutional logics (Thornton et al., 2012). Developing this thought, practices could well appear as tangible focal points for shifts or alterations in institutional logics, as proposed in the seminal contribution by Friedland & Alford (1991). Nigam & Ocasio (2010) for example picked up this idea and show, how changes in practices went hand in hand with sensemaking, which led to the emergence and adoption of a new logic (Thornton et al., 2012). In another study placed in a context of changes in logics of museum and cultural sites’ staff in Canada, Oakes et al. (1998) elaborate how the introduction of business planning not only announced change in logics but it was through the activity of business planning that change actually occurred. In these studies, practices represented a new logic which spread across the organization and initiated change. Practices acted as a carrier of a specific logic. But these studies do not explain how practices become representatives and carriers of logics. How do practices relate to an
institutional logic and possibly adapt a logic? Can a practice carry only one logic? All these questions remain unsolved. Our study closes this gap by examining in the field of public organizational change in what way new reporting and target setting practices support and act as a carrier of a new logic. We do so based on an empirical case study from a large German public organization, which introduced reporting and target setting practices to the organization with the intend to bring change to the organization.

Our study contributes to recent research in two ways. First, drawing on an intra-organizational perspective allows us to develop a deeper understanding for the micro-processes of change within an organization. Former studies have shown how multiple logics often coexist (Marquis & Lounsbury, 2007; Reay & Hinings, 2005) and impose different and sometimes conflicting demands on organizations (Oliver, 1991; Goodrick & Salancik, 1996). However, such studies rarely examined how organizations deal with institutional pluralism internally (Battilana & Dorado, 2010). We don’t know for example how organization members handle multiple conflicting logics, although the latter are ultimately the ones enacting institutional logics (Glynn, 2000; Zilber, 2002). Institutional logics with their own rationalities create significant contradictions, which on the one hand constrain organizational behavior and on the other hand offer important opportunities for change (Friedland & Alford, 1991). Examining the interplay between practices and individual behavior allows us to elaborate tensions placed on individuals by conflicting institutional logics and to develop insights in how the handling of conflicting logics in the organization is actually achieved. This idea leads to our second contribution. Answering the call for more practical relevance of public sector management accounting research (van Helden & Northcott, 2010) we locate our research in the field of public management accounting change. By introducing New Public Management, public organizations were hoping to increase their efficiency and to transform the organizational culture to a more business-like
way of thinking. However, the reforms did quite often not meet the high expectations placed on them. Managing change processes requires specific knowledge about the change process itself and on best-practices in the field of public management accounting change. Furthermore, one has to take into account individual behavior when developing public management control activities. Such knowledge is slowly emerging in the field of German public organizations. Our research therefore tries to understand why organizational practices like reporting do not reach executives and why they are not used. In doing so, we are closing the often observed gap between academic work in the public sector management domain and its relevance for practitioners (Hopwood, 2008; van Helden & Northcott, 2010; Baldvinsdottir et al., 2010).

Our arguments are structured as follows. We first provide a comprehensive review of the relevant literature and place our research question within this theoretical discourse. In the next section we introduce the case and develop our findings based on the case data. Third, we discuss our findings and their implications for the theoretical discourse on conflicting institutional logics. We further highlight practical implications of our study and conclude with suggestions for future research.

Theoretical Context

Friedland & Alford’s (1991) essay, together with empirical work by Haveman & Rao (1997), Thornton & Ocasio (1999) and Scott et al. (2000) created a new approach to institutional analysis, redirecting it from its traditional focus on isomorphism and the distinction of behavior as rational versus non-rational or technical versus institutional (Meyer & Rowan, 1977; DiMaggio & Powell, 1983; Tolbert & Zucker, 1983) towards an appreciation of how multiple forms of rationality underlie organizational change (Lounsbury, 2007). The institutional logic approach was first limited to major institutionalized societal sectors, but in
time Thornton & Ocasio (2008) suggested a broader field of application, leading to an impressive variety of empirical contexts today (Nigam & Ocasio, 2010). Recent literature on institutional logics and change (for an overview see: Greenwood et al., 2011) particularly highlighted situations of institutional complexity where competing institutional logics are at play. Reviewing this research stream allows a deeper understanding of the dynamics of competing institutional logics differentiating three levels of analysis.

In the early days of institutional logics research, studies were mainly located on societal and organizational field levels. Lounsbury (2007) for example elaborates how different field-level logics in the US banking sector became rooted in geographical communities showing that the spread of practices was shaped by competing logics that generate variation in organizational behavior and practice adoption (Greenwood et al., 2011). In another interesting research piece in the field of alternative dispute resolution, Purdy & Gray (2009) investigate diffusion mechanisms through which multiple logics become institutionalized as organizational practices. Much of this field-level work considers fields as highly competitive, moving from one dominant logic to another (Greenwood & Hinings, 2006). Ongoing and enduring complexity from multiple logics is not considered. Recent work, however, shows an appreciation of multiple logics coexisting in the field (van Gestel & Hillebrand, 2011). Reay & Hinings (2009) for example examine strategies for managing the rivalry of coexisting logics over time. In another research piece Dunn & Jones (2010) reveal a plurality of logics in the field of medical education. Different logics are supported by distinct groups and interests and their mutual relation is in a continuous dynamic flow. The majority of such recent studies frames the coexistence of logics as a steady competition of two logics (Greenwood et al., 2011). But increasingly the coexistence is rather described as a ‘constellation” of logics, as Goodrick & Reay (2011, 372) put it (van Gestel & Hillebrand, 2011). This great variety of field-level research and the ongoing fruitful discussion regarding
the interplay of different institutional logics highlight the importance of field-level mechanisms for the filtering, framing and enforcing of logics. Understanding field-level processes is therefore crucial for understanding complexity, conflicts and development on the organizational level (Greenwood et al., 2011).

The conceptualization of organizational fields as being shaped by an ongoing and persistent coexistence of institutional logics has increased interest in how individual organizations handle the tensions from institutional complexity. The discussion on how organizations incorporate competing institutional logics has developed over time. Early institutional research (Meyer & Rowan, 1977) pointed to decoupling, that is a process by which organizations separate their normative or prescriptive structures from their operative actions - the way they actually do it (Bromley & Powell, 2012, Meyer & Rowan, 1977). Thus, when facing institutional conflicts organizations symbolically endorse practices legitimized by one logic while in fact implementing practices prescribed by another logic. A major assumption of decoupling strategies is that all members of the organizations adhere to the same ‘old’ logic and are willing to protect it. This assumption is particularly challenged in situations of enduring institutional complexity (Pache & Santos, 2013). Another line of thought seeks to explore compromising as a variable strategy for organizations facing multiple logics. Early work by Oliver (1991) for example proposes a rather theoretic model of generic response strategies; recent empirical work by Kraatz & Block (2008) depicts four adaptation strategies to plural institutional demands. Compromising is conceptualized as the enactment of institutional prescriptions in a slightly altered form to live up to expectations from external constituents (Oliver, 1991). Compromising could well be obtained by adhering to the minimum standard of what is expected, through crafting some new behavior by bringing together elements of the conflicting positions or through bargaining with participants, so that they change their expectations (Pache & Santos,
Such a strategy seems promising but it is questionable whether it allows organizations to secure full support from external referents over a long period of time in which they are facing competing external expectations. A recent stream of research therefore suggests that organizations may reconcile expectations from competing logics by endorsing a combination of activities, creating hybrids (Battilana & Dorado, 2010; Binder, 2007; Greenwood et al., 2010; Greenwood et al., 2011; Lounsbury, 2007; Reay & Hinings, 2009). Hybrids, so the idea, could well ensure persistent support from a wide range of field-level actors. Tracey et al. (2011) for example show in their study of a social enterprise ‘Aspire’ in the United Kingdom how combining aspects of established institutional logics create a new type of organization underpinned by a new, hybrid logic. Battilana & Dorado (2010) explore in their study on commercial microfinance organizations how new types of hybrid organizations can develop and maintain their hybrid nature in the absence of a ‘ready-to-wear’ model for handling the tensions between two opposite logics.

Reviewing existent literature on conflicting logics shows that although research ‘seeks to probe the pattern of relationships between logics, fields and organizations, and is becoming more appreciative of the nuances of those relationships’ (Greenwood et al., 2011, 323), recent discussion remains mostly on an organizational level. Apart from work by Pache & Santos (2010; 2013), the majority of recent studies leave out intra-organizational effects and lack explanations on how the combination of logics is actually achieved on an intra-organizational level. Pache & Santos (2010) on the one hand elaborate how organizations respond to conflicting demands taking into consideration intra-organizational processes. Their follow-up work (Pache & Santos, 2013) on the other hand shows how organizations internally develop hybrid practices by combining intact practices from apparently conflicting logics. But why is such a focus on intra-organizational effects important for our understanding of conflicting logics? The answer is given by the empirical work mentioned
before: because it is telling two stories. One regards the configuring of hybrids, yet the other one tells a story of failure, where organization members were not able to manage conflicts from institutional logics. Taking for example the case of ‘Aspire’ (Tracey et al., 2011), organization members in the long run did internally not succeed in living up to the conflicting expectations, which led to a loss of external support over time (Pache & Santos, 2013). Similar to the Aspire-case, one of the two microfinance organizations in Battilana & Dorado’s (2010) study was unable to grow because of internal disagreements caused by different adherence to norms and values of competing logics (Pache & Santos, 2013). Such empirical evidence illustrates that intra-organizational processes are crucial for the success of organizations in managing the rivalry of competing logics and underpins the need for further inquiry in that area. Our empirical analysis addresses such intra-organizational conflicts by elaborating the tensions that arise, when executives work with practices that represent a different logic than the one guiding their own behavior.

Data and Analysis

Case Data

Our study is based on empirical data from a large German public organization. The case organization is a higher federal authority assigned to the Federal Ministry of the Interior. It (The Federal Office of Administration - Bundesverwaltungsamt, BVA) was established in 1960. The founding principle was to take over administrative tasks of the federal ministries, to bundle them in one office and perform them more efficiently and effectively. With 2,400 staff, the BVA today carries out a variety of tasks such as personnel recruitment, travel management and the processing of remuneration and health insurance assistance. It works

The case organization is a member of a working group, which was founded to facilitate the implementation and improvement of management accounting and control in German public organizations in 2010. Initiators of the working group were the CEO of a German federal agency and a senior researcher, who had cooperated in earlier projects. They used their existing contacts to convince representatives of other public organizations to join the working group. Today, the working group consists of top level representatives and management accounting representatives from 17 German governmental organizations¹. Together, they represent a network of powerful actors within the field of German public organizations which regard themselves as obliged to a ‘new’ managerial logic. Since its foundation, the authors of this paper have provided scientific support to the working group. This close collaboration allowed us to gain a profound insight into the emergence of the organizational field of German public organizations and how it relates to organizational developments. Furthermore, we were able to acquire a broad picture of the activities and developments within the case organization. We believe that this background and the profound knowledge on a field and organizational level increase the quality of our interpreting the empirical data of our study.

Our empirical basis to conduct the study is generated from various sources. First, our empirical data consists of archival data and interview material that was collected as part of the collaboration in the working group. Second, we have visited the case organization and spent time there. Through participatory observation of key actors, we were able to trace the way of reports within the organization and to gain an impression on how reports are used

and worked with. Archival data include internal documents, notes and normative guidelines issued by the central controlling department since its establishment as well as internal organizational documents. Furthermore the data include all different configurations of management accounting reports that has been used in the BVA since their first implementation in 2003. Interview material consists of ten interviews that were conducted between 2010 and 2013. The interviews were held with central controllers, local controllers and executives. Interview material has been transcribed and coded using MAXQDA. We developed our arguments in an ongoing reflection on our data material against existent theories (Ahrens & Chapman, 2006). To ensure trustworthiness of our interpretations, we tried to triangulate our data, supporting each argument drawn from initial data by two further data sources (Hoque, 2006). To further ensure the quality of our data we regularly presented our interpretations to the case organization for critical evaluation.

The Emergence of conflicting Logics in our Case Organization

The founding idea of the BVA with its strong focus on outputs and high quality service provision reflects a perception of public organizations as providers of services striving for objectives and serving its customers (Brunsson & Sahlin-Andersson, 2000). It is, among others, one key aspect of a logic of control. The conception of a logic of control is quite similar to the ‘managerial logic’ described by (Meyer & Hammerschmid, 2006, 1003): ‘..., the managerial logic is characterized by an economic or management emphasis and dominated by anticipatory action and a logic of consequentiality reflected in a terminology of performance and results, efficiency and effectiveness, and managerial competence and prudence.’ Our conception of a logic of control also includes a result-based governance by contracts, performance measurement and management tools as well as a high degree of decentralization and a high managerial autonomy. However, it supplements Meyer &
Hammerschmid’s (2006) conception in a way that it emphasizes more clearly the aspect of controlling an organization rather than monitoring it. Good governance under a logic of control means to make good decisions based on reliable data from the past. In this view transparency is not a threat but an opportunity. Information is not hidden but is exchanged over all hierarchical levels, supported by extensive communicative processes. Management control and reporting practices in particular are regarded to represent a logic of control. Management accounting reports create transparency. They set targets and provide outlooks into the future providing numbers, which condense complex internal facts. Reporting as such therefore represents a new logic in is in contrast to traditional management approaches in the public sector.

Even though the founding idea of the BVA is based on a logic of control, its structure and practices had traditionally been reproduced based on a logic of justification (Boltanski & Thévenot, 2006). A logic of justification is deeply rooted in the German system of legislation and legality with an imperial administrative tradition (Pina et al., 2009). Grounded in Max Weber’s (1922/1978) rational-legal form of authority, in this view the main task of public administration is the politically neutral and independent translation of political will into administration practice (Ziller, 2012). A logic of justification has various characteristics, which influence people, structures and practices. On a personal level, a logic of justification encourages bureaucratic opacity. People are aware of the fact, that doing something wrong threatens their professional position and they therefore question the personal use of transparency. On a structural level, a logic of justification is characterised by strong hierarchical structures ensured by the Weisungsprinzip with directives as a principle governance mode (Meyer & Hammerschmid, 2006). In this sense, reporting information is discussed on equal hierarchical levels before providing them to other hierarchical levels. Concerning practices, good governance is ensured by the Legalitätsprinzip which permits
administrative activity exclusively on basis of laws resulting in a strong focus on the legal and procedural correctness of each single administrative act (Meyer & Hammerschmid, 2006). Therefore information based on a logic of justification has limited explanatory content for the future but rather provides a data pool for analysing and justifying past behavior.

Although the founding idea of the BVA grew out of a modernizing movement, until early 2000, the dominant institutional logic guiding identities and practices at the BVA was the logic of justification. Two aspects supported the dominance of a logic of justification within the BVA. One important point was that organization members did not adhere to the new logic. Organization members and especially executives with longstanding expertise in public organizations had been shaped to think and act according to a logic of justification. Thus, because they play an important role in enacting institutional logics (Glynn, 2000; Zilber, 2002) a new logic did not find its way into the organization. On the other hand, the pressure from the organizational field was not high enough to force internal change in order to persistently gain legitimacy. Only with the rising discussion on New Public Management however pressure on German public organizations increased to undergo significant changes with the aim of improving the usage of public finances. The former logic of justification was regarded as old-fashioned and public organizations were expected to undergo structural changes and to introduce new organizational practices that were regarded to demonstrate improved managerial competence of the organization (Groot & Budding, 2008). The BVA met these expectations at first by making structural changes which led to the establishment of management accounting as a separate organizational unit in 1999. In the first instance, management accounting was only a small unit comprising approximately ten people and there were no local controllers established. In this situation, central controllers were established and regarded as carriers of a new logic of control. They
started to develop ideas for the comprehensive management accounting structures, first on a conceptual level by setting up an explanatory paper to develop and explain upcoming changes, which was presented to the organization in 2003. Over time they then tried to embed the new logic in concrete working practices. Firstly, central controlling established cost and performance accounting systems exemplary to two departments. They also implemented systematic planning and control activities and set up a systematic management accounting reporting. From the controllers’ point of view, the intent of doing so was the expectation that the usage and performance of practices based on the new logic would lead to a gradual internalization and an incremental diffusion of the new logic of control within the BVA. As one interviewee states:

‘So, I just thought that we will be doing that for a couple of years. Then everybody knows what to do, it will become common leadership practice.”

In this initial stage central controlling was supported by people in each department, which took over management accounting tasks without being labeled ‘controllers’. As of 2008 local controllers were established in each department and incorporated in the organizational chart of the BVA with the intent to send out a visible signal for the changes in logics at the BVA. Organizational changes were accompanied by the roll-out of new planning and reporting practices to all departments of the BVA. From 2010 until today, the structure changed again and developed more into what is regarded as a classical configuration of management accounting, with central controlling as staff position accompanied by strengthened competences, extended scope for action and closer ties with management of BVA (Abernethy & Lillis, 2001; Weber & Schäffer, 2011). Local controllers today are disciplinary assigned to the head of departments but functionally reporting to central controlling. Today, management accounting as a whole comprises approximately 40 central and local controllers.
The development described above introduced a new logic of control to the organization. Due to that, new organizational practices – as illustrated in the following – are in conflict with existing long-time configurations of public organizations in Germany and create a situation of conflicting logics as e.g. described by Purdy & Gray (2009) and Reay & Hinings (2009). Figure 1 illustrates the two conflicting logics at the BVA.

**Insert figure 1 here**

**Conflicting intra-organizational Logics**

The development described above introduced new working practices to the BVA. The introduction of new management accounting practices to public organizations creates contradictions, if individuals and individual rationalizing are guided by an old logic of justification. To observe such contradictions due to conflicting logics on an intra-organizational level, we want to focus on management accounting reports as organizational practices intended to support individual decision-making of executives. We want to work out how conflicts arise when decision-makers and the basis for their decision-making (management reports) are guided by different logics. To do so, we first want to describe the reporting process of our case organization and in a second step we want to highlight conflicts due to conflicting logics on an intra-organizational level.

The management accounting cycle as illustrated in figure 2 consists of two processes, a planning process and a reporting process. For every year, each department develops its own targets under the participation of the head of department, the head of units and the responsible local controller. The targets are reported to central controlling and become mandatory by a target agreement between BVA top management and each head of department. Depending on the particular department, targets are also translated by means of a target agreement between head of department and head of unit. After defining targets
and translating them into a target agreement, reporting process follows. The reporting process starts with the collection of several reporting relevant data on unit-level, which are assembled by the local controller and put together in a joint report of the department. This ‘pre-report” is internally discussed considering head of department and head of units before being sent to central controlling. Central controlling aggregates data from all departments and brings them together in a management report which informs head of BVA on a monthly basis. In a feedback meeting, the quarterly results of each department are being discussed involving head of department and its local controller, organization unit, central controller together with head of BVA. Until now, head of departments only receive a relevant part of the overall management report, which considers their own department. But recently, central controlling starts to increasingly spread the full management report around the heads of department to encourage benchmarking activities between the different departments.

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Assessing the formal management accounting process in the case organization, it seems to be in textbook fashion. Important reporting processes have been set up, backed by normative regulations and suitable control practices. A new logic of control seems to have been introduced through reporting as a new organizational practice and seems to have brought change to the organization. Having a closer look on the execution of reporting however makes obvious, that the reports’ control logic has not replaced the former logic of justification. In fact, the reports control logic is in conflict with the logic guiding executives. First, the content of reporting is influenced by two different logics. Targets and the reporting on such targets are set by each department independently in a bottom-up approach. This freedom offers the opportunity to the department heads to choose and report targets that can throw a clear and positive light on the performance of the department rather than
illustrating the real goals the department wants to accomplish during the next period. As one interviewee states:

',And that’s difficult, when you implement such a system. If the motivation of people responsible for such target agreements, such as the head of department, is quite different, you know? If one really presets something like this and says: By all means, I want that in the end we are in the green area. Then, of course I will not set ambitions behind a target as high as if I say: I really want to use it as a medium, you know, as a control medium. And then I take on responsibility to say why it has not worked out.’

Second, reports are not widely spread within the organization. Instead the expansion of reports is greatly dependent from the respective head of department and the logic guiding his decisions. Under a logic of control, transparency would be welcomed and reports would be spread between and within departments. On the other hand, a logic of justification induces a more careful and rather modest spread of management accounting reports. In our case organization today reports are rarely exchanged between departments as the following quote underpins:

',Transparency? Of course everyone wanted transparency. But really transparent was always the other, you know? By the way, it’s not much of a difference today. Maybe a little easier, but not much. Thus, it is and it has always been a challenge to really hand out the numbers and information concerning the own field of activity and to tell those information to the others. It improved over time towards central controlling, got better. But doing benchmarks between each other, that’s really difficult.’

Third, the use of reports is highly influenced by conflicting logics. Referring to the feedback-meeting at the end of the reporting cycle, we can observe a rather investigating style of conversation. As one controller states: ,What do I want? Do I simply want to look back when
doing management accounting? Or actually, do I want to look forward? But in that case, the things, which I derive from it, have to be faced forward. And of course, the discussions in the feedback-meetings have to point into a direction where one says: Oh, great. What’s next? That’s the way the meeting should end. And not like: Now, you can do a 47-pages file note regarding an issue that was relevant years ago. You know?'

The previous statement indicates that two logics are at play when reports are discussed. Under a logic of control, the discussion of reports’ information would be more of a future-oriented conversation, in which weaknesses in the past are identified to draw conclusions for the future. But the character of the feedback-meeting is rather investigative pointing to faults and problems in the past.

**Institutional Logics and the Utilization of Practices**

Our arguments illustrate the clash between an old logic of justification and a new logic of control. Reports as such theoretically represent a new logic of control, whereas some executives working with the reports are guided by an old logic of justification. Former studies on the interaction of organizational practices and institutional logics suggest that practices have a shaping influence on the interplay of conflicting logics. Nigam & Ocasio (2010) for example show how changes in practices went hand in hand with sensemaking, which led to the emergence and adoption of a new logic (Thornton et al., 2012). In another study placed in a context of changes in logics of museum and cultural sites’ staff in Canada Oakes et al. (1998) elaborate how the introduction of Business Planning not only announced change in logics but it was through the activity of business planning that change actually occurred. From such research we could expect, that with the establishment of reporting practices, change would come to the organization. But our empirical data – as illustrated above – paint a different picture. The following section examines in deep the
clash between a logic of control represented through reporting practices and a logic of justification represented by executives of our case organization and offers explanations from theory.

Analyzing the described conflict between reporting practices and executives’ behavior it becomes obvious, that reports are used in a different way than it would be required following a logic of control. Further explanation therefore requires a deeper look into the use of reports. From a logic of control the intention of reports is to transmit information that is able to support decision-making of executives. Such information typically is depicted by means of reporting figures. Going deeper, in the first instance, a reporting figure is a simple number. Only by interpreting the number, that is placing it into a societal context, a number as such becomes a reporting figure. Examining the use of reports therefore can be forwarded to an analysis of the use of numbers. To do so, we base our argument on the work of Vollmer (2007). In his work, Vollmer (2007) at first reviews some of the major arguments proposed by contemporary literature about the use of financial numbers in social situations. Building on this literature review, he more systematically investigates the use of numbers in social situations drawing on Goffman’s (1974) frame analysis. In doing so, his work differs from existing cognitive, epistemic or informational explanations in his strong emphasis on the actual involvement of actors when using numbers (Vollmer, 2007). In the following we briefly want to present Vollmer’s (2007) ideas of framing and keying and adopt them to our research setting.

Vollmer (2007) distinguishes two different utilizations of numbers. On the one hand, the reproductive utilization of numbers is regulated by institutionalized rules of calculation that are spread and taken-for-granted over all contemporary societies (Pierre & Peters, 2012). For example, every user of information, independent from its social background, follows a specific rule to reproduce ‘4” as a result of ‘2+2” (Simon, 1997; Vollmer, 2007). But
performing numbers is not only a matter of reckoning correctly. Numbers can also be used in a consumptive way. A *consumptive utilization* of numbers means that numbers are mobilized as indicators of information and meaning. The consumptive use of numbers often involves various participants, typically questioning the meaning and significance of a number. Consumptive utilization, just like any other form of consumption, requires a rather active behavior by the user of the number (Vollmer, 2007). Transferring Vollmer’s (2007) ideas to our research question, we can refer to reporting figures as key numbers. Reporting figures are the result of a reproductive use of numbers (inserting numbers into calculations). But at the same time they are to be used in a consumptive way.

But how does the utilization of numbers actually take place? For explanation Vollmer (2007) draws on Goffman’s (1974) frame analysis. According to Goffman (1974), all social situations involve the ordering by frames. Such frames establish the meaning of a social situation and regulate participants’ activities. Reproductive and consumptive utilization of numbers involves two distinct types of frames. While the reproductive use of numbers calls for only one common shared arithmetic frame, the consumptive use of numbers activates a wide range of frames – including economic, scientific, ideological, moral or organizational frameworks. In other words, there is a single reproductive frame but multiple consumptive frames (Vollmer, 2007). Vollmer (2007) further elaborates that users of numbers are able to switch between the consumptive and reproductive use of numbers by shifting from one frame to another one. He uses Goffman’s (1974) notion of *keying* for describing a significant shift of frames. Depending on which frame is activated Vollmer (2007) distinguishes *upkeying* and *downkeying* as illustrated in figure 3.

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*Downkeying*, that is activating a frame of consumption, means that a number is no longer interpreted within a given, wide-spread institutionalized interpretation order but participants
struggle to establish ‘a more explicit and robust working version of reality’ (Vollmer, 2007, 587). Vollmer (2007) explicitly emphasizes, that the multitude of consumptive frames can sometimes be competing. He also states, that ‘this will often involve conflicts about interpreting a number after one party has consumptively utilized and thus invested it with specified significance.’ (Vollmer, 2007, 585). Although not exploring the situation of conflicting consumptive frames in deep, Vollmer’s (2007) ideas still provide a helpful starting point for exploring conflicts in practices in a situation of conflicting institutional logics.

Utilizing a number consumptively means to draw out its inherent information and taking this information into account when taking action. Vollmer (2007) says that a consumptive use of numbers is very much influenced by a variety of conflicting frames that influence the interpretation context of numbers. Thus, depending on the context, the information drawn from a number can therefore differ quite significantly.

In our case, the process of producing and reading reporting information is influenced by a variety of contexts. As illustrated above, reports take a long way within the organization. At each point of contact, reporting figures are consumptively used drawing on different consumptive frames. For reporting information to be useful, however there has to be a fit between the information the provider wants to deliver and the information a reader draws out of the reporting figure. Consumptive frames and the interpretation contexts they create should be nearly congruent. Considering the concept of institutional logics as influencing the way of thinking, as setting schemes for interpreting and judging information and in that way changing contexts (Friedland & Alford, 1991), institutional logics as well as Goffman’s (1974) frames change interpretation contexts. This analogy suggests that in a situation of conflicting logics, a number can be interpreted from conflicting perspectives as well. In that
way, the number itself cannot be a carrier of a logic. It rather needs to be placed in the same context, the same institutional logic to unfold relevant information to its user.

Empirical evidence to support our arguments can be drawn from our case organization. It is observable, that numbers are interpreted significantly different, depending on the user of the number and the logic guiding this user. When reports were introduced at the BVA in the middle of the 2000s, central controllers suggested new reporting figures. Guided by a logic of control, they aimed at providing numbers, which would be able to support future decision-making. But executives used the numbers in a rather decoupled way. Symbolically they adhered to the new reporting figures. They wanted to gain legitimation by head of BVA that was regarded as a supporter of a new logic of control. However, the interpretation of the numbers was guided by a logic of justification. As one interviewee states:

‘I will never forget, when this head of department presented purple to me … and explained, that it is not red as such, because it’s not her fault. And therefore she has used purple.’

The statement relates to a situation, when an executive was supposed to present the yearly results using a traffic light system. This executive interprets a ‘red’ number as if she would have done something wrong, as if she would be in need to justify herself. But from an interpretation frame informed by a logic of control, the number is just a measure to change something in the future. As one controller illustrates:

‘Well, it was felt as being a problem. And I’m still trying to work on that, also with the others. I always say: Never mind! Not at all, you know? Doesn’t hurt anyone. We’re in the red area, but it doesn’t matter. We can prove well, you know?’

This short example from our case organization illustrates how numbers were interpreted from two different interpretation frames informed by two different institutional logics. Such situations of conflicting logics create tensions in the reporting process. Providers of
information do not know, on which frame executives will draw on when interpreting the number. They don’t know whether the information they provide will actually be used, as the following statement illustrates:

,Well, the first question is always: Can I assume that everybody interprets the number in the right context? ... Thus, can I expect, that everybody reading this number knows, where it comes from, how it has developed? ... Does he include that when he potentially takes a decision based on that? Yes or no? And we constantly discover that the knowledge around the numbers is not congruent.’

Thus, the numbers provided in the report may actually not be used. In our case organization, these tensions remain existent until today. Interviewees describe it as a lack of acceptance for the numbers. Numbers do not reach executives. To ease this tension, controllers at the BVA increasingly include numbers in the reports, which they regard as input-oriented. One controller explains:

,We actually go back to an input-view and describe clearly: posts, statutory posts, the input in human resources. For a public organization is still controlled on an input basis. Still. Including us. Although we show the output, inputs are the issues that are discussed, you know?’

Although not consciously intending it, controllers include numbers in the report which have been used within the organization over long time. Such numbers have a common interpretation frame by both, the provider as well as the user of the number. By doing so, controllers make sure that the number will be interpreted in a certain way and actually be used.
Conclusion

When practices and behavior are guided by different institutional logics, tensions on an intra-organizational level emerge. To understand such tensions in more detail we focused on and discussed the ability of practices to act as carriers of logics. Taking Vollmer’s (2007) ideas into consideration, we need to distinguish two dimensions of practices to assess their potential to act as carriers of institutional logics. The first level of inquiry to consider is the internal logic of a practice. It is conceivable that logics develop an internal logic through the composition of elements from different logics. If for example a report contains a majority of input-oriented reporting figures its internal logic could be described as guided by a logic of justification. On the other hand, reports containing output-numbers with a strong future orientation could rather be influenced by a logic of control. But following Vollmer’s (2007) argumentation, practices do not carry a specific logic. Practices rather create institutional facts, which change their meaning depending on the particular institutional logic guiding the interpretation of the practice. Due to that interrelation, practices do not develop an internal logic, that could be able to transmit a certain logic to its user. Looking at only the internal dimension of practices Nigam & Ocasio (2010) and Oakes et al. (1998) would be wrong and practices would not be able to carry a certain logic. But we have to consider the second dimension of practices, namely its external logic. It is unquestionable that practices refer and represent specific logics (Lounsbury, 2007; Lok, 2010; Friedland, 2009). Thus, organization members have a proposition on how practices will influence behavior, beliefs and value within the organization. But how can this external logic be transmitted to the members within an organization? Oakes et al.’s (1998) work on business planning in cultural sites in Canada provides important arguments to answer that question. In their study, change became successful through the working and discussion around business planning. Although not implicitly stated in their work, business planning in that case was
effectively used. Organization members were involved in discussions around the new practice which forced them to discuss targets and future options. In this joint discourse organization members developed a shared consumptive frame which was strongly informed by elements of the ‘new’ institutional logic. It was through that utilization that organization members were able to adapt a new logic and change in organizational logics actually occurred.

Our findings contribute to recent theoretical discussions in two ways. First, we have shown, how conflicts from competing logics are handled on an intra-organizational level. In our case, practices informed by a logic of control were regarded to be used by users which interpret the practice following a logic of justification. We have illustrated how this creates tensions in the day-to-day activities of organizations. Drawing on Vollmer’s argumentation, we provided helpful explanations to understand, how organization members work with those tensions. We found that organization members do not simply adapt new logics. Summarizing our arguments, we conclude that practices can only act as carriers of logics if they are actually used. Thus, for practices to be used, the internal logic of a practice has to match the logic of the user of the practice. Second, we contribute to the literature on hybrid practices by providing empirical evidence on how hybrids could be developed on an intra-organizational level. In our case, organization members guided by a logic of control were forced to use practices which were informed by a logic of justification. We show how organization members first did not internalize the new logic, because they simply did not really use it. Practices were not able to carry a logic. Instead, to interpret the practice they drew on already known consumptive frames which were informed by a logic of justification. We have laid out our idea, that combining the external logic a practice carries as well as the interpretation frames, that users of the practice developed over time, a common interpretation frame can be created. In other words, new practices thus are interpreted
using a new hybrid institutional logic, which acquires legitimation from a wide range of actors.

Apart from their theoretical contribution our findings are highly relevant for public management accounting practice. Our arguments suggest that practices do not simply carry a logic but rather have to be used by organization members to unfold their logic. In public organizations, as illustrated in our case organization, practices are often introduced with the hope, that forcing organization members to use practices would change how organization members think and act. However, practices attain a rather decoupled existence and are not able to bring change to the organization. Our study suggests that practices actually have to be used to generate change. Thus, utilization of practices can be reached by drawing on interpretation frames that are already well-known to executives - even if that means that the internal logic of a practice is customized to the need of executives guided by a logic of justification. Through the utilization, those executives will construct a new interpretation frame, informed by their previous interpretation frame and the external logic assigned to a specific practice.

As most qualitative research our study is limited by means of generalizability. We located our study in the field of public management accounting change and it is not clear in how far the connections we observed are transferable to other research settings. Thus, we believe, that our findings provide helpful arguments in every setting, where practices and users of practices are guided by different institutional logics. A second limitation is that our study considers only two different logics. We draw on a logic of justification to illustrate the ‘old’ public sector, whereas the ‘new’ public sector is reflected by a logic of control. Maybe, this analytical separation is too simple. Thus, the complexity within an organizational field created by a multitude of conflicting logics may be underestimated and misunderstood (Greenwood et al., 2011). However, we draw on recognized work to frame the two
conflicting logics and develop interesting connections that could well apply to situations of multiple conflicting logics. We therefore encourage future research that elaborates situations of more than two conflicting logics. A third limitation arises from the fact, that we offer a quite different theoretical explanation for the institutionalization of hybrids. Increasingly research in that area (Creed et al., 2010; Glynn, 2008; Kraatz & Block, 2008; Rao et al., 2003) considers the construction of hybrids as an ‘identity project’ (Lok, 2010, 1305), in which new identities are created drawing on elements from different logics. Our study so far leaves out concepts of identity construction. For further research, however it would be quite interesting to place our findings in the emerging literature stream on identity construction.
Bibliography


Appendix

Figure 1: Conflicting institutional logics in the field of public management accounting

<table>
<thead>
<tr>
<th>Logic of Justification</th>
<th>Logic of Control</th>
</tr>
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<tbody>
<tr>
<td><strong>Public organisations as...</strong></td>
<td>... a translator of political will into administration practice in a politically neutral and independent way (Weber 1978).</td>
</tr>
<tr>
<td>Emphasis on...</td>
<td>... legal and procedural correctness of each single administrative act (ensured by the Legalitätsprinzip).</td>
</tr>
<tr>
<td></td>
<td>... economic efficiency and effectiveness as well as managerial anticipatory action.</td>
</tr>
<tr>
<td>Transparency as...</td>
<td>... a threat. Doing something wrong threatens the own professional position. It is more reasonable to encourage bureaucratic opacity.</td>
</tr>
<tr>
<td><strong>Organisational Structures:</strong></td>
<td>Centralisation, strong hierarchy (encouraged by the Weisungsprinzip).</td>
</tr>
<tr>
<td></td>
<td>Decentralisation, managerial autonomy.</td>
</tr>
<tr>
<td><strong>Time frame:</strong></td>
<td>Information provide a data pool for analysing and explaining the past.</td>
</tr>
<tr>
<td></td>
<td>Information have a strong explanatory content for the future.</td>
</tr>
<tr>
<td><strong>Main information tool:</strong></td>
<td>Ad-hoc-statistics, supporting specific incidental decisions.</td>
</tr>
<tr>
<td></td>
<td>Standardised and regular reporting with pointers to relevant issues and possible solutions.</td>
</tr>
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Figure 2: Planning and reporting process in the case organization
Figure 3: Keying the use of numbers (Source: Vollmer, 2007, 587)