

**CONVEGNO SINERGIE-SIMA 2017**

**Value co-creation:  
le sfide di management  
per le imprese e per la società**

*Università di Napoli Federico II - Monte Sant'Angelo*

**15-16 giugno 2017**



# Hybridity as an intrinsic embedded value: the role of management accounting and accountants in the case of co-production

CRISTINA CAMPANALE\* LINO CINQUINI\* GIUSEPPE GROSSI<sup>▲</sup>

**Objectives.** *The aim of this paper is to investigate the implications of 'hybridity' on organizations, namely on the different but interlinked elements of organizational arrangements (such as values, ways of working, accounting professions and management accounting tools), to investigate the intrinsic link between calculative infrastructure and modes of governing individuals and social relations (as called by Mennicken and Miller, 2012).*

*This study finds the motivation in the phenomenon of "hybridization", which is increasingly growing both in the public and the private sector (Kurunmaki and Miller, 2006). In fact, while hybrid organizations have been widely investigated by public management and organisation scholars (Battilana et.al, 2012; Skelcher et.al 2005) hybridity, as leitmotiv surrounding organizational forms, practices, processes and expertise has been rarely explored by management accounting studies.*

*Hybrids are defined as phenomenon produced by two or more elements normally found separately (Miller et al. 2008). Traditionally hybridity has been referred to organizations and organizational structure. Since the 80s several factors, such as the globalisation of the world economy, shorter product life cycle, the emergence of new high-technology industries, the increasing customisation of demand have led to the increasing importance of new organizational forms that do not fit the traditional antinomy of markets and hierarchies. Borys and Jemison (1989) addressed hybrids as organizational arrangements that use resources and governance structures from more than one existing organization. Billis (2010) defined hybrid organizations as those that borrow components and logics from three different sectors/actors: public, private and non-profit sectors (Billis, 2010; Koppell,2003). This way they create networks of organizations that benefit from multiple capabilities. Granovetter (1985) refers to networks as indicative of the fact that economic transitions are embedded in social life. Powell (1990) calls networks as a distinctive mode of coordinating social life and economic activity.*

*The proliferation of hybrid organizations is already taken for granted by researchers and practitioners. However, a broader definition that hybridity can assume has been insufficiently investigated. In fact, hybrids can take the form not only of organizational organizations and organizational structure, but also involve processes, practices or expertise (Miller et. al, 2008). Actors, entities, objects, practices, processes and body of expertise can be hybridized. Further, hybridization is itself a process that can assumes various forms (Miller et. al, 2008). The existing literature has been focused on organizational forms and has neglected the existence of hybrid practices, processes, expertise, identity and their role in enabling and supporting hybrid organizations (Miller et. al, 2008).*

*Considering these premises, this paper adopts the following assumptions: the broader definition of hybridity and the existence of an intrinsic link between calculative infrastructure and modes of governing individuals and their relations (Mennicken and Miller, 2012). In this vein, this paper investigates how hybridity affects organizational forms and practices, processes and expertise and the intrinsic relation between them.*

*This paper focuses on accounting profession (as expertise) and management accounting (as a practice) because they are key issues in the success of hybrid organizational forms, thus there is the need to investigate their role. In fact, Hopwood (1996) argued that, despite hybrids, management accounting frequently continues to focus on hierarchical relationships and vertical information flows, while lateral information flows are neglected. He argued that management accounting can support joint actions from network and the success of these networks when it takes a more lateral process of information. Thus, there is the need of accounting to be hybridised, not to remain no more than a calculative process. On the other hand, it is a matter of fact that accounting has been continuously formed and re-formed out from calculative practices but from other disciplines (Miller, 1998), thus offering an example of hybridization.*

*In particular, the first research question is to investigate how hybrid organizational structure affect accounting expertise (professionalism) and management accounting (practices). In turn, the second research question is how management accounting expertise and management accounting enable hybrid organizations.*

---

\* Research Assistant, Scuola Superiore Sant'Anna di Pisa  
e-mail: c.campanale@santannapisa.it

• Full Professor of *Business Administration*, Scuola Superiore Sant'Anna di Pisa  
e-mail: l.cinquini@santannapisa.it

▲ Full Professor of *Business Administration*, Kristianstad University  
e-mail: giuseppe.grossi@hkr.se

*In this study, we refer to management accounting as a “collection of practices such as budgeting and product costing, whose systematic use supports the achievement of some goals” (Chenhall, 2003,p.129). Hence, we refer to management accounting in its broadest meaning as a set of management tools, budgeting, and reports that provide financial and non-financial information for decision making and accountability purposes.*

*Hybridization is particularly relevant in the public sector where it has affected both organizational forms, practices, process and expertise. For example, in the process of making public sectors providers accountable, a diverse range of experts and professional have become hybridized by the encountering of their expertise with management accounting knowledge (Kurunmaki, 2004). In parallel, organizational forms and processes have been hybridized as organizational boundaries have become increasingly blurred. Performance measurement has been also hybridized with an increasing incorporation of principles and practices from other disciplines (Miller et. al, 2006; Campanale and Cinquini, 2016).*

*Considering the relevance of hybridization in public sector, empirical data has been collected in this field. This paper particularly draws from an example of co-production in public sector, as a hybrid organizational form that combines different elements of public, private and non-profit sectors.*

*Co-production, as a particular organizational arrangement to service delivering consisting in a direct input from citizens, service users and civil society organizations in the production, delivery, planning or design of a public service (OECD, 2001; Bartocci & Piccaia, 2014). In this regard, Brandsen and van Hout (2006) recognized co-production, and in particular co-management, as a form of hybridization, which is intended as a mix of heterogeneous arrangements taken from state, market, citizens and third sector. The third sector itself has in hybridity one of its permanent and inevitable characteristics (Brandsen et.al 2005).*

**Methodology.** *Results are based on two case studies of co-production in the Italian public sector. The first case is the case of the Foundation “New Days”, whose aim is to support disables to become autonomous through personalised pathways. Pathways are designed by a network made by psychologists, welfare workers, disables and their families. The second case is that of the Association “Jointly Home”, whose aim is to design personalised housing solutions for disadvantaged people that are designed by psychologists, welfare workers and disadvantaged people. The distinctive characteristic of both cases is that solutions are not predefined and provided but personalised and co-designed with the interested person.*

*Data was collected through interviews. Actors involved were top and middle managers, professionals (psychologists) and users. Totally 9 interviews have been collected. Interviews have been tape- recorded, transcribed and analysed.*

*The pragmatic constructivism (PC) approach informed the analysis of empirical data. According to PC, reality is made by four integrated dimensions: facts, logic, communication and values (Nørreklit et al., 2006; Nørreklit et al., 2010; Jakobsen et al., 2011; Seal, 2012). Facts are things that exist and can be observed. They may be objective phenomena such as physical things and commodities. Values are personal subjective preferences, feelings and likings. Thereby values provide to an actor objectives and motivation to act. Thus, values are subjective. Possibilities are conditions for action and thus for practice. Without possibilities, one cannot act to realize his values. The integration of facts, possibilities and values lead to action. However, their integration is not enough to lead to realised social action as no mutual understanding exists among social actors. For social action to be realised communication is necessary. Without communication, only individual reality exists. There is no inter-subjective socially organised reality and people, companies and other institutions cannot be managed. Communication is therefore necessary for individual reality to become social.*

*According to PC, management accounting systems have to be consistent with organizational (social) realities (Power and Laughlin, 1992; Nørreklit et al., 2010), otherwise, accounting systems cannot work in practice (Nørreklit, 2014). This means that accounting system should incorporate organizational reality and in particular organizational prevailing values.*

**Findings.** *The investigation of reality and its dimensions in the two cases of co-production has provided an interesting interpretation of the intrinsic linkages between organizational forms, modes of governing, and management accounting tools and professions. Findings, informed by the PC approach, show the existence of the value of hybridity surrounding organizational forms, modes of governing, and management accounting tools and professions. The value of hybridity consists in the integration of different disciplines (such as sociology, psychology and healthcare). Thus, the value of hybridity embedded in management accounting professions and practices suggests a coherence between reality and management accounting and hence the ability of management accounting to work in practice.*

*Specifically, with respect to the first research questions - the impact of hybrid organizational form on accounting profession and management accounting -, our preliminary research shows that in hybrid organizations, hybrid accountants and tools seem the most suitable to elaborate and provide accounting information. As, the hybrid organizational form is based on values of integration of different disciplines (such as sociology, psychology and healthcare), management accounting tools have been eroded and hybridised by the influence of other disciplines such as sociology, psychology and healthcare that prevail over financial and accounting disciplines. All actors lost they “label” and acquire a “hybrid role”. Particularly, the work of accountants has been replaced by psychologists, welfare workers and other experts contributing to the provision of services. In this case, the work of accountants is recognized in “who do evaluation of performance” rather than in “who has particular accounting competences and skills” (Grey, 1998). The expertise of psychologists, welfare workers and other experts has been also associated with managerial expertise, thus becoming hybridized. Moreover, the evaluation of results, as the provision of service, benefits of the*

collaboration with users of services according to the hybrid organizational arrangement adopted in the provision of services.

With respect to the second research question - how management accounting expertise and management accounting enable hybrid organizations- results suggest that at the same time hybrid accountants and tools support the hybrid practices in the case of co-production. In fact, as argued by actors, the hybrid representation and evaluation of activities and the hybrid expertise are key elements in the revision of the hybrid organizational arrangement of co-production. On the other side, they consider financial information less relevant than non-financial information.

**Research limits.** Other actors, such as municipalities, politicians and other public and private agencies collaborating with the organizations investigated have not been included in the analysis. The investigation of their role can provide additional insights on their role in enabling and supporting hybridity.

Moreover, this paper is specifically based on an example of hybrid that is co-production. Hence results are specifically related to this case. Additional cases of hybrids are recommended to further investigate the phenomena.

**Practical implications.** Findings suggests that in case of hybrid organizations, hybrid management accounting tools and hybrid roles are recommended to enable hybrid organizations and their success and support the management of costs and performance in order to enable hybrid organizational forms and their success.

**Originality of the study.** Differently from previous research, this paper adopts a broad definition of hybridity involving not only organizational forms but also actors, expertise and practices and the intrinsic relation between them. Further, the adoption of the PC approach is a novelty in the investigation of hybridity as a value.

**Key words:** Hybridity; Hybrid professions; Hybrid management accounting; Co-production

## References

- BARTOCCI L., PICCIAIA F. (2013), "Le "Non Profit Utilities" tra Stato e Mercato: l'Esperienza della Cooperativa di Comunità di Melpignano", *Azienda Pubblica*, n. 3, pp. 381-402.(trovare citazione internazionale).
- BATTILANA J., LEE M., WALKER J., DORSEY C. (2012), "In search of hybrid ideal", *Stanford Social Innovation Review*, vol. 10, n. 3, Summer.
- BILLIS D (2010), "Towards a theory of hybrid organizations", in: Billis D (ed.) *Hybrid Organizations and the Third Sector: Challenges for Practice, Theory and Policy*, Palgrave Macmillan, New York, pp. 46-69.
- BORYS B., JEMISON D.B.(1989), "Hybrids arrangement as strategic alliances: theoretical issues in organizational combinations", *Academy of Management Review*, vol. 14, n.2, pp. 234-249.
- BRANDSEN T., VAN HOUT E. (2006), "Co-management in public service networks", *Public Management Review*, vol. 8, n. 4, pp. 537-549.
- BRANDSEN T., VAN DE DONK W., PUTTERS K. (2005) "Griffins or Chameleons? Hybridity as a Permanent and Inevitable Characteristic of the Third Sector", *International Journal of Public Administration*, vol. 28, n. 9/10, pp. 749-65.
- CAMPANALE C., CINQUINI L. (2016), "Emerging pathways of colonization in healthcare from participative approaches to management accounting", *Critical Perspectives on Accounting*, vol. 39, n. 1, pp. 59-74.
- CHENHALL RH. (2003), "Management accounting systems design within its organizational context: findings from contingency based research and direction for the future", *Accounting Organization and Society*. vol. 28, n. 2/3, pp. 127-168.
- GRANOVETTER M. (1985), "Economic Action and Social Structure: The Problem of Embeddedness", *American Journal of Sociology*, vol. 91 (November), pp. 481-510.
- GREY C. (1998), "On being a professional in a Big 6 firm", *Accounting, Organizations and Society*, vol. 23, n. 5/6, pp. 569-587.
- HOPWOOD A.G. (1996), "Looking across rather than up and down: on the need to explore the lateral processing of information", *Accounting, Organization and Society*, vol. 21, n.6, pp. 589-590.
- JAKOBSEN M. (2012), "Intra-organisational management accounting for inter-organisational control during negotiation processes", *Qualitative Research in Accounting & Management*, vol. 9, n. 2, pp. 96-122.
- KOPPELL J.G.S. (2003) *The Politics of Quasi-government: Hybrid Organizations and the Dynamics of Bureaucratic Control*. Cambridge: Cambridge University Press.
- KURUNMAKI L. (2004), "A hybrid profession, the acquisition of management accounting expertise by medical professionals", *Accounting, Organization and Society*, vol. 29, n.3/4, pp. 327-347
- KURUNMAKI L., MILLER P. (2006), "Modernising government: The calculating, self, hybridisation and performance measurement", *Financial Accountability and Management*, vol. 22, n.1, pp. 87-106.
- MENNICKEN A., MILLER P. (2012), "Accounting, Territorialization and Power", *Foucault Studies*, vol. 13, May, pp. 4-24.
- MILLER P. (1998), "The margins of accounting", *The European Accounting Review*, vol. 7, n. 7, pp. 605-621.
- MILLER P., KURUNMAKI L., O'LEARY T. (2008), "Accounting, Hybrids and the management of risks", *Accounting, Organizations and Society*, vol. 33, n. 7-8, pp. 942-967.
- NØRREKLIT H. (2014), "Quality in qualitative management accounting research", *Qualitative Research in Accounting and Management*, vol. 11, n. 1, pp. 29-39.

- NØRREKLIT H., NØRREKLIT L., MITCHELL F., BJØRNENAK T. (2012), "The rise of the balanced scorecard! Relevance regained?", *Journal of Accounting & Organizational Change*, vol. 8, n. 4, pp. 490-510.
- NØRREKLIT L., NØRREKLIT H., ISRAELSEN P. (2006), "Validity of management control topoi - towards a constructivist pragmatism", *Management Accounting Research*, vol. 17, n. 1, pp. 42-71.
- OECD (2011), "Together for Better Public Services: Partnering with Citizens and Civil Society", *OECD Public Governance Reviews*, OECD Publishing.
- POWELL W.W. (1990), "Neither market nor hierarchy: network forms of organization", *Research in Organizational Behavior*, vol. 12, n. 1, pp. 295-336.
- POWER M., LAUGHLIN R. (1992), "Critical theory and accounting", in Alveson M., Wilmott H. (Eds.), *Critical Management Studies*, pp. 113-135, London.
- SEAL W. (2012), "Some proposals for impactful management control research", *Qualitative Research in Accounting & Management*, vol. 9, n. 3, pp. 228-244.
- SKELCHER C., MATHUR N., SMITH M. (2005), "The Public Governance of Collaborative Spaces: Discourse, Design and Democracy", *Public Administration*, vol. 83, n. 3, pp. 573-596