The role of performance management systems in logic blending: Insights from a non-governmental organization

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Abstract

Purpose – To examine the role of performance management systems (PMSs) in managing institutional complexity arising from coexisting competing institutional logics through logic blending.

Design/methodology/approach – This research uses a case study of an Australian non-government organization (NGO) operating in an institutional field dominated by the state government. Data was collected through semi-structured interviews, archival documents, and observations.

Findings – Government policy reform required the NGO to change from a traditional approach to service delivery, based on a care logic, to accommodate a focus on efficiency and managerialism. The NGO was required to revise its purpose, strategy, and operational model, and address the imperatives of two dominant and often competing logics (care and managerial) through logic blending. PMSs played a pivotal and in parts nuanced role in logic blending, with the formalization and collaboration phases mobilizing different elements of PMSs, mobilizing some elements differently, or not mobilizing some elements at all.

Originality/value – This study highlights the importance of the role of PMSs to manage the dynamics between institutional logics and complexity through logic blending – a form of enduring compromise. This study extends the accounting logics and performance management literature with insights on logic blending using PMSs and provides another instance of how operational managers use accounting in decision-making.

Keywords: Institutional logics, logic blending, performance management systems, NGO.

Article classification: Research paper
1. Introduction

We investigate the role of performance management systems (PMSs) in managing institutional complexity (Greenwood et al., 2011) in a non-government organization (NGO). Specifically, we examine how PMSs (Ferreira & Otley, 2009) were used to manage the complexity arising from a major change in the dynamic between two institutional logics: a managerial logic that emphasised ‘efficiency’ in service delivery and a care logic that emphasised ‘holistic’ services for beneficiaries. Following an environmental turbulence arising from a new regulatory policy, the actions prescribed by the existing logic and the new logic created tension within the organization and how it delivered services. As a consequence, managers carried out a process of logic blending (Ramus et al., 2017), shaping actions prescribed by each logic to become more compatible and thereby resolving the tension. Our focus in this study is to examine how this process of ‘logic blending’ was enabled through PMSs.

The accounting and organizational literatures on institutional logics and institutional complexity acknowledges that organizations are subject to diverse institutional demands that reflect multiple institutional logics (Friedland & Alford, 1991; Thornton & Ocasio, 1999; 2008). Institutional logics are “socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Thornton & Ocasio, 2008, p.101). Several studies have suggested that multiple logics can create tensions within organizations as each logic has a prescribed set of goals, actions and decisions that might be incompatible (Battilana & Dorado, 2010; Besharov & Smith, 2014; Reay & Hinings, 2009). In these situations, an organization will need to develop practices to manage these tensions by allowing one logic to become dominant or by developing compromises between logics (Pache & Santos, 2010), while others suggest that multiple logics can coexist without the need for one logic to dominate or for compromises to be made (Goodrick & Reay, 2011). Greenwood et al. (2011) foreshadow these different approaches to managing institutional complexity by suggesting that a number of institutional field level and organizational factors (e.g. culture) result in variations in the way in which multiple logics are experienced by organizations. These factors help to explain why some logics create tensions in certain organizations but remain compatible in others (Carlsson-Wall et al., 2016).

Prior literature has shown logics can be made to be compatible by allowing a single logic to be dominant, through the assimilation of select elements of logics by a dominant logic (Clune et al., 2019; Thornton et al., 2012), or by allowing different logics to be ‘situationally compatible’ (Carlsson-Wall et al., 2016). We propose that through ‘logic blending’, where
dimensions of competing logics are combined (Ramus et al., 2017; Thornton et al., 2012), institutional complexity is managed by making multiple logics compatible in an enduring manner. Logic blending involves formalization and collaboration processes, through which actors shape and blend the conflicting demands of institutional logics (Ramus et al., 2017). We propose that through accounting (e.g. PMSs) actors can achieve logic blending as outlined by Ramus et al. (2017), due to the situated nature of accounting (ter Bogt & Scapens, 2019). This blending first uses accounting practices to facilitate the formalization process; core priorities of each logic are identified by the associated coalition of organizational members, who then engage in a collaboration process to negotiate and develop reciprocal understanding.

An important contributor to institutional complexity is changes in the external environment; specifically change that requires a specific institutional logic to be implemented at the organizational level (Greenwood et al., 2011). If such environmental change relates to an institutional logic that was previously marginal in the organization, the increased complexity is driven by this logic becoming more prominent and prescribing actions that may be in conflict with the previously dominant logic. Environmental change can arise from a number of factors, including new technology, new stakeholder demands, and regulatory change (Wry et al., 2013). Changes to government regulation, policies, and funding models can be very disruptive for NGOs and lead to increased institutional complexity that has to be managed at the organizational level (Reay & Hinings, 2009). Accounting research has paid limited attention to how an organization uses accounting practices, such as PMSs, to manage institutional complexity arising from major disruptions in the institutional logics’ dynamic. Even less attention has been given to how accounting may be used to enact a process of logic blending; we address this issue in our study.

NGOs provide a rich, diverse and complex setting to examine a range of accounting, management and governance challenges that have relevance for organizational settings more broadly (Hall & O'Dwyer, 2017). One challenge relates to the multiple and conflicting demands of a diverse range of stakeholders, each of which have a claim on the NGO from strategic, resourcing and funding perspectives (Hall & O'Dwyer, 2017; O'Leary, 2017; Unerman & O'Dwyer, 2006a). Typically, the demands of a single stakeholder are privileged (Unerman & O'Dwyer, 2006a;2006b) leading to a single dominant institutional logic. At People’s House (PH) we identified two main institutional logics, a care logic (Reay & Hinings, 2009) and a

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1 PH is a pseudonym.
2 We name our two logics as care and managerial due to their fit in our setting.
managerial logic (Brunsson & Sahlin-Andersson, 2000; Canhilal et al., 2016; Ezzamel et al., 2012) each dominating a specific period. The first period was dominated by the care logic, which was interrupted by a significant environmental change driven by government policy that created a period of amplified tension. In the second period the managerial logic gained salience and the tension was ultimately ‘resolved’. We attribute this ‘resolution’ to logic blending, enabled through PMSs (Ferreira & Otley, 2009) and show how various elements of the PMSs were used to ‘reconcile’ the imperatives (priorities, strategies, practices) of the two institutional logics, enabling the management of the tensions between the coexisting logics.

Our study makes two important contributions to the accounting literature on institutional logics and performance management. First, we develop knowledge on how multiple logics and institutional complexity can be managed through logic blending (Ramus et al., 2017), a process that involves formalization and collaboration processes. We first show how the use of PMSs enabled formalization by helping to identify key priorities in the two logics to organizational actors. We then show how PMSs elements enabled these actors to collaborate and blend the imperatives of the two logics, managing tensions and enabling PH to adapt to the new external environment. Drawing on ter Bogt and Scapens (2019) theorization of the influence of broader institutions on accounting change and findings that contradictory logics explain accounting change (Järvinen, 2016), we show how different elements of PMSs (Ferreira & Otley, 2009) can be designed and used to help organizational actors shape organizational priorities, strategies and practices to enable logic blending and management of institutional complexity. We introduce into the accounting literature the concept of logic blending as another option for the management of institutional complexity; in doing so, we extend Carlsson-Wall et al. (2016) in different settings (Dai et al. (2017)), particularly in NGOs (Hall and O'Dwyer (2017)). We highlight the mobilization of various elements of PMSs to enable logic blending, a process that does not change the intrinsic nature of logics, but changes the dynamic between logics at the organization level.

We also contribute to the accounting literature by explaining how accounting and PMSs are used by operational managers in day-to-day interactions to make and enact decisions (Ahrens & Chapman, 2004; Englund & Gerdin, 2015; Goretzki et al., 2018; Hall, 2010). This literature has examined different organizational settings and operational contexts to explain how managers use accounting information to understand and engage in operational issues. Researchers have examined how accounting information is used by operational managers to redesign menus to optimise profit margins in restaurants (Ahrens & Chapman, 2004), to engage emotionally with members in football operations (Baxter et al., 2019), to optimise working
capital investments in inventory holdings (Englund & Gerdin, 2015), to evaluate individual staff performance (Goretzki et al., 2018), to manage new product development (Jørgensen & Messner, 2010), and to manage manufacturing operations (Wouters & Roijmans, 2011; Wouters & Wilderom, 2008). Our study adds to and extends this literature by showing how managers used PMSs to blend logics to manage institutional complexity and provides a useful extension to our knowledge of how accounting and PMSs are used within NGOs to manage multiple logics and institutional complexity.

2. Theoretical framing

2.1 Institutional logics

Organizations are faced with a diverse range of stakeholders who have different values and expectations; together, stakeholders have multiple and often complex expectations that organizational actors have to meet (Denis et al., 2007; Pache & Santos, 2010). These sets of values and expectations are key drivers of institutional logics. Organizational research has identified a range of institutional logics across various industries and sectors, including regulatory and market logics in funds management (Lounsbury, 2002; 2007); medical care and business logics in healthcare settings (Reay & Hinings, 2009); community and financial logics in banking (Almandoz, 2012); aesthetic and commercial logics in arts organizations (Glyn & Lounsbury, 2005); commercial and professional logics in amateur sports organizations (Clune et al., 2019); professional and business logics in academia (Kallio et al., 2021); social, commercial, regulatory/bureaucratic, market and service logics in hybrid organizations (Busco et al., 2017; Maran & Lowe, 2021); and imperial, commercial and professional logics in the International Cricket Council (Siddiqui et al., 2019). Multiple logics have been found to coexist for long periods of time at the organizational level (e.g. Marquis & Lounsbury, 2007), with either one dominant logic prescribing goals and actions or multiple logics competing for dominance and resulting in institutional complexity (e.g. Kraatz & Block, 2008).

Multiple logics may result in institutional complexity where organizational actors have to manage incompatible goals and actions required by each logic (Greenwood et al., 2011; Kraatz & Block, 2008). Research has examined how the multiplicity of institutional logics is experienced within organizations (Albu et al., 2021; Almandoz, 2012; 2014; Battilana & Dorado, 2010; Besharov & Smith, 2014; Damayanthi et al., 2021; McPherson & Sauder, 2013; Pache & Santos, 2013; Ramus et al., 2017; Reay & Hinings, 2009) and has provided two important insights. First, the priorities, strategies and practices prescribed by two institutional
logics are not necessarily in conflict at the organizational level and therefore the level of institutional complexity faced by organizational actors is not significant or challenging (as when Carlsson-Wall et al. (2016) show prescriptions of the business logic and sports logics lead to similar outcomes). Second, if the logics have high compatibility and low centrality (Besharov & Smith, 2014) one logic may become assimilated and embedded within the more dominant logic (Clune et al., 2019; Thornton et al., 2012). However, actors need to decide how to reconcile logics that are conflicting (Carlsson-Wall et al., 2016; Ramus et al., 2017).

2.2 Managing multiple institutional logics

The influence of multiple institutional logics within an organization is shaped by “factors such as the geographic, historical and cultural context in which organizations operate, the dependence of organizations on key resource providers, and the experiences and identities of individual actors” (Besharov & Smith, 2014, p.366). Depending on whether the structure of the institutional field is fragmented or unified, the competing demands of multiple logics might need to be managed, respectively, at the organizational level or at the field level (Greenwood et al., 2011). In a unified field, field level actors (e.g. regulators) manage competing demands of multiple logics, lowering the level of complexity at the organizational level (Greenwood et al., 2011). In fragmented fields, either field level actors (e.g. state regulators) are absent or the coordination between organizations is non-existent, leaving organizational level actors to reconcile the sometimes conflicting imperatives of multiple logics (Greenwood et al., 2011). Therefore, the structure of the institutional field plays an important role in how multiple logics are experienced within organizations (Kraatz & Block, 2008).

The experience of institutional logics at the organizational level also depends on how logics are enacted internally by the organization (Canhilal et al., 2016; Greenwood et al., 2011). Important factors in this regard, as Greenwood et al. (2011) maintain, include the strength of connections between field level actors and organizational actors, and the relative power of different actors within an organization. In particular, they note that “Institutional logics pass through organizational fields and are then filtered by various attributes of the organization itself, such as the organization’s position within the field, its structure, ownership and governance and its identity” (Greenwood et al., 2011, p.339). Differences in how institutional logics are enacted between institutional fields, and between organizations within a specific field, do not fully explain why logics are experienced differently within an organization (Greenwood et al., 2011). For instance, if a similar set of logics are experienced by two organizations in the same institutional field, one might expect these logics to be enacted
similarly in these organizations, yet research has found this is not the case (Lounsbury, 2007). This may be because in some situations the material practices, rules, processes, systems, and values favour multiple logics, thus making them compatible; in other situations, these may be in accord with one logic but in conflict with another, creating institutional complexity (Lounsbury, 2007). Furthermore, within an organization, multiple logics can be either tightly or loosely related to the specific situations that determine whether or not the logics are compatible. As McPherson and Sauder (2013, p.167) argue “the same logic, for example, could be used in different situations to achieve opposing goals, and the same actor may choose to employ different logics at different times depending on the perceived needs of the immediate situation”. We follow McPherson and Sauder (2013) and Carlsson-Wall et al. (2016) in the view that logics may be situationally compatible due to the confluence of situational factors rather than incompatible when considered on their own. The dynamic between logics in a specific situation depends on how actors enact each logic in that situation and whether there is an opportunity to reach a compromise (Kraus et al., 2017).

The dynamic between logics can be disturbed by field-level environmental pressures (Almandoz, 2012;2014), including “increasing technological and operational intricacy, ever-more heterogeneous stakeholder expectations, and the passing of new regulations” (Ramus et al., 2017, p.1253):

environmental turbulence is likely to change the constraints and pressures that an organization has to address, thus affecting the relative influence of different logics on organizational functioning (…) logics that were previously peripheral may be amplified and move to centre stage. (p.1254)

Hence, environmental turbulence adds complexity to field-level institutional logics and potentially changes how logics are experienced at the organizational level. Situation-specific approaches used by organizations to manage the incompatibility between logics may need to be modified to address the effects of environmental turbulence. Carlsson-Wall et al. (2016) provide evidence of performance measures being used in certain ‘situations’ to manage otherwise incompatible logics, still there is limited literature examining the role of accounting in managing logics at the organizational level.

2.3 Managing incompatible logics
Greenwood et al. (2011) note that organizations have various approaches at their disposal to manage the institutional complexity arising from logic incompatibility, including structural approaches and compromises. Within a structural approach, structural differentiation is common and involves dividing up the organization into subunits and allowing each to be guided by its ‘dominant’ logic (Kraatz & Block, 2008). This approach enables each business
unit to focus on the imperatives, priorities, strategies, and practices prescribed by its dominant logic, lowering the chance of actors being confronted with the challenge of incompatibilities. Structural differentiation requires some level of integration (Greenwood et al., 2011), particularly in relation to matters such as resource allocation, where decisions will need to consider the various business units and their logics. Even with structural differentiation, situations of compromise may arise at the organizational level and actors may be faced with incompatibility between logics and thus require mechanisms to manage this incompatibility (Canhilal et al., 2016). Structural differentiation might not work well in small and medium sized organizations where multiple business units are economically unviable, rendering compromises the default mechanism to manage institutional logic incompatibility.

While much research has focused on structural differentiation as the main approach to dealing with logic incompatibility, accounting researchers have examined how key control mechanisms have been used to influence decisions, actions and behaviours in dealing with the same challenge. Controls lend themselves to helping actors manage the incompatibility between logics, but they may also help enact compromises between logics (Canhilal et al., 2016). Accounting practices, such as PMSs (Ferreira & Otley, 2009), comprise a number of elements (e.g. budgets, performance measures, procedures, administrative structures) that may be deployed to enable compromise between competing logics, yet our knowledge of how remains limited.

Compromise refers to situations where some of the imperatives of one logic are foregone to accommodate elements of another logic (Pache & Santos, 2013) resulting in a combination of elements of different logics (Canhilal et al., 2016), although it remains a relatively less understood approach to managing logic incompatibility (Kraatz & Block, 2008). Compromises can be structural, whereby elements of governance, controls, rules and routines related to different logics are permanently combined to meet the needs of multiple stakeholders (Chenhall et al., 2013; Pache & Santos, 2013), but since organisations cannot anticipate behaviours for every possible situation ad-hoc compromises may need to be made (Chenhall et al., 2013). Even in situations where logics are compatible, compromises may remain necessary to manage the dynamic between them.

When environmental turbulence disrupts the dynamic between logics at the field level, creating ripple tensions at the organizational level, compromise between logics can also be attained through logic blending (Ramus et al., 2017). As institutional complexity increases actors need to consider how logic compatibility can be managed, particularly if the status of logics change. In a compromise, the imperatives of the dominant logic are likely to feature
prominently (Pache & Santos, 2013); however, this logic may be pushed to the periphery as another logic takes its central position following environmental turbulence (Battilana et al., 2014), creating the need for compromise, which may be achieved through logic blending (Ramus et al., 2017; Thornton et al., 2012). Logic blending takes shape through processes of formalization and collaboration (Ramus et al., 2017) and represents a form of transformational change (Thornton et al., 2012) that entails an enduring compromise between logics, contrasting with situational compromises that are transitory in nature and contingent upon situational factors. In developing enduring compromises, actors formalize and collaborate (Ramus et al., 2017) by engaging with key actors to understand the ramifications of the environmental turbulence (e.g. new regulation), to assess organizational-level impacts of decisions, and to instigate the mechanisms required to enact the new compromise, so reducing complexity and enabling performance. PMSs (Ferreira & Otley, 2009), as an ‘accounting practice’ identified by ter Bogt and Scapens (2019), can play a key role in the formalization and collaboration processes that underpin logic blending, although we have limited understanding of how.

2.4 PMSs and institutional logics

The accounting literature has used a number of similar concepts to describe PMSs, a concept that describes the “overall package of systems in use” (Ferreira & Otley, 2009, p.274). These include management controls systems (MCS) (Ferreira & Otley, 2009; Islam et al., 2018; Malmi & Brown, 2008; Merchant & Otley, 2007), performance measurement systems (Carlsson-Wall et al., 2016; Giovannoni & Quarchioni, 2019; Islam et al., 2018; Malina & Selto, 2015), comprehensive performance measurement systems (Abernethy & Bouwens, 2005; Hall, 2008), contemporary performance measurement systems (Grafton et al., 2010), and strategic performance measurement systems (Bisbe & Malagueño, 2012; Endrikat et al., 2020; Rodrigue et al., 2013). The four concept variants of performance measurement systems are fundamentally similar, referring to the blending of financial and non-financial performance measures in a system to articulate strategic intent and monitor progress in the implementation of strategy (Endrikat et al., 2020). However, they represent a subset of MCS, which encompass a broader conceptualization of controls (Merchant & Otley, 2007) and of PMSs which represent an even wider array of organizational control mechanisms (Franco-Santos & Otley, 2018) and practices (Ferreira & Otley, 2009). Our study draws on the notion of PMSs:

[The] evolving formal and informal mechanisms, processes, systems, and networks used by organizations for conveying the key objectives and goals elicited by management, for assisting the strategic process and ongoing management (…), and for supporting and facilitating organizational learning and change (Ferreira & Otley, 2009, p.264).
The predominant view is that PMSs integrate and bind the organization by aligning the actions of individuals in the pursuit of strategic aims (Giovannoni & Maraghini, 2013), a role that may be attained through the deployment of both transactional and relational elements of PMSs (Broadbent & Laughlin, 2009). Different assumptions can be made about individual behaviour, namely that employees generally act as organizational stewards or that they act as agents with a proclivity to be opportunistic and self-interested (van der Kolk et al., 2015). If individual behaviour is assumed to be guided by self-interest, a transactional approach to PMSs may follow, involving the mobilization of command-and-control mechanisms that presume pre-specified outputs are expected in exchange for resources provided (Agyemang & Broadbent, 2015; Broadbent et al., 2010). In contrast, if stewardship is the underpinning assumption, a relational approach to PMSs may ensue (Broadbent & Laughlin, 2009) with greater emphasis in self-regulation. The ‘human ambivalence’ between stewardship and self-interest behaviour (van der Kolk et al., 2015) means that reliance on PMSs that assumes individual stewardship is risky because it is not possible to rule out individuals behaving opportunistically (Segal & Lehrer, 2012; van der Kolk et al., 2015). Hence, transactional controls are necessary, but organisations should avoid excessive reliance these as they may crowd out intrinsic motivation (Deci et al., 1999; van der Kolk et al., 2015) or become a self-fulfilling prophecy by driving individuals to act in self-interestedly (van der Kolk et al., 2015). Finally, PMSs also comprise informal controls (Collier, 2005), which can be elusive due to the “diffuse and inherently nebulous nature of such means of control” (Evans & Tucker, 2015, p.351).

PMSs offer a means to manage multiple institutional logics through structural differentiation (Greenwood et al., 2011), situational compromises (Carlsson-Wall et al., 2016) and, we propose, logic blending (Ramus et al., 2017). Structural differentiation is undertaken by splitting the organization into different subunits and allowing each subunit to be guided by the dominant institutional logic (Kraatz & Block, 2008), in which case separate PMSs are developed for each subunit to monitor strategic objectives that are not necessarily integrated across the organization (Brignall & Modell, 2000). On situational compromises, Carlsson-Wall et al. (2016, p.46) note:

When organizations keep competing institutional logics apart by means of structural differentiation, they still need to have some mechanism of integration that allows them to decide how to allocate resources, internal power, and the amount of top management attention to each of the differentiated units.

Chenhall et al. (2013) provide an early empirical example of how situational compromises are developed, showing how performance measures were designed and used by a NGO to provide useful information relevant to different stakeholder groups so that actors could develop a
‘compromising account’ that met their own objectives. The performance measures enabled actors to maintain ‘concurrent visibility’ over multiple logics and competing objectives, and facilitated dialogue between different groups. Similarly, Carlsson-Wall et al. (2016) report how a Swedish sports organization used performance measures to manage the sports logic and business logic through situational compromises. A key insight was that “managers prioritise between different logics depending on the particular situation as represented through the performance measure” (Carlsson-Wall et al., 2016, p.46). They argue that the focus should be not on how compromises are designed into the performance measures, but on how decisions are made to compromise using performance measures. Others have examined how the budgeting process has been used to enact annual compromises between multiple institutional logics in a performing arts organization (Amans et al., 2015) and schools (Ezzamel et al., 2012).

Third, PMSs may be deployed to enable logic blending (ter Bogt & Scapens, 2019). The above discussion highlights how research has focused on the role of accounting in enabling intra-organizational management of institutional logics through structural differentiation and situational compromises. Major environmental turbulence (e.g. regulatory) can shift field-level logics that create tensions at the organizational level – as Ramus et al. (2017, p.1254) note, “environmental turbulence is likely to change the constraints and pressures that an organization has to address, thus affecting the relative influence of different logics on organizational functioning”. The dynamic between logics and extant compromises can be disrupted, for example due to the influence of ‘broader institutions’ (ter Bogt & Scapens, 2019), bringing previously peripheral logics to a more central position and displacing once dominant logics (Ramus et al., 2017). Such changes can fundamentally alter the status quo and require enduring compromises to reduce the surge in institutional complexity and stabilise the organization. This may be attained through a process of logic blending, which Ramus et al. (2017) suggest is achieved through a formalization process (whereby the logics are separated and their specific priorities evaluated) and a collaboration process (where blending of priorities is negotiated) to form a new compromise between competing logics. We argue PMSs provide the means for formalization and collaboration processes to occur which enable logic blending and thus are an important consideration for managers. In support of this, Järvinen (2016) finds that accounting practices are a medium through which organizations navigate multiple and sometimes competing institutional logics. Through the redesign of the PMS to make elements more transactional (e.g. procedures and policies) or more relational (e.g. values and beliefs), organizations can align PMSs with the priorities of different logics. In this way, different
elements of PMS address the imperatives of multiple logics, facilitating the process of logic blending thus enacting new enduring compromises to reduce institutional complexity (Thornton et al., 2012). However, how PMSs are used in the process of logic blending is not well understood in the literature. Logic blending provides small and medium sized organizations, unable to deploy structural differentiation, with an alternative and enduring way to manage multiple logics and institutional complexity.

3. Research method
This research is informed by a longitudinal case study of a small NGO referred to as PH, which provides a range of services to vulnerable and marginalized young people. The field work commenced in July 2016 and continued until the end of 2017, with contact with key informants persisting afterwards to enable validation of the findings. The researchers visited PH several times and developed affinity with staff. The state of flux PH found itself in 2016 made it particularly important to remain on the field for an extended period.

Data informing the study includes semi-structured interviews (Table 1), archival documents (see Appendix 1), and direct observations, including PH’s 2017 annual general meeting (AGM). Over the 18-months period, we were able to interview every person with a significant role at PH. We interviewed Board members (including the Chair), senior managers (CEOs), managers, operational staff, a volunteer, and a consultant (see Table 1). We spoke to the new Executive Director of PH on multiple occasions to get their perspective on how the organization was navigating the change process, the impact of the changes on the organization’s strategy and business model, how these events played out in the relationships with key stakeholders, and their effect on the PMSs. Twenty-two interviews occurred with 15 individuals, with an interview lasting on average 48 minutes. All interviews were audio-recorded and transcribed verbatim.

Table 1: Interview details
An interview protocol using key themes guided the interviewing process. The process of inquiry was somewhat ‘organic’, meaning the questions were semi-structured and somewhat open. Follow-up questions were used to clarify key issues, a process described by Baxter et al. (2019) as ‘emergent encounters’. The absence of a heavily scripted process of inquiry helped participants feel at ease during meetings, leading to meaningful conversations. When focusing on PMSs, our line of inquiry focused on the elements of the PMSs framework (Ferreira & Otley, 2009). This enabled us to develop an understanding of how PMSs were used and changed to help PH deal with environmental turbulence.

The interview data was initially analysed to identify key themes and these were then reviewed, coded and analysed in NVivo10. Since the themes to be explored were already known, tree nodes were created at the outset. A written summary of the data and findings in the form of a ‘thick narrative’ was produced. Another researcher reviewed the ‘thick narrative’ and the NVivo data report for consistency and alignment with the key themes and amendments were made. The researchers met regularly to review and discuss the data, the emerging themes and the findings. The findings were presented at workshops and seminars, and feedback considered in the analysis.

To examine the institutional logics at the field level, we have sourced and reviewed various documents from the New South Wales (NSW) Government, Department of Family and
Community Services (FACS), including annual reports, Strategic Directions, commission report, reform plan, white paper, independent reviews, and related documents (listed in Appendix 1 and referred to in italics in the remainder of this paper). While FACS falls outside the boundaries of the case organisation, as a ‘broader institution’ (ter Bogt & Scapens, 2019) it has the capacity to impart change at the organizational level. We focused on documents released up to 10 years prior to a key event (described below). In September 2018, the preliminary findings were presented to FACS to seek further external validation of the study’s initial findings.

4. Case background
This section sets the scene for the analysis of the role PMSs played in logic blending at the organizational level, beginning with an account of the institutional field and the pivotal the role of FACS and following with key aspects of the case organization and context.

4.1 FACS
FACS has provides a range of services for disadvantaged individuals, families and communities in NSW. Their purpose was “to support and encourage people to live full lives, especially those who are most vulnerable” (FACS Annual Report, 2012–13, p.5), a mission that has remained fundamentally unchanged over the last two decades. One of the areas of FACS intervention is specialist homelessness services.

The Wood Special Commission of Inquiry into Child Protection Services in NSW (established in 2007), led to the 2009 Keep Them Safe: A Shared Approach to Child Wellbeing (known by KTS acronym), a 5-year (2009–14) plan to improve the safety and wellbeing of children and young people in the state. The KTS had four key objectives, including a focus on early intervention and “changing systems, processes, and practices to provide effective support” (Keep Them Safe Outcomes Evaluation, 2014, p.5). Until 2014, FACS homelessness services were provided under the Supported Accommodation Assistance Program (SAAP), which provided “a range of accommodation and support services to help individuals and families who are homeless or at-risk of homelessness” (DoCS Annual Report, 2005–06, p.20). In 2015, FACS implemented the new initiatives, including the “launching the biggest reform of social housing in 50 years” and improving the coordination of Specialist Homelessness Services (FACS Annual Report, 2015–16, p.8).

The NSW Government also developed the Going Home Staying Home (GHS) policy “to strengthen and improve the specialist homelessness service system” (FACS Consultation
Paper, 2012, p.4), with the consultation paper launched in 2012 and the stated aim of having reforms in place by mid-2014 (FACS Reform Plan, 2012). The GHSH program reflected four key themes outlined in FACS Strategic Directions, including developing solutions to support “client outcomes”, prioritising early intervention “so that small problems don’t develop into large and costly ones”, reducing clients’ dependence on government services, and “focus on results” (FACS Consultation Paper, 2012, p.4). This program was broadly aligned with the global trend observed in developed countries of driving efficiencies in government and curbing welfare spending (Unerman & O'Dwyer, 2006a). The 2012 White Paper reported a “four-fold increase in costs since 2006/07” (FACS Consultation Paper, 2012, p. 9) and that the plan sought to introduce early interventions, acknowledging FACS operated “in a climate of constrained resources” and stressing the “need to find ways to reduce the cost of administration so that more resources can be diverted to service delivery” (p.11).

The implementation of the GHSH policy in 2014 attracted much criticism, especially in regard to the fast pace of reform, to the level of engagement with relevant stakeholders, to the centralized decision-making, and to the impact on service delivery stemming from the uncertainty of the outcome of the tender process (KPMG, 2015). The GSHS policy had a significant impact on our case organization.

4.2 PH

PH is a charitable organization established in 1984 to address youth homelessness by providing specialist emergency accommodation and a range of programs to at-risk, young people in the northern suburbs of Sydney. In 2013, PH comprised 12 paid employees and provided services to 22 clients, providing 7,600 nights’ accommodation, 3,400 counselling sessions, and 5,000 meals. At the end of 2017, PH had approximately 15 paid employees and provided services to about 200 clients and an annual income of about A$1.5m. PH’s income and staff remained at similar levels from 2013 to 2017.

PH experienced a convoluted period between 2014 and 2017, with change permeating the organization and fundamentally changing it. Following the introduction of the GHSH policy in 2014, PH established a new Board of Directors to guided it through a period of fundamental transformation; during 2015 and 2016, PH developed a new strategy and business model, and established a new senior management team. In June of 2016, the CEO of 14 years left PH (henceforth former CEO), adding to the turmoil. Working with marginalized young people was the vocation and training of the former CEO who had been with PH since 1993 and was a
resolute believer in the restorative nature of developing safe relationships with vulnerable young people in a nurturing environment.

The former operational model entered into crisis in 2014. Until that year, PH had a stable operation that involved oversight of eight FACS-owned dwellings, and funding for case management and support programs for vulnerable young people. PH carried out its activities and delivered its programs in a home-like environment, with ample educational support. This model was totally disrupted when, in seeking the economies of scale that underpinned the GHSH reform, FACS transferred oversight of the dwellings to a larger organization and ceased PH’s associated funding almost completely. PH was ill-prepared to deal with the GHSH reform. PH would subsequently be offered a lifeline, after it successfully lobbied the Australian Federal Government’s Treasurer and state ministers, securing an extension of support services funding to 2020 and the return one dwelling to its care. This extension gave PH time to reconsider its position in the sector, but the experience was still traumatic and shook PH to the core. PH found itself at a crossroads, without focus, with no strategy to speak of, and unsure of what direction to take. It had to reconsider its purpose, redesign the business model, and develop the capabilities to operate in the new setting.

In 2015, PH identified the opportunity to enter into the area of government-funded special education services. This meant moving away from its core activity of 30 years – of providing integrated support for homeless or at-risk young people, through counselling services and temporary accommodation – but case management and counselling services were retained, as were many of PH’s programs PH (e.g. Friday Lunches, Feel Good Nights).

By the end of 2016, PH had developed its new business model and strategic theme “Learn Ready, Work Ready, Life Ready”, signalling the withdrawal from emergency housing, but retaining the support services. PH’s new positioning represented an expansion of support services, now with a stronger educational component (Learn Ready), a new employment skills component (Work Ready), and a more limited case management component (Life Ready). FACS encouraged PH’s shift towards the provision of educational and life-skills support to marginalized young people who struggled in traditional schools, aligning PH with the GHSH reform.

4.3 Environmental turbulence and the shift in the balance of logics

PH operated in a field dominated by two powerful logics: the care logic and the managerial logic. The care logic (e.g. Reay & Hinings, 2009) rested on the fundamental belief in safety and wellbeing of individuals, which FACS expressed in its vision of valuing, protecting and
nurturing children and young people (FACS Annual Report, 2009–10) and in its mission of enabling “vulnerable people to participate fully in social and economic life and build stronger, more sustainable and inclusive communities” (FACS Annual Report, 2012–13). The managerial logic (Brunsson & Sahlin-Andersson, 2000; Canhilal et al., 2016) rested on the belief, attitudes and values that business practices are key to good government and administration, and involves the use of command-and-control mechanisms, such as performance indicators, performance-dependent rewards, cost analysis, and business cases, to achieve that end.

The 2009 KTS plan (outlined above embedded elements of both care and managerial logics, although the emphasis on client safety and wellbeing made it lean markedly towards the care logic. The 2014 GHSH policy, jolted the balance between the care and managerial logics, initiating a process of change that would steadily entrench managerial values, beliefs, actions, and plans. The position of the care and managerial logics relative to each other was substantively altered by this environmental disturbance and this was deeply felt at the organizational level by PH. The focal point shifted from the community caring for individuals to individuals caring for themselves with the support of the community, a change of emphasis subtly articulated in the 2014 FACS Strategic Statement, which stated FACS vision as “All people are empowered to live fulfilling lives and achieve their potential in inclusive communities”. It was also manifested by the shift in values that placed greater emphasis on managerial notions of measurable outcomes and accountability. The emphasis on the managerial logic was also evidenced by the growth in the number of reported key performance indicators, the growth of detail and enhanced data visualisation in reports, the change in language and tone with greater reference to “business”, “cost”, “performance”, “outcomes” in the late 2010s, as compared to a decade earlier.

5. Case findings

5.1 PH pre-2014: logics and PMSs

Prior to 2014, PH was essentially an emergency accommodation provider with associated case management services, “almost a cottage industry in the sense of being fairly comfortable financially and fairly comfortable with looking after the interests of young people” (Board Member). PH’s structure and operational model was the outcome of the internal review undertaken in 2000, the time when the Former CEO took the “manager’s role” (which was retained for 15 years).
The *Former CEO* was wholeheartedly committed to a care logic. This was evident when they stated their primary accountability was towards “the young people”, adding they had to be “a person that can rely on and they find trustworthy, and working in their best interests”. The care logic was deeply embedded into PH, institutionalised over the years, using psychoanalysis therapy to rehabilitate young people. Safety was at the core of this model and “brought around by the philosophy of the people here and the culture” (*Former CEO*). The operating model sought to achieve the best therapeutic outcomes, paying close attention to young people’s needs, emotions and feelings. Staff were regarded as organizational stewards and enthusiastically adhered to PH’s operating model of building trust, creating social and emotional bonds, fostering engagement, and developing a sense of belonging and self-worth. Clients were warmly welcomed and supported with positive language and demeanour, contributing to the close-knit, family-like culture that characterized PH.

The care logic was embedded in PH’s values and culture and enacted by the *Former CEO’s* leadership. As PH grew to housing a larger number of clients, the former CEO remained heavily involved in operations and engaged with clients, developing a cohesive organization, in which staff were committed to the wellbeing of young people and passionate about their work. One staff member noted, “I love the staff and I love all the young people that we work with”, while another asserted, “it feels like a genuine work family vibe”. PH created a family-like work environment, characterized by strong interpersonal relationships, mutual respect, and value for individual contributions. Clients reciprocated the feelings, as shown by their tribute to the charismatic former CEO (Appendix 2).

The *Former CEO* provided strong leadership and drew on their substantial knowledge and expertise in therapeutic care to enact a relational PMS (Broadbent & Laughlin, 2009). Their focus on care and safety of marginalized young people, above any other consideration, translated into controls that shaped values and beliefs, guided staff, and ensured PH operated as a cohesive organization. Control practices were reinforced by strong personal bonds and trust between staff and the *Former CEO*, contributing to their long tenure. As the *Former CEO* noted, staff were “quite autonomous” and “quite creative” and worked in an environment where they were empowered to “problem-solve themselves”. This embodied the values of trustworthiness and autonomy, and resulted in governance that was largely democratic with distributed decision-making (Pache & Santos, 2013), anchored on organizational stewardship (van der Kolk et al., 2015) and preservation (Johed & Catasús, 2015).

Relational PMSs (Broadbent & Laughlin, 2009) were also enacted through routines. The *Former CEO* expressed “I’m a great one for ritualization of things, of meals, celebrations, what
people would normally do in families, we also carry here”, filling the gap left by the absence of these routines and/or traditions in marginalized young people’s lives. Routines were carried out in a safe environment that allowed clients to have “a good time”. The periodic re-enactment of programs (introduced in the early 2010s),\(^5\) transformed these into institutionalised routines.

Notwithstanding the predominance of relational PMSs during this period, PH also deployed transactional controls to focus on compliance. The former CEO noted that PH took pride in acquitting its financial obligations, particularly with FACS, but also noted that while “the financials are done to the best [of our ability]”, these were regarded as a means “to fulfil all compliance measures”. Management controls, such as budgets, were loosely designed and used, while performance measurement was simple and focused on operational matters. Performance measures included the annual occupancy rate, the number of tenancies, and the source of referral prior; statistical information on the various programs were also recorded. However, formal performance management processes, such establishing performance targets and undertaking performance evaluations, were not used. Information systems were simple, if not rudimentary. The organizational structure was flat, with the former CEO and operational staff interacting directly and unbounded by formality.

In conclusion, in the lead up to 2014, PH managed the imperatives of the care logic and the managerial logic with a PMS that was fundamentally relational (Broadbent & Laughlin, 2009) and largely focused on the mandates of the care logic. The relational PMS was enacted through values, beliefs and culture, charismatic leadership, a flat organizational structure, and various routines. Transactional elements of the PMS were employed to meet the minimal demands of the managerial logic, providing assurance of compliance and basic information for external reporting.

5.2 PH post-2014: logics and PMSs

The period post-2014 was initially characterized by two then seemingly irreconcilable logics that were placed on a collision course by the environmental turbulence arising from policy change. The GHSH reform shifted the relationship dynamic between the care and managerial logics at the field level and rippled to the organisational level. PH faced the pressing need to resolve the conflict between the expectations of operational staff, which remained dominated by the care logic, and the key field actor’s push to recalibrate the dynamic between the care

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\(^5\) E.g. ‘Friday night drinks’, ‘Friday lunches’, ‘Transit Program’, and ‘Graduation Ceremony’.
and managerial logics. PH’s dependence on FACS for funding, meant PH had little choice but to adapt or perish.

The Former CEO found the FACS’ “business-like” approach difficult to come to terms with. Their profound disagreement with PH’s move to realign itself with FACS’s new strategic directions was displayed openly, their scepticism clear, their reluctance to accept the change unambiguous. Notwithstanding, the Former CEO’s relationship with the new Board Chair remained professional, although neither close nor personal; we became aware that tensions and frustration exacerbated over time. The Former CEO articulated their concerns: “if you’re a young person that really wants to be safe, which they all do, our primary focus here [must be] safety, and that has to come from the Board down. That I feel has been compromised”.

The Former CEO exited the organization in July 2016, to the regret of many Board Members, managers, staff, and clients. The Former CEO’s contribution and influence were widely acknowledged and the unwillingness to operate in the new mindset was a key to their departure: “[the Former CEO’s] departure shouldn’t be taken lightly, because of [their] reputation and because [they were] a great operator. It’s just that [they] struggled most with the change.” (Board1).

A new CEO was recruited from the ranks of the Board to become PH’s Executive Director. They joined PH’s Board following the appointment of the Chair in 2014 and brought experience from the commercial sector. The Executive Director was a friend and confidant of the Chair. Without a background in social work, the Executive Director struggled to gain acceptance staff and to move away from the shadow of the Former CEO, yet they brought a new set of valuable skills: “[the Former CEO] was really a great boss, but wasn't really good with all the policies; but I've noticed [Executive Director] is really good at helping us narrow that all down” (Operational1). Over time, the Executive Director shifted PH towards managerialism while diminishing the role of emotions and feelings, a recasting of the basis of attention from care to more managerialism (Carlsson-Wall et al., 2017; Thornton & Ocasio, 1999). Organizational changes made PH more technocratic, with centralized, hierarchical decision-making (Pache & Santos, 2013) and a PMS increasingly transactional, a shift that reflected a growing recognition of ambivalence between organizational stewardship and self-interest (Kolk et al., 2015). The Board membership was also revitalised and the Chair drew on his commercial and NGO background to promote the development of business acumen, improve strategic thinking, and drive operational efficiency. The new governance arrangements enabled the source of authority (Carlsson-Wall et al., 2016; Thornton & Ocasio,
(1999) to shift from an emphasis on individuals to an emphasis on business processes (e.g. introducing the requirement for a business case for new initiatives).

A challenging strategic question that arose during this time related to alternate funding sources. A reduced reliance on government funding was widely accepted; as Board1 explained, “we have been 100% funded by FACS and that funding will dry up by 2020, so, we have to be self-sufficient by 2020”. PH’s attention turned towards private sources of funding, but it was noted “the competition has become very much more intense for the charity dollar” (Board2). The search for diversified funding sources ultimately led to the creation of the PH Foundation, a fundraising-focused entity whose role was to be the “public-facing arm of PH, from a marketing, public relations and fundraising perspective” (Senior3). The creation of the PH Foundation represented an organizational response to institutional complexity through structural differentiation (Greenwood et al., 2011), as it enabled PH to separate fundraising, an area dominated by the managerial logic, from operational activities where the care and managerial logics needed to be more evenly balanced. This was a difficult period for PH, during which the lack of a clear strategy that addressed the new reality and traced a pathway forward created confusion, frustration and tensions. It was also the time it became clear to senior management and Board the predicament PH faced and the inevitably of the fundamental change required to align the organization with the new order brought about by the GHSH policy.

5.3 The development of transactional PMSs: New vision, strategy and business model

A number of transactional PMS elements were introduced by PH post-2014, starting with the development of a new vision – i.e. “realising the full potential of our youth…” –mission and, in time, the formal articulation of organizational values (dignity, trust, safety and innovation). The PH 2015-16 Annual Report articulated the mission statement as follows:

To create a visible impact in our community by enabling young people to be Learn Ready, Work Ready, Life Ready through innovative programs with young people and their families and collaborations with partners and community.

Board1 expressed how they saw the new vision and mission:

My vision is to get PH to the end of the transformation and have an organization that is a learning hub, a work experience hub, and an ability for young people to come to one place to get access to multiple services, where we point them in the right direction. Sort of like a one-stop-shop for youth homelessness.

Next came the development of the new organisational strategy, which focused on delivering services under three key themes – “Learn Ready, Work Ready, Life Ready”, and the business model that considered different service delivery options. It was acknowledged that the planned growth would eventually create space capacity issues; PH “probably could double” the number
of clients served at its premises, but beyond that it would “need a second site or a different model” (CEO2). Consideration was given to a “hub-and-spoke” model, under which PH would operate as the central hub that supported a number of (spoke) locations. Senior2 characterized it as “conceptual”, observing that various aspects of the strategic plan remained under discussion. Another pathway considered in these discussions was transforming PH into a social enterprise, but it did not get much traction. Ultimately, PH opted for the “growth strategy” coupled with “the hub concept” and “the pillars of Learn Ready, Work Ready, Life Ready” (Senior2), a decision was formally conveyed at the AGM held in late 2017 and attended by one of the researchers.

The new PH strategy and operating model was challenging for staff who had been in the organization prior to the environmental turbulence. The new approach challenged the established values and beliefs, particularly with the PMSs becoming increasingly transactional in nature. Staff found it hard to reconcile the focus on client care with the rapid growth in client numbers, to come to terms with management asking questions about therapeutic decisions and to live with tight budgeting practices. Manager2 explained: “I do feel that I spend a lot of time justifying and almost sometimes begging for the things that I need”. The Board and Executive Director drove the change process, but initially were not successful in bringing the broader organization along with them, creating “two distinct cultures of operation within PH” (Manager2). A chasm grew between operating staff and senior management, reflecting a clash between opposing prioritisations of the care and managerial logics. The business model was progressively implemented and became fully operational in late 2017; during the first quarter of 2017 a number of operational managers and staff left the organisation.

5.4 Logic blending and PMSs
The development of PH’s PMSs (Ferreira & Otley, 2009) was instrumental to facilitating logic blending through formalization and collaboration processes (Ramus et al., 2017). We elaborate on how PH mobilized different elements of PMSs to support logic blending (see Table 2 for summary), reducing institutional complexity and bringing stability to PH.
Table 2: PMSs mobilization and logic blending

<table>
<thead>
<tr>
<th>PMSs elements</th>
<th>Logic blending</th>
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<tr>
<td></td>
<td>Formalization</td>
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<td></td>
<td>Collaboration</td>
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<tr>
<td>1. Vision and Mission</td>
<td>• New vision and mission statements developed by the senior management team</td>
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<td></td>
<td>• Operational staff articulate organizational values</td>
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<td></td>
<td>• New vision and mission statements open to consultation from operational staff</td>
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<td></td>
<td>• Senior management reviews and endorses organizational values</td>
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<td>2. Key Success Factors</td>
<td></td>
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<tr>
<td>3. Organization Structure</td>
<td>• New Executive Director and new Board to facilitate re-balancing of logics</td>
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<td></td>
<td>• Establishment of the PH Foundation (as a separate entity)</td>
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<td></td>
<td>• Staff meetings to enable consultation and facilitate engagement to reconcile logics</td>
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<td></td>
<td>• Board becomes a collaboration space between PH and the PH Foundation</td>
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<td>4. Strategies and Plans</td>
<td>• Strategy formulation and business model development led by senior management team</td>
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<td></td>
<td>• Tight budget management introduced in the senior management domain; therapeutic issues remained in the operational staff domain</td>
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<td></td>
<td>• Operational staff engaged to review of new strategy and business model</td>
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<td></td>
<td>• Operational staff developed business cases, evaluating service and budgetary considerations</td>
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<tr>
<td>5. Key Performance Measures</td>
<td>Introduction of key performance measures to measure efficiency as required by FACS</td>
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<td></td>
<td>PH engages Huber Social to aid the development of performance scorecard</td>
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<td>6. Target Setting</td>
<td>Target outputs set to FACS’ expectations; no targets for specific social outcomes</td>
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<td>7. Performance Evaluation</td>
<td>Outsourcing of evaluation to Huber Social</td>
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<td></td>
<td>Social Impact Report (performance evaluation, client accounts, and social outcomes)</td>
</tr>
<tr>
<td>8. Reward Systems</td>
<td>Accounting function outsourced, key budget information included in the newly introduced Board financial performance report</td>
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<tr>
<td>9. Information Flows, Systems, and Networks</td>
<td>New fund allocation system for programs and activities introduced, linking financial and social aims (therapeutic)</td>
</tr>
<tr>
<td>10. PMSs Use</td>
<td>Transactional use of PMSs predominant</td>
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<tr>
<td></td>
<td>Relational use of PMSs predominant</td>
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<tr>
<td>11. PMSs Change</td>
<td>Major overhaul to PMSs, to formalize and professionalise (emphasis on command-and-control)</td>
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<td>Effort to ensure social dimension of PMSs is retained (emphasis on stewardship)</td>
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<tr>
<td>12. Strength and Coherence</td>
<td>PMSs redesigned to reduce weaknesses and improve fit to context and strategy</td>
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<td></td>
<td>PMSs evaluated and refined to enhance overall coherence in reconciling logics</td>
</tr>
<tr>
<td>Culture</td>
<td>Emphasis on managerial logic and care logic</td>
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<tr>
<td></td>
<td>Emphasis on care logic and managerial logic</td>
</tr>
<tr>
<td>Contextual factors</td>
<td>GHSH reform, FACS expectations, resource limitations (space, staff, financial)</td>
</tr>
<tr>
<td></td>
<td>GHSH reform, FACS expectations, resource limitations (space, staff, financial)</td>
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</table>
PMSs and formalization. Ramus et al. (2017) describe formalization as a process that seeks to help actors understand the importance of priorities, strategies and intended actions of the logic they are seeking to advance. This process creates an appreciation of what is essential, what is important, and what is desirable to the logic, providing actors with means to negotiate a collectively agreeable approach to respond to environmental turbulence (Reay & Hinings, 2009) in the collaboration phase. The knowledge of what is desirable versus essential enables actors to identify compromises through logic blending.

Various elements of PH’s PMSs were mobilized to support the process of formalization. First, in terms of the Vision and Mission, the senior management team, notably the Executive Director and the Board, worked to develop a new vision and mission for PH. Operational managers and other staff, on the other hand, were engaged in the process of reviewing the organizational values. Second, in regard to Organization Structure, a new Executive Director was appointed and the Board’s membership revitalised to facilitate the re-balancing of logics and give PH a greater managerial focus. The Executive Director came from a commercial background and was closely aligned to the Chair who also had a commercial background. A number of the new Board members recruited also had commercial experience. The PH Foundation was established as a separate entity with a financial focus, creating structural differentiation vis-a-vis PH itself, and attenuating the expression of the managerial logic within PH, which looked more balanced by comparison. The new governance arrangements helped the prioritisation of the managerial logic’s imperatives, but PH remained aligned with the care logic.

Third, in the area of Strategies and Plans, the senior management team engaged in the formulation of a new strategy and business model. While senior management brought in tight budgetary controls, therapeutic issues remained the domain of operational staff. The focus of the strategy was on the growth of the learning hub services within three key themes – “Learn Ready, Work Ready, Life Ready”, while the business model to execute the strategy involved the consideration of various options for service delivery. It was acknowledged that the planned growth would eventually lead to capacity issues; PH “probably could double” the number of clients served in its premises” (CEO2). The strategy included a “hub-and-spoke” model, under which PH would operate as the central hub and provide support at a number of locations to implement “the pillars of Learn Ready, Work Ready, Life Ready” (Senior2).

Key Performance Measures focused on simple measures of efficiency and mirrored FACS reporting requirements. The insufficiency of these KPIs to measure outcomes and social impact was acknowledged. The paucity in terms of performance measurement translated into Target
Setting that emulated FACS’s targets and did not produce targets for social outcomes. Performance Evaluation was rudimentary and prompted by Huber Social’s offer to evaluate PH’s performance outcomes. No formal individual performance evaluations were established and Rewards Systems were not mobilized by PH. The PH’s transformation included structural changes to its Information Flows, Systems, and Networks, which included outsourcing the accounting function, introducing more detailed and timely reporting, and the including key budget information in the newly introduced Board Financial Performance Report. The outsourcing of the accounting function led to a significant cost saving and enhanced the quality and timeliness of the information. As new information became available, giving greater expression to the managerial dimension of the organization, PMS Use became more transactional in nature (Broadbent & Laughlin, 2009). Board2 reflected on how “the culture of the place started to change (…) because it was necessary to become more business-like”, and the language reflected the shift to transactional systems: “at the end of the day, every funder is going to say, ‘if I give you half a million, you’ll pump out 70 kids’” (Senior3). The increasingly transactional nature of the PMS was felt deeply, resented even, by operational staff, who kept their allegiance to the previous modus operandi in which informality, personal relationships, trust, autonomy, and distributed decision-making were taken for granted. As the above suggests, the PMS change was a major overhaul that sought to ‘managerialise’, professionalise, and place a larger emphasis on command-and-control elements, a process that Kallio et al. (2021) show to have parallel in the academic field. This effort to redesign the PMSs addressed weaknesses and improved their alignment to both the context and strategy, building the PMSs Strength and Coherence. All this took place in the context of the GHSH reform, FACS expectations, resource limitations (space, staff, financial) and a culture that emphasised the managerial logic and care logic.

PMSs and collaboration. Collaboration processes play a key part in logic blending by enabling priorities, strategies and practices of different logics to be shaped, reconfigured and combined Ramus et al. (2017). This process helps to balance the demands of competing logics and results in logic integration (Ramus et al. (2017)) with the ultimate benefit of reducing institutional complexity. At PH, different elements of the PMSs (Ferreira & Otley, 2009) were used in a collaboration process that blended managerial and care logics, while allowing the managerial logic to remain more dominant.

The Vision and Mission was initially developed by PH’s Executive Director who then consulted operational staff; this process was reversed in the development of organizational
values. This created a mechanism for flexibility typical of the collaboration process, which gave organizational actors the opportunity to come to terms with which of their aspirations were achievable. Similarly, in regard to the Organization Structure elements of PMSs, staff meetings enabled consultation on the new governance and structural arrangements and to facilitated staff engagement in integrating logics, while the Board became a collaboration space between PH and the PH Foundation. Finally, in terms of Strategies and Plans, operational staff, who were deeply committed to the care logic, were invited to review the new strategy and business model. This process of collaboration was also extended to the practice of making business cases, by which operational staff evaluated the therapeutic merit of proposals and in relation to budget requirements. Through these elements of PMSs, collaboration processes were supported, enabling the integration of the managerial and care logics.

**Key Performance Measures** were established to assist the integration of the managerial and care logics, seeking to balance care with affordability, cost-efficiency and effectiveness. Staff accepted that they had to work within the budget constraints “given to us by FACS”, as well as to meet FACS’s performance measures introduced to monitor and report performance, both of which pushed the organization to operate more efficiently. These key performance measures became internally relevant to PH and created a sharp increase in staff workload - “my program has just recently gone from four to ten kids” (Manager2), a sentiment shared by Operational1, who noted “I had six clients and now I've got 20”. The change in caseloads was challenging for PH staff, especially to those brought up under the therapeutic model that focused on holistic care for individuals, largely unrestrained by time, cost, or the need to meet “the numbers” of clients cared for. In late 2016, PH engaged Huber Social to aid the development of a performance scorecard, which materialised into the 2018 Social Impact Report, a comprehensive report that included performance measures, performance evaluation, and clients’ accounts, which documented the extent to which PH had succeeded in the delivery of the intended social outcomes. This report focused on client care and social outcomes, and embodied managerialism through performance measurement and evaluation, a step similar to that documented in a higher education setting (Kallio et al., 2021). It epitomised logic blending, by integrating priorities, strategies and practices that were key to both managerial and care logics (Table 3). Also, the coupling of tighter use of budgets with business cases, enabled operational initiatives to integrate both managerial and care logics and align with strategy.

The replacement of the old accounting system with a more sophisticated one gave PH the capacity monitor program execution and enhanced reporting functionality. Enhancements in Information Flows, Systems, and Networks created the capacity to link financial aspects with
social aims (e.g. therapeutic) and were regarded as instrumental to accountability. Meeting FACS reporting requirements was key to PH because it represented “one of the core accountabilities” (Senior2).

Table 3: 2018 Social Impact Report (extracts)

Panel A: The highest shifts: The Transit Program achieves its target outcomes

- **RELATIONSHIPS**
  - Feeling comfortable with being vulnerable: +196%
  - Comfortable sharing personal details with people: +188%
  - Knowing who to trust: +177%
- **WELLNESS**
  - Responsible use of drugs and alcohol: +132%
- **RESILIENCE**
  - Self-belief to get through difficult times: +123%

83%* of participants in the two 2018 cohorts of the Transit Program successfully achieved their year 10 equivalent qualification

*This percentage is calculated based on the number of students who successfully completed the induction period.

Panel B: The impact on the lowest scoring baseline factors: PH addresses the needs of young people in their care

<table>
<thead>
<tr>
<th>Baseline</th>
<th>Shift</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationships: comfortable being vulnerable</td>
<td>+177%</td>
</tr>
<tr>
<td>Wellness: Emotions of guilt, anger and shame</td>
<td>+47%</td>
</tr>
<tr>
<td>Relationships: comfortable sharing personal details</td>
<td>+68%</td>
</tr>
<tr>
<td>Relationships: knowing who to trust</td>
<td>+180%</td>
</tr>
<tr>
<td>Wellness: Reduced feelings of sadness and unhappiness</td>
<td>+93%</td>
</tr>
<tr>
<td>Wellness: Health preventing attendance at job and school</td>
<td>+52%</td>
</tr>
</tbody>
</table>

Panel C: Case management results: PH case management improves the wellbeing of youth at-risk
The integration of managerial and care logics enabled PMSs to emphasise the relational dimension, softening the technocratic nature of PMSs. The emphasis on the relational use of PMSs during this phase facilitated senior management’s display of commitment to the care logic (although bounded by the managerial logic), creating a collaboration ‘space’ and enabling logic blending. This collaboration space created opportunities for staff to have their voices heard on issues of concern. In parallel, it also enabled management to impress upon staff the external pressures PH was under and the constraints it faced, enhancing staff’s understanding and acceptance of the new context PH operated in. Collaboration developed mutual understanding of the key priorities to each logic, facilitating compromises that PH would carry into the future (i.e. enduring). Senior management formed the view that it was imperative PH became a place where the growing focus on effectiveness and efficiency of service delivery was shaped by care and client safety considerations. PH’s new PMSs enabled it to provide ‘targeted’ care to clients (as opposed to ‘holistic’) and helped the organization align itself with the specific performance targets set by FACS. As Senior2 acknowledged, “by achieving the targets from FACS, we are servicing many more young people”. The performance target for 2017, in terms of the number of clients to serve, grew threefold on 2016’s target. As a small organization in a large and diverse field, PH did not have the capacity to influence policy settings or the field logics, but PMSs change sought to give recognition to the social dimension (care) of PH and to retain elements of organizational stewardship. In the collaboration stage, the Strength and Coherence of PMSs was sought as a process of evaluation, refinement, and reconciliation of competing imperatives.

6. Discussion
The 2014 GHSH reform created environmental turbulence with disruptive effects felt at the organizational level. It changed the dynamic between the care and managerial logics, emphasising managerialism while retaining aspects of the care logic, a disruption that posed an enormous challenge, which PH sought to manage through logic blending (Ramus et al., 2017; Thornton et al., 2012). The case shows how PMSs (Ferreira & Otley, 2009) were redesigned and different PMSs elements mobilized to support formalization and collaboration processes of logic blending (Ramus et al., 2017).

Logic blending. The organizational literature has considered the dynamic between logics, with particular focus on how organizations respond to institutional complexity arising from conflicting logics. These have been described as structural differentiation (Greenwood et al., 2011; Pache & Santos, 2013) and compromise (Canhilal et al., 2016; Carlsson-Wall et al., 2016). As Carlsson-Wall et al. (2016) highlight, compromise can be carried out in specific operational situations and note that even when structural differentiation is used to manage institutional complexity, compromise might be required to attain central coordination. Yet, the key contribution made by Carlsson-Wall et al. (2016) arose from showing how performance measures, an accounting artefact, can be used to enable ‘situation-specific’ compromises. We position logic blending (Ramus et al., 2017; Thornton et al., 2012) as an enduring compromise that represents a different organizational response to managing institutional complexity arising from multiple logics. Both forms of compromise contrast with the structural differentiation approach (Greenwood et al., 2011), under which logics are held separately within an organization in different business units and managed therein (Pache & Santos, 2013). An enduring compromise (logic blending) is intrinsically more permanent than a situational compromise (Carlsson-Wall et al., 2016). Logic blending is better suited to small and medium sized organizations where structural differentiation is not possible or viable and this study shows that reaching an enduring compromise is a protracted, arduous, perilous process that relies heavily in the mobilization of PMSs. By showing how PH redesigned and mobilized various elements of PMSs (Ferreira & Otley, 2009) to support logic blending in the formalization and collaboration processes (Ramus et al., 2017), our study adds to the accounting literature on logics (e.g. Busco et al., 2017; Carlsson-Wall et al., 2016; Clune et al., 2019; Damayanthi et al., 2021; Kallio et al., 2021), and develops our knowledge and understanding of the role of PMSs in managing multiple logics and institutional complexity in response to environmental turbulence (ter Bogt & Scapens, 2019).
Formalization and collaboration enabled by PMSs. The study brings to light the sometimes pivotal, sometimes nuanced, role of PMSs in the process of logic blending; the formalization and collaboration phases mobilized different elements of PMSs, mobilizing some elements differently, or not mobilizing certain elements at all. Pivotal elements of PMSs include vision and mission, strategies and plans, and key performance measures; these were mobilized extensively to enable formalization and collaboration processes, to understand priorities, and negotiate compromises. These elements were not all introduced concurrently, but instead were introduced over time. The nuanced deployment of PMSs was observed in their transactional and relational use, showing how PMSs could address the imperatives of both the care and managerial logics. Nuances were also observed in changes to the PMSs, which sought to bring formalize and managerialize PH, while leaving scope for trust and individual stewardship. The re Framing of the concern for efficiency underpinned the managerial logic and was coherent with the care logic to the extent that an efficient organisation could help more young people. Finally, PMS elements of key success factors and reward systems were not mobilized to enable logic blending, while target setting was only used in formalization process and to a limited extent.

Initially, the elements of PMSs (Ferreira & Otley, 2009) such as the vision and mission of PH, a new organizational structure and governance mechanisms, strategies and plans, KPIs to measure efficiency and targets, were set to meet FACS expectations. These processes helped PH to understand the importance of priorities, strategies and intended actions of the logic that they wanted to achieve and enabled the formalization process to occur (Ramus et al., 2017). With the support of the senior management team, PH used the transactional elements of the PMSs (Broadbent & Laughlin, 2009) to enable the formalization process, shape the activities, and blend the imperatives of the care and managerial logics to attain an enduring compromise that helped manage the institutional complexity. To facilitate the collaboration process of logic blending (Ramus et al., 2017), PMSs enabled organizational actors to negotiate an approach to adequately respond to the environmental turbulence (Reay & Hinings, 2009). To support collaboration, operational staff were consulted about the new vision and mission of PH; senior managers endorsed organizational values developed by staff; staff meetings were held to enable consultation and facilitate engagement; and operational staff reviewed the new strategy, the business model and plan. PH strengthened the relational use of the PMSs (Broadbent & Laughlin, 2009) to facilitate collaboration. The formalization and collaboration processes were a response to institutional complexity.
Use of PMSs at the operational level. Traditionally, accounting and PMSs have been assumed to be designed and used by top managers to control the decisions, actions and performance of staff (Englund & Gerdin, 2015; Wouters & Wilderom, 2008). How accounting and PMSs are used by operational managers to understand operations in decision-making and to enact related actions has had a limited focus (Goretzki et al., 2018; Hall, 2010). Some suggest that performance measurement systems can be useful not only for top management but also for those whose performance is being measured (Englund & Gerdin, 2015; Goretzki et al., 2018), while others find these systems enable change in institutional logics (Kallio et al., 2021). We develop an understanding of how PMSs are used to manage institutional complexity by enabling multiple logics to coexist through a process of logic blending, providing empirical insights into how operational managers used different elements of PMSs (Ferreira & Otley, 2009) to manage the imperatives of distinct logics.

7. Conclusion
Drawing on a field study of a social purpose NGO (Unerman & O'Dwyer, 2006a), we investigated how PMSs are designed and used (Broadbent & Laughlin, 2009; Ferreira & Otley, 2009) to manage multiple competing institutional logics (Greenwood et al., 2011; Thornton & Ocasio, 1999; 2008). The study adds to the growing literature that examines the role of accounting practices in managing institutional logics at the organizational level (e.g. Carlsson-Wall et al., 2016; Kaufman & Covaleski, 2019). We show the dynamic nature of multiple institutional logics, starting with a state of stable coexistence, becoming unstable prompted by environmental turbulence, returning to stability through processes of collaboration and formalization of logic blending (Ramus et al., 2017) that ultimately contributed to the survival of the organization. Our study also shows how the PMSs were designed in each phase, and how they were redesigned to facilitate the formalization and collaboration processes to meet the demands of the institutional environment. We find formalization and collaboration processes mobilized different elements of PMSs, mobilized some elements differently, or did not mobilize certain elements at all, highlighting the pivotal role of PMSs in logic blending.

Our study contributes to the accounting literature in main two ways. First, we outline an enduring approach to managing multiple logics (and associated institutional complexity) at the organizational level, named logic blending (Ramus et al., 2017; Thornton et al., 2012), introducing this concept into the accounting literature. We show how, in response to environmental turbulence arising from a policy change that shifted institutional logics, the organization managed the increased institutional complexity by blending the care and
managers to enable their coexistence. In doing this, we extend the accounting logics literature (Carlsson-Wall et al., 2016) by showing that logic blending is another option available to actors to manage multiple logics, in addition to situation-specific compromises and structural differentiation (Conrath-Hargreaves & Wüstemann, 2019; Kaufman & Covaleski, 2019; Pache & Santos, 2013). As an enduring compromise, logic blending may be particularly suited to small to medium sized organizations, where structural differentiation is challenging and likely unviable. Second, we add to the literature that examines how accounting is used by operational managers in their day-to-day interactions (Ahrens & Chapman, 2004; Englund & Gerdin, 2015) by showing how managers used PMSs (Ferreira & Otley, 2009) to enable logic blending as an enduring form of compromise to manage institutional complexity. Our study illustrates a context wherein operational managers use accounting practices to engage in day-to-day interactions, to make and implement decisions, and to manage a transformational change brought about by a change in government policy that fundamentally impacted the organization. In doing this, we extend our understanding of how managers use accounting to understand operations and execute decisions (Hall, 2010), and of how accounting is implicated in a change process (Järvinen, 2016; ter Bogt & Scapens, 2019).

Our insights have implications for organizations beyond the NGO sector. Many organizations operate in increasingly turbulent environments, facing strategic challenges brought about by new technologies, new and diverse stakeholder demands, and changes in regulation. How an organization manages institutional complexity arising from multiple and competing logics, and rebalances these logics in turbulent and uncertain times, is essential for organizational success and may even be vital for survival. PMSs provide managers a means to pursue logic blending and knowing how these systems can be used to achieve enduring compromises is helpful for managers facing similar conditions.

We welcome studies that examine how multiple logics are managed by PMSs in other types of organizations and situations. Such studies could investigate how different field settings and different PMSs may be mobilized to manage the tensions arising from multiple institutional logics. Future research could consider how logic blending through PMSs may enable stakeholder accountability, and how operational managers use PMSs information day-to-day for decision-making, while managing multiple logics and institutional complexity.
References


Kraatz, M. S. and Block, E. S. (2008), "Organizational implications of institutional pluralism", in Greenwood, R., Oliver, C., Sahlin-Andersson, K. and Suddaby, R. (Eds.), The Sage handbook of organizational institutionalism. SAGE Publications, Los Angeles.


**Appendix 1: Main archival documents reviewed**

1. **FACS**  
   *Annual Reports: 2005–06 to 2018–19*  
   *Performance Framework, 2007*  
   *National Partnership Agreement on Homelessness: NSW Implementation Plan 2009–2013*  
   *Housing NSW, About the Youth Action Plan 2010–2014*  
   *Going Home Staying Home Reforms: Consultation Report, October 2012*  
   *Going Home Staying Home Reform Plan, 2013*  
   *FACS Strategic Statement 2014*  
   *FACS Strategic Plan 2017–2021*  
   *Social Housing in NSW: A discussion paper for input and comment, November 2014*  
   *FACSAR Snapshot, Children and young people in out-of-home care in NSW: a summary of their views and experiences, 2017*  
   *Caseworker Dashboard, December 2018 Quarter*

2. **NSW Department of Premier and Cabinet**  
   *Keep Them Safe Annexes (e.g. KTS Indicators, Economic Evaluation; Synthesis of Evaluations)*

3. **KPMG**  
   *Going Home Staying Home Post-Implementation Review, 2015 Final Report*

4. **Australian Charities and Not-for-profits Commission**  
   *Annual Information Statement: 2013 to2019*

5. **PH**  
   *Response to Going Home Staying Home, 2012*  
   *Annual Reports: 2005–06 to 2018–19*  
   *Miscellaneous, including: Life Ready Plan (2016); Transit Program Student Survey Findings (2016), Program Evaluation (2016); AGM Agenda (2017)*

6. **Huber Social**  
   *Social Impact Report, 2018*  
   *Outcome Measures presentation, 2018*
Appendix 2: Tribute to the Former CEO