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NPM Resistance: A Political Intervention

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Introduction

This study examines a case of resistance in a world of NPM practices (Lapsley, 2009; Hyndman and Lapsley, 2016) where the calculative practices of new managerialism dominate the landscape of public services (Kurunmäki et al. 2016; Shore and Wright, 2015). Our case revolves around a large Norwegian Health Authority in which Ambulance services had been outsourced for an extended period of time, as a prevalent feature of a neoliberal NPM agenda. In 2011, politicians as representatives on the board of directors decided that all ambulance services should be reintegrated as part of public health services. The decision to insource was politically motivated and the process of promoting this agenda of change was driven by a tactic where accounting numbers were deliberately disconnected from the decision-making process and disregarded. This case shows a story of how a political intervention successfully challenged the neoliberal thinking that underpins NPM. Whilst accounting and its calculative practices have been demonstrated as a central feature of NPM enactment, this case illustrates how the tactical use and non-use of accounting became a strategy for the successful rejection of core features of NPM.

This paper contributes to the existing literature on NPM research by its study of the significance of accounting, metrics and measurement in the management of health care in Norway. This focus addresses gaps in the existing accounting literature investigating how health care professionals use or reject accounting information in the management of a major health care organization. While there is a significant literature on NPM, Malmmose (2019), in a review of health care research in leading accounting journals, identified a gap in our knowledge related to the influence and actions of politicians. Prior research has looked generally at politicians and their use of accounting information, but this study focusses on politicians’ tactical use (and non-use) of accounting information in promoting politically motivated agendas and ultimately organizational change. In the context of political action, this paper also contributes to the literature concerned with the proliferation of calculative practice in all walks of life and its impact on democratic accountability (Behn, 1998; Kurunmaki et al, 2016).

The complexity of social phenomena requires more than one theoretical lens to explore, understand and explain their implications (Jacobs, 2012; 2016). This advocacy of theoretical pluralism (Lowe et al, 2012) is particularly pertinent to the focus of this study. Our study is informed by wide streams of literature concerned with the impact of neoliberal policies on public sector services. This includes literature on NPM and democracy, NPM and instrumentality (through the lens of accountingization) (cf. Power and Laughlin 1992; Lapsley, 1998) as well as NPM and legitimation (cf. Kurunmäki et al. 2003). This distinguishes this study...
from extant literature and enables novel understandings of the contextual enactment of NPM. Moving from pre-NPM to an NPM era, preconceptions of the organization of professions has been fundamentally challenged. Research has suggested that in an NPM world professionals can, at best, resist change (Lapsley, 2008). Yet, the extant literature is divided. There is evidence that politicians, managers and professionals comply with NPM implementation, without great protest. However, others, such as Bezes and Demaziere (2012), have highlighted the prospect of professions not acquiescing in the face of reform elements. In their view, professionals may assert themselves and their values by occupying influential positions in their organizations. In this paper we explore the ability of politicians, and related health care professionals, as agents of change resisting what is depicted in the extant literature as the overpowering force of the NPM agenda.

This paper contributes to the continuing debate over NPM in two specific ways. In the first instance the paper provides an empirical account of acts of resistance where the calculative practices of NPM are not merely the immutable vehicles of the NPM bandwagon, but may become tactically sidelined by key actors promoting an alternative political agenda. In this manner the paper contributes to answering the research question of whether NPM undermines democratic accountability, a thesis first articulated by Behn (1998).

The second strand of debates over NPM in this paper concerns the impact of accounting practices on professionals. There is an existing literature suggesting accounting practices and information have major adverse impacts on professional autonomy. This paper addresses the alternative contention by Bezes and Demaziere (2012) that professionals working in public services are articulate and influential and may challenge NPM practices. In this paper we explore how the engagement of politicians and their use (and non-use) of accounting information in turn shapes the actions of professionals, and their use of accounting information. Our second research question is thus; what is the significance of accounting practices for politicians and professionals?

The paper examines the extent to which the Health Authority and its board of directors gave primacy to quantification and financial outcomes. The findings reveal, contrary to existing literature, that politicians successfully rejected continued outsourcing as a feature of NPM. This rejection was made possible by the deliberate rejection of accounting numbers and imperatives. This rejection cascaded down to professionals within the Health Authority. The nature and emergence of this contested new world for academic accountants, practitioners and policy makers is discussed below.

This paper is organized in six sections: first, we discuss prior research on the use of accounting information by politicians and professionals and prior studies of resistance to public sector reforms; second, the research context of NPM reforms in Norway is explained; third, the theoretical framework is explained, with reference to NPM reforms; fourth, there is an explanation of research method; and in the following section we present research results. These reveal the depth of penetration of NPM in the Norwegian public sector, particularly its health sector, and the case of rejection of accounting information by politicians, a resistance which was embraced by professional health care workers. Finally, there is a discussion and conclusion which provides an overview of this project’s research findings and a research agenda.
Prior Research

In this section we examine three strands of prior research; (1) politicians use of accounting information, (2) health care professionals use of accounting information and (3) resistance to NPM reforms. These elements of the existing literature reveal gaps in our knowledge of politicians use of accounting information; an apparently settled understanding of the use of accounting by health care professionals and a resistance to NPM reforms with limited success. The findings of the present study challenge and extend all three of these understandings.

(1) Politicians use of Accounting Information

It has been suggested that state health care systems are highly politicised (Lapsley and Schofield 2009). However, as Malmose (2019) reported there has been no significant research into the use of accounting information by politicians in health care. There has been a fair amount of research into the importance of accounting information in other parts of the public sector. This includes studies of politicians in local, regional, state and national governments. Despite this research, there have been calls for further research into politicians use of accounting information (Liguori et al., 2012; van Helden et al., 2016; van Helden, 2016). A major focus of these studies has been on the understanding of accounting information by politicians.

Likierman and Vass (1984) and Likierman and Creasey (1985) studied the use of financial information by Members of Parliament at Westminster. In the 1984 study, Likierman and Vass found that Members of Parliament (MPs) made limited use of available financial information. Their observations show that MPs acknowledged how few understood information, that they found the forbidding nature of documents off-putting and that they were even reluctant to read the information. While the 1984 study focused on the actual or potential use of accounting information by MPs, the study by Likierman and Creasey (1985) focussed on the documents as part of the budget cycle. A majority of interviewees recognized this document, although there was skepticism over its merits, and the statements were described as “helpful, but primitive” (Likierman and Creasey, p. 24).

Collins et al. (1991) studied the use of accounting information at the local government level, including an analysis of auditors, media, pressure groups as well as elected officials. The study revealed selective use of accounting information, largely explained by a very diverse understanding of accounting reports. Predominantly, the politicians in this study preferred narrative reports and comparative information. Given the complexity of local government accounting practices the above results might be expected.

These findings are strengthened in subsequent studies, which demonstrate the complexity of governmental accounting and limited use of accounting information by politicians. Within this stream of literature there are two further distinct subsets particularly relevant here. The first presents politicians’ use of accounting information as dichotomous, where political representatives are found in two main groups (Ezzamel et al., 2005; 2014). The first group was politicians without previous knowledge or experience showing little understanding or interest in financial information. However, the studies found a second category of political users of accounting information, these representatives were described as Insiders. This group of
politicians had prior experience, perhaps professional training as accountants or having worked in business and been exposed to financial controls. Some of within this expert group had gained experience of public sector accounting from previous political appointments. While the predominant view in the literature on this topic is one of disinterest and lack of understanding, there is evidence of politicians using accounting with some degree of expertise. A second subset of this literature shifted its focus from annual reports and accounts to different stages of decision making. Giacomini et al. (2016) examined both policy formulation and decision-making stages. This study found that politicians used accounting information for reassurance where there was little or no political conflict. When political conflict escalated they found accounting became part of an arsenal of ammunition to defend or attack decisions. This later outcome was endorsed by Van Helden (2016) where he argued that accounting information is likely to be used intensively at the different stages of decision-making where political controversy exists. Whilst these observations are interesting, they are not confirmed by this study in which there was an outright rejection of accounting information and the making of decisions according to a political rationality rather than a managerial one.

(2) Health Care Professionals Use of Accounting Information

NPM reforms in health care have challenged the authority of health care professionals through the medium of management and accounting change (Lapsley and Miller, 2019). The distinctive nature of health care professions (their significant influence and strong vocal presence) had long undermined accounting initiatives (Abernethy, 1996) which led to accounting reforms which initially focused on other parts of hospitals (Lapsley, 1994). For many years financial control systems were only loosely coupled with the organisational core of clinical care (Nyland and Pettersen, 2004). There is also evidence of health care managers initiating novel costing systems, which did not work but were claimed to be operational to portray an organisation as modern (Arnaoldi and Lapsley, 2004). These claims were an elaborate exercise in legitimation. There are other examples of legitimation strategies in the use of accounting information. Kurunmaki et al. (2003) found UK accountants were like historians as they wrote up the cost consequences of decisions in intensive care in UK hospitals. The same study, however, reported an instrumental use of accounting information in Finnish hospitals, accentuating the significance of context in interpreting these results. New developments focussing on clinical activities were met with hostility from hospital doctors, an opposition which was subsequently mitigated by the implementation of variants of initial proposals for clinical budgeting. The impact of this challenge to the autonomy of health care professionals is evident from the erosion of the clan control of the medical profession within U.K. Hospitals and of the hostility towards accounting reforms (Jones and Dewing, 1997; Jones, 1999a; 1999b). Similarly, there is evidence of hostility to these reforms by general practitioners in New Zealand (Jacobs, 1998) and in the U.K. (Broadbent et al., 2001).

One contrasting piece of evidence is the way health care professionals within Finnish hospitals assumed control of the process of the provision of accounting information to health care professionals (Kurunmaki, 1999, 2004). However, this evidence is from a distinctive country case with a very different position on the existence of the audit and accounting profession compared to the U.K. Nevertheless, Lapsley (2001) demonstrated that clinical professionals in U.K. hospitals relaxed their hostility to accounting reforms such as clinical budgeting in hospitals as clinical managers assumed budgetary responsibilities. However, these findings may be context sensitive as demonstrated in Jacobs (2005) study of costing and hospital
doctors in Italy and Germany and the U.K. Taken together, this is a story of intense hostility to NPM reforms which progressively stabilised throughout the last couple of decades (Malmmose, 2019).

(3) Studies on resistance to NPM

There is considerable research on resistance by professions and other groups of workers to management change agendas (Bringselius, 2008). This research does not extend to political actors in the public sphere. As noted above, the prior accounting literature on politicians tends to focus on whether or how politicians use accounting information. This is a gap in the literature which this study addresses. However, this study also examines resistance by health care professionals. Within the debates on resistance by professionals and other groups of workers there is a literature which is directly relevant to this paper. Whilst ‘resistance’ has been labelled a dysfunctional outcome of NPM (Jary 2002) or as an obstacle to be overcome, other research regards the rise of resistance against an NPM agenda as not only dysfunctional but as interesting in and of itself. For example, Broadbent and Laughlin (1998) found teachers devising absorption strategies to fend off a managerial agenda, and Christiansen and Skærbæk (1997) found artists at the Danish Royal Theatre resisting a budgetary practice challenging their professional identities. Skærbæk and Thorbjørnsen (2007) found officers of the Danish air force adopted similar and other strategies to resist the implementation of a novel management system and their efforts continued to threaten the collapse of the system. Becker et al. (2014) also show how an implementation of Accrual Output-Based Budgeting (OABB) was met with resistance strategies, where sceptical actors resisted enrolment to a novel practice, but resistance never materialized as open nor public. They show resistance is hard to talk of in general terms, and that resistance takes on different shapes as actors face changes in different contexts. In 2008, it was suggested that articulate professionals would continue to resist NPM reforms (Lapsley, 2008). Indeed, Bezes and Demazier (2012) suggested that professions in public services were capable of seizing control of public services with members of important professions occupying senior management positions and using these positions of influence to assert and reassert their professional values to block and overturn NPM reforms.

In the wider literature discussions of resistance has focused largely on the response of homogeneous groups to the multiplicities of control imposed upon them, reducing individual actors, and simultaneously their acts of resistance, to structurally predetermined phenomena (Thomas & Davies 2005). Resistance to NPM has tended to be portrayed as a struggle between (groups of) individuals as passive recipients of the discourse of doctrines and specific organizational practices imposed by the (often faceless) forces of the NPM agenda. Thomas and Davies (2005) thus voiced calls for more research into the nature and enactment of NPM through understanding resistance at the micro level, requiring the debate to “[...] break out of the dualistic debate of ‘compliance with’ versus ‘resistance to’” (Thomas & Davies, 2005 p. 683) striving to focus on the details and nuances of the micro-politics of resistance.

Whilst Thomas and Davies (2005) advocate a focus on identities at the individual level through the construction of meanings and subjectivities, which is beyond the scope of this paper, we advocate there is much to be learned from studying the actions of actors as they mobilize arguments in games of political tactics concerning a particular aspect of organizational policy. In this case whether to pursue continued outsourcing, as a prominent feature of an NPM
agenda, or to implement radical organizational changes opposed to the present paradigm. Thus, we seek to engage with the very acts of individuals involved in the localized political process of decision making. Resistance is not conceived of as confined to a negative paradigm, and we are not merely interested in oppositional behaviour to NPM as a black-boxed repressive power. Rather we are interested in the ways in which individuals, and groups of individuals, engage in ultimately local actions in their pursuit of changes to the nature of the organizational context in which they participate. Our understanding of resistance thus echoes that of Dahl (2009, p. 641) where resistance is conceptualized as “a conscious protest in everyday practice”, although it extends more deeply to investigate the materialization of protest into the strategic, tactical and political efforts of resistance and the promotion of organizational change.

Research Context: NPM in Norway

NPM arrived in Norway in the 1980s, and at first Norway was what has been described as a reluctant reformer (Christensen and Lægreid 2002a) or ‘laggards’ (Pollitt and Bouckaert 2004). In the early stages Norway made smaller adaptations to the trajectory of public policy making and shunned the most radical elements of NPM. More comprehensive modernization programs were launched by the Conservative-centre government in ’86, and these were furthered by the subsequent Labor government the following year, and there was no substantive difference between the parties in their suggested approaches (Christensen and Lægreid, 1999). The initial modest strategy towards the adoption of NPM came under even stronger pressure during the 90s, when Norway became a more eager NPM-reformer. Since, inspired by NPM and partly by increased adaptation to the EU, Norway has gone through a process of structural devolution, making agencies and public enterprises more autonomous. Pressures from the OECD also supported more radical NPM reforms (Christensen and Lægreid 2009). Regulatory parts of the sector became streamlined into individual agencies, following a devolved model leading to increased fragmentation. These changes were led by a new regulatory policy instigated by a Conservative-Centre minority government, dominated by the Conservative Party, who fronted a more radical NPM Agenda. Their agenda was described by Christensen et al. (2008, p.19) as one of “structural devolution, ‘single-purpose organizations’, competitive tendering, efficiency measures, consumer choice and decentralized service provision”. Whilst Norway for many years focused on the transformation of central agencies into state-owned companies rather than privatization, this agenda was also radicalized through the early 2000s, with the privatization of Telenor and Statoil (now Equinor). Whilst these changes were initially instigated by the Conservative-Centre minority government (1997-2000), they were finally ratified and implemented by the Labour government (2000-2001) who came to power in 2000. This shows the prevailing and rather stable consensus on the implementation of NPM inspired reforms around the shift of the millennium, as Norway became a more eager reformer, and underlines a consensus on directing the public sector towards greater focus on market solutions. The Labour party became key in advancing the corporatization of state companies as they took a more neo-liberal direction, and promoted the privatization of the large commercial state-owned companies, becoming more susceptible to market forces (cf. Christensen and Lægreid 2009).

The stronger focus on economic efficiency was reiterated and highlighted through the government white paper “From words to action” (Norwegian Ministry of Labour and
Government Administration (2002) which further emphasized the separation of politics from administration, devolution, delegation and decentralization. A clearer trajectory towards marketization, liberalized public procurement and competitive tendering also became evident, as a clear ambition was to stimulate greater competition between public and private actors. The trajectory of public reform thus transformed from reluctance to a more radical approach over a 10 to 15 year period.

A major NPM inspired reform was the transfer of ownership of hospitals from counties to central government in 2002, where new management principles based on a decentralized enterprise model was central. The Ministry of Health became the sole owner of the enterprises. The main goals of the reform were to create autonomous entities with distinct accountability relations, improve coordination and utilization of resources and gain increased control of the financial situation (Christensen et al., 2006). Until 2002, hospitals had been running with large deficits, which also led to the adoption of novel accounting systems (cf. Pettersen and Nyland, 2011). With these more radical reforms a stronger emphasis on increased managerial autonomy (Knutsson et al. 2017) and novel performance management models based on NPM followed. This involved an increased focus on Management by Objectives and Results (MBOR), and performance-based funding (cf. Christensen et al. 2006). MBOR was made mandatory in 1990 and remains a prominent feature of the public sector to date. Performance-based funding was particularly exemplified by the introduction of activity-based funding, based on a sophisticated case-mix based system (DRG) in 1997 (cf. Pettersen, 1999). This practice of activity-based funding in hospitals remains today, but has been the source of perversions of practices, dysfunctions and undesirable behaviour such as ‘creative coding’ to increase funding and ‘cream skimming’. The introduction of the DRG system may be described as a conscious move to open up performance related competition in and between health enterprises (see also Christensen et al. 2006), and as such promoting logics running counter to the traditional emphasis of the Norwegian public sector, by promoting a more radical NPM agenda.

Another important aspect of the hospital reform was the introduction of professional boards, ratified by legislative changes in 2002, where the intention was to remove politicians from the boardroom and enable boards to take strategic action (Knutsson et al. 2017). This part of the reform strengthened the emphasis on devolution, decentralized enterprise autonomy and arms-length distance from the political domain. This part of the reform was reversed in 2005, when the Labour-Centre government changed the law to bring politicians back into the board of the Health Enterprises. This aspect becomes crucial in our story, where a political resistance against the continued outsourcing of ambulance services, and the NPM agenda, arises in a large health enterprise.

Outsourcing and competitive tendering has become prominent in the Norwegian public sector, and a prevalent example of more radical NPM features. This has perhaps been most widespread in local government, in municipal service provision. Norwegian municipalities have a strong independence in choosing the mode of service delivery, and are able to plan and coordinate service provision freely. One result is that there is substantial variation in organization of service delivery, from traditional in-house production, municipal agencies, companies owned by the municipality, outsourcing, private companies or non-profits and inter-municipal collaborations (i.e. joint ventures). Geys and Sørensen (2016) show that whilst
Norway and its’ public sector, is seen as affluent, increased fiscal stress at the local government level has led to increased outsourcing. Outsourcing and competitive tendering have been prominent in areas of technical services (Hovik & Stigen, 2008), but also increasingly emphasized in traditionally more protected services, such as care of the elderly (Vabø et al. 2013). In the late 90’s most municipalities had implemented a version of a purchaser-provider split from a rather wide palette of more or less contractual arrangements, regardless of initial intentions of outsourcing through competitive tendering. Vabø et al. (2013) report that in 2012 as many as 70% of the largest municipalities (more than 50,000 inhabitants) had tendered out some parts of their care services. Outsourcing and competitive tendering has been increasing not only in municipal services, but also in the specialist health care and health enterprises. The outsourcing of services such as cleaning and ICT-services has frequently been done, another widespread area is that of ambulance services, which forms the empirical setting of our case study. The health enterprises also outsource services such as diagnostics, surgery and other treatments, and lab- and radiology services. Despite this development having been challenged, as in our case, the wider political trajectory has continued to lean towards exposure to competition. An important related development is allowing patients to exercise choice over who gives them treatment. In this case patients are consulted on their treatment by choosing between public hospitals and private providers contracted through competitive tendering. In 2019, the Conservative-centre government strengthened incentives for competition and competitive tendering by removing VAT-reimbursements for the health enterprises for such services, to level the playing field for public and private service providers.

Today there are no legal obstacles to the contracting out of such services, and legislation regulating health and care services does not specify authorities’ engagement with private for profit and non-profit actors. Public sector contracting is however governed by EU procurement regulations. This arose because of Norway’s integration into the EU through the EEA (European Economic Area) and the EFTA agreement (European Free Trade Association) (see also Vabø et al. 2013).

This backdrop reveals how Norway has developed from a reluctant to a more eager reformer. Historically, Norwegian politics has been characterized by consensus on administrative policy (Christensen & Lægreid 2002b), this has also largely extended to its position on efforts to implement NPM inspired reforms. As elaborated, even the historically dominant left-oriented Labour party has enabled, although not without tension, more radical reforms attending more to market forces. However, from the mid 00’s the political environment again became more polarized, as the Labour Party, supported by the Centre- and Socialist Left Party ran an election campaign voicing a stronger agenda. This development set the stage for the political and tactical game that unfolded in our case.

Theoretical Framework

There are four strands to the theoretical framework used in this paper: (1) Neoliberal Influences; (2) NPM and Democratic Accountability; (3) NPM and Instrumentality and (4) NPM and Legitimation.
1. Neoliberal Influences

Neoliberal thinking has had a profound effect on the modern state (Lapsley and Miller, 2019). This thinking advocates markets and competition in preference to the state as the core of contemporary society. As the consequence of an uncontested rise of neoliberal thinking, the metrics of markets reach all parts of society (Kurunmäki et al, 2016). The distinct enactment of neoliberal thinking is to embrace the market but in particular to adopt market-based or market-derived forms of economization, calculation, measurement and valuation (Davies, 2017, p.22). This transformation changes the delivery of public services and has ushered in a managerialism which has become embedded in public services, an entrenched persistence which looks irreversible.

This rise of neoliberalism in recent decades has been depicted as the projection of the market as in itself true and a site for the establishment, production, circulation of truths that are used for governance, representing the true form of all rational activity (Brown, 2015). These observations have important implications for politicians in contemporary society. If political actors do not accept the truth of the market, they are regarded as irrational and refusing to accept reality (Brown, 2015, p.67). This has been described as a neoliberal desire to replace political judgement with economic evaluation, particularly marketisation (Davies, 2017, p.22). One distinct facet of this process is the acceptance of neoliberal thinking as the natural order. This implies an acceptance of neoliberalism and all its trappings. This concept of the enacted neoliberalism in the form of NPM has been described as politically neutral across left and right of center governments (Hood, 1995; Hyndman and Lapsley 2016; Karlsson 2017).

The above would suggest that political actors would act rationally according to the neoliberal framework, carefully evaluating the costs and benefits of alternative options before selecting a course of action. The findings of this research challenge the prevailing views on the acceptance of the neoliberal approach.

2. NPM and democratic accountability

Does NPM undermine democratic accountability? Advocates of NPM argue that the adoption of NPM policies by civil servants will give them the authority to make decisions, which are both innovative and responsive to citizens and to achieve better results. However, as Behn (1998) observed, this begs several questions over whose results we are discussing, what constitutes `better`, who determines what `better` means and the processes by which those who decide the direction of travel are held accountable. According to Behn (1998), the advocates of NPM should demonstrate that they have a strategy for both the organisation of the administrative machinery of government (which is effective and efficient) and how this machinery is to be held accountable. In Behn`s view there is a fundamental tension between the aim of empowering responsive civil servants to make decisions, be innovative and still retain democratic accountability.

Liguori, Sicilia and Steccolini (2012) argued that NPM adoption displaced the primacy of politics with the primacy of management. NPM has undermined the traditional model of public administration by introducing private sector managerial logics with an emphasis on outputs, decentralisation, explicit standard setting and performance measurement (Hood, 1991, 1995). The NPM logic lets the managers manage and gives the former bureaucrats now reborn as managers, more autonomy from politicians. These new style public managers are
expected to pursue economic rationality, efficiency, effectiveness, and results (Liguori et al., 2012). Consequently, the pursuit of modernisation through NPM policies has given calculative practice prominence in the shaping of the new public sector, with managerial thinking and practices dominating political processes (Liguori et al., 2012).

3. NPM and Instrumentality
The progressive adoption and implementation of NPM ideas has assumed an instrumental role in public service organisations. Liguori et al. (2012, p.906) have offered a lucid and convincing exposition of how NPM practices have penetrated organisations via the adoption and development of management and accounting tools emphasizing an economic rationality fundamentally changing the means by which managers, agencies and bodies are made and held accountable. Liguori at al.’s (2012) critique resonates with the accountingisation thesis of Power and Laughlin (1992). Power and Laughlin (1992) emphasized the ‘colonising’ force of accounting information through its potential to control the definition of the organisation's environment. They claim that accounting information influences action, particularly within the health sector, through influencing the ‘sacred domain’ of clinical action, and that an accounting language and imperatives carry the potential to occupy clinical discourse and gain power of definition in the hospital environment (Power and Laughlin, 1992, p. 127).

In this way, accounting may impinge on core values in the organization and, thus, influence what interests are emphasized in practice. Other researchers have a somewhat different interpretation of the term. Hood (1995) emphasizes the use of accounting information to create visibility and explains accountingisation as a broader trend of introducing more disaggregated and more control information, which nevertheless, signals an enhanced significance for accounting in public service reforms.

4. NPM and Legitimation
Legitimation has become a central feature of much research in the past four decades. This research focus looks beyond the technologies of operational aspects of organisations to explore the interactions between the organisation, its constituent actors and the external environment. In these studies instrumentality is less pronounced and researchers examine symbolic and ceremonial acts, the influence of cultural norms and the beliefs of actors in organisations and in external bodies, especially oversight bodies.

The seminal research in this field continues to be a reference point for many researchers. One of the most cited pieces of research is Meyer and Rowan’s (1977) study which introduced the idea of the organisational core and its external façade which engaged with the external world to achieve legitimacy. This is the classic model of the decoupled organisation. Another seminal paper is DiMaggio and Powells’ (1991) which introduced the idea of isomorphism - the tendency of organisations within the same field to present themselves as homogeneous. This specific study still has traction but has been challenged by Lounsbury (2008), suggesting that there is variation in practice by organisations within a field and the achievement of isomorphism is hard to establish. Also, there has been criticism of neo-institutional theory that it lacks rigorous definitions. Suchman (1995, p.574) sought to address these criticisms by offering a rigorous definition of legitimation as follows:
“Legitimacy is a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions.”

However, while the Suchman (1995) suggests legitimacy can be achieved by conforming to external environmental expectations, he acknowledged that organisations may achieve legitimacy by manipulating rather than conforming to external environmental expectations. An example of this is the Arnaboldi and Lapsley (2004) study of a sophisticated costing information system which was not operational but was claimed to be so by management to present themselves as modern and legitimate to their external controlling environment.

There are many studies which have reported the phenomenon of decoupled organisations. According to these studies, an increase in the use of accounting mechanisms does not necessarily change behaviour at the operational level in hospitals and that professionals’ behavior may be only ‘loosely coupled’ to the expectations and control efforts of the senior management (e.g. Broadbent et al., 2001; Jacobs, 2005; Jones and Dewing, 1997; Llewellyn, 2001; Nyland and Pettersen, 2004). This implies that even if new accounting-based mechanisms are implemented, the expected instrumental change or desired impact on day-to-day activities and organizational performance may be virtually absent.

It has further been suggested that organisations within certain fields do exhibit a ‘herd-like’ behaviour (Deephouse and Suchman, 2008). This can be seen in the acceptance of clinical budgeting systems appearing to protect the core of the organisation from accounting intrusions (Lapsley, 2001), yet simultaneously exposing clinicians to the managerial language of NPM (Malmmose, 2015). However, legitimation is, fundamentally, about politics according to Deephouse and Suchman (2008). They referred to legitimation as conferring a taken-for-granted right to act and command because of its linkages to authority. This political aspect was considered as embedded within the etymological roots of legitimacy. In the view of Deephouse and Suchman (2008) the state occupies a central role as the core archetype of legitimation to which most other legitimation mechanisms are linked, by implication or by analogy. An example of this perspective is evident in the Cohen et al. (2015) study of the Eurozone financial crisis wherethe European Commission, the IMF and European Central Bank acted as the legitimate authority on the implementation of austerity programmes in EU states in financial distress. These actions revealed a behaviour which was considered legitimate, but enforced brutal cuts in services which affected states had to agree to because of the power of the authorities. These insights are particularly pertinent to the focus of the present study on a state organisation in which both political forces and public service professionals may be expected to seek external legitimation of their actions. However, the political actions taken within this study point to a self-referential basis of legitimation which conflicts with much of the existing literature in this field.

**Research Methods**

We have explored the mobilization and importance of calculative practices in a decision-making process over strategic sourcing. Hence, it was necessary to expand our descriptive accounts to a study of how and why accounting information is used by decision makers at different levels of the organization and at various stages in the process of implementing
strategy. For this purpose, we selected the case-study approach as the most suitable research method (Van Thiel, 2014; Stake, 1995), conducted in three phases.

The early parts of this study were undertaken before the decision to insource ambulance services was taken. The RHA had been struggling with managing contracts with external ambulance companies, and the first interviews were with three key decision makers in the RHA. Three years later (2014), large budget deficits in the ambulance enterprise led to headlines in the media such as ‘unsuccessful ambulance policy’¹ and ‘budget overruns within the ambulance enterprise could finance a new hospital’². This motivated further interviews with key decision makers in the RHA board and in the ambulance enterprise on how accounting information was used in the decision-making process, as a basis for setting the budget and as basis for evaluation. This round of interviews was completed after the Health Enterprises (HEs) took over responsibility for ambulance services in 2015. In total, 25 interviews were conducted (see Table 1). All of our interviews were recorded and transcribed, and a summary of every transcription was sent to the interviewee for comments. Each interview typically lasted between 1-2 hours.

In addition, documents to the board, reports from board meetings, reports from external and internal investigations and other public documents were used to gather relevant contextual knowledge about the RHA and the process of implementing this strategic reorganization of ambulance services. A list of these documents is given in Table 2.

Table 1: Interviews

<table>
<thead>
<tr>
<th>Time of interviews</th>
<th>February – March 2011</th>
<th>February – March 2014</th>
<th>March – April 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviewees</td>
<td>1 director of staff (RHA)</td>
<td>1 director of the board (RHA)</td>
<td>2 members of the top management group (ambulance enterprise)</td>
</tr>
<tr>
<td></td>
<td>1 CEO (RHA)</td>
<td>6 members of the board (RHA)</td>
<td>1 controller (RHA)</td>
</tr>
<tr>
<td></td>
<td>1 director of the board</td>
<td>1 CEO (ambulance enterprise)</td>
<td>1 CEO (hospital enterprise)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 CFO (ambulance enterprise)</td>
<td>1 controller (HE)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 CEO (hospital enterprise)</td>
<td>1 member of the top management group (hospital enterprise)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 division manager (hospital enterprise)</td>
<td>1 manager for the ambulance department (hospital enterprise)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 station managers (ambulance enterprise)</td>
<td>1 central agent in the insourcing process (ambulance enterprise)</td>
</tr>
<tr>
<td>No. of interviewees</td>
<td>3</td>
<td>14</td>
<td>8</td>
</tr>
</tbody>
</table>

Table 2: Documents

<table>
<thead>
<tr>
<th>Types of documents</th>
<th>Examples/descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documents to the boards/ reports from board meetings (public documents)</td>
<td>RHA: Minutes from board meetings</td>
</tr>
</tbody>
</table>
<pre><code>                                | 2003: Case no. 58 |
                                | 2006: Case no. 99 |
                                | 2010: Case nos. 62, 80 |
                                | 2011: Case nos. 9, 21, 49, 50, 58, 70, 93, 94 |
                                | 2013: Case nos. 27, 83, 99 |
                                | 2014: Case no. 3 |
</code></pre>
<p>| The ambulance enterprise: Minutes from board meetings | 2012: Case no. 12 |</p>

¹ http://www.nhoservice.no/article.php?articleID=4407&categoryID=294
² http://www.tk.no/nyheter/ambulanse-sprekk-kunne-finansiert-nytt-sykehus/s/1-113-6716935
Empirical findings

Case context
Since 2002, Norwegian hospitals have been owned by the State and organized into four large regional health authorities (RHAs). Our case takes place within one of these RHAs, encompassing several large hospital enterprises (HEs). The RHA has extended authority within its total budget; however, the State as owner and funder, imposes a number of detailed objectives, regulates service delivery through patient rights, limits the level of investments by regulating supply of loans, and performs tight budget control (Pettersen and Nyland, 2011). While our case unfolded, the majority in the RHA board consisted of local politicians and representatives of the employees.

For decades, the delivery of ambulance services within the RHA had been outsourced to private contractors. As part of an overall 10-year strategy, there was a long-term goal to consider insourcing of ambulance services. However, experience from other RHA’s showed that insourcing these services could be expected to increase overall costs due to among other factors higher pension costs and higher cost for use of overtime among the staff (This is further described below). Since the RHA operates within a fixed budget, insourcing would entail a significant re-prioritisation of the budget. Thus, insourcing was not implemented in the short term. As contracts with private suppliers were to be renewed in 2011, the private providers were judged to be providing high-quality services. There were few complaints, and evaluations concluded that the quality was good.

The desire to (ultimately) insource ambulance services was justified by several factors. Firstly, the various contractors had slightly different quality of services due to differences in equipment, staff qualifications, and data systems. The service itself was expected over time to evolve into an increasingly integral part of the core activity in the hospitals, and thus appropriate to insure. In addition, the RHA had experienced a difficult tender process four years earlier in which the enterprise failed to operate within the law regulating public procurements3, a process that resulted in lawsuits and substantial costs in terms of compensation to potential providers.

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3 Outsourcing is regulated by the national legislation (Law on public procurement), which is highly adapted to the EU regulations (Directive 2004/18/EY). Health and care services are classified as “prioritized services” and projects above 750.000 € are governed by the EU legislation.
Insourcing services would incur increased costs. The level of added costs was hard to evaluate, since investments in service development through upgrading all ambulances to the same 'state-of-the-art' technology was due regardless of insourcing. The RHA had experienced financial difficulties in the past and the administration wanted to move forward cautiously. Hence, when existing contracts were about to be renewed, the administration proposed a stepwise insourcing process in order to obtain knowledge of the financial consequences. This meant that most contracts with private suppliers could be extended, while the RHA integrated one or a few (out of 25) ambulance area(s) at a time.

The board set the proposal from the administration to one side and decided on full and immediate insourcing. The idea was that the underlying HEs should take over the operation of ambulances. Nevertheless, the HEs were not willing to take on such a responsibility without knowledge of the financial implications and adequate funding. Thus, the board decided that a temporary ambulance enterprise would be formed in order to establish uniform quality of services and generate knowledge on cost-related implications. This entity was going to have more than 800 employees and would exist for two years, before ambulance services were fully insourced as part of each HE. In the following discussion, we examine the decision process and the political rejection of the use of accounting information in the decision making of the board at this time. What unfolds is a highly politicized process, where actors (through tactical manoeuvres) press on towards making the sourcing decision, without due regard to accounting calculations.

The Act of Political Resistance
The issue of how to organize ambulance services was not new to the board. In 2006, when the decision on outsourcing of ambulances for 2008-2011 was to be taken by the board (case 99/06), 4 members of the board voted against a proposal on continued outsourcing. However, the initial proposition (for continued outsourcing) was adopted. Later, during the outsourcing process, one of these representatives requested the case to be reopened (required for new treatment of the case) based on a lack of information as the decision was made (case 06/07). Her main argument was cost issues related to continued outsourcing, and she included a report showing that the cost of private ambulances was expected to be increasing. However, her request was not taken into account by the board, and new contracts with a private supplier were signed in December 2007.

Our study focused on the process that led to the board’s decision in May 2011 to re-integrate the ambulance services as part of the HEs from 2012. Table 3 below summarizes the decision-making process through multiple board meetings during the year before the May 2011 meeting:

Table 3: The decision-making process in the board of directors

<table>
<thead>
<tr>
<th>Board meeting (date)</th>
<th>Description of the ambulance case</th>
<th>Source (the minutes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2010</td>
<td>The board is informed on upcoming work regarding a new plan for prehospital services including organization of ambulances. A project group (audit committee) is established.</td>
<td>Case 62/10</td>
</tr>
<tr>
<td>July 2010</td>
<td>The case “Ownership of ambulance services” is scheduled to be investigated and processed by the end of Q1 2011.</td>
<td>Case 80/10</td>
</tr>
</tbody>
</table>
As the table shows, the ambulance case had been discussed in the board on many occasions during the period before the final meeting in May 2011. The report from the Audit committee (recommending continued outsourcing) included a thorough evaluation of existing ambulance services conducted by a work-group of 8 experienced medical experts on acute care (physicians) and two ambulance managers. The Audit committee unanimously supported the work-group majority, who recommended continued outsourcing for the main part of ambulance services in the region.

In the report, several advantages of the different modes of operation were presented. Regarding continued outsourcing, the report pointed at benefits tied to the contractors being responsible for operation and investments, well established requirements for vehicles and services, good quality in delivered services, easy control regimes and predictable costs. Regarding insourcing the report pointed at arguments like increased flexibility concerning quality of services and costs, easier access to operating data and better control with recruitment. The report contained assessments of the following cost-consequences related to insourcing:

1) Transition to public pension schemes, which involves a far more generous scheme to ambulance personnel than the one offered by private providers, was estimated to provide additional costs of approximately NOK 40 million annually.
2) Additional investment needs (purchase of new vehicles and equipment) were estimated at approximately NOK 130 million. The investment plan would contribute to a significantly better quality of vehicles and equipment in the ambulances. Nevertheless, this would imply an increased cost of services. The effect of the quality enhancement was not appraised.
3) Costs of overtime were estimated to increase if all employees are employed by the same organization (The RHA). In the outsourcing alternative ambulance drivers and other personnel were used across private companies without triggering any kind of supplement in hourly wages. With all employees belonging to the same organization, this practice would result in large overtime supplements. The total cost of extra overtime was not assessed.

The Audit committee concluded that there was a greater possibility of continuing competent and medically professional ambulance services in a privatized market than through insourcing. The consultation round for the report resulted in 89 responses (from health enterprises, municipalities, unions and individuals). The consultation answers can be divided into three groups:
1) Those who were positive about continued outsourcing. This applies to most municipalities and the NHO («National Business Association»). Their main argument was that they were satisfied with the existing services.

2) Those who oppose privatization on a fundamental basis: the unions.

3) Those who wanted to insource all ambulance operations, as this suited the characteristics of the services, ambulance services being part of the health enterprises' core activities. This applied to Health Enterprises (3 out of 4 asked for 100% insourcing while one recommended a combination), different groups of medical personnel and ambulance drivers (unions and other groups).

Those in favour of insourcing had somewhat different views on the progress of negotiations. The unions wanted full insourcing at once, whilst the health enterprises pointed to challenges associated with costs and investments and proposed a more gradual transition.

Based on the recommendation from the Audit committee and responses from the consultation round, the RHA administration proposed the following to the board meeting in May 2011 ("the original proposition"):

"[...] 2. The board believes that it is an appropriate goal for the ambulance services in the future to become part of the health enterprises' own business. However, the board does not have the room to prioritize necessary investments for this purpose among other planned investments in 2012. The board therefore does not want to realize the acquisition of the entire ambulance services from 2013, but wishes to implement this when the investment situation allows this [...]"

3.[...] b) One ambulance area (currently outsourced) will be operated by (one of the health enterprises) from 2013.” (Case 50/11)

Since the proposed careful stepwise insourcing was perceived as unlikely to cause any great impact on costs, no calculations of future costs were presented to the board.

The composition of the board

According to the legislation, the board should consist of 12-13 members. There are two types of members; the ones appointed by the Ministry of Health (9 members), and the ones representing employees in the hospitals (3-4 members). A majority of the board members appointed by the owner (minimum 5) had to be politicians elected at county or municipal level. Board members were appointed for two years at a time.

In 2011 the board included 5 politicians from various political parties; Socialist Left- (1), Labor- (2), Conservative- (1) and the Progress Party (1). The other 4 members appointed by the Ministry of Health also turned out to be (prior or existing) professional politicians within Centre Party (1), Conservative (1) and Labor Party (2). The Socialist Left and the Labour Party are grouped as socialists, the Conservative-, Centre- and Progress Party as conservatives. In addition, the board included 4 employee-representatives; three nurses and one doctor.
All board members were present at the board meeting in May 2011. In addition, 10 persons from the RHA administration attended (the CEO, CFO, directors of different areas, e.g. director of collaboration, director of corporate governance, director of health sciences).

The Political Intervention (2011)

As the original proposal from the administrations was to be voted on, one of the board members, a politician (S3), representing Labour, put forward an alternative proposal on adopting full insourcing for all ambulance areas immediately (“Alternative 1”):

“1. The board of [the RHA] decides that pre-hospital services are to be an integrated part of specialist care services [in the HEs]. [...] 2. Acquisition of those areas that have not been operated within the public sector when current contracts expire, i.e. from 2013. [...] 5. The board is expected to present a plan on how to finance the necessary investments, [...]” (Case 50/11)

For the board to go against the administration’s proposal would be considered very unusual based on the history of the RHA. The counter proposal, without any documentation of possible cost implications, created intense debate on the board. Another board member, the regional director of the National Business Association and prior politician (S5), presented a new proposal (“Alternative 2”) regarding points 2 and 5 in the original proposal:

“2. The board of directors decides that ambulance services will be outsourced from 2013.

5. The board asks the administration to base all further work on the plan for prehospital services on the attached draft. However, assuming that ambulance services will be fully exposed to competition from 2013.” (Case 50/11)

The owner appointed board member representing the Conservative Party (C2) promoted amendments to the original proposition set forward by the RHE administration (“Alternative 3”):

“2. The board assumes that today’s ambulance service, both those who are exposed to competition and those run by health companies, satisfy all requirements for the services. The board therefore sees no reason to change today’s practice.” (Case 50/11)

Based on these alternative proposals, the board leader, a moderate conservative representing the Centre Party (C3), proposed to postpone the decision until all alternatives could be investigated regarding future costs and funding (“Alternative 4”):

“2. The case (regarding organization of ambulance services) is postponed and the board requests the administration to submit an analysis as a basis for funding for the alternatives

a) full insourcing from 2013
b) partial insourcing as proposed by the Administration  
c) full outsourcing of ambulance operations” (Case 50/11)

The meeting continued with a vote on “Alternative 4”, postponement. 7 members (out of 13) voted against a postponement: E1-4 and S1, S3 and S4. So, the proposal fell. Based on this vote, C2 withdrew his proposal (“alternative 3”) in favor of “Alternative 2” (continued full outsourcing). The board was then left with two proposals; “Alternative 1” (full insourcing), and “Alternative 3” (full outsourcing). The voting went as follows:

<table>
<thead>
<tr>
<th>Alternative 1</th>
<th>8 votes</th>
<th>E1, E2, E3, E4 S1, S2, S3, S4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternative 3</td>
<td>5 votes</td>
<td>C1, C2, C3, C4 S5</td>
</tr>
</tbody>
</table>

The voting ended with a majority for full and immediate insourcing. An interesting observation is that three of the members (E1, E3 and S3) voting for full insourcing were also part of the group of 4 attempting to overturn the decision at the board meeting in 2006, which failed at that time. Ahead of the latter meeting, they had allied with other politicians in the socialist coalition and employee representatives. The board director clearly held the view that all employee representatives and several of the (socialist) politicians had planned a coup in advance, a planned political intervention to promote the insourcing alternative, increasingly making the process a tactical game of politics.

The voting followed purely political boundaries where socialists together with representatives of the employees voted for insourcing regardless of costs, and the conservative coalition voted for full outsourcing. The only exception was S5 a former representative of Labour, however she was at the time the regional director for the “National Business Association” thus representing private provider interests.

The chairman of the board was not happy with this outcome:

“We did not know what we were doing, it was a counter-proposal without any further considerations or investigation, but still one that would imply large structural economic consequences […] And it was a violation of our strategy. That is my opinion.” (Chairman of the board, 2014)

During the discussions, the chairman of the board (supported by the RHA’s CEO) tried proposing a postponement of the decision making until analyses of accounting figures from other RHAs could be brought forward. The board rejected this, and the argument was that this was a political decision and costs were not considered relevant. Indeed, the majority of the board believed costings and accounting figures would disrupt the decision-making process.

“It was simply a struggle over whether private suppliers should be allowed to continue, or if the public sector really does everything best itself. Period.
This was really the case. No matter the costs”. (Member of the board, B, 2014)

“So who calculates what, on what backgrounds? Moreover, you cannot determine what a tender process will cost you, that is, what is it you want to calculate? With regard to professionalism, and our responsibility to provide services I thought that here we did not need more discussions within the board, it would simply add more noise.” (Member of the board, D, 2014)

The control system in the health sector allows for freedom of action as long as the RHA keeps within its limited budget. Budget control is rather tight; thus, greater consumption of resources within one area should result in lower consumption within another. Still, in this case, a decision was made without knowledge of the financial consequences. As the chairman of the board stated:

“[The board members] knew that they made a decision that would cost, and that this would affect hospital operations to a large extent. But they did not want to know what it was all about. Because then it got worse to make a political decision”. (Chairman of the board, 2014)

One of the board members, a politician, presented a report from an auditing firm showing that the decision could result in significant cost increases. These accounting figures were dismissed since the chairman had job-related links to the private service providers. Several informants emphasized that it was expected that costs would increase, but that the increase probably, and hopefully, would be within acceptable limits.

“Yes, I think they had considered the economy, but I think they considered it as within acceptable limits.” (CEO of ambulance services, 2014)

Board members’ responsibilities with respect to public control were considered by our interviewees as different from private companies. This served to justify, in their view, why a decision with such large expected consequences could be made without any accounts indicating the economic impact.

“If you are in a professional board, you depend on the bottom line every day. So there you get it under your skin. In a public board you lean back a little, you do not take personal responsibility.” (Member of the board (B), 2014)

“For your decisions, you are only accountable to the owner, in this case the Ministry of Health. However, the minister did not set aside this board because of this, the Minister did not really express that she disagreed. Therefore, they did this, and it did cost us millions. However, it had no consequences for [the board members], unfortunately.” (Chairman of the board, 2014)

Our observations in this phase indicate a deliberate omission of accounting information from the decision-making process. Decision makers in the board "decoupled" from economic reasoning with a clear purpose: to reduce noise and enable a politically and professionally justified decision to be taken, despite potential financial consequences that would be very difficult for future boards of the RHA to manage. Costings showing the financial consequences of the decision could be obtained in a relatively short time. However, the majority of the board forced its decision through. On one level, our finding illustrates how the tactical omission of accounting information and the dissociation from calculative practices may control what
interests should be emphasized when the decision was to be taken. This kind of non-use of accounting information may be considered instrumental towards arriving at the insourcing decision, driven by the principles and emotions of individual actors’ dependent on their political perspective. These actions may thus be considered an expression of a political means-end rationality, which in this case displaced the economic rationality often emphasized by the NPM agenda. Moreover, it shows that actors may employ deliberate associative, or dissociative, tactics to force the outcome of a decision-making process and that the silencing of calculative practices in this case became pivotal to forwarding a policy rejecting NPM. These actions also suggest actions by members of the board acted on basis of political legitimacy rather than organizational legitimization.

The experiment (2012–2014)
Due to uncertainty related to cost issues, the hospital enterprises refused to take responsibility for ambulance services. Hence, the board decided to establish a temporary entity organized as an independent subsidiary under the RHA with a planned lifespan of two years. This was seen as a pilot project, an experiment, to ensure uniform quality of services and increase knowledge about future cost implications. The board decided that all ambulance areas were to be included in the new ambulance enterprise from January 2013 to December 2014.

When the financial framework for the temporary entity was to be determined by the RHA, the starting point was the actual cost of ambulance operations (contracts with private suppliers) in the previous year ("Acc 2012" in figure 1 below). This amount was index-adjusted and a supplement for increased pension costs due to state pension conditions was added ("Bud 2013" in figure 1 below).

"Lack of accounting numbers made the budget process for 2013 challenging. We were allocated a frame corresponding to the one in 2012 index adjusted. In addition, they added additional cost of pensions. It must be emphasized that no economic analyses were made before [the budget was set]." (CFO in the ambulance enterprise, 2014)

Still, the board knew that the budget frames would not be sufficient. Increasing quality was expected to be expensive. This was evident from the report of the Audit committee, first of all tied to purchase of new vehicles and equipment. In addition, reorganizing ambulance operations into one company was expected to increase costs of overtime. The board knew that many of the 800 employees previously took shifts for various private contractors. Within one company, this would trigger expensive overtime. One board member noted,

"We knew about it, yes. [...] that [there] was a lot of this going on." (Member of the board (F), 2014)

In order to cover the coming budget deficit, a risk fund was set aside in the RHA. The ambulance enterprise was allocated an additional 50 million NOK in June 2013 after having documented overruns of more than 121 million NOK ("Bud 2013 (June 2013)" in figure 1 below). An interesting question is why realistic calculations were not included in the process of setting the original budget for the new ambulance enterprise. Several interviewees suggested that this was due to strategic considerations to avoid creating any further debate on the decision to insource. One of the board members put it as follows:
“I think there was so much discussion and strong opinions and controversy surrounding the decision itself [...] So, to satisfy those who said ‘this will be too expensive [...]’.” (Member of the board (F), 2014)

Figure 1 shows how the budget for the ambulance enterprise was set in 2013 and 2014 related to accounts (actual costs) and prognoses of future expected costs.

![Figure 1: Accounts (Acc) for 2012 for ambulance-related expenses in the RHA. Accounts (Acc), budgets (Bud), and prognoses of future costs (Prog) for the ambulance enterprise 2013–2014. (Source: CFO of the ambulance enterprise).](image)

The main reason for the discrepancy between the original budget (set December 2012) and accounts for 2013 (see figure 1) was increased use of overtime by ambulance drivers. The administration of the entity spent a lot of time and resources designing accurate forecasts and documenting causes of deviations. However, according to the CEO of the Ambulance Enterprise there was little room for actual savings. The RHA was concerned about criticisms of the insourcing decision and did not want further negative attention. This was why no structural changes in the ambulance service were permitted, and the number of ambulance stations and the number of cars and boats had to remain unchanged during this period. Thus, the decision space was quite narrow, and the accounting analyses had (according to the CEO) little impact on the activity of the company beyond the fact that it called for general restraint and was used as explanations for the increased use of resources. Nevertheless, accounting was regarded as an important function in this organization, especially in denials of blame:

“I have full confidence in [the CFO] as an economist. Despite the fact that we are the smallest entity [in the RHA] we provide the best financial analysis. Already in our first year, we delivered an early prognosis that hit [a] home run. By that I mean is exceptionally good [...] it is my task to create space and, not least, attitudes and understanding of the deviation. This has definite consequences. Like when I and my people are accused of ‘drinking up the money’”. (CEO, the ambulance enterprise)

In this phase, we observed that accounting information was used for different purposes by different actors. Once again, we could observe how accounting information was deliberately kept outside the decision-making process when setting the budget frame for the ambulance enterprise. By setting a low budget, the RHA avoided a negative focus on the decision taken by the board a year earlier. However, the RHA recognized the need for additional funding in the ambulance enterprise and established a reserve fund. After 6 months, additional funding was granted after a thorough variance analysis was put forward, indicating interactive use of
the budget in the relationship between the ambulance enterprise and RHA. Later in this phase, we observed that the ambulance firm used variance analyses to explain deviations and denied responsibility towards the outside world, indicating that accounting results were used to legitimise the actions of the Ambulance service.

The outcome (2015)

As the ambulance enterprise was established in 2012, it was decided that all operations would eventually be transferred to the various HEs in January 2015. Major budget deficits in the enterprise resulted, with the issue being raised again by the board in December 2013. Each of the HEs were formally asked whether they accepted taking charge of the services. Full funding of services was put forward as a precondition at the outset. Still, despite the fact that the HEs were well aware of the financial challenges in the ambulance enterprise, and that the RHA would not cover the deficit, they accepted the takeover from January 2015. According to the CFO in one of the HEs, this was due to a need for control:

“As long as the ambulance company was using more resources than allocated, there was no doubt who had to cover the deficit; the individual health enterprises. We felt that we were at a point where we wanted to get this under our control.” (CEO of an HE)

Before the takeover, the HEs demanded a full audit of the activities in the ambulance enterprise. This analysis was considered by our informants at the HE level as comprehensive, thorough, and well documented. Nevertheless, it did not impact on the timing of the takeover, nor did it have any effect on the budget that followed the ambulance service into the HEs.

“The budget [for the HEs’ ambulance service] was set based on the budget for the ambulance enterprise for 2014. Not on forecasts, not on the accounting figures, but based on the budget for 2014.” (Controller of an HE)

Our interviewees perceived such deliberate under-budgeting from the RHA as a requirement for savings, either within the ambulance function or within other parts of HEs’ activity. However, opportunities for savings within the ambulance service were still limited, since the RHA board had to approve any structural changes made by the HEs. The possibility of gaining acceptance by the RHA board for such structural changes in the ambulance service was considered very limited, simply because this was regarded as an essential service by local politicians on the board.

“Although we have financial information justifying cutbacks, the local politicians and representatives in the board may state ‘politicians, we must at all costs keep the local ambulance’. Then it does not matter what numbers we put forward, you are accused of depriving them of their ‘basis of living’. And the local press claims ‘lives will be lost’.” (CEO ambulance enterprise, 2015)

Based on the empirical data here, under-budgeting was found to be an attempt by actors to transfer responsibility for a reallocation between ambulance services and other hospital services to the local HEs. The RHA required the HEs to achieve an overall budget balance. Thus, they had to cut down on other services to cover the cost of expensive ambulance services.
Concluding discussions

This paper illustrates how board members’ (political factions) politically motivated acts of resistance through rejecting calculative practices became successful in rejecting continued outsourcing. The politicians’ disconnection of accounting information from the decision-making process allowed a decision to be made and a radical strategy of organizational change to be implemented. The efforts of the owner-appointed political members cascaded down to professionals, and the rejection of the calculative practices associated with NPM was translated to the professional domain. Table 6 below summarizes the key acts of resistance.

The resistance to outsourcing unfolded in three stages. First, in 2006 and 2007, there were two unsuccessful attempts to turn the board of directors’ decision on continued outsourcing. Interestingly, in 2007, political board members in opposition to continued outsourcing attempted to use accounting information, on the costs of outsourcing, to promote insourcing. This shows that accounting information is used tactically and deliberately by politicians. The success of the political intervention that arose in 2011 was based on two key elements. Firstly, a faction of socialist politicians on the board of directors concocted to solidify an alliance against outsourcing. This prepared the ‘political coup’ that unfolded in the 2011 board meeting. Secondly, the politicians on multiple occasions managed to out-manoeuvre the administration’s attempts to use accounting information as an argument for continued outsourcing. Accounting information was disregarded, and they refused to include it in their decision making.

Another important observation is that the political actors’ disregard of accounting information in the decision-making process cascaded to the professionals of the health enterprises. This
evidence in part supports the hostility displayed by professionals towards accounting practices observed in previous studies (Jones and Dewing, 1997; Jones, 1999a; 1999b; Jacobs, 1998; Broadbent et al. 2001) but more broadly emphasises professionals as influential and vocal (Abernethy, 1996) and articulate (Lapsley 2008) in a story where an active resistance developed beyond hostility, enabled by the tactical actions of politicians. In later phases the extensive use of accounting may also be understood as a desire from key actors to legitimize the enterprise through drawing attention to the causes of its deficits and, in this way, disclaiming responsibility. Budgets were tactically constructed both for the ambulance enterprise and ultimately for the Health Authorities to avoid a focus on the full costs of the decision to insource and to avoid public debate. The politicians were prepared to act on their instincts, drawing on their political legitimacy rather than accepting the metrics of marketisation (Brown, 2015; Davies, 2017). This again underlines the political actors’ self-referential legitimation of resistance and promoting insourcing as an alternative radically opposing the neo-liberal NPM-agenda, which runs counter to prior insights suggesting political and professional actors may be expected to seek external legitimacy in established structures and from authorities (cf. Cohen et al. 2015).

The game that unfolded in this case is an unusual example of the successful resistance, or reversal, of NPM-facets at different levels of the organization. This resistance is not merely a dysfunctional outcome of NPM (Jary 2002), it is rather interesting in itself as a phenomenon and our account nuances the literature on NPM-enactment. Previous papers have observed actors’ scepticism and frustration (Becker et al. 2014) and documented disconcerted actors’ of resistance towards calculative practices (Broadbent and Laughlin, 1998; Skærbæk and Thorbjørnsen, 2007). This account however shows how political and professional actors mustered tactical efforts towards ultimately successful acts of resistance. Their politically motivated displacement of accounting information enabled a successful resistance to an established agenda, to forward another at its expense. The acts of resistance show a disruption from a “generalized” acceptance of neoliberal thinking, and empirically demonstrates a local escape from its acclaimed trappings (cf. Hood, 1995; Davies, 2017). This simultaneously challenges the pervasive view that NPM has displaced the primacy of politics, with the primacy of management (Liguori et al. 2012), and moreover shows that such domination is less irreversible and that a political resistance may rise, suggesting that democratic accountability is not irreversibly undermined (cf. Behn, 1998, Kurunmaki et al.,2016). It also illustrates a break with the dominance of private sector managerial logics and their emphasis on measurement and financial imperatives (Hood, 1991; 1995), and thus challenges the colonization thesis of the ‘accountingisation’ literature (Power and Laughlin 1992). As Bezes and Demaziere (2012) suggested, the different aspects of resistance in our case highlight how politicians and other key actors do not acquiesce and are capable of resistance.

Our paper answer calls to investigate the role of politicians and their use of accounting information (cf. Malmmose, 2019). Whilst it has been shown that politicians have limited knowledge and skills on accounting information and make limited use of these (e.g. Likierman and Vass, 1984; 1985), and that information is used and understood selectively (Collins et al. 1991), our paper extends this literature showing how politicians both use and disregard accounting information to forward their political agenda. Furthermore, they are not slaves to the regime that affords the calculative practices associated with NPM ultimate primacy.
Herein, politicians did not use accounting for reassurance in times of low conflict, or ammunition in times of stress (cf. Giacomini et al. 2016), but they tactically mobilize or cut off accounting numbers to promote alternative agendas. Our paper also extends van Helden’s (2016) study in which the intensity in use of accounting varies across different stages of a decision-making process. In our paper, not only intensity varies, but accounting may be fully omitted and the important aspect is the purpose for which accounting is used, or not used, rather than the intensity thereof.

The observation of the omission and non-use of accounting may be interpreted as a case of “low-levels of accountingization” (cf. Kraus 2012), where accounting may be seen as less important. However, the case illustrates a more complex relationship. The deliberate disconnection of calculative practices may simultaneously indicate the very importance of accounting in the wider setting. The politicians knew that revealing the full cost consequences and mobilizing accounting numbers in the decision-making process would make arriving at their desired conclusion infinitely harder, or even impossible. This indicates that whilst calculative practices are all pervasive and dominant in the wider context, it may be fended off (at least temporarily) by key actors and their politically motivated acts of resistance. This provides nuance to the debate on ‘accountingization’ wherein the dominance of accounting is not black and white, nor a simple matter of degree. In this case the calculative practices of accounting clearly hold considerable discretionary power and needed to be disconnected to enable the agenda of insourcing. Accounting is thus clearly not neutral, nor independent of the interests of protagonists involved in processes of competing agendas (cf. Roberts, 1991), but have the potential of contributing to determine outcomes.

Whilst Norway historically has been described as a reluctant reformer (Christensen and Lægreid 1998; 2002a; Pollitt and Bouckaert 2004), it has become more radical (Christensen and Lægreid 2009). Our case illustrates a story of the successful resistance to outsourcing as one facet of a neo-liberal NPM agenda. Yet, we are not forwarding a general meta-narrative of emancipation, the case is rather one example of how resistance may occur, and how the relentless and universal bandwagon of NPM may be deterred in a local context. The paper thus provides an account that emphasizes the value of “[...] the small pockets of resistance that sound a liberatory note” (Thomas and Davies 2005, p.701), and suggests such accounts provide a necessary nuancing to the debate of NPM and the role of the calculative practices associated with it. Our case should not be taken as evidence for a widespread successful resistance to NPM, nor to suggest resistance manifests in the same manner in other cases. Rather, the paper shows how resistance (to NPM) may develop and manifest at the local level, and suggests that there is much to be learnt about the nature of the enactment of NPM, and resistance towards it, from the actions of individuals involved in such decision-making processes and wider organizational processes. Resistance to NPM may manifest in many forms and take multiple directions. Yet, learning of these requires the intimate investigation of localized organizational processes and the acts of (groups of) individuals.

The paper provides a contrast to the extant literature on the universal and relentless advance of the neoliberal NPM agenda and its associated accounting imperatives and their negative consequences for democratic accountability. We have drawn on four strands of the NPM literature; neo-liberal influences, democratic accountability, instrumentality and legitimation. Our paper contributes by challenging and extending prevailing views on all four of these
aspects as the political resistance to the penetration of calculative practices associated with NPM presents an extraordinary turnabout – a volte-face.

References


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