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Summary

Accounting as actor in health care

🌀 Introduction

The Dutch sector of nursing homes, homes for the elderly and home care is facing great challenges. In a relatively short period of time, care organizations have to transform from risk free financed public services to market oriented social enterprises. In the latter role, care organizations have to cope with new questions, varying from demand driven care concepts and critical care consumers to uncertain revenue streams and financial risks.

To cope with these challenges managers of care organizations use an increasing amount of accounting information. This need for more and better information is prompted by three developments. First of all, the necessity to stay in control and to cope with the growing number of environmental uncertainties urges management of care organisations to a more detailed monitoring of financial developments. Secondly, for the purpose of making care services more custom-made, all kinds of tasks and responsibilities – including budget related tasks – are delegated. This decentralization requires both disseminated and uniform management accounting and control systems (MACS). Finally, various stakeholders, like central authorities, banks and health care insurance companies, ask for more detailed information and ditto accountability. These developments impel care organizations to adopt MACS, a concept well-known in for-profit sectors, and translate these systems to fit the specific requirements of their sector. But so far we do not know how these translations at micro level look like. Nor do we know which tensions emerge with the extension of MACS and how actants solve, mitigate or try to avoid these tensions.

🌀 Towards a performative perspective on MACS

MACS is defined as the process of identification, measurement, accumulation, analysis, preparation, interpretation and communication of information used by management to plan, evaluate and control within an organisation and to ensure that organizational goals are achieved and procedures adhered to, and that the organization responds appropriately to changes in its environment. Several studies, mainly referring to for-profit sectors, describe a correlation between an increase in perceived environmental uncertainty (PEU) and the need for more MACS information. More than once PEU initiates a process of decentralization and imposes new requirements on MACS with regard to steering and controlling aspects. These requirements and expectations of MACS are in line with a functional and instrumental perspective on accounting.

However, aforementioned linear perspective becomes blurred due to the research findings on accounting change. Several studies show that implementation of new accounting techniques often leads to unexpected reactions and results which are caused by the different incentives and aspirations of the people involved. In order to solve these new questions, this study chooses a performative and relational perspective on accounting. Performativity means that

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economic theory – in most cases put into practice through accounting – does not just describe and explain reality but rather shapes and performs reality. This performative perspective shows shifting networks of related actants using MACS information in a relational drift of practices. As a result of these relations with others, actants acquire their forms and attributes.

Aforementioned choice for a performative and relational perspective has two consequences. Firstly, if MACS and its enactments depend on the relations with other actants, an accurate and close empirical investigation of the many relations between both human and non-human agents, all involved in MACS practices, becomes inevitable. The choices of Actor-Network Theory (ANT) and case study research are in line with the necessity of this close empirical investigation. This study chooses Actor-Network Theory (ANT) because this research frame focuses on the behaviour of actors, who build networks in their pursuit to recruit allies and mobilize artefacts to support their ideas and interests. The choice for case study research is founded in the possibilities it offers to penetrate deeply into an organization and its culture, behaviour, experienced perceptions and mutual interactions.

Secondly, if performative and relational perspectives on MACS practices are starting points for this study, meaning “accounting fabrications are mobilized in a-centred collectives producing variant meanings and practices”, then it is plausible to presume that this reflects on the ontology of accounting. The ultimate consequence of the chosen perspective is that there may be multiple ontologies of MACS, both different but still related.

🔍 Research questions

This study aims to answer two research questions:

1. Why and how do MACS enact and are MACS enacted upon by other actants in three case organizations, all operating in the Dutch sector of nursing homes, homes for the elderly and home care?
2. How can management in the Dutch sector of nursing homes, homes for the elderly and home care learn from the translation processes of MACS in the three case organizations?

The main verb in the first research question is ‘to enact’. This verb represents the notion that when actants act they bring structures and events into existence and set them into action, creating social constructions and relations. The word ‘actant’ is related to ANT thinking. ANT distinguishes itself from other theories by considering both human and non-human actors on the basis of equality. This is in line with the positive attitude of ANT towards technology. In the present social world people increasingly mix objects and society and therefore techno science has become an essential characteristic of our society. Some ANT researchers consider the term ‘actor’ to be too closely associated with human qualities and therefore prefer the term ‘actant’ instead. To ANT not the different actants and their attributes are subject of investigation but the relations these actants enter into. This is a consequence of the relational ontology which characterizes this post-structural theory. By tracing and studying the associations, ANT offers a possibility to explain how accounting innovations translate. ANT explains diffusion by substituting ‘diffusion’ for ‘translation’: an innovation does not diffuse

unchanged but is (re)adjusted and (re)adapted by the context of interacting actor-networks in which it evolves and overcomes possible resistance.

Research methodology

To deploy the concept of translation this study used a translation framework which depicts five processes of translation: problematization, interessement, MACS objectification, connectedness and mobilization. This enumeration does not stand for an imperturbable sequence. On the contrary, these processes overlap and interact with each other. Along these five processes of translation all field data were arranged to disentangle the many relations and tensions with regard to the enactment of MACS in three case organizations, which were part of the Dutch sector of nursing homes, homes for the elderly and home care.

More recent developments in ANT thinking, which are commonly labelled as post ANT, are of great value to this study. Post ANT studies aim for an extra performative dimension by changing from an epistemological to an ontological point of view, meaning differences are no longer a matter of different perspectives on a single object but the enactment of different objects in the different sets of relations, describing the different networks in which MACS enact. Seen this way, MACS stop being an immutable object of which meaning and functioning are obscured by various interpretations by various actors. Instead MACS become multiple. Multiple objects, all called MACS, can be distinguished which are different but still related. This is also called the ontological turn. By taking the ontological turn this study wants to reveal the profound nature of the differences in perspectives on MACS. A consequence of regarding MACS as multiple ontologies means that the epistemological approach, aiming at a strategy of retrieving the real object behind different interpretations, is no longer viable. In fact this study states that the ontological turn is needed to fully picture the complexity of MACS as a combination of multiplicity – there are many versions of MACS – and fractionality – these versions of MACS are related but not at all points or in all dimensions.

Case study research

The choice for case study research was executed by means of three cases studies of MACS practices in three case organizations, all operating in the Dutch sector of nursing homes, homes for the elderly and home care. To create the possibility of data triangulation this study used three sources of data as much as possible: semi structured interviews, documents and observations. The interviewing took place in a sequential way: acquired insights legitimized the possibility of adding new questions or altering existing ones. In this way there was an intertwining relation between data collection and data analysis. By means of comparing various sources, missing and conflicting data were revealed which lead to follow-up questions. This way differences as well as similarities of various ‘truths’ with regard to the enactment of MACS were mapped.

In order to effectively manage the swamp of data two additional analysis tools proved to be of help. Firstly, with regard to the theorizing of the data the two-folded movement of ‘zooming in’ and ‘zooming out’ proved to be useful. The zooming in part relates to a detailed study of practice. The second move, zooming out, aims at theorizing practice by deploying the

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theoretical framework of translation. The result of this movement of zooming in and zooming out was an iterative procedure of field research and a surge for patterns in the masses of data.

Secondly, to facilitate the process of sorting and analysing the data, this research used ATLAS.ti. With the help of this software huge amounts of data were handled in an orderly way. Moreover, this software offered the possibility to leave an audit trail to demonstrate the validity and reliability of the findings. Furthermore, after ultimately agreeing on a final coding scheme, two researchers independently coded several interviews, leading to an inter-rater coding reliability up to 88,7%. Finally, in this research the co-occurrence analysis was used to trace and investigate the numerous associations in more detail.

⚡ Theoretical relevance

The three case descriptions revealed a complexity of relations and tensions as result of the enactment of MACS in localized settings. To start with, in all three case organizations the application and extension of more advanced MACS were induced by an increase in PEU. At the same time all kinds of budget responsibilities were delegated to team management level. After all, team managers were familiar with the diversity of daily problems and were therefore better equipped to come up with custom-made solutions. As a consequence MACS information was translated and detailed at team level and vice versa MACS offered senior management the tools to stay in control despite the delegation of tasks and responsibilities.

The employment of MACS caused new experiences which indicated MACS as 'centres of calculation' and 'centres of discretion'. MACS artefacts revealed the results of each department and made them transparent for assessment by the senior management. Several team managers stated that they were aware of the fact that MACS made their performances visible to senior management, not only enabling control at a distance but also causing a state of suspense among these team managers. Would senior management show leniency when departmental results were negative again due to long sick leaves? This example illustrates the shift from accounting as a technology towards accountability as a social and relational practice. It shows how MACS acted as a new authority and mediated in who and what was important, what counted as significant and which developing prospects got endorsed and which did not. Several examples, obtained during extensive field research, illustrated how accounting practices thoroughly influenced thinking and behaviour of interviewees. MACS were more than just instrumental tools in the hands of managing employees. Instead MACS provided value-laden information and incentives which influenced managerial behaviour. In fact, this study describes how MACS introduced a shifting set of tensions, creating many examples of unforeseen actor-network effects.

The three cases showed different enactments of MACS, each consisting of several sets of relations and tensions, intermingled in a tangle of network connections. Successes and failures of MACS enactments were the results of interactions with policy making, organizational culture, competences of employees and many other aspects. The complexity of MACS enactments was not confined to differences between different segments of employees – finance and control staff, senior management and team management. Equivalent echelons in different case organizations produced different perceptions of MACS as well, blurring pictures even further. To fully comprehend this complexity the so-called ontological turn proved to be

helpful. Or more concisely, although MACS were introduced as seemingly homogeneous tools to steer and control care organizations in transition, these accounting inscriptions were translated by a heterogeneity of users, revealing MACS as an 'heterogeneous object' whose ontology could only be understood if one realized that it attracted and performed diversity and heterogeneity. By taking the ontological turn it was possible to fully picture the multiplicity of MACS and to untangle the rhizome resembling tangle of sociotechnical relations around MACS. By acknowledging the profound nature of the differences in perception of MACS, possible leads of how to manage these differences can be found.

☞ *Managerial relevance*

Besides aforementioned theoretical conclusions, this study produces research findings of a more practical and managerial nature. In this study the process of translation was made operational by means of a theoretical framework which distinguishes five processes of translation. This framework proved to be useful to depict and map out to what extent which actants are interested or connected. This offers the opportunity to notice possible reluctance of key actants in time.

In all three cases, health care management proved to be susceptible to non-financial information such as figures on quality of care services and client-satisfaction. Contrary to financial information, which was fairly new to most managers, non-financial information often touched the core of the vocation of care managers. This finding supports a board interpretation of MACS information in addition to which non-financial information is used as a kind of lever to generate attention to financial information as well. This study provides indications that non-financial information should preferably be integrated and presented together with financial information in one reporting tool or format.

This study used the distinction between a diagnostic versus an interactive use of MACS information. In short, a diagnostic use of MACS information is characterized by little discussion about data and focus on negative variances, whereas discussion and debate among organizational members of different hierarchical levels with a focus on learning are typical of an interactive use of MACS information. This study provides indications that interactive control practices are positively related to connectedness with MACS. In particular at lower managerial levels, interactive control practices proved to be helpful to familiarize managers with MACS information and to learn how this information could facilitate primary processes. Against the background of the delegation of MACS-related tasks and responsibilities, these practices often generated motivating effects. In fact, by focusing on interdependence and interaction over results these practices highlight the social potential of accounting.

Whether MACS could enact aforementioned enabling and motivating effects is not self-evident given earlier explanation of the multiplicity of MACS. In order to find a manageable balance between the different enactments of MACS, this study suggests two possible routes. The first one proposes an exchange of the mainstream 'in control' concept, which acts from a functionalist perspective that pictures organizations as systems containing predictable cause and effect relations, for an alternative concept: the 'in charge' concept. According to this concept managers have to accept that organizations encompass a complexity of processes which they can only partially control. To cope with this so-called paradox of control, managers

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have to get involved in the performative processes of network building, envisioning organizations as social and relational constructions.

Indications for a second route to balance different MACS enactments are found in the third case study. At SC there were signs of a turn of finance and control staff from an inside-out way of thinking – meaning the reasoning of finance and control staff was dominated by their well-defined accounting body of knowledge and went on to determine almost unilaterally how to deploy MACS in their organization - towards an outside-in orientation. Meaningful was the job description of ‘counsellor’ to denote the role of finance and control staff on the one hand and that of ‘client’ to qualify the role of care managers on the other. At the time field research took place, this rotation towards an outside-in orientation was not completed but already resulted in practices that could be characterized as co-creation and organizational learning. This type of MACS enactment, in which different logics positively and creatively intermingle, offers new opportunities to increase both relevance and connectedness of MACS.