

## PDF hosted at the Radboud Repository of the Radboud University Nijmegen

The following full text is an author's version which may differ from the publisher's version.

For additional information about this publication click this link.

<http://hdl.handle.net/2066/160145>

Please be advised that this information was generated on 2021-02-26 and may be subject to change.

# The management control structure as an actor-network in a process of governization

Ed Vosselman

## ***Ed Vosselman***

Institute for Management Research  
Radboud University Nijmegen  
P.O. Box 9108, 6500 HK Nijmegen  
The Netherlands

*and*

Zijlstra Center for Public Control and Governance  
Vrije Universiteit Amsterdam  
De Boelelaan 1105  
1081 HV Amsterdam

## **Abstract**

Rather than straightforwardly resulting from rational design, negotiation and decision making, management control structures in interfirm and intrafirm relationships result from complex interactions in networks of associations. To understand the emergence, mediation and development of a management control structure this study views such structure as a relational ontology in a network of associations that carries a process of governization. Governization refers to the assembly and qualification of actors, actions, spaces and devices that may produce a pattern that can be labeled as 'governance'.

The paper particularly contributes by demonstrating how the emergence, mediation and development of a management control structure for a shared service center is the result of *iterative cycles* of both centrally-controlled framing activity and drifting overflows. In short, by viewing it as a relational ontology the paper unlocks the management control structure and puts it at the center of dynamics. Here, the management control structure is an inscriber rather than a prescriber or describer.

## **Keywords**

Governization, management control structure, framing, overflows, relational agency, shared service center

## Introduction

From a rationalist's perspective governance and management control structures of interfirm and intrafirm relationships are relatively stable solutions to control problems in existing relationships (see also Caglio and Ditillo, 2008). Particularly drawing on transaction cost economics a substantial number of studies *a priori* distinguish two categories of control problems: coordination problems and appropriation concerns, the latter being related to risks of potential opportunistic behavior (Anderson *et al.*, 2014; Dekker, 2004; Dekker *et al.*, 2013; Ding *et al.*, 2013; Langfield-Smith and Smith, 2003; Neumann, 2010; Nicholson *et al.* 2006; Van der Meer-Kooistra and Vosselman, 2000; Vosselman and Van der Meer-Kooistra, 2009). One solution to these control problems is a management control structure, for example incorporating balanced scorecards and incentives. In transaction cost economics, management control structures are subordinate to an overarching governance structure that is considered to be an efficient institutional framework that defines the boundaries of transactions and that aims to prevent opportunistic behavior or to fight it when it occurs (Williamson, 1979). In a general sense, from a transaction cost economics perspective the governance structure and management control structures are the straightforward consequences of rational design and managerial negotiation and decision making. They are instruments in the hands of powerful distanced and isolated managers.

However, in practice the management control structure may not be the result of rather straightforward negotiation, decision making and design. Moreover, it may not achieve what its negotiators and designers intended; their intended functionality (their 'ideals') may not match with their real consequences. To paraphrase Hopwood (1987): the management control structure has the tendency to become what it was not. Decisions and designs develop and mediate in the constitution of organizations or organizational relationships. They are a promise (see also Mouritsen and Kreiner, forthcoming); they open-up rather than close-down. Acknowledging that a management control structure is both the result of and results in largely unpredictable network effects, this study views the management control structure as an actor-network in a process of governization<sup>1</sup>. Our notion of governization refers to the assembly and qualification of actions, actors, places and devices that produce a pattern that can be labeled as 'governance'. The process of governization is characterized by complex interactions between multiple actors, both human and other-than-human. In the process, the management control structure as an other-than-human may be the carrier of multiple interests of shifting multiple actors; the structure inscribes these interests rather than prescribing or describing behavior from outside the process. The research may thus reveal the power struggles that are *in* the management control structure.

As an actor-network in a process of governization the management control structure is not a systems ontology but a relational ontology. As a relational ontology the management control structure is held together in a socio-material network that is in itself a direct effect of complex interactions (see also Ahrens and Chapman, 2006; Mahama *et al.*, 2016). Similar to human actors, as an other-than-

---

<sup>1</sup> So, this paper marks a shift from 'governance' to 'processes of governization'. Such a shift in attention corresponds with Caliskan and Callon (2009; 2010) who advocate a shift in attention from the 'economy' towards 'processes of economization'. Whereas Caliskan and Callon's (2009; 2010) notion of economization refers to the assembly and qualification of actions, actors, places and devices as 'economic', our notion of governization refers to the assembly and qualification of actions, actors, places and devices that produce a pattern that can be labeled as 'governance'

human actor the management control structure has agency: a capacity to act and to generate effects (Latour, 2005). Of course such agency does not stem from cognitive capabilities or intentions, but from its position in a network of associations. Its agency is a *relational* agency (see also Mahama *et al.*, 2016).

Following Caliskan and Callon (2009; 2010) in their reasoning on processes of economization, we propose that processes of governization emerge from situated matters of concern; for example concerns about costs or quality of services. The subsequent situated problematizations may result in a specific development of identities of human and other-than-human actors (one of them a management control structure) and their associations. In the process, agency, that is an actor's capacity to act and to generate effects (Latour, 2005), is distributed across the human and other-than-human actors. As a result, human actors come to act and develop a certain identity. Once equipped with proper materials and devices human actors may come to act rationally and perhaps opportunistically; in the extreme case they may develop a full identity as Homo Economicus (Callon, 2007). Rationality and opportunism are thus possible *consequences* of processes of governization, and they are situated in time-space. They cannot be taken for granted. They are interactively shaped rather than relatively stable human traits.

By making an ontological turn from a systems ontology to a relational ontology we position the management control structure at the center of dynamics in intrafirm relationships situated in the municipality of The Hague. In doing so, we engage with studies that, rather than on management control in a more broad sense, focus on accounting in interfirm relationships. For example, Mouritsen and Thrane (2006) pose the question as to how accounting can be a force (or an actor) in establishing and developing interfirm relationships. They propose that accounting can be conceptualized as an actor that mediates, shapes and constructs interfirm relations through self-regulating and orchestration mechanisms. Chua and Mahama (2007) examine "the antecedent conditions and networks that influence the development and operation of performance measures" (Chua and Mahama, 2007, p. 47). They examine how the emergence, operation, and functionality of accounting numbers are network effects. We broaden the analysis by concentrating on management control rather than on accounting *per se*. Particularly, we aim to examine how the emergence, operation and functionality of a management control structure for a shared service center are network effects. In a more general sense, we engage with work that considers the change of accounting and control to be a drift with unpredictable outcomes rather than a centrally-controlled affair (Quattrone and Hopper, 2001; Andon *et al.*, 2007). Andon *et al.* (2007) emphasize the experimental and relational nature of accounting drift. Experimental, because the outcomes of change are unpredictable, and thus in order to improve accounting and control practices, a trial and error approach is required. Relational, because "accounting change is connected to wide ranging networks of human and other-than-human elements, which variously inform and influence change" (Andon *et al.*, 2007, p. 281). The means-ends relationships often are not well understood, highly uncertain and always in the making, diverse and in conflict (Chua and Mahama, 2007). The study also engages with a study by Kastberg (2015) that aims to explore control problems of horizontal organizational relationships, particularly between a shared service center and its internal customers, and to discuss how different problems are related to accounting and control initiatives. Rather than focusing on the governance structure or management control structure in a broad sense, Kastberg (2015) concentrates on the formative role of accounting *per se* in addressing problems. We aim to contribute by demonstrating how the emergence and development of a management control structure for a shared service center is the result of *iterative cycles* of both centrally-

controlled activity and drifting. To that end, we draw on the concepts of framing and overflowing as they are developed by Callon (1998; 1998b). Framing is an attempt to centrally control the development of the management control structure and to produce order, whereas overflowing produces drift and disorder. More in particular we study the iterative cycles of framing and overflowing that produce a developing management control structure for a shared service center in the municipality of The Hague. It is through these iterative cycles of framing and overflowing, of producing order and producing disorder, that the management control structure is translated. Translation here refers to the situated processes by which associations are forged between actors, the identities of actors stabilized, the possibilities of interaction and the limits of maneuver negotiated and delimited (Callon, 1986). We study how, in a secluded space in the form of a calculative center, translation results in the framing of transactions, actors and of the spaces in which these actors meet: hierarchical spaces, market-like spaces or communal spaces. The study then reveals how and to what extent the frames realize themselves in the municipality of The Hague. It is investigated whether the management control structure succeeds in bringing its framed transactions and identities into life in the municipality at large. Actors may not accept the invitation that is embedded in the frame because they do not perceive it to be in their interests, and thus act otherwise. Then, the frame that results from secluded activity in the calculative center produces overflows. Depending on the power of the actors involved, the overflows may result in reframing. By using the concepts of framing and overflowing, the study also engages with previous studies that use the concepts of framing and overflowing for different purposes, for example in making sense of a change in the identity of strategic actors in a company (Skaerbaek and Tryggestad, 2010); or in making sense of an unexpected outcome of public sector accountability innovations (Christensen and Skærbæk, 2007); or in analyzing the unexpected consequences of risk management as a tool for internal audit activities (Vinnari and Skærbæk, 2014).

In sum, the management control structure for the SSC is the vantage point of our study into processes of governization. Rather than the result of relatively straightforward design and implementation (a systems ontology) it is portrayed as an actor-network subjected to processes of (re)framing and overflowing that are both centrally-controlled and drifting. Multiple interests are involved in the development of a management control structure. The study reveals how the management control structure is inscribed and to what degree the inscriptions in the management control structure are effective. Do the actors in the macrocosm accept the invitation incorporated in the inscriptions? Are agencies really distributed as they are inscribed? Are the inscribed interaction patterns realized? Do the overflows result in reframing?

In short, the paper aims to substantiate how the management control structure is a fluid relational ontology rather than a systems ontology. Our field research is guided by a sensitizing framework which we outline in the next section.

## **A sensitizing framework of translation**

### ***Translation***

Callon *et al.* (2011) use the term translation to describe the process through which a 'macrocosm' is taken from one state to another. This translation process starts with the emergence of *matters of concern*. Such matters create a platform for problematizing and a stage in which novel phenomena are made perceptible (Callon *et al.*, 2011). The problematization may lead to secluded analysis and

framing in a micro-cosm. The micro-cosm takes the form of a secluded place, a calculative centre in which manipulation takes place. From the macro-cosm reality is transformed and transported to the micro-cosm through the use of references to that macro-cosm. The references to the macro-cosm are labelled as *inscriptions*: signs that translate the macro-cosm in its absence. The first translation is thus the creation and transportation of inscriptions in and from the macro-cosm. Then, in a second translation that takes place *in* the calculative centre, inscriptions are (re)produced and transformed by a distinct group that intends to reconfigure the macro-cosm from a distance. The macro-cosm is transformed to a '*purified and simplified world*' (Callon *et al.*, 2011, p. 59), a world that is manipulable. A specific group of people studies and manipulates the inscriptions in order to frame a new desired reality, which can be transported back into the macrocosm. In the calculative center inscriptions carrying the interests of the actors involved are (re)produced, discussed, and interpreted. A third translation is the process of bringing the results of the second translation back from the calculative center into the macro-cosm. Here, support of allies has to be organized; allies that also take an interest in bringing the result of the second translation into life. Some alliances are already created in the first translation, but their solidity and viability is tested in translation 3.

The different stages in the translation process are summarized in table 1

Table 1 about here

### ***Framing and overflowing***

The management control structure as it is produced in a micro-cosm provides a frame that "*establishes a boundary within which interactions –the significance and content of which are self-evident to the protagonists- take place more or less independently of their surrounding context*" (Callon, 1998, p. 249). As a frame, a management control structure stabilizes the conditions of interactions and makes it possible to calculate the outcome of interactions (see also Kastberg, 2015). In the framing process that takes place in the calculative center multiple powerful organizational actors construct and translate the management control structure so that it fits their own assumptions, views, interests and aims. They then enroll the frame of the management control structure to satisfy their interests and to strengthen their influence (see also D'Adderio, 2011). The process of framing is a process that is never complete (Kastberg, 2015). This is because the frame is to make selective inclusions and exclusions (Callon *et al.* 2011). In the macro-cosm, as a consequence of its incompleteness, the frame will produce overflows. Overflows are variations of or outside the frame which were not intended or foreseen, and are the norm rather than the exception. Through overflows the limitations of the frame become visible which can inspire debate and may result in reframing.

Framing the management control structure for an SSC includes decisions on vertical accountability relationships and on internal client-buyer relationships. Framing determines and identifies the '*socio-technical agencements*' (Callon, 1998; 2007; 2009). Such an '*agencement*' is an assemblage (of humans and other-than-humans) that puts a human actor (for example, a manager) at the center. In order to frame the identity of the human actor and to enhance the establishment of a successful '*socio-technical agencement*', the human actor is equipped with '*prostheses*' which help in calculations, for example material elements, computer programs, routines. The frame of the management control structure also shapes the profiles of the goods and services that are transacted,

and the way the 'agencements' interact or transact in the spaces in which they meet: hierarchical spaces, communal spaces or market-like spaces.

The framing process is intended to result in the enrollment of the management control structure as an artifact in the macro-cosm. There, it aims to realize itself. However, as a consequence of the incompleteness of the frame, iterative cycles of overflowing and possible reframing emerge in the context of conflicts of interests (see also D'Adderio, 2008).

*In sum*, we unlock the management control structure by drawing on the notions of (re)framing, overflowing and, in a more general sense, translation. In a micro-cosm, through inscriptions the management control structure is loaded with intentions of powerful actors and then brought into the macro-cosm (in this case the municipality of The Hague) with the intention to frame 'agencements' and interactions/transactions. The management control structure provides the cognitive boundaries for interactions, but at the same time these boundaries are challenged in the macro-cosm. The management control structure has to struggle for survival. The question that becomes relevant is if the management control structure as an actor-network is able to create the world in which it can function. Do other actors in the macro-cosm accept the invitation?

## **Methodology**

This research draws on theories and methods about framing, reframing and translation (Callon *et. al*, 2011). The domain of the study is the field; specifically the municipality of The Hague. As the research focuses on the management control structure as an actor-network, we take a *relationalist* stance. It is well recognised that in research from such a relationalist stance the distinction between 'neutral observation' and 'intervention', or between 'representation' and 'intervention' (Hassard and Cox, 2013; Callon *et. al*, 2011) is not tenable. The researcher is inside the field, and has a position that is symmetrical to that of the other actors in the field. He takes part in the shaping and enactment of the management control structure. He is closely engaged, rather than objectively distanced (Ahrens & Chapman, 2006). In a more general sense, from a relational perspective on the governance and control of and in intrafirm relations the role of theory differs from a rational perspective. Rather than being informed by content-theory (e.g. transaction cost economics) in order to try and explain the existence of a specific management control structure, the researcher attempts to trace the footsteps of the theory (for example organizational economics) in the process of governization as it is situated in time-space. In other words, rather than an explanandus for a management control structure that is 'out there' the theory may be performative in the development of situated management control structures. Organizational economics, then, is not an informer, but a performer. In short: the role of theory is not to inform the researcher in explaining a specific management control structure, but to (subtly) perform in the development of the management control structure. It is performative in the process of governization.

Not only did one of the authors participate in the process under investigation in the identity of a researcher, but also in the identity of a manager in the municipality. Although access to information and to key players is often a challenge when conducting field research (Baxter & Chua, 1998), for this study it was thus relatively easy to obtain access. One of the authors was already quite knowledgeable of the research site. Regular discussions between the authors provided a space for reflecting on and making sense of (tacit) experiences.

At different stages in the research process there were interviews with a number of persons (see table 1 for a summary). All interview reports were presented to the interviewed persons for feedback in

order to ensure that adequate interpretations were made. The advisor of the Director of the SSC also read previous drafts of the case description as presented in this paper.

'Ex post' interviews with key players in the framing and enacting of the management control structure of the SSC were conducted. These interviews were organized at the tail of the empirical research and were meant to thoroughly reflect on the interpretations made by the researchers. The key players included the Deputy Municipal Secretary, the Chair of the Integral Customer Council, the Project Director in charge of the development of the SSC, multiple directors within the SSC and the advisor of the General Director of the SSC (who was also strongly involved in the process of developing the SSC).

In addition, notes of official and unofficial meetings were studied. Successive drafts of formal documents were essential sources of data in the research process. To a certain extent, they displayed the process of translation. Table 2 shows the interviews that were taken, and when.

Table 2 about here

## **The field study**

### *Problematizing governance: some first translations*

Essentially, the study addresses the development of a shared service center (SSC) and its management control structure in the municipality of The Hague (the "Intern Dienstencentrum": IDC). The processing of the concept of the SSC started in 2004. A management control structure was to be developed in order to ensure that the SSC would perform as intended.

At the time the municipality of The Hague adopted the idea of a shared service centre, the General Municipal Management Team (GMT) had a business-like attitude. The GMT was concerned to enhance collaboration between the multiple departments. The GMT thought that such collaboration would lead to increased efficiency, particularly in the provision of services the departments had in common. It experienced an increasing need for the establishment of such closer cooperation because it felt the political pressure for cut backs. It knew that the creation of a shared service center was a common answer in times of austerity. In this sense, ideas traveling in the macro-cosm of society at large were transported to and transformed in the micro-cosm of the municipality of The Hague. They were translated into texts that inscribed a first concept of the shared service centre. For the purpose of effective and efficient provision of services the GMT decided that the concept had to be further developed, including a development of a management control structure: an institutional framework within which interactions between the SSC and other departments could take place. The GMT claimed two specific underlying *matters of concern* for this decision. First, there was the political pressure for cost reduction regarding services. Second, the vulnerability with respect to standard services in the multiple municipal departments was perceived as being too high. Both economies of scale and vulnerability were thus important reasons for the development of an SSC and its management control structure.

In 2004 the GMT (that may be perceived as a calculative centre, a micro-cosm in the macro-cosm of the municipality of The Hague) decided to start an 'experiment'. General models of the concept of a shared service centre were translated into more specific texts and models for the municipality of The

Hague, texts and models that inscribed a first framework of the sharing of services. With the aim of further developing the concept of shared services, the GMT then decided to introduce 'pilot projects' on the shared provision of services. Participation in the project was not mandatory for departments. The direct purpose of these 'pilot projects' was to learn from first experiences with shared services and their governance. The experiments took place in the hierarchical context of a 'concern-department model' in which the 'integral' accountability<sup>2</sup> of the heads of departments is one of the leading principles.

In 2006 the new elected Board of Mayor and Deputy Mayors decided about imposing cut backs, as it wanted the municipal organization to become more effective and efficient. This put new pressure on the experiment on the management control structure of the SSC, and led to a renewed guideline in which the principle of voluntary participation was abandoned. GMT now believed that mandatory participation of all departments in the shaping and working of an SSC was the only way to achieve the targeted budget cuts. So, renewed problematization led to a renewed activity in the calculative centre.

The General Municipal Management Team (GMT) made the final decision for the establishment of the SSC by on January 3th, 2007. It was decided that the SSC should be formally launched on January 1<sup>st</sup>, 2008. In order to be able to do this a plan was developed containing a roadmap for the development of the SSC and its management control structure. On May 30<sup>th</sup> a 'time table' was presented. The GMT decided that a steering committee would further guide the project through different stages. In terms of Callon *et al.* (2011) the GMT extended its calculative centre or micro-cosm with a steering committee that had to frame a management control structure. The GMT inscribed a number of principles and conditions for the translation that had to take place in the extended micro-cosm. Two members of the GMT were included in the steering committee. The GMT appointed the Director of 'Personnel and Organization' a project leader, and she decided on the membership in the project team of persons located in various municipal departments. The 'time table' also contained some guiding principles for the development of the shared service center and its management control structure. For example, it stated that the current Facilities Department would cease to exist and that the IDC (SSC) would be a 'company'<sup>3</sup> within the context of the municipality. Some other important conditions for the development of the SSC and its management control structure were: 1) no policy making capacity in the organization of SSC, as this was the domain of the Department of Municipal Administration; 2) the SSC was to be a partner for the municipal departments; captive buying would be the norm, no access to external markets; 3) the integral accountability of departmental managers was not to be effected; 4) standardized service delivery should be based on mutual trust; 5) transparency in accountability and in price.

---

<sup>2</sup> Integral accountability is a management concept introduced in the Dutch government in the 1980's. The rationale behind this concept is to make management more accountable for the effectiveness and efficiency of their work processes and to generate cost savings. Management is accountable for the realization of targets (output) and controls the amount of resources (personnel, financial, etcetera) needed to reach the targets (*derived from: Buurma & Jacobs, 1999*).

<sup>3</sup> The use of the word 'company' was intended to emphasize the difference of the SSC with the departments. The SSC was supposed to deliver supportive processes and to focus on customer satisfaction and efficiency. The departments could focus on their core processes of developing and executing policies. This characterization of the SSC also explained the reason why policy making was no longer part of the shared service organization, and why the municipal secretary was held accountable, as is explained later on.

The project in the micro-cosm had a seven-month' time schedule. The process from plan to start was rather straightforward. The final draft of the so-called 'blueprint' (in which the organization of the centre, the products and services and the governance of the SSC were described) was ready in December. In November, based on the blueprint that at that time still had to be finalised, the Board of Mayor and Deputy Mayors decided that the IDC would start at January 1th 2008. Because of the tight schedule and because of the high impact of the project, it was initiated and executed on senior managerial level. The steering committee and the project leader were staffed with high level executives. Chaired by the project leader a central team was formed that consisted of the chairs of the different working groups. The working groups were staffed with a mixture of members and experts from the different departments.

### ***Framing the management control structure in the extended micro-cosm***

In the micro-cosm the project group governed by the steering committee produced a 'blueprint' (as the committee called it) for the SSC. The 'blueprint' included the frame of the management control structure. This structure was developed by one of the working groups connected to the project group: the working group Governance. This working group was chaired by the Head of the Department of Municipal Taxes, and complemented with a member of the management of the Facilities Department and two organizational consultants (one of them a senior) from the Department of Municipal Administration. The proposed institutional framework within which interactions were to take place, included frames for the socio-technical agencements, characteristics and basic service levels of the multiple services, and a frame for service level agreements. As for the socio-technical agencements, two important agents were designated and equipped: the Director of the SSC and the Municipal Secretary. The Director of the SSC was to be accountable to the Municipal Secretary. Moreover, another important socio-technical agencement was founded on the *collective* of departmental managers. These managers collectively had to decide on the price, quality and quantity of the basic service delivery to all departments. Their decisions were to be included in a service level agreement that was to be compulsory for all departments. Each departmental manager was also designated and equipped as a socio-technical agencement. Each of them was allowed to negotiate so-called 'plus agreements' with the Director of the SSC for additional service levels. The frame for the management control structure also included proposals for the mission, vision and objectives of the new SSC in the wider context of the Municipality of The Hague, and of the way its performance should be measured given the Director's accountability towards the Municipal Secretary.

The agents thus were to meet each other in hierarchical spaces through vertical accountability relationships (relationship between the Municipal Secretary and the director of the SSC), in communal spaces (the collective of departmental managers), and in market-like spaces (the negotiation of 'plus-agreements'). The various managers were not to be allowed to buy or sell at external market places; there was to be *captive* buying and selling.

In the framing process the working group enacted inscriptions provided by other governmental and non-governmental organizations that also introduced shared service centers. One leading example was the Municipality of Tilburg, at that time a frontrunner in the development of a SSC, a perceived 'centre of excellence'. In Tilburg, collegial co-operation proved to be an important factor in the perceived success of the SSC. Therefore, the working group loaded values such as 'partnership', 'co-operation' and 'mutual trust' into the frame of the management control structure.

The project leader of the IDC :

*'We were convinced that values like 'partnership', 'co-operation' and 'mutual trust' were necessary to make the concept of shared services work.'*

In the micro-cosm a frame was developed that placed the collective interest of the municipality at large above the interests of specific departments or persons. SSC's mission, it was believed, could only be accomplished if co-operation within the municipality was key and based on mutual trust and partnership. This led to the proposal to call the SSC 'Our Internal Service Delivery Center'. The vision behind this was also reflected in the mission statement of the SSC:

*'The IDC provides and manages good basic services for the municipality and the interest of the municipality at large is leading.'*

However, when the workgroup discussed the proposed mission with the steering committee, the steering committee decided that the terminology of 'our' IDC had to change in simple 'IDC'.

As the project leader of the development of the SSC states:

*'The use of the word 'our' felt to be too artificial.'*

The advisor of the Director of the SSC adds:

*'The use of the word 'our' had its value in the process of the building of the IDC, but doesn't fit the way of working around here.'*

Apparently, the steering committee opted for a more business-like attitude. Although a trusting atmosphere was considered to be important, the steering committee also wanted to bring in hierarchy-based and market-based governance for the SSC.

The core of the frame may be depicted in figure 1:

Figure 1 about here

Figure 2 visualises that the SSC operates by mandate of the municipal secretary who is at the top of the triangle. On the left side the representatives of the departments are depicted; on the right side the relevant agents from the SSC.

The relevant agents are the Deputy Mayor, the Municipal Secretary, the Heads of Departments and the Director of the SSC. The Deputy Mayor is not included in the figure because the association between the Municipal Secretary and the Deputy Mayor is characterised by political responsibility rather than a governance responsibility. The Municipal Secretary reports to the Deputy Mayor about the performance of the SSC; the Deputy Mayor does not directly participate in the governance of the SSC. Nevertheless, he is authorized to provide boundaries for the scope, quality and price of the service delivery of the SSC. The budget available for shared services is assigned by the City Council and the Deputy Mayor has a political responsibility to the City Council regarding this budget.

The multiple actors that relate to the SSC will meet in different spaces. Essentially, they will meet in a hierarchical space in which there are different relations of responsibility and accountability. The Municipal Secretary is to be responsible for the process that brings a common service level agreement (SLA) into being. An SLA specifies the different goods and services to be provided by the SSC, and the conditions under which they will be supplied. Because of his political responsibility to the Mayor and Deputy Mayors he is allowed to provide the parties with directives. Through his approval of the SLA he mandates the Director of the SSC to provide the services. Ex post, the Director of the SSC, being responsible for a proper preparation and execution of the SLA's, reports to the Municipal Secretary about the execution of the SLA. More in particular, he reports about the progress in standardisation of products, services and processes. The existence of SLA's points to another space where the relevant actors meet: a space of an internal market (be it with captive buying and selling) within the context of the municipal hierarchy (see also Minnaar and Vosselman, 2013), where parties transact.

Departmental managers are to be important agents in the governance of the SSC. This is related to the management philosophy within the municipality that all the departmental managers have an 'integral' accountability. The departmental managers are framed both as a collective and an individual actor. The framing of a collective may be seen as an attempt to both increase standardization and to economize on transaction costs; the collective of departmental managers enables the framing of a collective transaction between the SSC and the collective of departmental managers governed by a so-called 'basic' service level agreement. This SLA is an agreement that runs for one year and that is signed by the departmental managers and the director of the SSC. Collectively, the departmental managers will have to decide on the 'basic' service level agreement. Such a collective endeavour also provides a communal space where actors (departmental managers) meet and where mutual trust and partnership may develop. All departmental managers are supposed to sign the agreement.

Each departmental manager is also framed as an individual actor. He or she is empowered to negotiate a 'plus service level agreement' for his or her department. Such an agreement concerns services that are specific to the department at hand. A very specific service level agreement is to be the one between the SSC and the Department of Municipal Administration. Because of the political functions of this department the actors in the micro-cosm think that the desired services may differ from the services that will be provided to other departments.

*Summarizing* the process of translation in the micro-cosm it can be observed that a secluded expert group framed agencies, encounters and goods/services. Through such framing activity the concept of governance was translated in such a way that it was thought suitable in the context of the municipality of The Hague. In the manipulable world of the micro-cosm, through discussing the expert group manufactured inscriptions that could be transported back into the macrocosm. The inscriptions included a governance triangle that reflected the identity of the important actors in the governance of the SSC and encounters between these actors in hierarchical, market-like and communal spaces. The framing of services concerned facilities, housing, and human resource services (HRS). The frame of the services included the characteristics of the services, the associated costs and critical performance indicators. The steering committee in the micro-cosm spoke about a 'blueprint' for a first format of the SLA, and of a basis for further development of this 'contract'. In

fact, there were three potential formats for service level agreements: a basic agreement, a plus agreement and a specific agreement between the Municipal Secretary and the Director of the SSC. At core, the identities of the actors as framed in the micro-cosm were those of a supplier and of buyers. This suggests that the interactions between multiple actors were positioned in client-supplier relationships and were to a substantial extent to take the form of *transactions* (between the Director of the SSC and the collective of departmental heads; between the Director of the SSC and the individual departmental heads; between the Director of the SSC and the Municipal Secretary). However, it was not the framing of purely self-interested actors obsessed by the calculation-optimization of their own departmental interests; it was not the framing of Homo Economicus in its pure form. The expert team took important aspirations of co-operation, trusting and partnership into account. This was for example reflected in the framing of a collective agent (the collective of departmental heads) and in the emphasis of the 'our'-character of the proposed SSC.

The framing in the micro-cosm included an interestment of multiple actors. However, there were tensions. For example, the work council of the Facility Department complains (in writing) about the confined involvement of co-workers in the project.

*"...the participants in the working groups (...) are distant of the daily working process of the Facility Department and the expertise of the Facility department is only limitedly made use of. This does not help in building commitment to the establishment of the SSC (...)."*

(- Letter of the works council to the director of the facility department)

The project leader also acknowledges that the involvement of management of the Facility Department was limited.

*"In the project little attention was paid to the involvement of the middle management of the Facility Department (...) I would do that differently now. I would go and talk to them, take them out to dinner. We just didn't think of that at the time."*

At the end of the framing process in the micro-cosm the Director of the SSC is appointed. He also has thoughts about the way the IDC and its governance were framed.

*"When I was appointed the blueprint already passed so many committees that there was no chance of making any changes at that point. But, I already knew I had another view on the management control structure than as it was depicted in the blueprint."*

With the decision of the Board of Mayor and Deputy Mayors to establish the SSC its existence as of January 1<sup>st</sup> 2008 is a fact. The question then becomes how the management control structure will perform in daily practice? Do the inscriptions loaded in the management control structure provide stable cognitive boundaries within which interactions take place (is it a real 'blueprint'), or do they entail overflows and, if yes, do the overflows entail reframing? And perhaps the most essential question: to what extent is the management control structure performative in creating a co-operation between the SSC and other departments based on mutual trust and partnership?

### ***Back to the macro-cosm: overflows***

Once entered into the macro-cosm of the municipality, a number of overflows emerge. The most important overflows concern the insufficient agency distributed to management accountants or controllers; the captiveness of buying from the SSC; the positioning of the new institutions reflected through the governance 'triangle' related to existing institutions (standard bodies and committees in the municipality) and, therewith, the roles and responsibilities of actors; the lack of quality of the human resource services; the definition of the services; a lack of co-ordination in determining the collective demand by the collective actor.

With the introduction of a basic service delivery the way in which the costs were calculated and particularly the way they were allocated to the different departments, changed. Because of the change in allocation the departmental budgets also had to change. In the macro-cosm, this caused major discussions, particularly between controllers and departmental managers.

*"Every meeting of the controllers we had discussion about the budgetary implications of the services of the SSC. Because of the introduction of the basic service delivery we had to redistribute the budgets in order to give every department enough budget to pay the SSC. But, somehow, there were always negative budgetary implications, we hardly ever heard about positive budgetary implications that could be used to compensate. That was hard to believe because we were not spending more than we did before."*

- controller IDC

The discussion apparently fitted within a prevailing culture in which Homo Economicus was active. The owner:

*"The municipality of The Hague always had a kind of 'fightculture' where the interests of the own department prevailed over the interest of the municipality as a whole. So, on a scale of 1 to 10 trust is not very high, it is changing thought."*

In the first year after the launch of the SSC there was much discussion in the Committee of Controllers in which the controllers of the multiple departments were united. The Committee of Controllers was consulted, but not fully involved in the original framing in the micro-cosm. As a consequence of the fundamental change in cost allocation the budgetary consequences for the departments were large but were not fully predictable; the budget allocation consequences just could not be discussed in the tight time schedule of the framing in the calculative centre. This is also the reason why the Committee of Controllers could not be fully involved in the framing process. When the frame resulting from a first translation in the micro-cosm entered the macro-cosm, the magnitude of financial consequences and the lack of full consent about these consequences resulted in hot overflows. The discussion not only focused on how the financial consequences had to be calculated and how the budget consequences had to be taken into account, but also on the clarity of definitions of the services and on the authorization of actors who should decide on financial issues .

Controllers aimed at an inscription of their (collective) interests in the management control structure:

*“The committee of controllers prefers the establishment of one principal board that decides on the SLA and accompanying costs. Preferably this is the committee of controllers itself.”*

(- Minutes of the meeting of committee of controllers (January 21th, 2009))

There is another issue that is related to controllership. Although the frame inscribes ‘plus service delivery’ on the basis of captive buying, in the macro-cosm external buying continued to exist. For example, the design and printing of media are services that are not only bought from the market, but still also from external suppliers. Before the concept of an SSC developed there was a strong belief that in order to improve the effectiveness of the organization, competition was essential. At the start of the SSC-project, however, the idea of competition was replaced by the idea of performance measurement, in combination with benchmarking. More specifically, the GMT opted for a movement from ‘market’ to more ‘hierarchy’ and beyond, that is more unified governance on the basis of trust and mutual partnership. In the macro-cosm, however, a number of departments did not change from their external supplier towards the internal supplier (the SSC). The main reason for this was that media services were not given much priority in the heads of the departmental managers, while apparently the Director of the SSC was not in a position to change this because the GMT did not totally agree on it.

The projectleader SSC:

*‘On different issues of service delivery things did not change, because one (within the GMT) did not agree totally on that particular subject. Those were also the subjects that were of no particular interest to anyone, like was the case with the media services.’*

The Director of the SSC is, on the one hand, advocating a stronger alignment with existing allocations of decision rights and existing institutions. On the other hand, he warns against too strong a ‘blueprint’ character of the management control structure:

*“I needed a management control structure that was more aligned with the daily practice and the existing bodies and committees within the municipality of The Hague. Otherwise, I was convinced, it would not work. And, you need a firm formal structure to resort to when it is necessary, but in daily practice you should not need it too much.”*

- director SSC

In the midrange planning for the SSC (2010) it is stated:

*“There is not an unambiguous control model for the SSC. There are a lot of different committees and customers councils and their role in relation to one another, but also with respect to the role of the owner and policy makers is not clear. The process of making a service level agreement for the basic service delivery is not clear and seems –according to its long production time- not efficient.”*

(- Midrange Planning SSC, 2010)

With these observations the Director of the SSC is a spokesman of many other actors that are involved in the governance of the SSC. In many discussions hot overflows (that is, overflows resulting in re-framing) emerged. There was a broadly felt need for more clarity in the description of roles and responsibilities; a need for *one* governance board for the SSC was expressed; there was a need for more clarity about the way the interests of the internal customers of the SSC were taken care of

(customer council(s)); a lack of visibility of the Department of Municipal Administration as a 'company policy maker' was experienced.

The management control structure as initially framed in the micro-cosm also proved to be performative in the macro-cosm in the sense that it provoked change into the way the so-called 'business management' (the management of the provision of services) was organized in the municipality. First, the management control structure with its emphasis on collective (all Departmental Heads) and individual (individual Departmental Heads) 'customers' and a 'supplier' (the SSC) challenged existing ways of organizing *within* the Departments. Here, 'business management' was traditionally organized along lines of so-called 'disciplines' (Human Resource Management, Finance, Information Management, etcetera) and was not concentrated in specific departmental unit. The development of the SSC and the framing of its management control structure induced a change in the organizational architecture within the Departments, because the transactions between 'customers' and 'supplier' concerned all services. In a number of Departments, the responsibility for all 'disciplines' became concentrated in one unit, headed by a Head of Business Management. This change also challenged the existence of committees of members of the various departments that were organized around 'disciplines'. A need for another architecture of department-overarching committees emerged. Between the newly appointed Heads of Business Management the need for a committee to align initiatives and to connect them to the municipal level grew. However, as not all departments created one business management unit, discussion arose as to the composition of such a committee and the timing of its start. It is in this process where the first idea of a so-called 'Integral Customer Council' emerged and found fertile ground.

The Director of the SSC was very much in favour of this idea. Apparently, the institution of such a council would match his interests.

*"In my opinion the Integral Customer Council is the first step on the way to a business management council within the municipality of The Hague. In that council we should discuss the service delivery of the IDC, but also make connections between proposed policy and developments in the field."*

An Integral Customer Council would create a space in which management from SSC and Heads of Business management could formally meet.

### ***Re-framing in a micro-cosm***

In the fall of 2009 a new working group is constituted by the Committee of Controllers. It gets the assignment to '(re)define the service delivery of the SSC components housing, other products<sup>4</sup> and automation in the context of service level agreements, delivery time, key performance indicators (KPI's) and normalized values' (Assignment working group on SSC service delivery, October 2009). The results of the working group are expected to be inputs in the preparation of the SLA 2010. The work of the group resulted in a refinement of the definitions of products and services delivered by the SSC. The concepts of basic service delivery and service delivery as a so called 'plus' remained

---

<sup>4</sup> 'Other products' are products which cannot be categories in Housing, Facilities, Automation or Personnel administration services.

intact. But there was one interesting development in the re-framing process. In the original framing there were specific transactions between the SSC and the City Council and Municipal Clerk's Office, governed by a specific five-year SLA. However, in the macro-cosm the agreements are confirmed in a plus SLA that is similar to other plus-SLA. Moreover, the procedures in developing and executing SLA's prove to develop in a similar way.

At the same time, as a part of the execution of the midrange planning of the SSC, the GMT decides to install a working group Governance. The members of the working group are not only (co)-workers of the SSC, but also stakeholders from elsewhere within the municipality and (another) expert on governance. Particularly, people from the Department of Municipal Administration participate in the working group. They are representatives of the Municipal Secretary and develop 'company policy' and standards. The co-makers are representatives of 'customers' (departments) selected by the different committees organised along the lines of 'disciplines' (HR, Finance, Automation, and Facilities & Housing). These co-makers are considered to be important for a successful re-framing of the management control structure of the SSC. By installing such a working group 'Governance' the GMT believed that a further 'interessement' of municipal departments could be achieved.

Apart from the installation of this working group different external experts are consulted. In co-operation with the working group one of these experts develops a model which is deemed suitable for the municipality of The Hague. The re-framing focuses on two elements: the clarification of the roles of multiple actors in the governance of the SSC, and the establishment of a new Board and a new Council (the 'Governance Board' and the 'Integral Customers Council' ) for the governance of the SSC. The re-framing results in a new triangle (figure 2), containing a management control structure the GMT decided upon.

Figure 2 about here

The re-framed governance-triangle expresses three roles: the owner (at the top of the triangle), the customer (on the right side) and the supplier (on the left side).

The new introduced role of owner is assigned to a Deputy Municipal Secretary. The owner has final responsibility to the College of Mayor and Deputy Mayors for the (improvement of) so-called 'business management' in the municipality at large. Such 'business management' includes the activities of the SSC. The owner of the SSC safeguards the contribution of the SSC to the municipality at large. It aligns the SSC's contribution with municipal policy and standards and it controls the SSC's operational management. The Deputy Municipal Secretary (mandated by the Municipal Secretary) reports to the Deputy Mayor.

The re-framing also includes a frame for a Governance Board. The Governance Board serves to enhance collective ownership of the SSC and consists of the GMT, the owner of the SSC and the director of the SSC. The Governance Board is authorized to make strategic decisions, for example about the ultimate form and content of a basic SLA. This Governance Board matches the interests of the Director of the SSC, because he is now an extension of the GMT and, thus, has part in strategic management at municipal level. Moreover, to improve collective action of the customers an Integral Customer Council was framed. The Integral Customer Council consists of the Heads of the Business Management Units of the five biggest departments, the Head of the business management unit of the SSC and the Deputy Director of the SSC. The Integral Customer Council advises the Governance Board. It discusses the scope and size of the service delivery, the quality of the services as it is reflected in SLA's and reports, and financial issues (prices and benchmarks).

With respect to the 'plus service level agreements' there were no changes compared to the prior frame; they are to be agreed upon between the specific Departments and the SSC (as can be seen in figure 1).

### ***Back to the macro-cosm again***

In 2012, the reframed management control structure is brought back into the macro cosm. Here, new overflows emerge. These overflows concern a remaining ambiguity in the roles and authorities of multiple constituencies regarding the SSC: the Deputy Mayor, the Governance Board, the Integral Customer Council and the owner. A dispute about accountability issues remains. Moreover, there remain differences of opinion about the spaces in which the actors have to meet.

The controller of the SSC states:

*'It is unclear how exactly goals are set for the SSC. Some of them were stated when the SSC was launched. We have to reach operational excellence. On the other hand the Board of Mayor and Deputy Mayors imposes a budget cut on the SSC. Those are two different things.'*

The SSC has potentially conflicting goals: it should contribute to both a reduction in costs (improve efficiency) and to an increase in quality/customer satisfaction. How to cope with such a conflict? The chairman of the Integral Customer Council is of the opinion that the Governance Board should decide which goal prevails. The Director of the SSC considers this to be an owner's role. However, the controller feels that the SSC should make most of the decisions itself. The Director of the SSC thinks that strategic goal setting for the SSC should take place in the Governance Board. He is of the opinion that if the Governance Board would not be in the lead of the goal setting process, the SSC would just become a centralized staff department. The owner emphasises the need to take a next step: the focus on operational excellence should to a certain extent give way to a focus on strategic issues. Also the issue of accountability remains. According to the frame the Director of the SSC should report to the *owner* about the business management of the SSC. However, the Director of the SSC thinks he should report to the Governance Board in which the owner participates. The owner adds that the accountability of the SSC is complex. There also is a need for accountability to the 'customers'. But, being a part of the Municipality The Hague, the SSC also is accountable to the Board of Mayor and Deputy Mayors. It has to account for its financial performances and for its achievements in a more general sense.

According to the chairman of the Integral Customer Council a big flaw in the system is (still) the lack of 'company policy' and standard creation by the Department of Municipal Administration. The other keyplayers agree, but the owner points to the complexity of policy setting. According to him, it is something that should be done in dialogue with the departments.

*'In the municipality of The Hague there is not one person who is really the person in charge.'*

The program manager thinks the SSC should not be too modest; it should take the lead so that others will follow. It should be in the lead of both the process of producing SLA-agreements with internal customers and the accountability reporting processes towards different stakeholders. He claims

that, supported by co-workers from the SSC the re-framing already resulted in a revision of the SLA's and in the decision on new critical performance indicators.

Finally, in the macro-cosm an important discussion continued about the type of relationship the SSC should have with its customers. The chairman of the Integral Customer Council emphasises the importance of the development of a strong collaborative relationship between the SSC and its customers, because

*'in the end we are one municipality and we have to work with each other.'*

The owner also wants the parties to collaborate in communal space, where they can develop trust-based co-operative relationships:

*'For a long time it was normal that people belonged to their own organizational unit or department, and not so much to the Municipality. So, they were positioned opposite of one another from the start. That had its effect on the SSC and the way it was able to function. So, it is nothing special that it happens with the SSC. People are used to work that way. We have to alter that, I am also working on that, but it is nothing special'.*

The Director of the SSC, however, stresses that, although it is of importance to develop trusting relationships, such relationships should essentially be based on *transactions* between a supplier (the SSC) and buyers (the departments). Whereas the owner and the chairman of the Integral Customer Council opted for cooperation in communal spaces that are even beyond a hybrid space between a market and a hierarchy, the Director of the SSC opted for a hybrid form between a market and a hierarchy by emphasising the importance of relational market-like relationships. But apparently the governization of transactions certainly did not create a disciplining and individualizing atmosphere. The framing of transactions had socializing consequences rather than individualizing or disciplining consequences (Roberts, 2001; Zahir-ul-Hassan *et al.* 2016).

## **Discussion**

Our field study provides in- depth insights into the development of a management control structure for a shared service centre. It produces knowledge on the way the management control structure is constitutive of the development of a shared service centre and its governance.

In our research site, the establishment of the management control structure is not an instant and unproblematic consequence of farsighted choice behaviour by distanced management. It is not a stable and straightforward solution to co-ordination problems and/or problems of potential opportunistic behavior in the form of a hierarchical, a market-like or a hybrid (between hierarchy and market) template. Rather, in our field study the development of the management control structure is part of a process of governization. Through the process of governization the management control structure becomes an achievement that is constitutive of a shared service centre. The management control structure is *in* the process through which the governance of the shared service centre develops; it is *not* a distanced describer, enabler or prescriber of the practices of governance. Essentially, we describe the process of governization as a process of translation. Associations, forged between actors, the identities of actors are stabilized, and the possibilities of interaction/transaction and the limits of maneuver are negotiated and delimited. The translation takes place in and outside a calculative centre, an extended General Management Team (GMT). In

the calculative centre a management control structure is framed through the production of inscriptions: signs that translate the governance in its absence and that attach interests as they are expressed by powerful actors appointed by the GMT. The inscriptions of the management control structure include a 'governance triangle' and 'service level agreements' (SLA's). The SLA's refer to client-supplier relations between the SSC and municipal departments, suggesting that the interactions between the SSC and municipal departments take the form of *transactions*. The framing of transactions implies that there is a performance (from the SSC) and a contra-performance (from the 'buying' departments). Although the intention was that the departments pay for the services, this part of the transaction proves hard to establish because of the difficulties in reallocating budgets to the multiple departments. Controllers continue to work on the issue, so that budget allocations and cost allocations can be attached to client-supplier relationships and to the agency of the managers who are involved in the negotiations and service delivery.

At core, transaction costs economics specifies efficient governance solutions for transactions with various characteristics. Transaction cost economics would claim that efficient encounters between the actors in a transaction take place in a hierarchy, a market or in a hybrid form between a market and a hierarchy. An interesting finding of our study is, however, that the space in which actors meet develops towards a hybrid with socializing consequences, and even to a *communal* space.

Apparently, although there was a shift on the road between hierarchy and market towards market transactions (horizontal client-supplier relationships), the process of governization did not only follow the narrow road between hierarchy and market, but also took a road towards co-operation and collaboration, a road that results in spaces where trusting partnerships may emerge. The developing management control structure had socializing consequences rather than individualizing or disciplining consequences (Roberts 2001; Zahir-ul-Hassan *et al.* 2016). Through the institution of a Governance Board and an Internal Customer Council and through the framing of captive buying from the SSC, mutual co-operation and trusting partnership was encouraged. There was less competition and more co-operation. Apparently, transaction costs economics theory was only performative to a limited degree.

The situated process of governization in the municipality started with matters of concern that were related to vulnerability, austerity and related budget cuts. Municipal management problematized the efficiency (costs) and quality of services such as Housing and Human Resource Management. Management aimed to economize on services. Against the background of circulating ideas about shared service centres a first frame of the management control structure was constructed in a calculative centre (a micro-cosm) constituted by the GMT of the municipality. In the calculative centre, multiple powerful actors attached to the management control structure under construction and inscribed their (common) interests in it. The calculative centre framed a management control structure that reflected the (general) characteristics of the services, the agency and identity of the actors involved in the governance and their associations and interactions. At core, the framing activity was a manipulation of inscriptions; a manipulation of signs that translated 'governance to be' in its absence. Important inscriptions in our field study were the 'governance triangle' and formats for service level agreements.

When the calculative centre delivered the frame of the management control structure to the municipality at large (the macro-cosm), the boundaries of the frame proved to be too narrow. Although the management control structure attempted to bring its inscriptions into life, it only partially succeeded in doing so. When the frame was brought to the macro-cosm a number of actors did not directly perceive it to be in their interests to straightforwardly accept the invitation that the

management control structure carried. There were a number of overflows, things that were not inscribed in the frame: the agency of controllers; the continuance of buying from external suppliers; the positions and roles of existing bodies and institutions (committees) in the municipality; the proper quality of the HRS; services that did not fit within their definitions as reflected in the frame; co-ordination in determining the collective demand by the collective actor.

The emerging overflows (of which many were hot, that is they resulted in re-framing activity) give evidence that the management control structure is not a simple describer or prescriber, but an inscriber. Inscriptions are invitations to behave in a certain way, and apparently the invitations were not unproblematic. Only to a limited extent the management control structure directly succeeded in realizing itself. Moreover, the management control structure exceeded its traditional functional properties as a problem solver. It proved to be performative, it mediated in the constitution of new organizational forms for services within the municipal departments and it mediated in the constitution of identities. Through its overflows the management control structure induced the constitution of an Internal Customer Council and a Governance Board; it induced a redistribution of agency across the multiple (micro and macro) actors. In our field study it does not, however, mediate in the construction of a stricter Homo Economicus (Callon *et al.* 2011). Rather than in the construction of calculative and calculable economic men the management control structure mediated in the construction of stewards and partners. The main development in governance was not on the road between hierarchy and market, but on a road towards mutual partnership and co-operation. The development of the management control structure was certainly not placed in the context of potential opportunistic behaviour. It was certainly *not* a response to appropriation concerns. The actor-network did not entail hierarchization; to a small extent it entailed the development of market-like transactions. But foremost it entailed a further socialization.

## **Conclusion**

This study contributes by theorizing the management control structure of a shared service centre as a relational ontology. In processes of governization the structure is shaped and enacted as an actor-network. The study theorizes how the management control structure is not the result of a farsighted choice for an efficient template of a management control structure as it circulates around the globe, but an interactive effect in a process of governization. It theorizes how the management control structure is a mediator rather than an outside solution; how it produces both stability and disorder. It is both generated in and constitutive of the governization of the shared service centre. Such governization occurs through iterative cycles of framing and overflowing. The process starts from matters of concern that are situated in time-space. They entail problematization and the creation and enrolment of inscriptions. The creation and the enrolment of inscriptions are not without problems. There is divergence of interests and as a consequence there are power struggles involved. In the process of governization the developing management control structure does not enable or prescribe, but mediates in the shaping of goods/services, of the identity of actors and of the spaces in which these actors meet (see also Miller and Power, 2013). It is a mediating instrument (Miller and O'Leary, 2007). In concert, the human and other-than-human actors may produce subjectivities that may take the form of an Economic Man or a Steward. Economic men meet in spaces where they can *transact*. They are self-interested agencies driven by incentives and penalties provided on markets or market-like spaces, in hierarchies or in hybrids between markets and hierarchies. Stewards, on the other hand, meet in communal spaces, where they are driven by commitments.

Our specific study gives evidence of the development of stewards rather than economic men; in fact, a 'hybrid steward' is produced. This, however, may well be different in other (public and private) organizations. Future studies may provide further insights in differences between organizations. The interesting question remains whether and to what extent organizational economics (and particularly transaction cost economics) is performative in the processes of governization. Is TCE influential in shaping the situated governance? Depending on its performativity TCE may help in the shaping of Economic Men. TCE then is not informative for an 'outside' explanation of the 'economic', but it is performative in the development of the situated management control structure.

## References

Ahrens, T. and Chapman, C.S., 2006. Doing qualitative field research in management accounting: Positioning data to contribute to theory. *Accounting, Organizations and Society*, 31(8), 819–841.

Anderson, S.W., Christ, M., Dekker, H.C., Sedatole, K.L., 2014. The use of management controls to mitigate risk in strategic alliances: field and survey evidence. *Journal of Management Accounting Research*, 26, 1–32.

Andon, P., Baxter J., Chua W.F., 2007. Accounting change and relational drifting: a field study of experiments with performance measurement, *Management Accounting Research*, 18/2, 273-308

Baxter, J.A., Chua, W.F., 1998. Doing field research: practice and meta-theory in counterpoint. *Journal of Management Accounting Research*, 10, 69-87

Caglio, A. and Ditillo, A., 2008. A review and discussion of management control in inter-firm relationships: Achievements and future directions. *Accounting, Organizations and Society*, 33(7-8), 865–898.

Caliskan, K. and Callon, M., 2009. Economization, part 1: Shifting attention from the economy towards processes of economization. *Economy and Society*, 38, pp. 369\_98.

Caliskan, K. and Callon, M. 2010. Economization, part 2: a research programme for the study of markets. *Economy and Society*, 39, pp. 1-32

Callon, M. (ed.), 1998. *The Laws of the Markets*. New York, Blackwell Publishers

Callon, M., 1998b. An essay on framing and overflow: economic externalities revisited by sociology, in Callon, M. (Ed.), *The Laws of the Markets*. New York, Blackwell, 244-69.

Callon, M., 1986. Some elements in a sociology of translation. In Law, J. (Ed.), *Power, Action and Belief*, Routledge & Kegan Paul, London, 196-233

Callon, M., 2007. An Essay on the Growing Contribution of Economic Markets to the Proliferation of the Social. *Theory, Culture & Society*, 24(7–8), 139–163

Callon, M. 2009. Civilizing markets: carbon trading between in vitro and in vivo experiments. *Accounting, Organizations and Society*, 535-548

Callon, M., Lascoumes, P. and Barthe, Y., 2011. Acting in an uncertain world, MIT Press, Cambridge Massachusetts.

Christensen, M. and Skærbæk, P., 2007. Framing and overflow of public sector accountability innovations – A comparative study of reporting practices. *Accounting, Auditing and Accountability Journal*, 20, 101–132.

Chua, W.F. and Mahama, H., 2007, The effect of network ties on accounting controls in a supply chain: field study evidence, *Contemporary Accounting Research*, Vol. 24 No. 1, pp. 47-86.

D’Adderio, L., 2008. The Performativity of Routines: Theorising the Influence of Artefacts and Distributed Agencies on Routines Dynamics, *Research Policy*, 37(5): 769–789.

D’Adderio, L. 2011. Artifacts at the center of routines : performing the material turn in routines theory. *Journal of Institutional Economics*, 7. pp. 197-230.

Dekker, H.C., 2004. Control of inter-organizational relationships: evidence on appropriation concerns and coordination requirements. *Accounting, Organizations and Society*, 29(1), 27–49.

Dekker, H.C., Sakaguchi, J., Kawai, T., 2013. Beyond the contract: managing risk in supply chain relations. *Management Accounting Research*, 24, 122–139.

Ding, R., Dekker, H.C., Groot, T.L.C.M., 2013. Risk, partner selection and contractual control in interfirm relationships. *Management Accounting Research*, 24, 140–155.

Hassard, J., & Wolfram Cox, J. (2013). Can sociological paradigms still inform organizational analysis? A paradigm model for post-paradigm times. *Organization Studies*, 34(11), 1701-1728.

Hopwood, A. G. 1987. The archeology of accounting system. *Accounting, Organizations and Society*, 12 (3), 207–34.

Kastberg, G. (2015). Framing shared services: accounting, control and overflows. *Critical Perspectives on Accounting*

Langfield-Smith, K. and Smith, D., 2003. Management control systems and trust in outsourcing relationships. *Management Accounting Research*, 14(3), 281–307.

Lukka, K. and Modell, S., 2010. Validation in interpretive management accounting research, *Accounting, Organizations and Society*, Vol. 35 No. 4, pp. 462-77.

Mahama, H., Elbashir, M.Z., Sutton, S.G., Arnold, V., 2016. A further interpretation of the relational agency of information systems: A research note. *International Journal of Accounting Information Systems*, 20, 16-25

Minnaar, R.M and Vosselman, E., 2013. Shared service centers and management control structure change: exploring the scope and limitations of a transaction cost economics approach, *Journal of Accounting and Organizational Change*, 9/1, pp. 74-98

Miller, P. and O’Leary, T., 2007. Mediating instruments and making markets: Capital budgeting, science and the economy. *Accounting, Organizations and Society*, 32, 701-734

- Miller, P. and Power, M., 2013. Accounting, organizing and economizing: connecting accounting research and organizational theory. *Academy of Management Annals*, 7 (1), 555-603.
- Mouritsen, J., Thrane, S., 2006. Accounting, network complementarities and the development of inter-organisational relations. *Accounting, Organizations and Society*, 31, 241–275.
- Mouritsen, J., Kreiner, K. (2016). Accounting, decisions and promises, *Accounting, Organizations and Society*, forthcoming
- Neumann, K., 2010. Ex ante governance decisions in inter-organizational relationships: a case study in the airline industry. *Management Accounting Research*, 21, 220–237.
- Nicholson, B., Jones, J. and Espenla, S., 2006. Transaction costs and control of outsourced accounting: Case evidence from India. *Management Accounting Research*, 17, p. 238-258
- Quattrone, P., and Hopper, T., 2001. What does organizational change mean? Speculations on a taken-for-granted category. *Management Accounting Research*, 12/4, 403-435
- Roberts, J., 2001. Trust and Control in Anglo-American Systems of Corporate Governance: The Individualizing and Socializing Effects of Processes of Accountability. *Human Relations*, 54, 1547–1572.
- Skærbæk, P., Tryggestad, K., 2010. The role of accounting devices in performing corporate strategy. *Accounting, Organizations and Society*, 35, 108-124
- Van der Meer-Kooistra, J., Vosselman, E. (2000). Management control of interfirm transactional relationships: the case of industrial renovation and maintenance, *Accounting, Organizations and Society*, 25, 51-77
- Vosselman, E. and J. van der Meer-Kooistra, (2009). Accounting for control and trust building in interfirm transactional relationships, *Accounting, Organizations and Society*, 34/2, pp. 276-293.
- Vinnari, E. and Skærbæk, P., 2014. The uncertainties of risk management. A field study on risk management internal audit practices in a Finnish municipality. *Accounting, Auditing and Accountability Journal*, 24/3, 489-526
- Williamson, O.E., 1979, Transaction cost economics: the governance of contractual relations, *Journal of Law & Economics*, Vol. 22 No. 2, pp. 233-61.
- Zahir-ul-Hassan, M.K., Minnaar, R.A. and Vosselman, E. 2016. Governance and control as mediating instruments in an inter-firm relationship: towards collaboration or transactions? *Accounting and Business Research*, 46, 365-389.

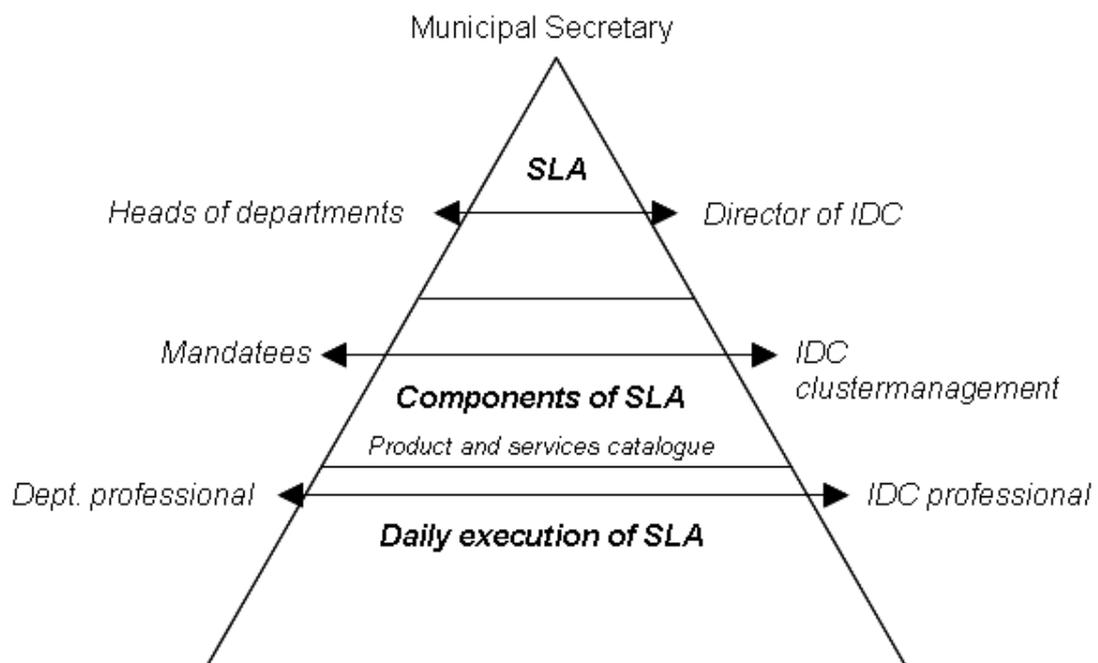
**Table 1: Stages in the translation process**

<b><i>Where?</i></b>	<b><i>What?</i></b>	<b><i>What happens?</i></b>	<b><i>Who is involved?</i></b>
Macro cosm	Problematizing	A novel phenomena is made perceptible	Limited number of powerful actors
Macro cosm -> micro cosm	Translation 1	Transformation and transportation to a purified an simplified world	Alliances between powerful actors
Micro cosm	Translation 2	Translating the macro-cosm in its absence	Secluded group
Micro cosm -> macro cosm	Translation 3	Enrollment	Stable alliances between powerful actors

**Table 2: Summary of interviews**

<b>Interview with</b>	<b>Interview type</b>	<b>Date</b>	<b>Duration</b>
Controller shared service center	Unstructured interview	05-04-2013	1 hour
Controller shared service center	Semi-structured interview	25-06-2013	40 minutes
Deputy municipal secretary/ Owner shared service center and concern director business management	Semi-structured interview	25-06-2013	1 hour and 25 minutes
Chairwomen integral customer council and director of business management of the Department of Social Affairs and Employee Projects	Semi-structured interview	25-06-2013	35 minutes
Director of the shared service center	Semis-structured interview	25-06-2013	1 hour
Program manager for improvement of business management	Semi-structured interview	12-07-2013	1 hour
Deputy municipal secretary/ Owner shared service center and concern director business management	Semi-structured interview	09-05-2014	45 minutes
Member of Integral Customer Council and director of business management of Department of Urban Development, interim clustermanager Automation of the IDC	Semi-structured interview	09-05-2014	20 minutes
Director of the shared service center	Semi-structured interview	09-05-2014	50 minutes
Former director of Personnel Policy and Organization of the municipality of The Hague.	Semi- structured interview	23-01-2015	1 hour

Former projectleader IDC			
Former director of the IDC	Semi-structured interview	06-02-2016	1 hour
Advisor of the director of the IDC	Semi-structured interview	17-02-2016	1 hour
Former chairman of the integral customers council, director of business management of the department of Public Services.	Semi-structured interview	13-07-2016	35 min
Head of Personnel Policy and Organization Strategy and Senior Advisor on terms of employment and business management	Semi-structured interview	13-07-2015	37 min
Manager Personnel and Organization of the department of Social Affairs and Employee Projects	Semi-structured interview	13-07-2015	31 min
Productgroupmanager Human Resource Services	Semi-structured interview	14-07-2015	52 min
Director of Shared Service Center	Semi-structured interview	14-07-2015	44 min



**Figure 1: Governance frame SSC in The Hague**

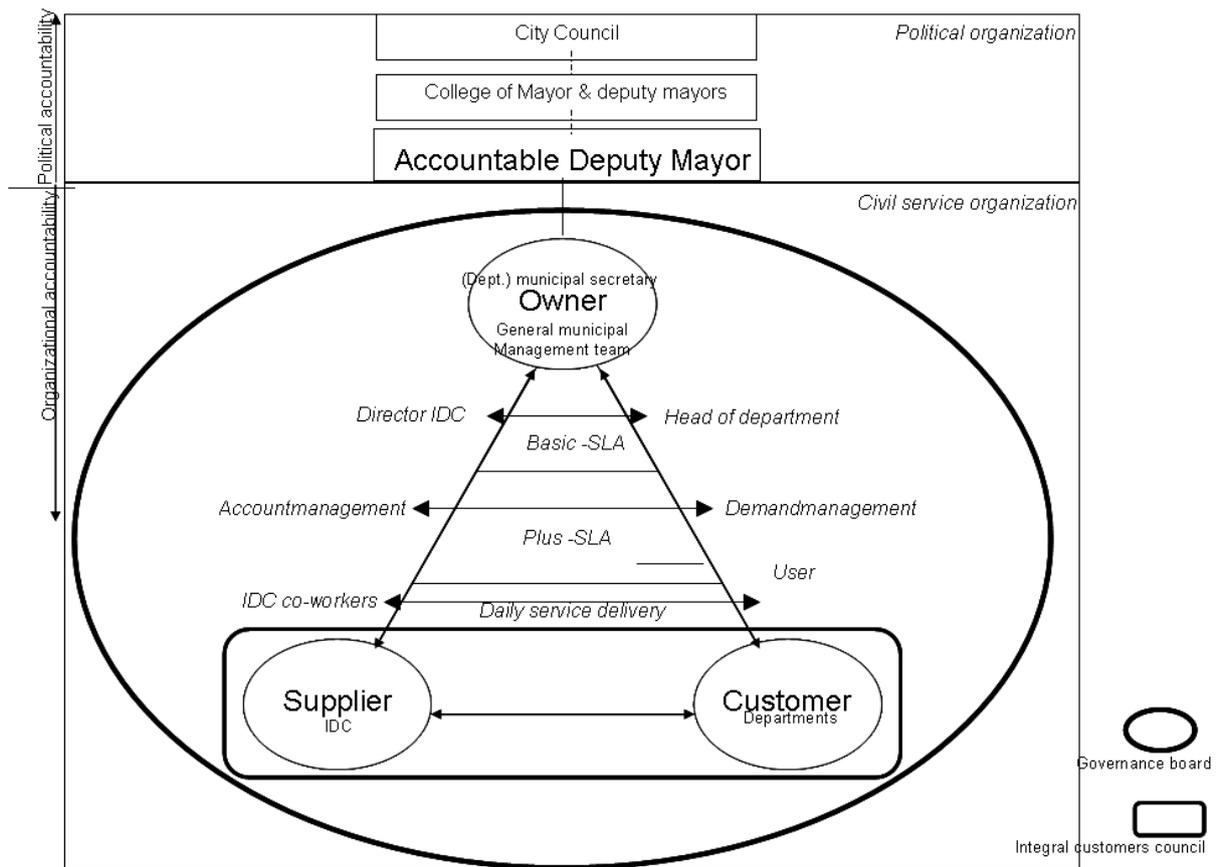


Figure 2: reframed 'governance-triangle' of the SSC in the Municipality of The Hague