

Strategic management, management control practices and public value creation: the strategic triangle in the Swedish public sector

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Abstract

Purpose – The purpose of this paper is to enhance understanding of the conceptualisation and operationalisation of public value in practice by applying Moore's (1995) strategic triangle as an analytical framework to study strategic management and management control practices in relation to public value.

Design/methodology/approach – The paper uses an interpretative longitudinal case study approach including qualitative methods of document studies and interviews between 2017 and 2019.

Findings – In the strategic triangle, the three nodes of authorising environment, public value creation and operational capacity are interdependent, and alignment is a necessity for a strategy to be successful. But this alignment is vulnerable. The findings suggest three propositions: (1) strategic alignment is vulnerable to management control practices having a strong focus on performance measurements, (2) strategic alignment is vulnerable to standardised management control practices and (3) strategic alignment is vulnerable to politically driven management control practices.

Originality/value – With the strategic triangle as a base, this paper tries to understand what kind of management control practices enable and/or constrain public value, as there has been a call for this kind of research. In this way it adds to earlier research on public value, to the growing interest in the strategic triangle as an analytical framework in analysing empirical material and to the request for more empirical studies on the subject. The strategic triangle also embraces political factors, government agendas and political leadership for which there has also been a call for more research.

Keywords Strategic management, Management control practices, Public value, Strategic triangle, Public sector, Case study

Paper type Research paper



Introduction

The last decade has seen a growing interest among scholars to study strategic management in the public sector. Several studies focus on strategic management and performance (e.g. George *et al.*, 2019; Poister, 2020) and strategic planning (e.g. Bryson, 2017a; George *et al.*, 2016a, b), while others focus on strategising, strategy as practice (e.g. Begkos *et al.*, 2020; Cuganesan *et al.*, 2012; Nakrošis *et al.*, 2020) and the use of strategic management tools (e.g. Höglund *et al.*, 2018a; Höglund and Mårtensson, 2019).

Recently, an increasing number of scholars have taken an interest in strategic management from a public value approach (e.g. Alford and Greve, 2017; Bracci *et al.*, 2019; Bryson *et al.*, 2014a, b; 2015; 2017a, b; Hartley *et al.*, 2017; Mintrom and Luetjens, 2017). It has become important to create public value strategy work and strategic management. Bryson and George (2020, p. 3) define strategy thusly: “*Strategy is a concrete approach to aligning the aspirations and the capabilities of public organizations or other entities in order to achieve goals and create public value*”. A public value approach to strategic management focuses leaders and managers on envisioning the value the organisation can create by developing and implementing strategy, using performance measures and systems and leading strategic change (Spano, 2009). Considering this, it is quite surprising that public value literature has somewhat ignored the need for understanding public value in relation to accounting (Steccolini, 2019). In a literature review on public value accounting, Bracci *et al.* (2019) only found 14 published articles. However, there is a small but growing research field that implicitly or explicitly focuses on public value accounting (e.g. Ahrens and Ferry, 2015; Bracci *et al.*, 2014; Grossi *et al.*, 2020; Moore, 2014; Steccolini, 2019). Within this research field, public value management and Moore’s (1995) strategic triangle are often used to enhance understanding of public value accounting (e.g. Bracci *et al.*, 2019; Bruns, 2014). This paper intends to contribute to this discussion.

The strategic triangle has the benefit of incorporating the specifics of the public sector context regarding management control (Bracci *et al.*, 2019), exemplified by the authorising environment of politicians, cooperation with external bodies and the importance of long-term strategic goals of value creation for the citizens (Bryson *et al.*, 2014b). Despite its significance for further understanding of public management and strategic management in the public sector, the strategic triangle is rarely mentioned by critics of Moore’s work, such as Rhodes and Wanna (2007), or by supporters such as Stoker (2006). Moreover, there is a lack of empirical studies (Bryson *et al.*, 2017b; Hartley *et al.*, 2017; Mintrom and Luetjens, 2017). Like Alford and O’Flynn (2009), this is surprising, as the triangle can be used to diagnose the existing situation, that is, the alignment between the authorising environment, the existing operational capacity and the public value created. As Bryson *et al.* (2017b, p. 641) state, “*the approach is unquestionably a significant contribution to the theory and practice of public management*”. One reason for the omission of the strategic triangle so far in research could be that the public value approach has been geared in a normative direction, where researchers have suggested modifications to prove its usefulness as a management control and steering device (Horner and Hutton, 2011) rather than using it as an analytical framework to understand the specifics of strategy work in the public sector and public value creation.

The intention is to leave this normative tradition of the strategic triangle and use it as an analytical framework to enhance understanding of strategic management and public value creation. In line with Alford and Greve (2017), this paper argues that the public value approach and the strategic triangle are among the best options available to understand strategic management and management control practices in the specific context of the public sector. Thus, the three nodes of the strategic triangle framework – the authorising environment, public value creation and operational capacity – recognise that there are key issues affecting most, if not all, public sector organisations. However, the strategic triangle presupposes alignment among the three nodes to be a successful strategy for public value.

In practice, this is difficult, as the nodes are rarely in alignment in their natural state, and therefore public managers must constantly work to find trade-offs among them (Alford and Flynn, 2009). When Hartley *et al.* (2017 p. 673) suggest a new empirical agenda for public value theory, they point out that one important question in relation to the strategic triangle is to study “how alignment can be lost” among the three nodes. There has also been relatively little attention given to the link between public value and public organisations’ management control practices (Bracci *et al.*, 2019; Spano, 2009). This paper addresses such a topic, analysing the link between public value and management control practices by means of the strategic triangle and addressing the following research question: How do management control practices enable and/or constrain strategic alignment?

In summary, the purpose of this paper is to enhance understanding of the conceptualisation and operationalisation of public value in practice by applying Moore’s strategic triangle as an analytical framework to study strategic management and management control practices in relation to public value. This means that this paper departs from the normative idea of the strategic triangle and instead uses the strategic triangle to understand how management control practices enable and/or constrain strategic alignment, and thereby public value. As several researchers (e.g. Bracci *et al.*, 2019; Bryson *et al.*, 2017b; Hartley *et al.*, 2017) have pointed out, the interest in public value theory and the concept of public value have been growing steadily but have not been matched by empirical research. In other words, there is a call for more empirical research on the subject, and this paper is an attempt to contribute to this call.

To address the stated research question, this paper turns to a Swedish case: Region Stockholm (RS) and its Culture unit. This case provides an enhanced understanding of strategic management and management control practices and their relationship to public value. The Culture unit in RS is interesting to study as it has been the subject of several strategic change initiatives aimed at achieving a more efficient overall organisation by standardising its management control practices. They did this by applying a strategic management approach that is based on breaking down its vision into goals and quantitative performance-reporting as a way to achieve public value.

Previous research – public value and the strategic triangle

For advocates of public value management, there is a strong sense that the public context is different from that of the private business sector (Stoker, 2006; Mintrom and Luetjens, 2017). For example, Moore (1995) is critical of directly importing private sector strategic management tools and performance measurement tools to the public sector, as there are fundamental differences when it comes to the purposes and nature of public and private organisations. He argues that public sector organisations require distinctive approaches to value creation. However, so far most theoretical models of public performance measurement do not directly address public value or how different groups of service users are accounted for in public service performance (Hodgkinson *et al.*, 2017).

The aim of public sector management is to satisfy the collective aspirations expressed through the political process, rather than the aims of professionals or the wishes of customers (Moore, 2014). With public value as the focus of strategy, public managers become agents of collective rather than individually defined purposes (Stoker, 2006). Stakeholders serve to provide information about who values what, and envisioning citizens as customers can help to improve the quality and effectiveness of government services (Moore, 1994). In this way, a public value approach differs from, for example, public management scholarship, as the approach incorporates several layers of analysis as well as multiple stakeholders such as politicians, media, private organisations, top managers, officers and street-level bureaucrats (Bryson *et al.*, 2017b). Public management scholars tend to operate at an organisational level

of analysis, focusing on managers and officers. [Stoker \(2006\)](#) argues that, in contrast to other public management approaches, for example new public management, the public value approach does not seek to restrain politics from management, but rather sees it as central to the management challenge. This includes matters where officials work more effectively with politicians, and it distinguishes non-business dimensions to weigh in which public services should be implemented ([Moore, 1994](#)).

Public value

It can be argued that public value is produced when people's lives are improved as a result of the services a public organisation provides. In practice, these improvements are often labelled in terms of outcomes ([Mintrom and Luetjens, 2017](#)). Outcomes need to be widely agreed upon, and the providers of the public service need to feel accountable for achieving them ([Stoker, 2006](#)). Different disciplines apply different concepts of value, as there are several aspects in which value might be investigated ([Bryson et al., 2014b](#); [Hartley et al., 2017](#)). For example, it is possible to talk about artistic, historical, social, ethical, cultural or economic value ([Spano, 2009](#)). Even within the same discipline, such as public management, it is difficult to find a single concept of value, and there is no generally accepted notion of value ([Alford and O'Flynn, 2009](#)). As a result, a common definition of value in the public sector context is lacking, and researchers address and package ideas of public value in different ways. For example, [Jacobs \(2014\)](#) presents two distinct perspectives for research on public value: a normative perspective that identifies the "public value" that ought to define government's responsibility and the rights and obligations of citizens, and a perspective that moves away from normative values to concrete government strategies that produce "public value" to advance the public interest. [Hartley et al. \(2017\)](#) address three concepts of public value. In the first, public value provides an alternative and improved construct to explain the welfare of the general public through a contribution to the public sphere, building on the notion of public value as a process of negotiations among competing ideas. The second conceptualises value as created through the activities of public organisations and their managers with a focus on what is added in value pertinent to societal outcomes. The third conceptualises public value on the strategic triangle as outlined by [Moore \(1995\)](#), focusing on the fact that an alignment of the three nodes will lead to increased public value. Others, such as [Page et al. \(2015\)](#), state that there are three dimensions of public value that are constructed in relation to democratic accountability, procedural legitimacy and substantive outcomes. There are also those who argue that value should be addressed in plural, that is, values, rather than in singular (e.g. [Bryson et al., 2014b](#)).

Public value and its outcomes are complex and challenged, and involve trade-offs not only between good and bad but also between competing strategic priorities. As [Bryson and George \(2020\)](#) state, strategic management can help public organisations achieve important goals and create public value. In this context, public value can be used as a conceptual tool for strategic planning. It can also be used as a tool to stimulate discussions among different interests, and to generate a dialogue about how to improve services, about which groups gain and which lose and about relative benefits and costs ([Benington, 2009](#)). As argued in the Introduction, the strategic triangle can be viewed as a way to understand and analyse strategic management activities and management control practices in relation to public value.

The strategic triangle

In a desire to create a conceptual framework and accentuate the distinctiveness of the public sector, [Moore \(1995\)](#) presents a public value approach in his book *Creating Public Value*. The approach acknowledges both the public and "business" imperatives that public organisations

face (Alford and Greve, 2017). According to Moore (1995), a strategy for a public sector organisation must meet three broad tests: it must be legitimate and politically sustainable, be aimed at substantively creating value and be operationally and administratively feasible. Each of the three tests is strategically important, and crafting and implementing a strategy requires maximising the degree of alignment among them (Alford and O'Flynn, 2009). The strategic triangle with its nodes of *the authorising environment*, *public value creation* and *operational capacity* was introduced to illustrate this alignment. Hence, the main analytical challenge of the strategic triangle is to ensure that its three nodes are aligned and mutually supporting: public value is created when the goals of the public organisation are supported; when the goals attract financial, legal and social support from those in a position to authorise and support the planned action; and when the organisation knows how to deploy the available resources to achieve the desired results (Alford and O'Flynn, 2009). That is, the organisation is clear about what they are trying to achieve, they have support for it (legitimacy/authorising environment) and they can make it happen (the organisation has the capability and resources to do it) (Stoker, 2006). We further explore each of the three nodes under the upcoming headings.

The authorising environment. The authorising environment draws attention *upwards* and is described as the structures, processes and activities transforming the interests and views of citizens into a "public" that can articulate what is worth taxing and regulating (Bryson *et al.*, 2017b). Through engagement with the authorising environment, public managers gain awareness of the directives governing their work and what discretion they might have in pursuing legitimised strategic goals (Mintrom and Luetjens, 2017). In the authorising environment, public leaders and managers work to build the legitimacy and support required to sustain a public organisation over time. The demands and expectations of the authorising environment can, and sometimes do, change rapidly. As a result, public managers must be prepared to adapt to changes in the political aspirations or substantive challenges in the surrounding environments (e.g. Moore, 1995; Poister, 2010; Bracci *et al.*, 2015).

The authorising environment comprises all those actors who provide permission and/or resources to enable the public organisation to function, and thereby have a stake in its operation (Moore, 1995). In other words, the authorising environment includes those in positions to confer legitimacy and support (or the opposite) to the service provided by a public organisation. Within the authorising environment, it is important to agree on what kind of service produces public value, and how to secure agreement. Usually the authorising environment includes politicians, locally or nationally elected officials, senior officers with relevant financial or legal responsibility, regulating authorities, unions, interest groups and the media (Alford and Greve, 2017; Mintrom and Luetjens, 2017).

When it comes to including political governance and politicians in empirical studies, so far there are few within strategic management that have paid any interest to these political factors, for example, government agendas or political leadership (Nakrošis *et al.*, 2020). A notable exception is Drumaux and Joyce (2020), who study EU government and political leadership. Bryson *et al.* (2014b, p. 448) state that "government agencies can be conveners, catalysts and collaborators, sometimes steering, sometimes rowing, sometimes partnering and sometimes staying out of the way". Theories of public value creation recognise that both elected officials and public managers are charged with creating public value. In this way, public value theories recognise that managers have always played an important role in goal setting because of the advice they give to elected politicians. Stoker (2006, p. 56) emphasises that "Politics and management go hand in hand". Moreover, he states that politics is valued as a mechanism for social coordination for at least three reasons: (1) it makes people cooperate and make choices that go beyond the individualism of the market; (2) political decision-making is flexible, and, therefore, it can deal with uncertainty, ambiguity and unexpected

change; and (3) politics can establish a process of social production in which interests are brought together to achieve common purposes.

Also, Bryson *et al.* (2017b) highlight the role of the politicians, political leadership and politics in public value creation in a democratic society, and argue that we need to further explore the role that political power plays in public value creation and how politicians seek and gain authorisation from citizens. In relation to this, they also direct attention to the role of (social) media, both as an enabler and as a constrainer of public value, as the media often distract politicians and officers through their immediate and urgent journalism. Another researcher interested in the interaction between politicians and public managers is Jacobs (2014), who studied the contested politics of public value and argues that the emerging research field of public value tends to neglect the barriers to actually creating public value by not including politicians and citizens in their analysis.

Public value creation. Public value creation focuses *outwards* towards the perception of what constitutes public value in order to align strategic goals and objectives, and public value where there exists a combination of input, process, output and outcome measures (Moore, 1995). The idea is that strategic performance measures tie the organisation's measurement system to the strategic goals and possible future public value created by the organisation. In this way, Moore's view on public value acknowledges the important link between successful strategy implementation and performance measurement (Weinberg and Lewis, 2009). This link has also been acknowledged in the strategic planning literature. For example, George *et al.* (2019) found evidence that strategic planning has a positive impact on organisational performance, especially when it is measured as an organisation's ability to achieve its goals. Moreover, Kools and George (2020) state that performance measurements not only inform future strategy work and planning but also serve the purpose of public accountability and allow different stakeholders to engage with and contribute to enhancing public services.

According to Moore (1995), strategic failure or a bad strategy in the public sector results when the organisation's goals do not mirror the mission or the community's desires. The organisation is thus unable to produce the wanted service, or what is produced has no long-term public value. Efficiency in this context must be judged and followed-up in terms of the broader goals of whether public value is being achieved, and whether the endeavour for efficiency involves public managers continuously monitoring activities that fit a purpose valued by the public (Stoker, 2006). In other words, there is a tradition within the public value approach of monitoring and following-up on measurable outputs.

When reporting on performance, these measurable outputs should be linked to public value as measurable outcomes (Weinberg and Lewis, 2009). However, there are several critics of this approach, such as Norman (2007), who states that there is a dilemma of using outputs and outcomes to define public value, as too much emphasis on outputs can produce dysfunctional results in relation to public value. Focusing on measurements of output can cause a shift towards what is easily measured and audited (Höglund and Svärdesten, 2018) at the expense of long-term goals (Höglund *et al.*, 2018a). Another problem is that public value outcomes, in terms of visions and long-term goals, tend to become so broad they can mean anything and thus be difficult, or even impossible, to measure (Norman, 2007). Previous research also points out that public value management in practice easily turns into performance measurement and management (Bryson *et al.*, 2014b), but under the label of public value creation (Alford and O'Flynn, 2009).

However, it is remarkable that the interest in studying performance measurements and public value is limited thus far, and additional research is called for (Bracci *et al.*, 2019). One of the few research teams doing this is that of Bryson *et al.* (2014a), who argue that most performance measurement studies focus on efficiency and effectiveness directly related to the mission of the organisation. Therefore, this approach neglects other values such as equity, democratic engagement, citizenship behaviour and citizenship development. And having too

many performance measurements might have a negative impact on long-term public value creation (e.g. [Begkos et al., 2020](#); [Bryson et al., 2014a, b](#)). In this context, [Bryson et al. \(2014b\)](#) state that practitioners should work to ensure that performance measurement and management approaches include non-mission-based values to also include democratic engagement and citizenship.

In the strategic triangle, public value is derived from the mission of the public organisation ([Weinberg and Lewis, 2009](#); [Weinberg and Leeman, 2013](#)). As [Stoker \(2006\)](#) argues, the judgement of what is public value is collectively built through deliberation involving elected politicians, appointed government officials and key stakeholders. This means that strategies, policies and public services are mostly realised in collaborative settings and processes of co-production ([Klijn and Koppenjan, 2020](#)). Public sector services include both the individual level and the more general public level. Hence, consideration must be paid not only to individuals but also to the value produced for the wider community ([Bryson et al., 2017b](#)). Public sector organisations also have to look forward and include future generations. The present government has to make sure that future citizens have the opportunity to share the same or an even greater amount of public value ([Spano, 2009](#)).

Operational capacity. Operational capacity focuses *inwards* ([Moore, 1995](#)). As [Bryson et al. \(2017b, p. 641\)](#) argue, the strategic triangle “strongly encourages the public manager to ‘manage up’ to the formal authorising environment, ‘manage outward’ to the public and other stakeholders, and ‘manage down’ to make sure that the organisation has the operational capacity to actually deliver public value”. Through engagement with the authorising environment, public managers gain awareness of the directives governing their work and what discretion they might have in pursuing legitimised strategic goals ([Mintrom and Luetjens, 2017](#)). In this context, accountability is achieved by negotiated goal setting; government needs to steer with a “light touch”, and an entrepreneurial character should be applied to the scope for action in the governance system ([Stoker, 2006](#)).

The public value approach also embraces a belief in equity through giving people the opportunity to succeed and expecting them to make a contribution to the process, as striving for equity involves a two-way moral commitment on the part of both public service managers and their clients ([Stoker, 2006](#)). Acting in their own sphere of authority and on their own initiative, public managers will often have some level of control over the allocation of resources towards the pursuit of strategic goals. Effective negotiation with key people in the authorising environment can be a vital means by which operational capability will be allocated to the pursuit of the goals in question ([Mintrom and Luetjens, 2017](#)). What is explicit is the notion that public managers can perform at their best and deliver public value when they enjoy a degree of earned autonomy and when they feel confident in exploiting it ([Mintrom and Luetjens, 2017](#)). This degree of autonomy is often framed in terms of having entrepreneurial capabilities and the ability to envision how to deploy existing assets and operational capabilities in new ways, and secure resources to produce valuable services in an entrepreneurial manner ([Moore, 1995](#); [Stoker, 2006](#)). Examples of operational capability include correctly allocated, adequate resources; a skilled workforce; and access to useful data, innovation and change management know-how, and effective communications. However, in the public sector, much of the operational capability the public organisation needs lies outside of the direct control of a single organisation ([Bryson et al., 2017b](#)). In a public value approach, public managers cannot engage in unilateral actions or chase after favoured goals untethered from formal responsibilities and lines of accountability ([Mintrom and Luetjens, 2017](#)). Public organisations must demonstrate value to several stakeholders such as politicians on different levels, citizens, business and media. All these stakeholders hold multiple views on what is valuable, which presents a strategic challenge to public managers ([Weinberg and Lewis, 2009](#)).

In relation to operational capacities such as competence, leadership and decision-making, researchers have also identified that the necessary interaction between managers and

politicians requires that public managers have a political skill set. For example, [Hartley et al. \(2019\)](#) argue that public managers need to have political skills of “astuteness” and offer an important conceptual linkage between leadership and the creation of public value.

Method

Case study

Following the suggestions of [Hartley et al. \(2017\)](#) that more empirical research with a longitudinal case study approach is needed, and given that the nature of public value calls for longitudinal research methods, a case study was conducted between 2017 and 2019. The strategic management and management control practices at Region Stockholm (RS) were studied, along with the county council of the Swedish capital, addressing the Culture unit more specifically, and treating it as a case. [Flyvbjerg \(2006\)](#) argues that when the aim is to achieve the best possible amount of information on a given problem, an atypical or extreme case often reveals the best information. Based on this, it could be argued that the Culture unit in RS is interesting to study as it has been the subject of several strategic change initiatives aimed at achieving a more efficient overall organisation by standardising its management control practices to meet strategic goals and public value. In addition, the research collaboration with RS provided the opportunity for direct access to both central officers and politicians involved in the creation and implementation of the strategic changes.

It is important to address the fact that case study researchers tend to focus on different characteristics. Nevertheless, the most common approaches are to focus on the case study as a method *per se* or to focus on the interpretative aspects rather than the methods. This paper draws upon [Stake \(1995\)](#), interpreting the case of RS and the Culture unit to conceptualise an understanding of strategic management and management control practices in relation to public value. Regarding case studies, there are limitations to making generalisations; however, as stated by [Siggelkow \(2007\)](#), a single-case study, well grounded in previous literature, can help the research team to make conceptual and theoretical contributions that go beyond the specific case.

Data collection

Interpretative case studies, as well as studies that focus on practices, call for qualitative methods ([Höglund et al., 2018a](#)). To address the research question – How do management control practices enable and/or constrain strategic alignment? – this paper argues, in line with [Weiss \(2019\)](#), that more qualitative research about managerial practices could substantially enrich perspectives on theoretical concepts such as performance management and strategic management and on the preconditions under which these concepts could create public value. To gain an enhanced understanding, a qualitative approach based on interviews allowed the interviewees to narrate the meaning. This approach also gave the researchers an opportunity to ask more precisely what the interviewees do and to ask follow-up questions. The purpose was to let the interviewees narrate the meaning they ascribed to strategic management and management control practices in a context of prevailing values, practices, multiple perceptions and underlying structures ([Höglund et al., 2018b](#)). To gain an enhanced understanding of strategic management and management control practices, it could be argued that methods are required that allow research participants to talk about their experiences and reflect on what they mean to them.

In summary, the interviews can be described as more of a conversation in which the interviewees were encouraged to talk about strategic management and management control practices, change processes in relation to strategic management and management control practices and how they work with strategy and goal formulations, control practices and so

forth. Embracing this kind of approach means that there were no standardised interview questions, which also limits the repeatability of the study. However, it provides an opportunity for the interviewer to be flexible and learn more about what the interviewees themselves find meaningful.

Hartley *et al.* (2017) state that empirical research on public value needs to take into account a range of actors including public managers, politicians and administrative officers, as these groups all deserve attention in public value research and theory. Therefore, a decision was made to add politicians to the interviews in 2019, as they are important in the creation of value and are included in the authorising environment, not only in the creation of public value but as part of the environment itself. Thirty-four interviews with 31 people were conducted between June 2017 and November 2019 (see Table 1). The majority of the interviews were conducted with one person at a time; however, on a few occasions, two people participated in the interviews. The interviews lasted between 60 and 120 min, were taped and transcribed verbatim. Quotes have been carefully edited to improve readability, but without changing the meaning.

Freeman and Maybin (2011) argue that government cannot be understood without an understanding of documents; that is, to understand documents is to understand government. In line with previous research, the documents were treated as sources for identifying the strategic position taken by a government or other public authority on a particular topic in relation to management control. Empirical data from a variety of sources were used, such as strategy documents, budgets, operational plans, reports, newspapers, web pages and internal PowerPoint presentations. In this way documents can be viewed as carriers of messages, communicating or reflecting official intentions, objectives, commitments, proposals and “thinking”. The documents included in this study are mainly those decided on by politicians in the RS assembly, for example, the yearly budgets and strategic documents such as the regional development plan and the cultural strategy. However, the overall steering documents are decided on by the Swedish government, for example, acts enacted by the local government and the government bill discussing culture policy more in general. The analysed documents totalled more than 2,000 pages; see Table 2. The document study focused primarily on the years 2017, 2018 and 2019. Documents were collected via RS’s website, but also during interviews where interviewees were asked to suggest important documents.

Data analysis

The data analysis began with coding the data. The coding process can be viewed as an initial structuring of the data to find a way to manage a large amount of text (Höglund *et al.*, 2018b). In so doing, it is common to search for themes or categories. In the coding process, the authors read and reread the documents and interview transcriptions searching for commonly reoccurring themes regarding strategic management and management control practices. Initially, the data were categorised in terms of years, ending up with four broad categories that contained over a hundred pages of narratives. The first category contained narratives of strategic management and control practices prior to 2017. The other three categories

Table 1.
Interviews conducted
at Region Stockholm
between 2017 and 2019

Position	Amount of interviews	Number of people
Politicians	2	3
Administrators at central functions	7	4
Central officers	11	10
Managers at the four business units	14	8
SA	34	31

Documents at the national level	The Swedish local government act (Ds 2004:31)	93 pages	
	Time for culture (Government bill 2009/10: 3)	15 pages	
	Cultural analysis 2019. A follow-up of the cultural policy objectives. (The Swedish agency for cultural policy analysis, Report 2019 , p. 1)	101 pages	
Strategy/policy documents at the regional level	RUFS 2050. The regional development plan for the Stockholm region	238 pages	
	RUFS 2010. The regional development plan for the Stockholm region	261 pages	
	Cultural strategy for Region Stockholm	21 pages	
	The future plan for health and medical care – the first step in the implementation plan	78 pages	
	The future plan for health and medical care the second step – operationalization of the plan	66 pages	
	The future plan – the third step in the implementation plan	70 pages	
	Regional traffic infrastructure programme for Stockholm County	31 pages	
	Goals and budget for Region Stockholm 2017	210 pages	
	Goals and budget for Region Stockholm 2018	197 pages	
	Budget for Region Stockholm 2019	235 pages	
Other documents at the regional level	Annual report for Region Stockholm 2017	86 pages	
	Annual report for Region Stockholm 2018	113 pages	
	Annual report for Region Stockholm 2019	108 pages	
	Regulations for Region Stockholm executive board and the other committees	41 pages	
	Operational plans for Culture, Health Care, Traffic, Growth and regional planning	Approx. 30 pages	
	Various other documents (reports, policy documents, internal PowerPoint presentations, e-mails)	Approx. 200 pages	
	Other documents	Homepages, e.g. www.regionstockholm.se	
		Newspaper articles	
		Reports	
			<i>Approx. total number of pages: 2200</i>

Table 2. Documents included in the study (in selection)

contained narratives concerning 2017, 2018 and 2019. This first coding process gave an initial idea of how strategic management and management control practices had developed over the years.

In a second step, the narratives of the coding process were analysed to find common and reoccurring themes describing strategic management and management control practices. Throughout this process, several meetings were held to discuss potential results. During the project, the authors also had reoccurring seminars and meetings to discuss the empirical data, that is, documents and interviews, and how they could be understood in relation to strategic management and management control. The authors also attended several seminars where they were invited to discuss the empirical material and potential results. The results from the empirical analysis address strategic management and control practices at RS and the Culture unit, presented under the upcoming heading, The case – Region Stockholm and the Cultural unit, as six recurring narratives: (1) a holistic approach and long-term thinking, (2) complex goal structure, (3) difficulties of measuring, (4), enhanced visibility, (5) importance of external collaboration and (6) political micromanagement.

In a third step, to deepen the understanding of the empirical result in terms of the six identified management and control practices in step two, as well as to make theoretical contributions to strategic management, and more precisely theories on public value and the strategic triangle, the authors turned to the literature and the framework of the strategic triangle (e.g. Moore, 1995; Stoker, 2006; Spano, 2009; Weinberg and Lewis, 2009). It is important to note that the strategic triangle in this paper was used in a somewhat different way than the normative approach, which uses it mainly as a model for working with strategy for public value creation (e.g. Alford and O'Flynn, 2009; Horner and Hutton, 2011). In other words, the use of the strategic triangle as a strategic management tool in practice has not been studied in this paper, but rather the strategic triangle was recognised and applied as a conceptual framework for analysis of empirical material (Alford and Greve, 2017). This is because this framework can help us to understand strategic management and management control practices in relation to public value. More precisely, with the strategic triangle as a base, the authors searched for and tried to understand what kind of management control practices enable and/or constrain public value, as there has been a call for this kind of research (e.g. Bracci *et al.*, 2019; Spano, 2009).

The case – Region Stockholm and the Cultural unit

The Swedish model of government administration builds on three levels of government: national (the Swedish people are represented by the Swedish parliament, which has legislative powers), regional (Sweden is divided into 21 counties and the political tasks are undertaken by the county councils) and local municipal council (Sweden has 290 municipalities that each have an elected assembly). In addition, there is the European level, which has acquired increasing importance following Sweden's entry into the EU (Swedish Government, 2019). The 21 counties are self-governing regional authorities with a great deal of autonomy, including an independent power of taxation; RS is one of those. Self-government means that all regions in Sweden are independent bodies, free to make their own decisions within their responsibilities. The Swedish Local Government Act governs the work of the regional councils.

Region Stockholm

RS is primarily, almost 80%, financed through taxes. RS is one of Sweden's biggest employers, with more than 45,000 employees, and has a yearly turnover of more than SEK 100 billion (approximately EUR 9.4 billion). The organisation of RS is led by an elected regional assembly, which is its highest decision-making body. The assembly decides matters of principle such as goals, budget, taxation and guidelines for the region. The regional assembly appoints an executive committee and other committees needed to fulfil its duties. The committees prepare documents as the basis for decisions for the assembly and are also responsible for implementing decisions made in the regional assembly. The executive committee directs and coordinates the administration of the region's affairs and supervises the activities of the other committees.

RS has four core units: Health Care, Public Transport, Regional Development and Culture. The first three areas are mandatory, whereas the area of Culture is voluntary. The size of the different core units differs greatly. The Health Care unit is by far the largest and is positioned in documents and interviews as one of Europe's largest health care providers, followed by Public Transport, Regional Development and, finally, Culture. Despite its small size, the Culture unit is one of the biggest arts actors in northern Europe.

Most of the operations related to the Health Care and Public Transport units are organised based on a purchaser-provider split, which the RS refers to as the commissioner and

implementer model. Health care is provided under RS's own management, and organised and governed in company-like corporations. Regarding Public Transport, RS procures most of its services from private companies. The Regional Development unit is responsible for coordinating the work that supports the development of all of Stockholm County. This work includes long-term planning for the county, which is summarised in the regional development plan for Stockholm (Regional Stockholm, 2018b). Most activities in the plan are carried out in collaboration with other regional actors, including the 26 municipalities in the region, government agencies, private companies, universities and interest groups.

The RS's ambition is to take a holistic view encompassing the entire organisation, which may seem obvious, but it has not always been this way. As one manager working with overall strategy at RS stated, there have been a lot of building blocks, but they have not yet been constructed into a house:

It's just that no one has built the house. It's as if we've had a whole field full of construction materials.

In 2013, RS started a project to develop an overall strategy with congruent strategies for the core units, emphasising the necessity of synchronising and developing the goals, so that the overall goals in the budget were consistent with those in the long-term strategic plans. Currently, there are three overarching goals at the regional level that apply to all the units in the RS: sustainable operations, ensured competence provision and a long-term sustainable economy (Region Stockholm, 2018a). A balanced budget is well in line with the stated ambition to reduce the gap between tax revenue and production costs:

We have reached a point where we must do something different strategy-wise. We cannot continue like this because costs are being incurred at too high a rate.

Part of taking a new strategic direction at RS with a more holistic approach to strategy work has been to position RS as a company group. In this way, RS is moving away from a previously decentralised organisational structure towards a more centralised structure of standardised processes that can be applied to the whole company group and its core units.

As stated, RS labels itself as a group of companies, and its vision is "an attractive, sustainable and growing Stockholm region with freedom for its inhabitants to self-design their lives and to make crucial decisions" (Region Stockholm, 2017a, p. 37). The vision is an attempt to define the long-term strategic orientation for the whole region. Although the budget document states that management by objectives and financial management control are the two most important forms of management control, the interviews indicate that other forms of management control are considered equally or even more important.

A number of other management control models and practices exist and are mentioned in documents as well as in interviews. One such example is mission-based management. According to the annual report, mission-based management control is used in close connection with management by objectives. However, this connection is hard to find elsewhere. We do not find it in documents or in interviews. Rather, mission-based management control is seen as another additional, independent, important form of management control. Other important management control forms are shareholder governance, which is described as a management control form that needs to be strengthened within RS; commissioner and implementer-based management control, which is used in health care and transport; budget-based management control and corporate governance. There are also different strategic documents for management control, such as the Regional Development Plan, the Future Plan for Health and Medical Care, the Traffic Infrastructure Programme for the county of Stockholm and the Cultural Strategy.

In the Future Plan for Health and Medical Care, a specific vision for health care and a general objective for 2025 are formulated that are not the same as for RS as a whole. To fulfil the plan, a programme office directly under the director of the county council has been

established. The plan contains strategies aiming at securing capacity, satisfying needs and developing higher-quality, effective, available and patient-focused health care.

The Traffic Infrastructure Programme for the county of Stockholm is described in the document itself and in some of the interviews as the most important strategic management control document in the region ([Region Stockholm, 2017b](#)). The programme establishes the strategic direction for RS and links its goals to the vision formulated in the Regional Development Plan for Stockholm ([Region Stockholm, 2018b](#)), which is not the same as the vision for RS. Moreover, the programme's goals are based on the national transportation policy objectives.

The Regional Development Plan for Stockholm ([Region Stockholm, 2018b](#)) describes the collective will of the region and serves as a platform for regional actors. The overall aim of the plan is to point out the direction for the region and, as mentioned above, a separate vision: "The Stockholm region should become Europe's most attractive big city region". To fulfil the vision, four regional goals of public value were formulated:

- (1) An accessible region with a good living environment
- (2) An open, equal, equitable and inclusive region
- (3) A leading growth and knowledge region
- (4) A resource-efficient and resilient region without climate-impacting emissions

Those four long-term oriented visionary goals are meant to guide RS towards 2050. The goals aim to operationalise the vision, and to reach the long-term oriented goals, a number of measurable sub-goals and indicators were formulated that are to be achieved no later than 2030.

The Culture unit

Organisationally, the Culture unit consists in part a committee of appointed politicians and in part specialists and administrative staff. The authorising environment includes the elected regional assembly and its executive committee, which decides on the orientation, financial resources, goals and priorities. Their authority is defined in part by the overall RS budget and the regional development strategy, and in part by a goal structure created for the organisation as a whole. The budget, operational plan and various policies reflect the ambition to produce strategic principles that emphasise the features uniting the four core units.

Compared to the Health Care and Public Transport units, Culture is a small unit in terms of resources, both financially and personnel-wise. From an operational perspective, Culture describes itself and its capacity as follows:

Our operations consist of two parts, one focusing on culture as an integrated part of the county council's operations, for example art in health care settings, and the other focusing on serving as a strategic coordinator of the county's cultural activities. An internally directed and an externally directed focus.

Politically, it was decided that the internally directed activities comprise a responsibility for all public art in health care environments, including the design. Major investments in health care and hospital buildings in the region resulted in significant contributions to both building-integrated art and artwork in health care environments. The explanation is a political decision that at least 1% of the costs of publicly financed construction should be invested in artistic design. This development has enhanced the role of Culture at RS as a partner to the other core units. The exception is the Public Transport unit, which the politicians decided should be responsible for the public art form in the metro, despite the fact

that a budget decision states that the Culture unit should be the organisation's main cultural policy resource. Several of the interviewees expressed annoyance at this. Another disputed issue is the decision by politicians to place the region's extensive archives in the Culture unit. Archives do not fit into the picture of the two pillars of the operations, the external and the internal. Moreover, from an operational capacity perspective, the Culture unit does not have the skills and competence for this kind of operation. The inclusion of the archives also contributed to the Culture unit's growth from approximately 56 people to 120.

The externally directed activities include distributing grants to organisations and activities in the region. They do not involve internal RS funding; it is a question of transferring funds to various art forms, such as music, dance and film, as well as to educational activities and community life. However, it takes expert skills to assess applications, especially to determine that they are in line with the overall strategic goals. Support should promote all forms of culture, large and small, with children and young people as the priority target group. Criteria for support are established, and decisions on allocation are taken by the committee of politicians after applications have been reviewed and prepared by the specialists.

Narratives of strategic management and control practices

This part of the paper features six reoccurring narratives that emerged from the interviews describing strategic management and management control practices at RS and the Cultural unit.

A holistic approach and long-term thinking. In line with the new strategy work and adopting a holistic approach, RS decided to embrace management by objectives, building upon the idea of a joint vision, common guidelines, policies and processes. In relation to this, one of the managers at the Culture unit said:

One ambition that should suffuse the whole group [at RS] is to have a joint vision, common guidelines, policies and processes. The templates are not created by the core units. There are many goals or missions that control my operations, but only three of eighteen are culture-specific.

What the quotation reveals is that the standardised processes that every unit must relate to do not address the needs of the specific unit, as several of the goals and missions are not relevant for their operation. In relation to this, one of the interviewed politicians stated:

In every big organisation every department thinks it's unique, so it needs to have its own governance. [...] If you replace a manager in the Culture unit with a manager from Health Care or Public Transport, they'll have basically the same problems. They just do not realise it. Because every one of them thinks their operations are unique, so we have to have the governance model we want and the policy should just do what they [the core units] want.

All of this work to embrace a more holistic approach at the regional level of RS, including finding common practices and standardising processes, put an administrative burden on Culture unit as it lacks the administrative personnel to cope with them. The larger units of Health Care and Public Transport at RS have their own administrative departments, which the Culture and Regional Development units do not have, putting a lot of pressure on these smaller units.

Embracing a holistic approach through management by objectives of strategy documents such as the budget, the regional development strategy and the cultural strategy, where goals and performance indicators are described, become important. As previously mentioned, the budget is positioned as the most important management control document, while at the same time it is challenged by several other strategy documents. At the Culture unit, it is foremost the regional development plan and the cultural strategy that challenge the budget in terms of management control practices, long-term thinking and public value creation. However, not all

employees in the Culture unit engage in the long-term strategies of the regional development plan, as they do not see it as a governing document but as a collection of thoughts:

They go big [in the regional development strategy], get people involved and create expectations. It's not a governing document, but a sort of collection of thoughts on how RS could be developed.

However, as the management of the Culture unit decided to make its own cultural strategy based on the contribution to the overall goals in the regional development strategy, the regional development strategy has played an important role at the Culture unit and its governance.

Complex goal structures. In the budget, politically appointed members of RS and their regional-level staff created a comprehensive and complex goal structure. Seven overall goals are divided into 22 sub-goals, then are broken down and measured using 48 indicators (Region Stockholm, 2018a). The four core units each have an overarching goal at RS, and for Culture the goal reads as follows: free culture for experiences, encounters, education and participation. In the budget, which extends over a calendar year, the overall goal is broken down into three sub-goals (Region Stockholm, 2017c, p. 125):

- (1) Strategically coordinated cultural and association life
- (2) Culture and artistic expression as integral parts of the region's activities for well-being and safety
- (3) Cultural experiences, encounters and education contribute to a good living environment in an accessible Stockholm region

The first sub-goal is linked to the direction determined by the top management that the Culture unit should enhance its role as coordinator of the region's cultural activities, be a driving force and create dialogue between municipalities, cultural practitioners and organisations. The sub-goal can serve as an example of the difficulty of operationalising strategic goals. The indicator – the proportion of municipalities that consider Culture at RS to distinctly strategically coordinate the county's cultural and club and association activities – had a metric set at 75%. Although the indicator could not be assured, the budget target was considered to have been met in the annual accounts for 2018 (Region Stockholm, 2017b, p. 98):

The Culture unit ensures that the goals for 2018 have been achieved [...] The survey that was sent out in the autumn to the municipalities in the county did not generate enough response to ensure accuracy. However, the Culture unit continuously receives extensive positive feedback in its contacts with the municipalities.

In the budget, the Culture unit is commissioned to develop indicators for the other two goals. For the second sub-goal, the indicator aims to measure the extent to which the cultural experience contributes to the greater well-being of patients and employees.

The operations plan for 2019 (2018, p. 18), with a standard design for all activities in RS, aims to further break down the goals in the budget; for example, for the sub-goal "a strategically coordinated cultural and association life":

Culture will work strategically to create points where culture and business meet.

This assignment is linked to an indicator of formalised dialogues on business development with the Regional Development unit, which has been given responsibility for cultural and creative enterprises. Otherwise, there are few targets in the operation's plan that involve cooperation between the core units, as common goals are set at the highest level to be further broken down within the four units.

Difficulties of measuring. Several of the interviewees addressed the difficulties of measuring cultural activities, and one manager said that culture is not measurable in the

same ways as, for example, the Health Care unit or Public Transport unit, and that the requirements of measurability could have a negative effect on public value creation. The manager expressed this in the following way:

Is it more important that we support a festival with 10,000 visitors [...] or a concert with very narrow appeal with just 50 people in the audience? Which of the two has higher priority? We have guidelines for this, based on the strategy documents the committee developed. But if it looks like the festival of 10,000 might be able to support itself, but the much narrower one would not. . . it might mean something for music in 20 or 30 years. [...] That kind of thing creates specific challenges.

The three national cultural policy goals the Culture unit must relate to are as follows: (1) culture should be a dynamic, challenging and unbounded force, with freedom of expression as its foundation, (2) everyone should have the opportunity to participate in cultural life and (3) the development of our society should be characterised by creativity, diversity and artistic quality (Swedish Government, 2019). The Swedish Agency for Cultural Policy Analysis, an expert state authority for evaluations and recommendations to the government, refers to the three goals as the independence objective, the participation objective and the societal objective (Swedish Agency for Cultural Policy Analysis, 2019, p. 1). Goal fulfilment may be difficult to assess and measure, but the national cultural policy goals are to characterise cultural activities and to identify risks and obstacles. One risk to the independence objective exemplified by the agency is that the terms for being awarded a grant become too politically coloured, and even if it is difficult to assess and measure the development against the societal objective, this objective is still considered important when investigating how artistic and cultural competence may affect other parts of society and long-term value creation (Swedish Agency for Cultural Policy Analysis, 2019).

Enhanced visibility. In the new overall strategy work that was initiated at RS to get a more holistic view of the organisation, the decision was made to incorporate Culture as one of the four core units. One politician we interviewed described the importance of the Culture unit both externally and internally in relation to the other core units at RS in the following way:

We might not always think about it, but the Culture unit has an important job in public transport and health care as well. In public transport they contribute to a pleasant atmosphere and people's perception of the whole, their feeling of security. In health care they can contribute to healing through artistic elements in waiting rooms and treatment rooms, as well as offering books on loan and cultural activities for in-patients. So they [the Culture unit] have important roles for the core activities and as a support to the core activities.

By becoming one of the RS's core units, Culture strengthened its position in the organisation, and one of the managers stated:

It is both a risk and a temptation to have our own shop. For several years, the budget has stated that Culture shall be the primary cultural policy resource, and that gives us completely new points of entry into the major government services.

Overall, the interviewees describe the budget with its specific goals as contributing to increased visibility and legitimacy in the overall structure of RS, and the specific interviews at Culture revealed a desire to be more of a potential cooperative partner to the bigger units at RS.

To clarify and highlight its role, the Culture unit created a specific cultural strategy (Region Stockholm, 2017a) in cooperation with the Regional Development unit. The strategy reflects a desire to give culture a more prominent place in society as well as internally in the organisation of RS. Several statements in the cultural strategy define how culture can contribute to fulfilling the visionary goals of the regional development strategy and to create

public value. Table 3 shows the goals in the regional development strategy and how Culture tends to contribute to the visionary goals with its cultural strategy:

Table 3 shows that the cultural strategy exemplifies how culture can contribute to the fulfilment of goals such as to enable experiences, to be a social “glue” that enhances democracy and to improve the environment and the labour market. In this way, it contributes to long-term public value. The first two goals can be said to express what culture creates for citizens (living environment) and society (democracy development), while the other two express what culture can contribute to in terms of entrepreneurship and the labour market (growth and sustainable development).

Importance of external collaboration. In Stockholm, the Culture unit has several sources of funding and collaborates with external parties to support cultural practice and investments in theatres, libraries and concert venues. As a result, the Culture unit does not have direct contact with the citizens that consume culture. This has sometimes been hard to understand at the top management level in RS, especially when it comes to performance measurements. A manager at Culture explained:

It was extremely important to create an understanding centrally in RS about who we exist for. We exist for the citizens in this county, but we do not interact with the citizens, we act through the municipalities or through communicators. [...] We act in collaboration with others. We cannot really measure, say, how many children and teens saw that theatre performance, because it’s one step removed from us. [...] Then we give grants to theatres that can report that data, but it’s important to create an understanding of the difference.

In the creation of the cultural strategy and its implementation, the emphasis was on collaboration processes and projects involving municipalities, cultural functions and cultural creators, business developers and representatives from associations of various kinds. In the final version of the cultural strategy, the Culture unit has a stronger role in coordinating with external stakeholders compared to the previous proposals, reading: “The cultural strategy will facilitate cooperation, dialogue and consensus among regional, local and national actors in the public, private and non-profit sectors”. This opens the door for external stakeholders to have some influence in discussions about what kind of public value the Culture unit should create and how.

Political micromanagement. There is no equivalent in regional and municipal operations to the clear boundary line between politicians and state authorities, and politicians appear to be increasingly involved in the details of things. Although there is a dialogue in the budget process, it is up to the politicians to initiate and formulate the budget. Then, when the goals from the budget are broken down into the operational plan, it is the committee of appointed politicians that approves the goals and the activities in the plan. Thus, the politicians own the

Goals in the 2050 regional development strategy

Contribution according to the cultural strategy

An accessible region with a good living environment
An open, equal, equitable and inclusive region
A leading growth and knowledge region

Cultural experiences, encounters and education contribute to a good living environment in an accessible region
Culture enhances democracy in an open, equal, equitable and inclusive region
Culture-driven growth and creative enterprise contribute to regional development in a leading growth and knowledge region

A resource-efficient and resilient region without climate-impacting emissions

Culture and the cultural environment help to create sustainable development in a resource-efficient and resilient region

Table 3.
Compilation of overall goals in RUFSS 2050 and how culture can contribute

goals. However, the content of the operational plan is suggested and prepared by the specialists/managers. In other words, there is a close interaction between politicians and management on different organisational levels at RS, along with the top management at the Culture unit. In relation to this subject, a manager at the Culture unit expressed concern over political micromanagement by stating the following:

[P]oliticians and top administrators work closely together, that's somewhat unusual. [...] Here we have regular daily contact. Not me, but the head of the unit has very close contacts with the politicians. [...] Then some politician comes along and says no, we will not do it that way, we'll do it this way instead.

In general, the interviewees are positive about the dialogue and interaction with politicians, but as the quotation shows, it sometimes also causes problems. Another manager said that these kinds of problems in the relationship with the politicians especially emerge when it comes to the formulation of goals and measurable performance indicators. The manager explained thusly:

We have a positive dialogue [with policymakers] to explain our operations and create understanding of our challenges. [...] Then we have to stick to the political decisions. If the goal is to reach 70% of children and teens, that's going to govern our work [and] then maybe we only approach the children's theatre groups in the county. [...] Can we be a relevant actor in cultural policy if we are that targeted?

The same manager also expressed concern regarding the politicians' interest in measurable performance indicators and stated the importance of the politicians trusting in the expertise and professional judgement of the staff at the Culture unit:

These goals really do not matter very much, because when it comes down to it, there are 100 people here who each have about 10 years of experience, and some have 20–30 years' experience. Our collective assessment is what is going to guide our actions for the most part. It's our collective competence, our collective understanding of the world, our ability to take in what the policymakers want [...] But then someone [some politician] comes along and says that we need 70% dialogue with the municipalities [...], 70% of young people, yada, yada. . . but that's not our focus, the focus is our expertise. [...] But if we said that, we'd never hear the end of the outrage. But how do you know you've done a good job? Ask my 30 years of experience.

Analysis

The empirical results support the observation of [Alford and Greve \(2017\)](#): that it is challenging to find alignment among the three nodes of the strategic triangle when it comes to strategic management and public value creation. The paper supports that the complexity is greater than previous research has accounted for, as argued by [Bryson *et al.* \(2017b\)](#). The following analysis addresses parts of this complexity of strategic alignment to achieve public value in relation to management control practices by suggesting three propositions.

In the strategic triangle, a successful strategy for public value depends on the alignment of the three nodes: authorising environment, public value creation and operational capacity. Inspired by, for example, [Hartley *et al.* \(2017\)](#), who stress the importance of studying what contributes to the loss of the strategic alignment, the following research question was constructed: How do management control practices enable and/or constrain strategic alignment? The resulting findings are presented as three proposals that researchers and practitioners potentially need to be aware of when working with strategic management and management control practices, while simultaneously working towards public value. They are (1) strategic alignment is vulnerable to management control practices that have a strong focus on performance measurements, (2) strategic alignment is vulnerable to standardised management control practices and (3) strategic alignment is vulnerable to politically driven

management control practices. These proposals can be further developed and investigated by other researchers to validate their accuracy in other contexts of the public sector and strategic management and management control practices in relation to public value.

Proposition 1. Strategic alignment is vulnerable to management control practices that have a strong focus on performance measurements

The first proposition is built on the fact that most public organisations tend to implement strategic initiatives focusing on quantitative performance measurement (Kools and George, 2020). The case in this paper shows a public value approach to strategic management that focuses on developing and implementing strategy and strategic change by envisioning the value the organisation can create and by using visionary objectives, performance measures and report systems (cf. Weinberg and Lewis, 2009; Spano, 2009). However, the findings also show that in doing so, the organisation needs to be careful in its assessment and use of performance measurements to create public value (cf. Bryson *et al.*, 2014a; Norman, 2007), as this tends to create a misalignment between the three nodes in the strategic triangle. In other words, the findings suggest that strategic alignment is vulnerable to management control practices that have a strong focus on performance measurements. This will be further elaborated on with examples from the studied case.

To operationalise the visionary goals of RS, the Culture unit has developed sub-goals, performance indicators and measurements to report on its performance. Previous studies on public value and the strategic triangle state that performance measurements and performance report systems are important in public value creation (Alford and O'Flynn, 2009), even though one must be careful (Norman, 2007), as too many performance indicators and excessive focus on measurability have a tendency to weaken the creation of public value (Bryson *et al.*, 2014a). The case in this paper shows a complex goal structure where it is challenging to measure more qualitative and outcome-oriented cultural performance goals; that is, there is a misalignment between the operative capacity and the authorising environment. There is also a financial perspective on performance that tends to take over and stimulate short-term output measurements rather than a long-term outcome of public value. The results from the analysis of the case also indicate that goals set by the authorising environment and performance measurements position the Culture unit more as a means of fulfilling other policy goals set by the organisation as a whole, and as a result culture tends to lose its own intrinsic value – it will be reduced to being an instrument, a commodity to improve the performance of RS as an organisation.

The link to growth and market expressed in the regional development strategy is an example of a shift from an aesthetic conception of culture, with intrinsic value, towards a financial perspective with a focus on future growth and the market (cf. Thomson *et al.*, 2014). This shift has a direct consequence for RS's ability to create public value. As Begkos *et al.* (2020) show, a strong focus on a financial perspective will constrain, rather than enable, long-term strategy work in terms of public value. Moreover, the regional development strategy emphasises the social dimension of culture, positioning culture as a means of achieving social goals in the cultural strategy document. Hence, the case shows how the goals formulated at the general level within RS view culture as a means of fulfilling the goals at regional level. Goals are formulated, for example, in statements about what culture can create in society through such measures as democracy development, living environment, accessibility, growth and the labour market.

In relation to the discussion so far, it is a paradox that the Culture unit welcomes the new changes in the emergent management control practices within the region as a whole, as they come with a budget of responsibility, implicating quantitative performance measurements, which is often foreign to culture (cf. Weinberg and Lewis, 2009). As argued, the case indicates that it is not easy to make these changes, but still there is a positive attitude towards the new

management control practices. One possible explanation is the desire to gain greater visibility and legitimacy for the Culture unit from the authorising environment of politicians and central officers at RS, as well as from the other core units. In other words, as previous research (e.g. Alford and Greve, 2017; Mintrom and Luetjens, 2017; Moore 1995; 2014) has shown, the authorising environment of politicians and central officers confers legitimacy and support (or the opposite) that are important for operational capacity. Hence, the development of strategic management at RS gives the Culture unit an opportunity to become more visible by having its own goals included in the overall RS budget. In the specific culture strategy, the units' goals are also related to the goals in the regional development strategy for 2050. In this way, the Culture unit contributes to the strategy of the Region Development unit. The Culture unit is also important in relation to the Health Care unit as culture is used as a means to achieve some of its goals.

Proposition 2. Strategic alignment is vulnerable to standardised management control practices

The second proposition is built on the idea that strategic management and creating public value depend on the managers having autonomy and legitimacy from the authorising environment to also act on the operational capacity (Mintrom and Luetjens, 2017). The studied case indicates that the authorising environment, in terms of politicians, administrators at central functions and central officers, in their decision to implement new standardised management control practices, contributes to a misalignment between the authorising environment and operational capacity, as it puts an enhanced administrative burden on and limits the autonomy of the public managers (cf. Moore, 1995; Stoker, 2006). Skills and competencies are also lacking regarding the management control tools, resulting in a misalignment between the nodes of operational capacity and public value creation. It is by the management control tools, such as the budget with its performance measurements and the operational plan, that the organisation works strategically to create public value. In other words, we suggest that strategic alignment is vulnerable to standardised management control practices. This will be further elaborated on with examples from the studied case.

The case addresses how the Culture unit handles both the new ways of working, with the new strategy that comes with standardisation and measuring and reporting on performance, and its task of dealing with matters related to goals at a national policy level, that is, in the budget, in the regional development strategy and in the cultural strategy. RS has adopted a new strategic approach with the aim of creating a holistic view of their units by combining long-term thinking, goal analysis and evaluation of values, goals and priorities. This resulted in all RS units contributing in different ways to the overall objectives of the organisation by reporting performance in relation to the vision and goals by way of different performance measurements. This also puts stress on the operational capacity of the Culture unit, as it does not have the same administrative resources, skills or competencies as larger units within RS have.

The operational plan is one of the new standardised management control practices regarding the requirement to do strategy work, and it tends to limit the autonomy of the manager. Before, they could decide what goals and performance measurements to apply in the operational plan, or if they should even have an operational plan. The Culture unit at RS never had an operational plan before, and therefore also lacked skills and competence. From a public value perspective, these new requirements and the standardised ways of doing strategy work at RS may jeopardise the organisation's ability to create public value, as there is a misalignment between the three nodes, especially the node of operational capacity against the other two. Moreover, public value management and accountability are achieved by negotiated goal-setting and a scope for action in the governance system (Bryson *et al.*, 2017b; Hartley *et al.*, 2017; Stoker, 2006). As Mintrom and Luetjens (2017) argue, public

managers perform at their best and deliver public value when they enjoy a degree of autonomy; that is, too much standardisation in procedures and working methods will limit the degree of autonomy (Höglund *et al.*, 2018b). It will also limit operational capacity as regards working in an entrepreneurial manner (Höglund and Mårtensson, 2019).

Proposition 3. Strategic alignment is vulnerable to politically driven management control practices

The third proposition suggests that management control practices imposed by the authorising environment, which have emerged from negotiations between politicians, central officers and public managers, tend to support short-term goals rather than long-term public value. This resulted in a loss of alignment in the strategic triangle, not only between the nodes of authorising environment and public value creation but also between them and operational capacity, as the organisation prefers to draw on management control practices that support short-term goals and measurable outputs (cf. Caney, 2016; Höglund *et al.*, 2018a). In this way, a misalignment emerges between the overall strategy work set by the authorising environment in the strategic plan and what people do in the daily operations (cf. Begkos *et al.*, 2020). There is also a misalignment involving political micromanagement. In other words, we suggest that strategic alignment is vulnerable to politically driven management control practices. This will be further elaborated on with examples from the studied case.

The case shows that officers at the central level and at the Culture unit at RS work closely with the politicians, for example, providing various supporting documents for assessment and decision-making. From a public value approach, it is important that politicians and managers work together (Moore, 1995; Alford and Greve, 2017; Mintrom and Luetjens, 2017). As Stoker (2006, p. 56) states, “*Politics and management go hand in hand*”. However, the case shows that it can be problematic for public managers to work together with politicians, as the stakes and interests that drive them are different (cf. Bryson *et al.*, 2017b). For example, politicians tend to focus on short-term goals and measurable outputs to help them win the next election, rather than focusing on outcomes that will become apparent ten or thirty years later (Caney, 2016). One such example was when the Culture unit ended up being responsible for the archives of the whole of RS, a responsibility that did not fit into their operations. The Culture unit did not have the organisational capacity to take care of the archives. Nor did the archives fit with the stated mission and the long-term strategy of creating public value; rather, it fitted the politicians’ short-term interests and the goal of becoming a region. Moreover, the findings show that at times the close involvement of politicians ended up in political micromanagement (Van de Walle, 2016) where, for example, the politicians decided on details in the wording of a policy document. Another example of this political micromanagement was when politicians decided to change the performance measurements in the operational plan without talking to the Culture unit, which had been working for several months to define adequate goals and measurements. Previous literature has shown a need for public managers to have operational capacity in terms of a skill set promoting flexibility as regards sudden political decisions (cf. Moore, 1995; Bryson *et al.*, 2014b).

Concluding discussion

The strategic triangle assumes there must be an alignment among the three nodes of *authorising environment*, *public value creation* and *operational capacity* to be a successful strategy for public value (Alford and O’Flynn, 2009; Alford and Greve, 2017). Previous research suggests that it is important to understand how alignment might be lost (Hartley *et al.*, 2017). This paper addressed the research gap by contributing with propositions that focus on three possible reasons why the alignment between the three nodes in the strategic triangle might be lost, and thereby the ability to apply a successful strategy that generates

long-term value creation. The propositions suggested that strategic alignment is vulnerable to (1) management control practices that have a strong focus on performance measurement, (2) standardised management control practices and (3) politically driven management control practices.

The first proposition suggests that strategic alignment is vulnerable to management control practices that have a strong focus on performance measurements. This paper examines a public value approach to strategic management that focuses on developing and implementing strategy and strategic change by envisioning the value an organisation can create using visionary objectives, performance measures and report systems. In so doing, the findings indicate that a strong focus on performance measurements tends to create a misalignment among the three nodes in the strategic triangle. This and previous literature (e.g. [Begkos et al., 2020](#); [Alford and O'Flynn, 2009](#); [Bryson et al., 2014a, b](#); [Norman, 2007](#)) suggest that public organisations need to be careful in their assessment and use of performance measurements in creating public value. The authors would especially like to draw attention to further research in public value accounting ([Bracci et al., 2019](#)), because there is a need to learn more about management control practices and accounting tools such as performance measurements that could constrain a public organisation's ability to create public value. Preferably this kind of theory development could be integrated with further empirical research ([Hartley et al., 2017](#)).

The second proposition suggests that strategic alignment is vulnerable to standardised management control practices. The analysis indicates that the authorising environment, in their decision to implement new standardised management control practices, might contribute to a misalignment between the authorising environment and operational capacity, as it will increase the administrative burden and consequently limit the autonomy of the public manager. From a public value perspective, autonomy is important to allow the public manager to be entrepreneurial and extend beyond just following orders from the authorising environment, that is, to whom they report (cf. [Moore, 1995](#); [Stoker, 2006](#)). As [Mintrom and Luetjens \(2017\)](#) state, the public value framework assumes that public managers will go beyond serving as well-paid subordinates. Studying entrepreneurial practices or their relationship to management control practices is beyond the scope of this study. However, previous research nevertheless indicates that this is an area that creates tension in strategic management (e.g. [Höglund et al., 2018b](#); [Höglund and Mårtensson, 2019](#)), and the findings suggest that this could be a useful area for further research in relation to public value and the strategic triangle.

The third proposition suggests that strategic alignment is vulnerable to politically driven management control practices. The analysis shows how negotiations between politicians, central officers and public managers tend to generate short-term goals and an increased focus on measurable output, rather than supporting visionary goals and long-term public value (cf. [Begkos et al., 2020](#); [Bryson et al., 2014a, b](#)). The analysis also addresses a problem of political micromanagement, with decisions taken at the top level without prior dialogue or negotiations with other stakeholders, resulting in a lack of operational capacity and a misalignment with the node of public value creation in the strategic triangle. In this way, this paper has contributed to the emerging debate on political leadership within strategic management of public organisations ([Drumaux and Joyce, 2020](#); [Nakrosis et al., 2020](#)), and the findings indicate that further research is needed on this subject.

By using the strategic triangle as an analytical framework, one conclusion is – in line with [Alford and Greve \(2017\)](#) as well as with [Alford and O'Flynn \(2009\)](#) – that one of the major strengths of the framework is that it recognises the specifics of the public sector and that there are contextual issues such as working with politicians in the authorising environment and having the citizens and the creation of public value in mind when addressing strategic

management issues. In this study, the participants were limited to include only politicians, central officers and top managers. However, the analysis indicated that in further research, we need to include more stakeholders, such as the media, citizens, private companies, public managers at different organisational levels as well as other employees, to be able to understand the complexity of value creation (Alford and Greve, 2017). These findings support Bryson *et al.* (2017b), as they suggest a complexity in the strategic work of value creation because it operates not only with different stakeholders but also at different levels – national, regional and local – to support long-term value creation. In this way, the strategic triangle in its original form is limited. Therefore, further research on the strategic triangle that adds a degree of complexity in line with the work of Bryson *et al.* is encouraged (2017b).

In summary, the strategic triangle as a framework draws attention to the specifics of the public sector and strategic management for public value. This framework helps to create an understanding of strategic management and management control practices in relation to public value. More precisely, with the strategic triangle as a base, this paper searched for and tried to understand what kind of management control practices enable and/or constrain public value, as there has been a call for this kind of research (e.g. Bracci *et al.*, 2019; Spano, 2009). Thus, the paper not only contributes to earlier research on public value (e.g. Alford and O'Flynn, 2009; Bryson *et al.*, 2014b; 2015; 2017a, b; Weinberg and Leeman, 2013) but also, more specifically, to the growing interest in the strategic triangle as an analytical framework in analysing empirical material (Alford and Greve, 2017; Hartley *et al.*, 2017), as well as to the request for more empirical studies on the subject (Bracci *et al.*, 2019; Bryson *et al.*, 2017b; Hartley *et al.*, 2017; Mintrom and Luetjens, 2017). Using the strategic triangle as an analytical framework of empirical material embraces the authorising environment in terms of political factors, government agendas and political leadership, for which there has also been a call for more research (e.g. Nakrošis *et al.*, 2020). Lastly, the paper contributes to an interdisciplinary accounting research agenda as it addressed the relationship between public value, accounting and strategic management, as well as how management control is deployed in practice (e.g. Jacobs and Cuganesan, 2014).

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