Competing concepts of control challenges self-determined behavior
-A study of accountability over time in a Beyond Budgeting company-

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1 INTRODUCTION

Traditional accounting processes have been criticized for portraying human beings as purely self-maximizing (i.e. Messner, 2009; Roberts, 1991; Shearer, 2002), which in turn “promotes a style of accountability that falls short of our mutual responsibilities and our identities as more than just economic subjects” (Messner, 2009, p. 919).

Accountability can be seen as ‘a chronic feature of daily conducts’ (Giddens, 1979, p. 57) as it in its broadest sense simply refers to ‘the giving and demanding of reasons for conduct’ (Roberts & Scapens, 1985, p. 447). Ahrens (1996) draw on Garfinkel’s ethnomethodological perspective in arguing that accountability appear as a “social process with precisely the function to align wider rationalities and local operational knowledge with social action” (Ahrens, 1996, p. 143). The notion of ‘style of accountability’ is advanced by Ahrens (1996) to explicate this wide, aligned rationality of what is deemed legitimate action, what organizational members argue is ‘good management’ and for which they hold themselves and others accountable to.

Previous research has shown that conflicts between different types of local knowledge claims may result in different opinions of how to best account for organizational practice (Jørgensen & Messner, 2010; Mouritsen, 1999; Vaivio, 1999). When the strengths of the various types of accounts stabilize into a pattern of accountability, when there is a shared rationality of what is deemed legitimate, the pattern can be referred to as a ‘style of accountability’ (Jørgensen & Messner, 2010). The previous literature however have not discussed in detailed how the style was changed. The first research wuestion the paper ask is thus; How does the introduction of a new conception of control influence a company’s accountability style?

This criticism in the literature with a critical perspective on accountability is founded on the neoclassical assumptions of agency theory (Messner, 2009; Roberts, 1991; Shearer, 2002). In agency theory accountability enable principals to control their agents ex post by demanding reasons for conduct (Pedersen, 2013). This ex post control instills agents with the knowledge that future performance and conduct will be scrutinized, and therefore also serve as an ex ante control mechanism (Kirk & Mouritsen, 1996). Within this view, Management Control Systems is designed to enhance accountability on all organizational levels (Macintosh & Quattrone, 2010).

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This equating of accountability and control is overly simplistic, and possibly destructive, if we do not accept all the assumptions of agency theory (Pedersen, 2013). Agency theory is dominated by the neoclassical view that one can only maximize employee performance through external incentives, as humans by default only care for themselves (Eisenhardt, 1989; Jensen & Meckling, 1994). Empirical research however have shown that extrinsic incentives may crowd out internal motivation, shifting the employees perceived locus of control from inside to outside the individual, meaning that the manager no longer feels responsible for the task at hand (Frey & Oberholzer-gee, 1997; Pedersen, 2013; Ryan & Deci, 2000). In this regard, the assumption that humans only maximize personal utility are self-fulfilling as the tools used to enhance performance actually removes the motivation to engage in citizenship behavior (Pierce, Kostova, & Dirks, 2001).

A contrasting, but closely linked view of agency theory is stewardship theory (Davis, Schoorman, & Donaldson, 1997; Donaldson & Davis, 1991; Hernandez, 2012). This theory originated in psychology and sociology to introduce an alternative model of man based on a steward (in contrast to an agent) who view pro-organizational and collectivistic behaviors to have higher utility than self-maximizing behaviors (Davis et al., 1997; Donaldson & Davis, 1991; Hernandez, 2012). Teh (2015) defines stewardship as ‘the practice of virtuous actions for the interest of selected others in a long-term context’, but emphasize that studies on stewardship is rare and that the definition should be considered preliminary. A common foundation emphasized in the literature on stewardship theory is the ability of stewards to be intrinsically motivated to act in the best interest of the company. Additionally, there is an agreement that external control mechanisms may hinder this pro-organizational behavior (Argyris, 1964; Davis et al., 1997). Through the use of self-determination theory (Ryan & Deci, 2000), this study will thus ask a second research question; how do the changes initiated influence the managers’ potential to internalize the new conception of control?

The paper seeks to answer the two research questions through an in-depth interpretive case study of a company with a management model building on stewardship assumptions, the practice developed Beyond Budgeting philosophy. The case company is a multi-national oil-and gas company that for several years benefited from a high oil price, making production volumes top priority, leaving costs of less importance. In the spring of 2014 the company publicly acknowledged that the cost level was threatening profit margins, even at a record high oil price. They therefor removed the emphasis on an ambitious production volume target and introduced an equally ambitious cost reduction target. Approximately six months after this initial strategic change, the oil price dropped dramatically leaving the case company, and the industry in general, under severe financial pressure. The initiative to change organizational practice towards the rationale of cost consciousness was given considerable momentum.

The findings show that a cost-conscious style of accountability was achieved through the introduction of a financial conception of control that changed the use of existing accounting
systems, strategic direction and operational practices. To achieve this change, the company changed their ambitious production volume target to an ambitious cost reduction target, initiated several corporate programs, and restructured the organization to enhance economies of scale by moving more tasks to cross-sectional units. The new target, the corporate programs and restructuring contributed to align the new financial conception of control to the previous technical conception resulting in a new style of accountability at the management level studied. While the initial change reduced managers’ autonomy, this was accepted in a transition period where managers identified with the change and gained competence on how to change organizational practices. After the transitional phase the top management aimed to increase managers autonomy and relatedness which would increase the potential for managers to integrate the new conception of control. The continued emphasis on economies of scale through corporate programs and cross-sectional units however, may reduce the autonomy and relatedness as the locus of control is externalized, which reduced the potential for internalizing the new conception of control and thus facilitate stewardship behavior.

The paper will first present a brief literature review on previous research on accountability styles, before the literature on stewardship and self-determination theory is presented. The research methodology outlines the research method adopted before describing how the company’s style of accountability evolved. Lastly, the paper will discuss the changes in accountability style in light of self-determination theory before concluding and commenting on limitations and further research opportunities.

2 LITERATURE REVIEW

2.1 Accountability
Managing a decentralized organization demand increased accountability and empowered managers. Hope and Fraser (2003) argued that this is the most valuable competitive advantage a company can have in a dynamic environment. Within the management accounting literature the interest for accountability have been steady for several years (Ahrens, 1996; Cäker & Nyland, 2017; Jørgensen & Messner, 2010; Messner, 2009; Roberts, 2009). Our study aim to contribute to this agenda. Therefore, in the following, we review previous literature focusing on what accountability inside an organization is, what accountability styles is and how change occur.

A widely accepted definition of accountability is that it entails “the giving and demanding of reasons of conduct” (Roberts & Scapens, 1985, p. 447). According to Giddens (1984, p. 30) “to be ‘accountable’ for one’s activities is both to explicate the reasons for them and to supply the normative grounds whereby they may be ‘justified’”. Giving accounts are thus more than a mere description of action as the terms of the action’s legitimation are embedded within the accounts (Ezzamel, Robson, Stapleton, & McLean, 2007; Garfinkle, 1967).
Within the accounting literature a distinction can be made in regards to whom the accounts are directed at. One stream of literature focus on accounts presented to people or groups outside the organization, e.g. external stakeholders or the public in general. These types of accounts has been characterized as ‘public accountability’ (Messner, 2009; Sinclair, 1995). This paper however seeks to contribute to the stream of literature focusing on accounts given within the organization, often through reporting and control routines. These accounts has been termed ‘managerial accountability’ (Messner, 2009; Sinclair, 1995) and research have addressed issues ranging from how accountability shape individuals notion of self (Roberts, 1991), accountability in low controllability contexts (Frow, Marginson, & Ogden, 2005), the role of accounting in constructing accountability (Ahrens & Chapman, 2002; Roberts & Scapens, 1985), accountability in different cultures (Ahrens, 1996), and the limits of accountability (Messner, 2009).

Both public and managerial accountability can center on the content, what individuals are held accountable for, or the social practice of accountability, how individuals are held accountable (Messner, 2009). In many cases however, the what and how are intertwined in a complex relationship between formal ‘accounting systems’, outlining the rules and resources of an organization, and the ‘systems of accountability’, referring to how the accounting system are drawn upon and used in practice (Roberts & Scapens, 1985). There is a cyclical relationship between the two, where action is influenced by the formal systems but over time, the formal systems will in return be influenced by actions. Therefore, to gain knowledge about organizational reality it is important to study how the accounting system and the systems of accountability align and oppose each other, and how organizational actors form a sense of common understanding of what is good management (Ahrens, 1996; Roberts & Scapens, 1985).

While the use of the formal systems will vary, repeated social interaction will form normative expectations within groups, both implicit and explicit, outlining who should be accountable, for what, to whom, and how. Through which formal or informal systems are managers held to account, and what are the potential consequences of the accounts (Lerner & Tetlock, 1999; Messner, 2009). These expectations are constantly evolving as people are held accountable, either by reinforcing or altering existing perceptions of what is determined legitimate actions (Ahrens, 1996; Lerner & Tetlock, 1999; Roberts, 1991; Roberts & Scapens, 1985). Accountability is thus a reflexive component of social action, where the action reproduces a rationality that unites members in a common understanding of social rules (Ahrens, 1996; Garfinkle, 1967). This kind of reflexiveness is articulated in the notion of ‘style of accountability’, which can be seen to unite the knowledge of the formal systems with how they are used and thus encompass both accounting systems and systems of accountability. Ahrens (1996) first introduced the notion of ‘styles of accountability’ as;

“a heuristic device to explicate some of the ways in which quite wide and apparently unspecific notions of ‘good management’, to which organizational members hold themselves and each other accountable, can be implicated in the shaping of very different roles for management accountants and their practice” (Ahrens, 1996, p. 140).
An important distinction between the notion of style of accountability and systems of accountability is the information included. In addition to studying the impact accounting information has in shaping and maintaining patterns of accountability, Ahrens (1996) emphasize the need for studying how accounting information is aligned with other types of knowledge to be perceived as real. This is supported by Hall (2010) which argue that managers use accounting information only as part of a wider information set to gain knowledge of their work environment. Rather than inform specific decision-making scenarios accounting information allows employees to contextualize specific operational concerns through talk, and foster discussions regarding the impact and meaning of the information (Hall, 2010).

In addition to aligning formal systems with operational knowledge and practice, Ahrens (1996) argue that external trends and public discourse influence organizational reality. There is thus a reflexive relationship between the public discourse, the formal accounting system and how they are used in practice.

An organization’s enacted style of accountability is thus the alignment of normative discourse with organizational processes of accountability, including a shared understanding of the relationship between accounting and other operational and local knowledge. The style of accountability can therefore vary between company’s or countries (Ahrens, 1996), practices (Jørgensen & Messner, 2010) or time (Dent, 1991).

### 2.2 Different styles depending on conceptions of control

In his study of operational management practices in German and British breweries Ahrens (1996) observed two distinct styles of accountability. While the British style privileged accounting information in judging proposals for operational action, the German style relied more strongly on conceptualized functional expertise. Thus, in the German style the accounting information was seen to be less capable of capturing the perceived reality of operational proposals (Ahrens, 1996). This illuminates the competing conceptions of control and their relative importance within an organization, and show that wider institutional and cultural setting of an organization may shape into different patterns, or styles of accountability (Jørgensen & Messner, 2010).

While Ahrens (1996) focused on comparing two sets of organizations, Jørgensen and Messner (2010) examined the style of accountability in one particular set of organizational practices; new product development. In their case, competing strategic concerns were negotiated on the basis of profitability, and strategic objectives were mobilized together with financial arguments to make sense of particular design choices or action alternatives. From their findings they argue that “the influence of accounting information can only be understood when considered in interaction with other types of accounts or rationalities, such as strategic objectives” (Jørgensen & Messner, 2010, p. 202).
Similarly, Ahrens and Chapman (2007, p. 22) found that in order to “establish a shared understanding of what it meant to do well”, organizational members worked together to contextualize different objectives including, but not captured by, performance metrics. In their case the strategic objectives provided a general understanding that together with a more practical understanding of operational practices, and rules and objectives inscribed in accounting information, shaped the practice of management accounting and the style of accountability in the chain (Ahrens & Chapman, 2007; Jørgensen & Messner, 2010).

Viewing the influence of accounting information in interaction with other types of rationalities is central to the notion ‘style of accountability’. The ongoing interaction and the acknowledgement of accountability as a reflexive component of social action, explicate the dynamic character of accountability processes. The dynamic accountability processes can stabilize into a ‘style of accountability’ when the relative strength of various knowledge claims or accounts are stabilized in certain patterns (Ahrens, 1996; Jørgensen & Messner, 2010).

When understanding the style of accountability as developing in the interaction between accounting information and other concepts of control our second question becomes if there were any competing concepts of control at OilCo?

2.3 Drivers for changing style of accountability

There are a number of studies that have been interested in change of accountability style (e.g. Ahrens, 1996; Dent, 1991; Ezzamel et al., 2007; Roberts, 1990). Ahrens (1996) briefly addresses the potential to change or alter internal style of accountability when discussing how one of the case companies invoked a “business reengineering program”. While changing the formal processes was easy, they encountered considerable challenges in trying to make the people in the company do things differently. Thus, holding employees accountable for new factors does not necessarily change practice. Ahrens (1996) argue that to change established ways of giving and demanding reasons of conduct the company had to align the concepts of general management and consultants to the operational practice. He further characterized the development of styles of accountability, within this example, as a cyclical set of processes that eventually produced new structures of accountability that aligned with new social discourse. However, Ahrens (1996) does not elaborate how this alignment was achieved beyond “intermingling” with local operational knowledge.

A seminal paper outlining how a style of accountability changed in more detail is Dent’s (1991) presentation of a previously state-owned railway company achieving a commercial mindset. The railway company changed their internal culture from a technical focus to business oriented through the gradual increase of influence by business managers. The business managers’ conception of control gained increased significance in the organization as they increasingly demanded legitimation is terms of financial arguments from the engineers. While Dent (1991) argue that the railway company changed their internal culture, it can also be viewed as a change in style of accountability because the company achieved an alignment between the business...
oriented discourse and strategy to the actual the norms and practice of what was determined to be ‘good management’.

In both Dent (1991) and Ahrens’ (1996) studies the company’s achieved a change in operational practice. Ezzamel et al.’s (2007) study however display the challenge in attempting to align an established practice to a new management objective, in their case, an attempt to align new public management ideas with the practice of teaching. Their paper examines how old institutions of accountability is influenced by new ‘regulatory’ institutions of accountability. They found that after the implementation of a British education reform, the key rationale for legitimation was discourse of financial accountability, even when the informant was discussing non-financial institutions of accountability. Although they had to use different discourse and legitimation to account for actions, the practice did not necessary change. While the institutionalized organization is not completely de-coupled from the regulatory processes, the authors find that the “regulatory ‘scripts’ of accountability differ in some respects from the accounts that organizational actors offer as rationales for their actions and priorities, but not in others” (Ezzamel et al., 2007, p. 169). The alignment of the new regulations and organizational practice where thus only partially achieved. The authors further emphasize the need to study the everyday interactions, and take seriously the work practices where accountability processes are enacted to understand the relationship between regulatory environments and accountability.

In the private sector, following Ahrens (1996) it is important to understand the relationship between the public discourse and operational practice. In private organizations where the distance from the top management to the factory floor is large, new formal systems and guidelines may be interpreted as regulations from the top. These changes may again be influenced by wider trends and public discourse. To gain knowledge of how companies can achieve lasting change in organizational practice it is thus important to study how this alignment between wider trends, formal systems and operational practice takes place in organizations.

2.4 Stewardship theory

The dominance of agency theory in accounting and management control processes have been criticized for promoting a style of accountability that “falls short of our mutual responsibilities” (Messner, 2009, p. 919) because the assumptions embedded in the processes serve to individualize accountability and make the individual obligated to pursue actions that it is purely for its own good (i.e. McGregor, 1960; Roberts, 1991; Shearer, 2002). The management processes thus serve as a self-fulfilling prophesy because the management control processes designed to minimize the destructive effect of self-maximizing employees actually end up producing self-maximizing employees (i.e. Argyris, 1973; McGregor, 1960; Roberts, 2001).

While agency theory is based on the neoclassical assumption of the rational man (i.e. Jensen & Meckling, 1994), stewardship theory draw on sociology and psychology to introduce an alternative model of man based on a steward (in contrast to an agent) who view pro- organizational and collectivistic behaviors to have higher utility than self-maximizing behaviors (Davis et al., 1997; Donaldson & Davis, 1991; Hernandez, 2012). Within this model
of man, stewards are motivated to behave in ways they perceive are in the best interest for the company and the steward should thus have extended autonomy “to maximize the benefits of a steward, because he or she can be trusted” (Davis et al., 1997, p. 25). While there are several definitions on stewardship, a recent definition define stewardship as “the practice of virtuous actions for the interest of selected others in a long-term context” (Teh, 2015, p. 9).

Previous research on stewardship theory have been mainly conceptual and centered on the structural and psychological antecedents to stewardship behavior (Davis et al., 1997; Donaldson & Davis, 1991; Hernandez, 2012; Teh, 2015). These studies emphasize many mechanisms and structures, e.g. shared leadership practices (Hernandez, 2012), intrinsic motivation and self-determined behavior (Davis et al., 1997), but there has been little empirical research on management control processes influence’ on stewardship behavior. Teh (2015) examined if there are stewards based on an empirical study of Svenska Handelsbanken, which is a classic example of the Beyond Budgeting management model (Wallander, 1999). She found what she determined to be steward characteristics; intrinsic motivation, collective nature and long-term orientation, but she also found the same employees exhibiting agent characteristics; extrinsic motivation, individualistic nature and short-term orientation. She concluded that while the model of man is malleable, the bank had developed management practices that made it possible for stewardship to thrive, referring to the practices; performance evaluation, reward and punishment, recruitment and personal development, and personal responsibility and autonomy (Teh, 2015).

Teh (2015) thus join the stewardship theorists that argue that one can promote stewardship behavior through building management control processes on the alternative model of man (Davis et al., 1997; Donaldson & Davis, 1991; Hernandez, 2012), basing the processes on how man ought to be (Argyris, 1973). Teh (2015) found several practices that because of their teleo affective structure (Schatzki, 2005) made it possible for stewardship to thrive. A central element in the stewardship literature is that stewards are able to align personal utility with the utility of the company, thus aligning the company’s objectives with its own (Davis et al., 1997; i.e. Donaldson & Davis, 1991; Hernandez, 2012). It also argues that control can be counter-productive because it lowers individuals motivation and thus undermines pro-organizational behavior (Argyris, 1964; Davis et al., 1997). The paper will therefore analyze how managers in the case company internalize the new regulations through the use of Deci and Ryan’s (2000) self-determination theory.

### 2.4.1 Self-determination theory

Self-determination theory distinguish between the different types of motivation based on what goals influence action (Ryan & Deci, 2000). The most basic and well accepted distinction is between intrinsic and extrinsic motivation where intrinsic refers to doing something because it is inherently interesting and extrinsic refers to doing something because it leads to a specific outcome (Ryan & Deci, 2000). Stewardship theory has been emphasized the former, arguing that stewards are intrinsically motivated and agents are extrinsically motivated (Teh, 2015).
Self-determination theory however propose that there are other types of external motivation than the traditional agency understanding of the term (Deci & Ryan, 2000; Ryan & Deci, 2000). The agency understanding of the term which is viewed as external regulation in self-determination theory, where individuals behave simply to satisfy an external obligation or to obtain an external reward. Introjected regulation is still controlling as individuals behave out of a wish to avoid guilt or anxiety. A more autonomous extrinsic motivation is identification where individuals have identified with the importance of the behavior and therefore accepted the regulation as her own. The most autonomous extrinsic motivation is integrated regulation where the regulation have been fully assimilated to the self (Ryan & Deci, 2000). An important distinction between the four forms is what individuals perceive to be the reason for behavior, the perceived locus of causality. If the locus of causality is perceived to be external, as external and introjected regulation, the individual may feel accountable, but will not feel responsible (Deci & Ryan, 2000; Pedersen, 2013). Internalization and integration however, view perceived locus of causality as internal and thus view their behavior as self-determined (Ryan & Deci, 2000).

Based on the self-determination theory and the literature on stewardship, the paper argue that stewardship is related to self-determined behavior, and individuals ability to internalize regulation (Deci & Ryan, 2000; Pedersen, 2013; Teh, 2015). More specifically, internalization is “the means through with individuals assimilate and reconstitute formerly external regulations so the individuals can be self-determined while enacting them (Deci & Ryan, 2000, p. 236)

Self-determination theory argue “that people will tend naturally to internalize the values and regulations of their social groups” (Deci & Ryan, 2000, p. 238). While this is a natural development they argue that it is dependent on the satisfaction of three psychological needs; relatedness, competence and autonomy. Relatedness refers to the individual’s need to be part of a community. Competence refers to the individual’s ability to understand the rationale behind the regulations and her skill to enact and succeed at it. Autonomy refers to individuals “desire to self-organize experience and behavior and to have activity be concordant with one’s integrated sense of self” (Deci & Ryan, 2000, p. 231). Both relatedness and competence facilitate integration, but they alone will not be sufficient to internalize a regulation. Autonomy is required as the individual must be able to freely process the regulation. Thus, the authors argue, excessive external pressure may hinder this active process of giving personal meaning to a regulation (Deci & Ryan, 2000)

As all three needs are strictly subjective and inherent in the individual, the paper cannot reflect on how the change in accountability processes in the case promote or impair internalization. It

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1 Perceived locus of causality is distinct but related to locus of control (Ryan & Connell, 1989). Perceived locus of causality regard the individuals’ perception of why they do a task. Is it because they determine to do so themselves, or because some external element says so. Ryan & Connell (1989) propose that it is more likely to find actions self-determined if the individual perceive the relevant outcomes to be under one’s control.
can however, based on theoretical insight from self-determination theory, discuss how the initiatives influence the potential for managers to internalize the new conception of control through discussing how the initiatives influence managers autonomy, competence and relatedness.

The following section will outline the research methodology and introduce the case company. The empirical section will present how the company introduced a new style of accountability and how they aimed to change their accountability style, answering the research question: How does the introduction of a new conception of control influence a company’s accountability style? The subsequent discussion will analyze the change considering self-determination theory answering the research question: How does the changes influence the managers’ potential to internalize the new conception of control?

3 RESEARCH STRATEGY

To answer the research questions, the author conducted an interpretive case study of a large company with a management model inspired by stewardship theory, attempting to achieve significant cost reductions. Applying a single, embedded case study design the study consists of four separate units within the case company, one operating and one support unit within the onshore department (mid- and downstream) and one operating and one support unit within the offshore department (upstream). The organizational structure of the units are represented in figure 1. The study focuses the data collection around the unit’s manager, which are a level three manager ‘L3’. This implies that they report to L2 managers, which again reports to a member of the executive committee. The exception is the manager of offshore operation, which is a level four ‘L4’ manager. However, in terms of responsibilities the manager is equal to the three others, being in charge of one platform located in a larger oil field.

The data collection was undertaken in the fall of 2016 and the fall of 2017 and consisted of three days of qualitatively shadowing the units manager as well as semi-structured interviews with the manager, one of his/her employees, his/her manager, and the units controller. Supplementary interviews within each unit where conducted where it was needed to receive a broader understanding. The primary data for this study was the interviews, 38 in total ranging from a length of 1-2 hours. Of the interviews nine where with controllers and 29 where with operational managers. The shadowing however, while not a primary source in this study, contributed to the understanding of the case and the change processes. During the shadowing period there were taken detailed field notes, and a daily journal was kept to instantly reflect on the impressions from the field. To gain familiarity with the company’s both internal and external context the authors have studied the company’s history and development through public and private documents as well as conversations with representatives from the company and the specific units. Throughout the research process there was open communication between the researchers and the key informants.
A representation of the actors involved in the data collection is shown in figure 2, the dark green fields implies managers that has been shadowed, the light green as well as the ‘c’ for controller implies the people around the manager that has been interviewed.

The qualitative shadowing involved several site visits as well as participation in meetings. This enabled the author to gain the proximity which is important when conducting field studies (Jordan & Messner, 2012), and to gain insight to the ‘logic of practice’ not only the ‘logic of representation’ (Czarniawska, 2001). The systematic triangulation of the field notes from the shadowing, the transcribed interviews as well as internal and external documents made it possible to address a wider range of historical and behavioral issues in order to develop converging lines of inquiry, providing confidence in the findings.

By focusing on different empirical settings within the company the objective is to study units that have been exposed to the same changes and pressures within the same management control system. The following section will present the case company and its management model.

4 THE CASE COMPANY

4.1 Company background

The case company, ‘OilCo’, is a multi-national oil- and gas company with approximately 20500 employees spread over 30 countries. The organizations’ main activities include the exploration and production of oil and gas as well as alternative energy sources. While the company has operations all over the world, this study focuses on the Norwegian production of oil and gas, both onshore and offshore, centering the level of analysis on the management of one platform.
and one refinery, as well as the management of two technical units supporting these production facilities.

The following sections will present the development of OilCo’s style of accountability over three empirically identified phases.

The discussion will analyze how the developments in both formal systems and their use influenced managers’ interpretation of their accountability.

4.2 Management control in OilCo

4.2.1 The Ambition to Action framework

The company operates a broad framework of management control inspired by the normative Beyond Budgeting philosophy which is based on the assumptions from stewardship theory. The framework builds on the need ‘take reality seriously’ - both the dynamic and uncertain business environment the company operates in, and the competent and responsible people working in the company (Bogsnes, 2013).

To integrate strategy more closely to the financial aspects of the organization they combined the two processes in an operating model called ‘Ambition to Action’ (ATA) (figure 1), aiming to translate the company’s vision, values and strategy into actions and result.

The Ambition to Action process

![Figure 2: Ambition to Action (The OilCo Book, 2013, new visualization of ATA from 2017 in appendix)](image-url)

The first two arrows represent the emphasis on translating strategic objectives into ambitious targets. The targets are separated from the forecasting process and based on the company’s strategic objectives, external expectations and competitor performance. The targets are
intentionally made to be stretch targets, in order to transition decision makers from “comfort” to “stretch zones” (Bourmistrov & Kaarbøe, 2013).

The planning process, as shown in the figure, includes both forecasting and action planning. Forecasts are meant to show a realistic image of expected costs and revenues and thus needs to be updated regularly as business conditions change. Not surprisingly, there will exist a gap between the forecasts and targets. Action planning is meant to identify and clarify what the organization need to do to close this gap, through actions and practice, not in a numerical and gaming exercise.

Resource allocation is not based on the forecasts or targets, but on every case, as pictured in the figure as a circular process separated from the targeting and forecast process. Decisions regarding investments, no matter the size, is not set to a specific time in the year, but made continually as the need arises. The practice of resource allocations in OilCo is that managers have the authority to grant resources up to a certain cost-level. If the scope of the investment is greater than what the manager has authority to grant, the decision is lifted to the next hierarchical level. The levels are outlined in the governing documentation, in addition to who should be involved in the decision process. Dependent on what type of investments, the departments hold regularly decision-meetings where everyone that should be involved in the decision is represented.

These management processes will be further elaborated in the following section which presenting how AtA was used to introduce a financial conception of control, and together with corporate programs changed the company’s style of accountability through changing what and to whom the managers were accountable for.

5 CHANGING STYLE OF ACCOUNTABILITY

5.1 Phase 1 - GROWTH

Due to high oil prices the company enjoyed high profitability for several years, and combined with a growth strategy it fostered a style of accountability dominated by technical conception of control, where demanding and providing accounts for cost was deemed of lesser importance. The AtA model was designed to translate strategic objectives into actions, and it thus reflected this style of accountability. The scorecard showed an ambitious production volume target while the aim for cost from a corporate level was that it should not rise more than the inflation level. However, even beating inflation was not deemed very important.

*It was spending at random, of money that is, is my perception. Offshore operation controller*

One manager described how the engineers previously could decide what to do based on what they found interesting. Where there was a race to do newer and better things, and where doing the same thing several times could be considered boring:
Previously (in phase 1), (the engineers) would like to deliver even better and do something in an even newer way. And in a way, if they had done it once before, then they want to do something different. Offshore operation resource manager

Thus, the legitimization for doing something was innovation and technical superiority, which at could be linked to increased production quality.

This strong emphasis on production volumes resulted in a one-sided accountability process, where managers were held accountable for the quality and technical superiority of the solutions without sufficient discussions regarding value added, beyond it being positive. While there was a relative target on cost per barrel produced, it did not influence the operation because no one was held accountable for it. The priority was simply on production. As one controller put it:

*When it comes to costs, I think they just bought whatever they needed and spent the money, because there were no questions about it. It wasn’t like they were throwing money out the window, but... I think the whole industry was a bit like that.* Offshore operation controller

Managers were thus not held accountable for cost, neither by their superordinate managers nor their peers. This changed in the spring of 2014 when OilCo announced the strategic shift from growth to cost consciousness at their annual capital markets day.

5.2 Phase 2 - COST

The announcement in the spring of 2014 was the beginning of a strategic change in the company, from aiming to be the best on quality, technical solutions and production volumes, to becoming efficient and commercially oriented with a focus on cost consciousness. It was an acknowledgement that the style of accountability within the company, dominated by a technical conception of control, was unsustainable because it disregarded the bottom line.

The changes that were made was not a result of one, but rather many different initiatives targeting different areas of operation and management. However, the overarching drivers identified was the cost target, and how it influenced the use of the Ambition to Action model, and the OTE (OilCo Technical Efficiency) program, which both will be outlined in the following section. Both were driven by corporate level with an intention to reduce cost and change OilCo’s style of accountability to becoming more influenced by financial concepts of control. Managers now needed to account for cost, not only the quality of technical solutions, and importantly, what was determined good performance by corporate level now included a strong financial aspect.

5.2.1 The use of the ATA model

The strategic change was announced through a stretch target to reduce capital expenditures with USD 5 billion over the following three years, and improving operational expenditures with
30%. The previous ambitious and public production volume target was only mentioned in a footnote in the CFO’s presentation, acknowledging that as a result of the cost reduction they expected it to take three to four years longer to reach their intended aim.

Influenced by the Beyond Budgeting philosophy the company has unbundled the budget process into three separate processes; stretch targets, realistic forecasts and case based resource allocation. The following shows how all three processes, and how holding them separate, were important to introduce the financial conception of control.

5.2.1.1 The cost target

The practical driver for the change in style of accountability was thus the cost targets which introduced a financial conception of control in operational practice. This involved actually holding managers accountable for the cost they generated. Set on an overarching level, the targets were deemed extremely ambitious in the organization, emphasizing its stretch characteristics.

There has been a much stronger pressure to reach the targets the last years. (...) There is enormous pressure in the organization to achieve this. The focus in the company has changed from being (...) volume-oriented to being cost-oriented – or value-oriented. Offshore support Manager

As one controller put it, the scorecard had become more “balanced” in the sense that cost and production both is weighted:

Now I think the scorecard has become more balanced, as it should be ... Because we focus on all the KPIs in a different way. Offshore support controller.

The cost target however, represent a strategic change initiated from top management and does not automatically mean that practices change. The controller for the platform elaborated in more detail the process of holding operational managers more accountable for the numbers they generated.

From having no questions regarding cost, the finance and accounting function for the platform first started to have regular monthly meetings discussing monthly spending after the strategic shift in 2014. In the beginning the discussions were retrospective, looking at what they had used previously and how much. The discussions changed over the years to become more forward looking and proactive, using the accounting information to look for opportunities.

We have been doing this for well, two years, now, so it has become easier to look a bit ahead and how can you avoid spending money. Offshore operation controller

For the platforms supporting unit this new emphasis on being accountable for their cost meant that they had to change their internal finance model, in order to see what costs they actually generated.
(The previous) model was in a way that we could make decisions on what should be done and not done, and without us getting the financial consequence, the financial consequence went sort of straight to the operation. It still does, but we have taken the responsibility for the cost centers these costs apply to and we must approve them. Offshore support subordinate manager 1

While the unit formally is a service center that allocate all costs to the operational units they support, they struggled when expected to give account of the costs they generated because of their finance model. Previously, they merely decided what needed to be done, without regards to cost. After changing the model, they could identify their own costs more easily, and thus also evaluate and challenge existing procedures so that they could in turn improving their delivery.

When discussing the term ‘accountability’ with the controller for the platform, as there is no Norwegian translation for it, he clearly felt that accountability was about taking ownership. He argued that the operational managers now was expected to take a stronger ownership over the cost they generated.

In the beginning, I sat and presented to them, the numbers, but know the head of operations and maintenance wants the people responsible for the units to familiarize themselves with the numbers in advance of the meeting and then present them themselves. (...) And then you get a much stronger ownership to it. Offshore operation Controller

Similarly to the unit that changed their finance model, the operational managers were expected to ‘know their numbers’. The term ‘know your numbers’ are occurring repeatedly in field notes and interview transcripts, and relates to this expectation that managers need to ‘own’ the numbers. Thus, they are not simply accountable for a number in a spreadsheet, they are accountable for knowing what is behind the numbers, what the drivers are, what jobs it include. Continuing his explanation of how managers need to own the numbers the controller emphasized the practice of making the numbers visible in a simple and understandable way. When the operational manager recognizes a cost as belonging to a specific operational task, the manager gets a stronger ownership to the cost. While the manager has been accountable for the cost of operations before, she or he has not been conscious about the operations financial consequences. The practice of the finance meetings, discussing and ‘owning’ the most relevant cost items, have increased the managers understanding of their own operations by adding accounting knowledge to the dominant technical perspective.

When you see it, black on white, what they actually have done during the month they get a much stronger: ‘Oh, that job, yes.’ And then, for the next time they can think ‘maybe I can look a little further into that matter if its possible to get it done a bit cheaper’. Offshore operation Controller

These examples from the platform operation and support unit displays how being held accountable for historic numbers fosters a larger ownership towards the numbers among
operational managers and thus introduced accounting as a perspective in their technical everyday operations.

5.2.1.2 Realistic forecasts
One management accounting process that aided this inclusion of accounting information was the use of forecasts to develop specific ‘action plans’. While the Ambition to Action model was implemented in the beginning of the GROWTH-phase, the model did not change as OilCo moved into the COST-phase. It was the targets within the model that changed. Thus, still being a company with a Beyond Budgeting inspired management model, OilCo does not operate with traditional budgets, but use realistic forecasts to provide information to decide for further action. An important distinction between a budget and the forecasts used in OilCo is that the forecasts are not there to provide a detailed description of what the numbers need to be to reach the target. The forecast should display what the organization expect their numbers to be. Thus, if something happens that influence the forecast in either a positive or negative way, it is called for to update the forecast so that decisions always are made based on realistic expectations.

As forecasts should be as realistic as possible, there will be a considerable gap between the forecast and the stretch target. This gap was discussed in several arenas and levels of the organization, but practice across the units studied was that the gap was discussed at least weekly in the units’ management meeting. To address the different gaps (there is of course more than one target informing the operation), specific ‘action plans’ were made which involved all the actors of the operation. The operational managers are thus all challenged on what they could do in their daily operations to move towards the target. Together the unit identifies several actions that they are to work on, and the managers are held accountable for their areas. However, the forecast is not updated before the changes have been realized.

This practice is not a result of the strategic change, but the action plans are now regarding how to reduce costs not how to maximize production. Thus, the discussions and practice have changed in line with the new stretch targets. It is difficult for operational managers to continue old practices as they are continuously held challenged by coworkers and managers, and held accountable, both on historical cost and future action plans.

The cost targets have made managers more accountable for cost, and in general for knowing their accounting numbers in every-day operation. Thus, what is determined to be good performance in this every-day operation always have a cost aspect. However, what is determined to be a “good case” in investment decisions have also changed because of a target on capital expenditures.

5.2.1.3 Case based resource allocation
A distinct feature of the AtA model was that resources are allocated case by case. Before the stretch targets, a good case was when the net present value was positive. Aiming to reduce capex with USD 5 bn over the next two years immediately lead to a stronger prioritization of projects in the pipeline. The process of making an investment decision became tougher, demanding more from the business cases than previously and holding managers accountable for investigating more opportunities and solutions before presenting the case.
When we worked on an issue previously, to achieve something new, or do a change, we often had a “good” case, pretty okay. Now we have become much, much tougher. We have become much sharper on what we want. That means that we take many more rounds internally, before we actually say that “Yes, here we’ve got a good ‘business-driver’, here we’ve got a good ‘case’”. Offshore operation engineer

As this quote emphasize, there has been a change in what is determined a ‘good’ business case. The requirements to receive funds was previously not as tough, and the limitations were in form of manpower, boats or number of beds etc. Having a restriction on cash, not other resources, has shifted discussion patterns from emphasizing logistics and engineering expertise to also include cost. Referring to spending, one engineer said:

Yes, it (spending) is everywhere ... it governs almost everything we do. So almost (laughing) no matter what we do, the question is; “have you looked at all options? Can you get this cheaper?” Offshore operation engineer

This section has shown how OilCo changed the use of their AtA model, by introducing a new stretch target, to hold the individual manager and the business units accountable for the cost they generated. Individuals are held accountable for knowing the cost generate both on a day-to-day basis and in investment decisions. This increased pressure on giving accounts for cost have changed the general understanding of what a good performance in OilCo is.

The change in the use of the AtA model clearly communicated a desire to change OilCo’s style of accountability, and managers have become more accountable for costs. However, as Ahrens (1996) argued, changing organizational practice requires alignment of both managerial and operational rationalities. Thus, providing accounts for costs generated does not mean that the managers alter their conception of how money should be spent. The following section will address how the corporately driven OTE program influenced the business units to align the technical conception of control with the newly introduced financial conception.

5.2.2 The OTE program

The same day as they announced the strategic shift through the introduction of the stretch cost targets, they introduced an improvement program aimed at increasing operational efficiency. Central aspects of the program were to simplify, industrialize and standardize solutions and the program was importantly run by engineers. The observations and interviews outlined three internal areas where the conception of what is deemed ‘good management’, from an operational perspective, has changed; the evaluation of solutions, and the evaluation of quality and time.

A commonly used phrase was that there is no need to build a Lamborghini if a Volvo can do the job just as good and just as safe. For instance, where the company previously had a record of drilling long and complex wells, the OTE program introduced a target for cost per well,
forcing the drilling engineers to reevaluate the old practice and start drilling shorter (and less challenging) wells.

Standardizing solutions was broad changes that influenced all operations and was mainly driven from centrally located projects or designated centers of expertise. It influenced units’ accountability by relocating some of the task responsibility to other parts of the organization or holding units accountable towards a central unit. The change that permeates the general discussion and change the practical understanding of what is important however, is questions regarding level of quality and timeframe.

A central topic in the hallways and meeting rooms at OilCo was what is ‘good enough’? This questioning moved OilCo into a different era, as one interviewee states:

*We have moved into a different era now, the last years, right, where there are more discussions regarding what do we actually need to do? How much do we have to do? Can we manage with less? Offshore support controller*

The quote displays much of what is discussed in the organization, acknowledging that things may have been too ‘shiny’ previously. If a pump works and do not experience any problems, then it is not necessary to change it right away.

*You do a much larger degree of condition assessment on a number of things now than what you did before. Before, then maybe you changed the equipment before it expired. Now we pay attention so that we try to change on the expiration date, to put it that way. And that means more work for many of us, in that respect, because we always have a continuous assessment of quality and condition on what we have out. Offshore operation engineer*

Engineers and operators are required to get more hands on and expected to deliver on continuous assessments and solutions. From being held accountable for the quality and safety regarding solutions and equipment, they are now also accountable for the cost and value drivers. The discussions regarding quality and time has especially contributed to changing operational practice and the understanding of what good performance entails.

Summing up, this section has shown how the strategic initiative have been interpreted by managers driven by the use of AtA and the OTE program. *What* managers are held accountable for have changed, from being accountable for the superiority of the technical solutions and quality they are now expected to know, reflect and challenge all costs. Additionally, *whom* they are accountable to has also shifted. While they have always been accountable towards their vertical manager, there had been a strong professional environment among the engineers where their conception of control had been dominant as the general understanding in OilCo. This professional environment was still present in the COST phase, but the vertical managers did no longer share their conception. In addition, an alternative technical environment was introduced through the OTE program, and managers were expected to comply with their instructions and give accounts to the OTE engineers. The OTE engineers presented an alternative technical
mindset that was aligned with the financial conception of control communicated by the corporate management.

This shift in what managers are held accountable for and to whom introduced an alternative conception of control, driven by a financial perspective, which conflicted with the previous technical conception. This financial conception of control became dominant in every-day-operation as a result of a strong corporate pressure, and a challenging market environment. However, this strong pressure was not a desired long-term solution for the company which still embraced the Beyond Budgeting (stewardship) mentality that employees can and should be trusted with responsibility. In the VALUE phase the OTE program was finalized and the responsibility for driving down costs were given to the business units.

5.3 Phase 3 – VALUE

In the third phase the accountability processes from the COST phase where continued. However, while the pressure on the cost target still persisted, the discussions regarded value to a larger degree allowing for a more holistic accountability. The unit managers continued their work to get the people ‘on the floor’ take ownership for both cost and production. This was incorporated into the a new “continuous improvement” agenda where the intention was to maintain the focus from the COST phase, but the with a more long-term emphasis on VALUE. The top management also emphasized the empowerment of lower level managers by changing one of the company’s values to ‘cooperative’ and one of the leadership principles to ‘empower people’. A term characterizing this phase was “from program to culture” aiming to have the units internalize the new conception of control. While there are still work to be done the managers argue that they have achieved a change in culture:

I experience that we have managed to change the culture with our engineers among others, from being, from optimizing after the most, the best solution, they are now optimizing after the cheapest solution that gives the best overall result. And that’s two completely different things. And it’s clear that it’s a change in culture, but to achieve that means that people no longer perceive the cost savings as a bad thing, bus as an interesting challenge. And to manage to cut cost and still deliver production is exciting.

Offshore operation, resource manager.

This manager’s views are shared by the majority of the interviewees. However, they acknowledge that it can quickly snap back into old routines. Going forward the managers are working to keep the alignment between the financial and technical conception of control and hold employees further down in the organization accountable for working on continuous improvements. Demanding accounts according to this new style of accountability are the key for success:

I think the key for us to move on and get success, is that the management becomes role models, take responsibility, are assertive, and demand accounts. The accounts that
managers’ requests, those things will also happen. Refinery support unit, subordinate manager 2

While the OTE program was finalized the changes in the organization continued. The company was seeking economies of scale and the offshore unit changed their organization by removing tasks from the operating units to the supporting units. Additionally, while they aimed to go “from program to culture”, several corporate programs where initiated to optimize their resources in center of excellences.

To further improve the efficiency in operations the operational model in the offshore unit where changed to have less people in the operational management group, and more tasks moved to cross sectional units, as the offshore support unit studied. When the study ended, there were an ongoing discussion regarding the way to do maintenance on the platforms, where the corporate idea was to standardize maintenance in project teams moving across several platforms.

While the OTE program was finalized the COO business area (which was introduced in the COST phase) still had corporate initiatives that managers had to account to as introduction of lean, a program for digitalization, and a new initiative on the use of rules and regulation.

Summing up, while managers perceive there to be a change in the dominant conception of control they acknowledge that the management level need to continuously request accounts in line with this new conception for it to become a lasting change. In the VALUE phase the units were given the responsibility for their cost improvements as the OTE program was finalized. However, they still had to account for cost and to the COO unit and their corporate initiatives.

5.4 Summing up – from a growth to a cost-conscious style of accountability
The first phase presents a style of accountability dominated by a technical conception of control where managers were held accountable for technical superiority and production volumes. The phase is called “GROWTH” because it was highly influenced by high oil prices and a strategic objective to expand OilCo’s operations.

The second phase represents the introduction of a financial conception of control, from a focus on growth to an emphasis on cost consciousness and profitability. The initial driver for the change was that an ambitious cost target which replaced an ambitious production target. The phase is therefore called “COST” as the main objectives in the years 2014 – 2015 was to reduce the cost level. Driven by the cost target the company initiated the OTE program, an acronym for OilCo Technical Efficiency Program. The OTE program introduced an alternative technical conception of control which were aligned with the financial conception now evident in the AtA. It thus contributed to align operational practices to the financial conception of control, and changing engineers’ perception of what “good management” was.
The second phase was influenced by vertical managers holding employees accountable for the cost they generated, but also horizontal units holding supporting units accountable for their costs. This demand for accounts on costs was driven from corporate level, reducing the line manager’s discretion through a limitation on capital expenditures, ambitious target for operational expenditures and strong guidelines from the corporate OTE program.

While the company has had negative results since 2014, OilCo achieved annual savings of USD 3.2 billion (measured from 2013 level), USD 700 billion above the ambitious target of USD 2.5 billion, in the “COST” phase. However, the achievement was driven by corporate pressure which was argued to be necessary to change the mind-set in the organization.

The third phase, called “VALUE” is characterized by the term “from program to culture” where the OTE program, and the improvement programs it initiated, was finalized and the improvement responsibility was transferred back to the various business areas. There are still ambitious cost targets, but the units themselves have more discretion to prioritize their operation. The emphasis in this phase was to increase accountability further down in the organization and achieve a cost-conscious culture with an emphasis on value added.

However, while the style of accountability has changed on the managerial level studied the organization is still influence by changes aimed at optimizing their operational model. Being a company with a management model built on a stewardship perspective, the following section will discuss how the changes, which have aspects of monitoring and control, influence manager’s potential to feel personally responsible.

6 DISCUSSION

Deci and Ryan (2000) argue that autonomy is a requirement for self-determined behavior and thus for managers to internalize the new conception of control. In the COST phase, the managers’ autonomy was reduced through the high pressure on the cost target, the cap on capital expenditures and the initiatives from the OTE program. However, at the management level studied there was an agreement that all these elements were necessary.

This can be related to competence, as competence referred to the individual’s ability to understand the regulation and its ability to work towards it (Deci & Ryan, 2000). As the financial conception of control introduced conflicted considerably with the technical conception that had been dominant in the GROWTH phase it may at first be interpreted as an external regulation before the managers have identified with the objective. Even when the managers identified with the need for a new conception of control and thus a new operational practice, it does not imply that they know how to work towards the stretch targets introduced. The OTE program could be welcomed because it helped managers align the new financial conception of control with the operational practices and in a way educated the company on what was good management.
While the managers had little influence on the stretch targets, this was not specific for the COST phase, as the stretch targets are meant to be strategic based on external environments and benchmarking. Østergren and Stensaker (2011) showed in their study of OilCo’s implementation of Beyond Budgeting that unit managers had reduced influence on the targets after the implementation, but more discretion towards how to meet the targets. This still applied in the COST phase. The managers had little influence on the target, but they still had considerable autonomy towards how the targets should be met.

Thus, while the OTE program could be interpreted as limiting the managers autonomy, it was accepted and welcomed in a transition-phase where the managers where building the competence to address the new conception of control.

The AtA processes also served to increase manager’s competence towards the new conception of control demanding managers to take ownership over their own cost. The manager thus identified with the costs and could more easily address further actions in line with the new target.

The COST phase can therefore be viewed as a transition-phase where a new conception of control is introduced and identified by managers. The reduced autonomy was accepted because of a need to develop the competence to change operational practices. Both the OTE program and the AtA contributed to develop this competence and internalize the managers’ locus of control.

In the VALUE phase however, the managers had developed the necessary competence to further change operational practices and thus required more autonomy to internalize the new conception of control. The company acknowledge this and made several changes to increase managers autonomy again. One aspect was the leadership principle introduced ‘empower people’, and the new organizational value; ‘cooperation’ aimed at increasing managers sense of relatedness as more task were moved to cross sectional units. Another aspect was the finalization of the OTE program and the aim to “move from program to culture”. The signaling from top-management were consistent with the stewardship perspective, aiming to increase the self-determined behavior, stating that the people closest to the operation where best equipped to know how to reach the organizational objective. However, the corporate programs and the restructuring of tasks, moving more tasks to cross sectional-units, may reduce autonomy because they still have to account to several corporate programs, and the interdependencies between units increase. The cross-sectional units may also reduce relatedness as there are larger distances between units and as the organizational complexity increase it may be difficult to gain mutual understandings between units.

Thus, new accountability processes may in the long run serve to reduce autonomy and relatedness which will reduce the likeliness of managers internalizing the new conception of control. In the beginning of the change the processes reducing autonomy was accepted as the managers where introduced to a new conception of control they did not have the competence to fully know how to assimilate. As managers identify with the new conception of control,
agreeing that cost consciousness is “good management” (as the style of accountability change) they are highly qualified to know what to do to reach the objectives. While no initiatives are intended to reduce managers’ autonomy and relatedness the economies of scale create larger distances between units and more interdependencies which may challenge the internalization of the new conception of control, hindering “the move from program to culture”. This may reduce the likeliness of stewardship behavior and emerges as a threat towards the management philosophy the company’s management model build on.

It is important to emphasize that stating that the new accountability processes may reduce the autonomy and relatedness perceived by managers implies a small reduction on an already high level of autonomy and relatedness.

7 CONCLUDING REMARKS

This paper traces the development of OilCo’s change in accountability style from a style dominated by a purely technical conception of control to a style balancing the technical and financial conception of control through three phases between 2007-2017. The paper posed the following research question: How does the introduction of a new conception of control influence a company’s accountability style? Additionally, studying a company with a management model build on stewardship theory the paper has discussed how the change influenced managers’ potential to feel personally responsible?

The paper shows that a financial conception of control was introduced through an ambitious cost target which influenced what managers where held accountable for through the AtA model. Additionally, it shows how the corporately driven OTE (OilCo Technical Efficiency) program introduced an alternative technical conception of control that were aligned with the financial conception. The OTE program is argued to be important in aligning the operational practice with the managerial aims, changing the heuristic of what managers (and engineers) view as ‘good management’, changing what Ahrens (1996) calls style of accountability.

Prior research has provided us with valuable knowledge of the importance of accountability styles, such as different concepts of control, when analyzing the evolution of accountability styles (Ahrens, 1996; Ezzamel et al., 2007; Jørgensen & Messner, 2010). The case of OilCo has shown how accounting information interacts with other operational knowledge to be included and change the dominating conception of control through the use of existing systems (the AtA), corporate programs (OTE program). The case contributes to this literature especially by presenting an empirical example of how “concrete operational procedures and established ways of giving and demanding reasons for conduct” are changed through the alignment of general managerial concepts and “detailed knowledge of operational practice” (Ahrens, 1996, p. 142).

The discussion of how the change influenced the managers’ potential to internalize the new conception of control showed that reduced autonomy was accepted in the COST phase which can be viewed as a transition phase. The reduced autonomy was accepted because the new
conception of control represented the need for new operational practices, requiring managers to gain competence on the new reality. The VALUE phase represents a phase where managers have the competence and require autonomy to work towards the strategic objectives. However, while the top management focus on empowerment and cooperation, the initiatives aimed to increase economies of scale threaten to reduce autonomy and relatedness, and externalize locus of control because of increased interrelatedness, larger distances and increased complexity.

The paper has discussed why and how accountability style changed in Oilco and provided a discussion on how the change influenced the potential for managers to internalize the new conception of control. It thus contributes to the literature on accountability styles (Ahrens, 1996; Dent, 1991; Jørgensen & Messner, 2010) through detailed presentation of how management practices were aligned with operational practices to a new ‘style of accountability’. It also contributes to the literature on stewardship (Davis et al., 1997; Donaldson & Davis, 1991; Hernandez, 2012; Teh, 2015) by introducing the self-determination theory and analyzing how a company with a management model build on stewardship assumptions manage to change style of accountability.

The study however is limited in its analysis as it is challenging to say distinctively how managers perceive their autonomy, relatedness and competence, and thus if they internalize the new conception of control. The analysis is based on an interpretation between the theory on self-determination and the empirical data. Further research should attempt to address this relationship in more detail. Further studies are needed to understand how a cost focus in a Beyond Budgeting company influence intra-organizational relationships. Additionally, the change presented in this case is still ongoing and while the company still may have adopted a new style of accountability it risks going back to old conceptions of control when the oil price now is on the rise again.

8 REFERENCES
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