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Managing without budget in the public sector – control through trust or playing with fire?

A case study of NAV Contact Center

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FORORD

Denne oppgaven er et avsluttende prosjekt på det to-årige masterprogrammet Master of Science in Business/Siviløkonom på Handelshøgskolen Nord, Nord Universitet. Masteroppgaven utgjør 30 studiepoeng, og problemstillingen er utarbeidet i tilknytning til vår profilering Management Control/Økonomistyring.

Arbeidet med oppgaven har vært svært lærerikt og givende. Til tross for mye arbeid og en krevende periode, sitter vi igjen med en følelse av takknemlighet for å ha fått avsluttet vårt masterprogram med å forske på et tema vi finner svært interessant. Vi ønsker å takke alle informantene i NAV Kontaktsenter. Informantene bidro med verdifulle svar og innblikk som gjorde det mulig å få et godt empirisk grunnlag. Vi vil også takke NAV Kontaktsenter for samarbeidet, og setter pris på all hjelp i forbindelse med oppgaven.

Til slutt ønsker vi å rette en stor takk til vår veileder, Anatoli Bourmistrov. Vi har satt stor pris på hans verdifulle tilbakemeldinger, og takker for uvurderlig hjelp og oppfølging gjennom hele prosessen.

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ABSTRACT

Purpose - The purpose of this study was to shed light on an alternative approach to managing the public sector. The public sector must manage under budgetary constraints, and because they are allocated state funds, they have to comply with the budget. We wanted to take a closer look at the management control of a public agency, and research how the agency uses leadership principles in their management control to contribute to increased performance.

Methodology – This research is based on a qualitative case study of NAV Contact Center. The data has been collected through semi-structured interviews with three leaders and three employees in NAV Contact Center.

Findings - This study is a result of the reform New Public Management not functioning optimally. We have researched the management control of a public agency, and gone into depth on how the management in NAV Contact Center uses leadership principles to improve performance. This study show that positive leadership and Beyond Budgeting is an approach that contributes to increased performance, and is by no means only feasible in the private sector. The traditional budget and Beyond Budgeting can be nicely combined, as long as it is replaced with other parameters and a pervasive culture. A combined version can contribute to more efficient use of resources, satisfied employees and in turn give results both financially and in terms of performance.

Implication - Our contribution to research is related to New Public Management and is an addition to existing literature. By presenting new ways of managing performance within a public agency without top-down control and hierarchy, we have contributed with adding new insights and nuances on previous literature on balancing trust and control, positive leadership and performance in the public sector. We have presented an example on how positive leadership and the leadership principles in Beyond Budgeting contributes to improved performance management. By focusing on the most important aspects within the organization and emphasizing motivation and inner drive, performance management can be improved without top-down control and detailed performance measurement, also in a public agency.

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1.0 INTRODUCTION/MOTIVATION[1]

New Public Management includes some characteristics or objectives that one would want to address, as the reform may be applied as a framework for this study. Gruening (2001) presents that the New Public Management movement began in the late 1970s and early 1980s. Its first practitioners emerged in the United Kingdom under Prime Minister Margaret Thatcher and in the municipal governments in the United States that had suffered most heavily from economic recession and tax revolts. Later, the governments of New Zealand and Australia joined the movement, and their successes put NPM administrative reforms on the agendas of most OECD countries and other nations as well (Gruening, 2001).

So, what is the practical problem we want to study? New Public Management describes how management techniques from the private sector may also be applied in the public sector. NPM has however received some criticism for how it affects the public sector. The criticism is mainly about the fact that this can lead to public agencies being efficient, but that the quality may be reduced in the process. This is explained by Hood (1995): It is presented that challenges related to NPM are about rapid bureaucratization of middle managers, and that NPM can lead to organizations managing according to their own results in order to be as productive as possible, without focusing on what is the best for the rest of society. With these weaknesses in NPM, we wish to see how it is possible to better adapt to a efficiency- and quality-focused public sector without the implications connected to the top-down structure that this has led to.

Busch et al. (2011) considers the importance of values in the management of the public sector. Value-based leadership is about defining clear values that will govern the organization and ensuring that these values are integrated into all aspects of the organization's operations. Busch et al. (2011) also deals with the debate surrounding New Public Management (NPM) and its impact on the public sector. NPM is an approach to public business that emphasizes increased efficiency and productivity, with a more result-oriented approach to management. The advantages of NPM in the public sector are that it can lead to better quality of the

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[1] This chapter contains content from our preparatory project assignment in ECO5016. (Sandness & Skaue, 2022).

services offered by introducing competition and performance management. However, it can lead to bureaucratization and standardization, as well as that it can lead to services becoming more target-driven and less adapted to users' needs. Without the specific quality and value-add mindset, it often leads to the efficiency being in such focus, that it negatively effects the quality of the services. In addition, it can be challenging to measure results and quality in an objective way, especially when it comes to services that cannot be measured in numbers or quantitative measures (Busch et al., 2011).

There is an increased interest in using public value as an approach to understand government activity. The reasoning for this is first and foremost that it is an interesting way to look at the organization of the public sector, but also partly because of concerns considering the use of NPM as an approach. O´Flynn (2007) points to this and presents further an approach where NPM is contrasted with public value paradigm. Such a change, however, would redefine the role of managers within the public sphere and present a series of challenges to the existing capabilities which have developed with the NPM paradigm. Considerable attention will be required to be devoted to the development of new skills if managers are to effectively navigate the complexities that come with paradigmatic change.

 As we are studying the Norwegian public sector we must establish the financial set up of the sector. Opstad (2020) focuses on financial management in the public sector, and presents topics such as budgeting, accounting, cost analysis and financing. Opstad (2020) also gives examples of how financial management can be used to achieve better results in public agencies by prioritizing resources and setting goals for the business. Management control can also be used to analyze the costs of various measures and assess which measures will give the best results in relation to the costs. Opstad (2020) gives several examples of how to improve management control in public agencies. For example, technology can be used to collect and analyze data in a more efficient way, and thus gain a better overview of costs and resources. Opstad (2020) also points out that you can improve cooperation between different departments and units in the business, so that you can make better use of resources and achieve better results. You can also use management control to prepare for and follow up the results, so that you can adjust your efforts and achieve better results over time.

Opstad (2020) also presents the use of budgets, as well as the importance of good management to ensure effective management control in the public sector. When it comes to

the budget, it is presented that the budget provides an overview of planned income and expenditure for an organization, and is used as a tool to control and manage the organizations finances. It is also discussed how the budget is a tool to evaluate the organizations performance and make decisions about future investments and resource allocation. Opstad (2020) also mentions some disadvantages or challenges of budgeting. E.g. the budget may be based on estimates and assumptions that later turn out to be incorrect, which may lead to the organization not reaching its goals. Furthermore, the budget can also be rigid and not sufficiently flexible to handle unforeseen events or changes in the organization's needs. Opstad (2020) also discusses how the budget can lead to a focus on short-term profit rather than long-term and sustainable growth, and how it can lead to the organization not investing sufficiently in innovation and development.

When it comes to the importance of good management to ensure effective management control in the public sector, Opstad (2020) discusses how managers must have a good understanding of the organizations goals and strategies, and how they must be able to communicate these clearly to employees. Opstad (2020) discusses how managers must be able to motivate and engage employees to work towards the organizations goals, and how they must delegate responsibility and give employees the necessary support and guidance.

New Public Financial Management (NPFM) is in a way a further development of the reform New Public Management, and deals with the way governments manage public resources, including collecting revenue and controlling expenditure, and the impact such resources have on the economy and society. Olson et al (2001) conducted a study on this field, and presents a challenge to public sector managers, policy-makers and interested academics. Olson et al (2001) claims that "Previous studies of NPFM reforms came to the conclusion that public services and their providers are caught in an "evaluatory trap". NPFM reforms and the continual promotion have despite their evident repeated failure to meet specified achievement, is argued to be generating a cycle of ever-decreasing costs per service unit. As the legitimacy of public services increasingly rests on the need to be seen as efficient and effective and as definitions of efficiency frequently demand adoption of the latest set of NPFM reforms, it follows that the future for public services is in question."

The aim of this study is for it to be a contribution to research on management control in the public sector. Our goal is that our findings can shed a light on the possibility for a shift in the

traditional management of state funds and human resources and contribute to a change in how the public sector operates today. To address the issue of managing public sector we are conducting a qualitative study at the Norwegian Labor and Welfare Administration, NAV, which is a nationwide public organization that consists of both municipal and state services. We use NAV Contact Center as a research context as they during the last few years have carried out a change in their management control system, introducing trust-based management and partially replacing the traditional budget with Beyond Budgeting.

Our research question is therefore:

"*How do public agencies use leadership principles under budgetary constraints to improve their performance?*"

With our research question, we want to focus on the management perspective, and find out how managers in the Norwegian public sector manage under budgetary constraints, as well as whether and how management principles and positive leadership can contribute to improved performance. The purpose of this study is to contribute with a study that shows a different, and possibly better, way of conducting management control in public agencies. Our contribution to research will be that we focus on the management side and how leadership principles and trust-based leadership can help solve this challenge and tension regarding NPM. Because of the lack of research done on Beyond Budgeting in the Norwegian public sector, the expected result of this study is that it can be a contribution to theory, where it can foster new ideas and discussions of management control in the public sector.

2.0 LITERATURE REVIEW[2]

2.1 LEADERSHIP IN THE PUBLIC SECTOR

Public sector managers are increasingly expected to use managerial strategies to achieve better organizational performance. The study by Pablo et al. (2007) shows how an organization within the public sector that used dynamic capability to pursue continual organizational improvement. Dynamic capabilities are the firms or agencies abilities to integrate, build and reconfigure the internal and external resources to better adapt to changing business environments. They also showed through their research that strategies based on dynamic capabilities traditionally used in private, for-profit organizations were applicable in the public, not-for-profit organizations as well. They acknowledged that the managerial efforts need to be significant in order for the organization to get the most out of the capabilities within the business. It was clear that efforts internally to create trust and understanding between the employees were crucial for them to learn how to better take advantage of the internal ability to respond to challenges. (Pablo et al.,2007). This links to how the leaders in a public agency can use the resources at hand and better the performance with what they already have available.

How are leaders in the public sector able to lead their employees successfully in challenging business environments, such as budgetary constraints? This is a sector that needs innovation in many aspects, and it is no less affected by the changes in the world than the private sector. The difference there is what the private sector´s end goal is financially. The public sector needs to spend the resources they have available in the best way possible in order to help most people, while the private sector is on the hunt for profit. How can one then adapt to these rapidly changing environments and secure the best performance from the employees?

Leaders within the public sector are given a manual "Leadership in Norway´s Civil Service" (2008) and are expected to follow these principles and guidelines. In this guide there are four focus areas for leaders in the public sector. The first one is target, result and customer focus. "The manager must ensure high quality results and achieve the targets set within his or her

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[2] This chapter contains content from our preparatory project assignment in ECO5016. (Sandness & Skaue, 2022).

area of responsibility." (Amundsen, 2009). This encourages autonomy for the individual leaders within the given requirements and targets set for the entity.

The second is cooperation and coordination. Here they state that Civil Service leaders often are involved with extensive cooperation with both internal and external parties. This means both within the public administration and with bodies outside of it. The third focus area is competence, learning and development, where the leaders are expected to ensure that the knowledge is utilized, maintained and further developed in the organization. The fourth focus area is co-determination and participation, where leaders are expected to comply with the democratic rules and regulations governing working life. There are set out rules of employees being able to co-determinate at their workplace.

Birkeland (2010) researched leaders in the public sector, their attitudes and reflections around leadership and how they related to the principles in "Leadership in Norway´s Civil Service"., despite some differences, the connection between how the leaders led their teams in the public sector and the manual´s recommendations were significant. The research showed that even though there was a connection there, many of the leaders did not use it, and some did not know the principles. The implementation and over-all general consensus has not been properly established. The manual was made in order to create a common framework, but this has not successfully been implemented because just a small amount of leaders followed it and many were not aware of it´s existence. (Birkeland & Institutt, 2010)

Tombaugh (2005) wrote about that there is strong evidence to suggest that positive leadership, a strength based organizational culture can help a business meet their goals. A comparison was made in the article of performance in a business and bowling. If one wanted to improve in bowling, would you want someone to tell you what you were doing wrong, or someone to tell you what you were doing correctly? In an experiment at the University of Wisconsin, it was showed that performance in bowling was improved much faster when the coaches focused on what their players were doing right, rather than focusing on the negatives.

The interesting thing about this article is that Tombaugh (2005) states that traditionally, leaders see themselves as people who are supposed to "fix what is broken" and learn through what is not working. He concludes with the statement that leadership could be done in a more positive way to not only better the employee-satisfaction, but also to better the financial and

other organizational performance. Nevertheless, Tombaugh (2005) also emphasizes that leader education should be positive, yet realistic in order to fully build and exploit the opportunities within the organization.

Wijewardena et al. (2014) found that effective and committed public sector employees are a critical element in increasing the efficiency and goal achievement of public agencies. They argue that training, rewarding and mentoring the employees are not adequate if the agencies are supposed to meet the challenging demands of the environment. There is a clear need for the use of intrinsic and closer to home means to influence public employees. Wijewardena et al. (2014) conclude that a good way to meet these challenges is to create positive work environments through positive leadership, creating employee well-being, better commitment to the organization and better functioning. The theories used in this study were developed with literature based on private sector but were transferable to the public sector with small changes.

Busch and Vanebo (2021) said that leadership is a necessary function in all organizations. They define leadership as goal formulation, problem solving and language creating interaction. According to them management control is a part of the business' total leadership. Therefore, it is important to note that management control is exercised by everyone that makes decisions that entails the use of resources. They argue that leadership is about decentralized, direct and often dialog based influence exercised between the individual leader and employee. It is important that a culture is built that creates accountability when using resources. Commitment, reliability and trust are important pillars of this culture and should be centered around the social mission they as an organization has, with respect to the fact that it is the societies resources that they are using, not their own.

Economic management has been more in focus the last years, and this can according to Busch and Vanebo (p. 14, 2021) begun because of an international development trend. "New Public management" (NPM), is often used as a collective term for this development. They claim that through this we have gotten a development in the public sector that is characterized by a transfer of models from the private business world, greater emphasis on competition, performance measurement, stronger focus on users, stronger governance and more emphasis on accountability.

In terms of leadership, we have seen that to ensure the exploitation of the dynamic capabilities within the organization, the managerial efforts need to be significant. The leaders in the public sector have guidelines given by the government. There is unfortunately evidence that they were not successfully implemented and even though many use these kinds of principles. The leaders were shown not aware of these guidelines given, and do not use them actively in their work as leaders. Effective and committed employees are made by creating a positive work environment and a leader with a positive leadership style.

2.2 THE BUDGETS' ROLE IN THE PUBLIC SECTOR

Even though it is generally accepted that budgets in both public and private sectors have a common purpose to help plan, control, organize, communicate and motivate, the budgets in the public sector have historically played an even bigger role. In the end, politicians who are elected need to show the public how they have spent government funds. Wildavsky (1974) says that the budgets essentially record the fight between politicians on whose views will prevail in the determination of policy. This essentially says that the budget in the public sector is a tool, not only for management control, but is deeply embedded in how the public sector records the political progress and changes. The public sector is therefore a sector that will continue to use budgets, but changes can be done on a lower level in terms of choice of management control systems.

2.3 CRITIQUE OF THE BUDGET

"*Budgeting, as most corporations practice it, should be abolished.* (Hope and Frasier, 2003). Even though the historical significance and how the budget has been used, Hope and Frasier (2003) are convinced that budgets should be abolished. They argue that as long as budgets are used as they traditionally have been, a self-motivated workforce will remain a fantasy. They believe that this will also be the case where businesses and organizations are applying cutting-edge tools and techniques. This is because the system of budgeting assumes and perpetuates central control of operations. This prevents the organizations from being driven by the competencies within the company. (Hope and Frasier, 2003)

Bosnes (2016) criticize the traditional budget as too rigid in the modern world and believe that one should rather use other models based on other management control techniques such

as rolling forecasts and non-financial performance measures and relative performance evaluations.

In later years more and more businesses have decided to let go of the traditional budget in the private sector and rather use a more adaptive approach to budgets where one can allocate the resources available in a business more freely, both economical and human, to reach the businesses goals. One of the sources that encouraged this is Bogsnes (2016), where Beyond Budgeting was proposed implemented to tackle these challenges. Beyond Budgeting has traditionally been applied within the private sector, since they easier can change the way they measure themselves. Since the budgets have such an important function in the public sector (Wildavsky, 1974), the challenge can be how to change according to how the world and community around them whilst in a situation of budgetary constraints. As we have seen in Mccarthy and Lane (2009) they are looking for changes to enable them to take advantage peoples´ abilities and knowledge in a way and in a place where it is best utilized.

According to the research done by Mccarthy & Lane (2009), the use of budgets in the public sector was characterized as "a huge waste of time", and that it was lacking in involvement, where it was viewed as a process that failed to "squeeze maximum efficiency from resources". Mccarthy and Lane (2009) found that they wanted change but the same time, the dissatisfaction with the budgets was not sufficient to introduce a concept as radical as Beyond Budgeting. While many of the principles in Beyond Budgeting were tried incorporated into the many proposed reforms in the public sector, the progress towards implementation appeared slow. Mccarthy and Lane (2009) found that they were aiming towards a more decentralized decision-making process, but it showed that most key financial decisions were still centralized. Management structures were also mainly hierarchical and driven from the top down.

McCarthy & Lane (2009) concluded that there is skill enough if they wish to implement changes. However, the research is adding weight to previous research that states that the presence of commitment to change is not sufficient to do so. They support the point that Wildavsky (1974) made in that the incremental, fragmented and predictable processes associated with budget systems assist the secure agreement between participants and reduces conflict. This helps to maintain a status quo which essentially acts as a "comfort blanket" for those directly involved in the process.

Some have tried to cope with the challenges they have in management, by changing the management control systems. As previously mentioned, a management control system that has been used in the private sector is Beyond Budgeting. In a study by Nilssen and Furuhovde (2012), they wanted to see if a way to cope with the budgetary constraints a public sector agency was facing could be solved with Beyond Budgeting. Nilssen and Furuhovde (2012) concluded in their study of the Norwegian navy were not able to use the concepts in Beyond Budgeting. They have because of the way they are structured, they have difficulties to set specific measurable goals, they do not have direct contact with their customers and they lack autonomy as an entity to make independent decisions. The budgets role in this organization is too significant, and difficult to change. They lack many different variables that can enable them to implement the concepts within Beyond Budgeting. With this it becomes clear that the implementation of other measures in the Norwegian public sector may be troublesome.

As we have seen, many different articles have been written about the downsides to the budgets, but as previously reviewed, some acknowledge them to be such a fundamental part of the public sector and the control element in public administration that it is difficult to fully detatch from this. If, as we have seen there are several public agencies that are unhappy with the way the budget involves the employees and how they govern the agencies, this needs tto be changed. This does not only translate to how the business is led through management control but can also involve to how leadership is being handled. Leadership is something that according to Tombaugh (2005) can change how the agency performs, and can help them tackle the challenges within the organization in a better way than previous methods.

Through the literature review we have seen different ways that organizations have tried to cope with budgetary constraints, performance and leadership. In terms of the budget, the use of budget is used not only as a tool to plan, control, organize, communicate and motivate, but also a way to make sure that the funds that are allocated are spent the way they were intended to be. The funds spent in the public sector come from the taxpayers, and each activity should contribute to the public. Even if this is true, some argue that the budget is also the tool that prevents an organization being agile and able to adapt to the changes in today´s fast paced world. We have looked at different ways that it has been tried handled and changed, because of the dissatisfaction with the budget. Even if there is unhappiness with the way the budgeting

process restraints the organizations, it seems there have been difficulties finding the middle ground and a way they can solve these problems. Beyond Budgeting has been tried applied in the public sector, in the Norwegian navy, without success. This was blamed on the lack of applicability with the goals towards the customers and the lack of measurability in the goals that were set in the organization. We are therefore curious to see how this reflects in our context.

3.0 RESEARCH MODEL AND THEORETICAL FRAMEWORK[3]

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[3] This chapter contains content from our preparatory project assignment in ECO5016. (Sandness & Skaue, 2022).
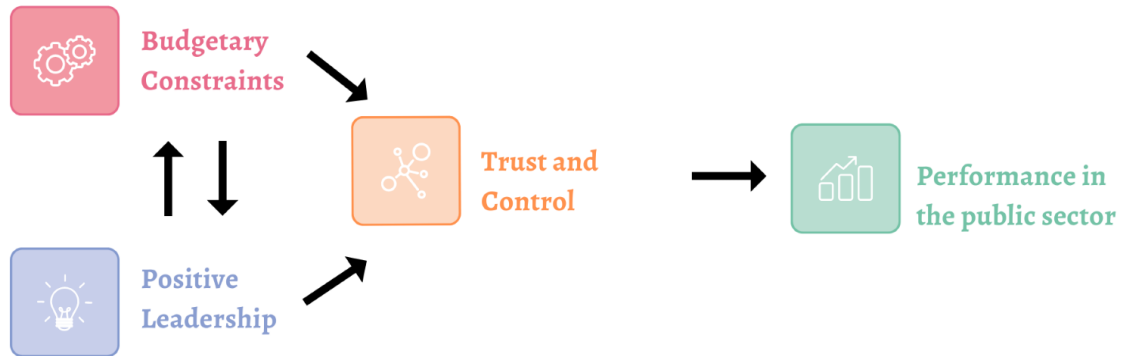
Research Model

To explain the theoretical framework we will apply in this study, we have prepared a research model. The research model consists of four parts; *Budgetary constraints, Positive leadership, Balancing trust and control* and *Performance:*

Budgetary constraints is relevant as we must obtain information about the advantages and disadvantages of the traditional budget to understand where it falls short. This part of the research model will also be able to contribute to the interviews and data collection, by preparing satisfactory questions about how our respondents experience managing under budgetary constraints and improving performance.

Positive leadership is relevant as we must obtain information about how positive leadership and leadership principles are applied by managers in the public sector. Previous research has told us that it has had positive effects. Therefore we would need to further look into how this is applied, and the effects it has in these environments and the performance in the organization.

Balancing trust and control must be explained as we must obtain information on how an organization manages to balance trust and control when the budget is removed. When the budget is removed the organization must replace tools for control, and we want to establish how trust and cooperation can do that, in addition to perhaps contributing to improved performance.

Performance in the public sector must be explained as we want to address how budgetary constraints, positive leadership and performance measurement works together in order to positively influence the organizations contribution to the society.

The research model should help answer on our research question. Based on the challenges associated with New Public Management, we want to study how managers in the public sector can create value, quality and good resource allocation while they must manage under budgetary constraints. Our research model must therefore be part of the framework, and we have to look at what the theory says about the various parts of our research model. The various parts of the model must both independently and together contribute to finding answers to our research question. This is done by using the model to prepare an interview guide for the data collection, to obtain relevant theory and previous research on the topic, and as a framework to create a coherent research process.

3.2 THEORY AND FRAMEWORK

3.2.1 POSITIVE LEADERSHIP

Cameron (2012) presents that positive leadership explains the importance of having a positive environment in any organization. The main focus is to show leaders positive leadership strategies that can be used to create positively deviant performance in their organizations. Cameron (2012) also explains why these strategies are successful along with providing real examples of different situations where the strategies were proven to be successful. Positive leadership encourages leaders to enable positively deviant performance, create affirmative emphasis in the organization and create a virtuous focus. Cameron (2012) claims that positive climates at work lead to positive performance by enhancing decision making, productivity, creativity, social integration and prosocial behaviors.

Cameron (2012) presents that positive leadership consists of four strategies. These four strategies are: *positive climate, positive relationships, positive meaning* and *positive communication. Positive climate* is about fostering compassion, forgiveness and gratitude. *Positive relationships are* about building energy networks and reinforcing strengths. *Positive meaning* is about affecting human well-being, connecting to personal values, highlighting extended impact and building communities. Cameron claims that the strategies are noticeably effective in creating positively deviant performance. The strategies are all interrelated and improving one of the areas often leads to having a positive effect on the other three. The strategies are independently important as well and directly relate to positively deviant behavior in organizations.

After summarizing his research Cameron (2012) identifies five leadership principles that associate with strategies in order to help leaders facilitate positive deviance:
 1. Positive leaders enable extraordinary performance by fostering a positive work environment.
2. Positive leaders enable extraordinary performance by fostering positive relationships among members.
3. Positive leaders enable extraordinary performance by fostering positive communication.
4. Positive leaders enable extraordinary performance by associating the work being done with positive meaning.
5. Positive leaders enable extraordinary performance by implementing the four strategies mentioned above through a management program.

Positive leadership share some similarities to Beyond Budgeting. Beyond Budgeting challenges the idea of traditional budgeting and is based on the idea of an alternative management accounting system. Beyond Budgeting presents 12 principles – 6 Leadership Principles and 6 principles of Management Processes. In this study, one will focus on the leadership principles, which set the foundation for our study. The 6 Leadership Principles are the following: 1. Purpose 2. Value 3. Transparency 4. Organization 5. Autonomy 6. Customers, and the purpose of the principles is to inspire and guide organizations. The purpose of the different principles is to 1; engage and inspire people 2; govern through shared values and sound judgement 3; make information open for self-regulations, innovation, learning and control 4; cultivate a strong sense of belonging and organize around accountable

teams 5; trust people with freedom to act 6; connect everyone´s work with customers' needs (Beyond Budgeting, 2022).

The principles are based on a change in performance measurements, by moving from measurements that are based on numbers to focusing on the human aspects. Bogsnes (2016) describes the leaders that apply a "mistrust-based control-based approach" becomes lost in a forever war. This is to describe the destructive approach of mistrust leads to a general dissatisfaction in the company. The theory of Beyond Budgeting and the leadership principles is a philosophy of creating a transparent culture where trusting the employees and giving them the opportunity to grow and be independent will gain the company as a whole.

3.2.2 TRUST BASED LEADERSHIP

The Norwegian Government have decided to set in motion a trust reform in Hurdalsplattformen. In this trust reform leaders in the government shall have a trust based leadership. From earlier the government has formulated the expectations and guidelines for leaders in the state about what good leadership is in the leadership poster. Through overall expectations in both the trust reform and the leadership poster, managers get a large scope of action, and must themselves operationalize how they meet their goals. (*Tillitsbasert Ledelse | Statens Arbeidsgiverportal*, 2023)

Kuvaas (2017) defines trust-based leadership as in what degree the leader takes the chance of trusting his or her employees´s competence and motivation to do a good job. Competence is here referred to as task relevant knowledge, skills, abilities, attitudes and motivation or one's will to do a good job. Trust-based leadership takes its full form, first when the employee experiences high levels of autonomy and low levels of being unnecessarily controlled (Kuvaas, 2017). It is important to take note that trust-based leadership does not mean the absence of control. It is rather finding a balance between trust and control.
According to Statens Arbeidsgiverportal (2023), to exercise control means that you as a leader should:

- Act in such a manner that your employees have trust in you

- Clarify responsibilities and delegate authority
- Involve and urge for openness
- Give your employees constructive criticism and recognition for the work they have done.

The trust-based leadership has been tried implemented in the Norwegian public sector, and this can have significance in our findings. We have seen similarities to trust-based leadership with positive leadership. Positive leadership extends these principles, and we would therefore like to look at these together in order to map the leadership in our case thoroughly.

3.2.3 BUDGETARY CONSTRAINTS

In the public sector, budgets have their advantages and are an important tool for goals and forecasts, mainly financial. Neely (2005) presents 12 significant weaknesses of the traditional budgeting practices that are criticized by the users. The factors are placed into the three categories *competitive strategy, business process* and *organizational capability.* The different categories imply different factors, but the main message is that traditional planning and budgets are a barrier to change, is time consuming, concentrates on cost reduction and not on value creation. It also mentions that "budgets make people feel undervalued".

The budget should be a tool and an aid that should contribute to promoting improvements in management, efficiency, focusing on decision-making and maintaining rights through rules and routines (Caiden, 2010). Caiden (2010) also presents that there are certain challenges linked to the budget, and that it can help to set restrictions that are often associated as something negative. His main point is that the challenge with budgeting in the public sector is that you must satisfy countless needs with scarce resources. Another challenge related to the budget is finding the right length of time to budget for. Neely and Caiden´s theories make this study interesting to develop further, as we want to address how managers in public agencies use leadership principles under budgetary constraints to improve performance and create value.

Institutional entrepreneurship occurs when an institution changes so drastically that a new institution is formed in the process (Greenwood et al, 2013). Institutional entrepreneurship is about the activities the managers of institutions utilize resources to create new institutions or transform already existing institutions. In this context, Institutional Entrepreneurship is relevant as it sheds light on what happens in the process when companies or organizations implement new ideas or change their management methods.

As well, Greenwood et al (2013) presents a review with the exception that DiMaggio and Powell´s (1983) theory of isomorphism and institutional theory has lacked coherence. Greenwood et al. (2013) claim that previous research show that much of what is called institutional theory these days are not very institutional at all. That institutional theory is more about resource dependencies, political struggles, social movements and other mechanisms that are about non-institutional forces driving institutional change. The institutional logics approach, however, highlights how the cultural dimensions of institutions both enable and constrain social action. Greenwood et al.(2013) reviews how the institutional logics approach is a systematic way to theorize and measure the influence of institutions on individual and organizational behavior, and how this is located in a social context and the social mechanisms that influence that behavior.

In an article by Chipidza & Leidner (2019) they present that Thornton and Ocasio (1999) defined institutional logics as the "socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality" . The theory about Institutional Logics will therefore be relevant as it includes several aspects that are linked to our research question.

3.2.4 BALANCING TRUST AND CONTROL

A Danish article by Søren Jagd (2010) presents some interesting findings regarding balancing trust and control in organizations. The article points out that trust and control have previously been seen as two relatively static and isolated concepts, and the article sheds light on the relationship between trust and control as an interactive process. Jagd (2010) points out that there are numerous definitions of trust but presents it as «positive expectations regarding the actions of others and the willingness to be vulnerable to the actions of others». Further he

presents that the definition assumes that risk and interdependence are necessary conditions for trust, and that there would be no need for trust if actions could be taken without risk and complete certainty. Jagd (2010) points on McCallister´s (1995) presentation of the distinction between affect- and cognition based trust: «Trust is cognition based since we choose whom we will trust in which respects and under what circumstances. Trust is also affective based since we develop emotional bonds towards other individuals over time.» McCallister (1995) points that for working relationships there is necessary with some level of cognition-based trust to develop affect-based trust.

Further, Jagd (2010) describes control as «a process that regulates behavior of organizational members in favor of the achievement of organizational goals», and presents three approaches to control: two which focuses on performance evaluation (behavior and outcome) and one that focuses on the social aspect - social based strategy (social control). The performance based strategy is a formal type of control, whilst the social based strategy is informal. «If formal control was sufficient to control organizations, the issue of trust and control would not be of great relevance. The interest in considering trust as an alternative or as a supplement to control derives from the appearance of several limitations of control in organizations.» When it comes to informal control, it is pointed out that growing markets, continuous change, flexibility and virtualization of organizational forms as well as more distant working relationships are the reasons for the hollowing out of the basis of formal control. In addition, it is pointed out that relationships and cooperation are becoming increasingly important. Controlling collaboration in an efficient way is challenging, and trust then becomes all the more important. In addition, it is pointed out that formal contracts are challenging when it comes to intangible resources and increased digitalization. As formal control can be considered ineffective in managing organizational relationships, it is interesting to look at trust as an alternative management mechanism, which can help to overcome the challenges associated with formal control. Both trust and control involve mutual expectations. This is both between actors, or more rooted as social control. "If anchoring in shared cultures is lacking, the parties must invest in relationship building" (Jagd, 2010).

When it comes to the complementary perspective on trust and control, it is presented that trust and control can be mutually reinforcing when it comes to cooperation, and through complementing each other contribute to organizations achieving better results in terms of performance (Jagd, 2010).

3.2.5 PERFORMANCE IN THE PUBLIC SECTOR

Modell (2009) presents a paper that reviews the evolution of institutional research on performance measurement and management (PMM) in the public sector accounting literature. Modell's paper has reviewed the evolution of institutional research on PMM in the public sector in light of some key developments. This is explained by the growing recognition of the role of embedded agencies, the need to bridge institutional and rational choice explanations of action and the extension of empirical research across different levels of institutional fields.

Modell (2009) claims that "in particular, research is beginning to move beyond simplistic portrayals of PMM as decoupled or loosely coupled practices to pay greater attention to how it is implicated in the formative stages of institutional processes and the role of agency exercised at different levels of analysis. This signifies a shift in analytical focus from a one-sided emphasis on the institutional effects on PMM, treating institutional pressures as largely exogenous, to examine the more intricate roles of PMM as an outcome of as well as a medium for change. Emerging studies have also illustrated how the symbolic and instrumental roles of PMM may be reconciled by exploring its embeddedness in different institutional logics and how change may be understood as processes entailing path dependencies, organizational learning and elements of social translation".

Arnaboldi et al (2015) identifies critical dimensions of effectiveness in performance management systems in the public sector. Arnaboldi (2015) presents that in the public sector performance management is a challenge for managers. He claims that the focus on performance measurement, without resolution, does not offer neat solutions to performance management. There are significant adverse outcomes associated with the use of performance management systems in the public sector, especially the negative effects on staff morale. This leads to it being complex and demanding for public service managers to master performance management.

4.0 RESEARCH DESIGN[4]

The purpose of this chapter is to give the reader an overview of the implementation of the study. The first part of the chapter explains the method used. Furthermore, the data collection is explained, and finally a discussion of ethical choices, as well as the strengths and weaknesses of the choice of method.

Based on our foundation and our research question, we wanted to go in depth in this study and chose to have an explorative approach. An exploratory case study proceeds to study a not yet well-understood phenomenon, which our case is. In qualitative research, the emphasis is on understanding and to get proximity to the phenomenon one is studying. Qualitative research is driven by empiricism and theory, and is characterized by experiences, structure, creativity and systematics. The data material in qualitative research is presented through text, and provides valuable information about the respondents' experiences (Tjora, 2021). In this study, we have applied a qualitative method and a qualitative case study by in-depth interviews. This implies a study with several analysis units. Case studies is based on going in depth in an organization, to develop great understanding of the topic and getting a realistic approach to the case. In a qualitative case study and by conducting in depth-interviews, researchers get an insight in the respondents experience without the researchers setting guidelines for in what direction the interview is going (Jacobsen, 2015).

This study is an exploratory and qualitative case study of NAV Contact Center. We have conducted individual, semi-structured interviews with several employees in the agency, that holds different tasks and positions in NAV Contact Center. A semi-structured interview creates opportunities for the respondent to shape their answers in an open and relaxed way, and creates an atmosphere that gives the respondent room for honest feedback. The interview guide will be based on all of the respondents being asked the same key questions, so that the answers can be compared. The interview guide will also include questions that are directly linked to the topic, and a semi-structured interview also gives the respondents the opportunity to answer without clear answer criteria (Tjora, 2021).

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[4] This chapter contains content from our preparatory project assignment in ECO5016. (Sandness & Skaue, 2022).

4.1 SELECTION AND INTERVIEW GUIDE

The interview guide was constructed so that it should reflect our research model, and it was important to us that the interview guide reflected our theoretical framework. The interview guide is attached in the appendix, but to summarize, the various phases in the interview guide consist of: introduction/information about the study, introductory questions, questions related to leadership, questions related to the budget, questions related to performance, and closing questions/any questions or additional information from the respondents. After the interviews, we were quick to transcribe, as it was necessary to transcribe while we still had the interviews fresh in our minds. After the transcription, we analyzed the transcribed interviews through coding. The coding was based on color codes and other elements that should make it easier for us to analyze large amounts of text and ensure that the most important findings were highlighted.

The in-depth interviews provided a qualitative insight into the consequences of the process, both from the perspective of the management and the employees in an agency from the Norwegian public sector which has implemented Beyond Budgeting and positive leadership. We wanted to conduct qualitative interviews with respondents with different tasks and positions in the agency, to get a broad picture of reality. It was therefore necessary to interview both leaders and employees, as we wanted to get a broad insight of their impression of the implementation. We experienced close and good follow-up with a manager who selected relevant respondents for us. We conducted interviews with 6 informants – 3 leaders and 3 employees. All six interviews were conducted digitally on Teams, and we took sound recordings through the application Diktafon. The data material was stored safely and securely in Nettskjema.no. The respondents will be anonymized, and the ethical considerations are taken into account. We have chosen to anonymize the respondents completely, but to get an overview of the different ones, we have created the following table:

Respondent nr.	Work position	Type of interview	Length of interview
Leader 1	Leader	Video call on Teams	44:20
Employee 1	Employee	Video call on Teams	38:25
Employee 2	Employee	Video call on Teams	50:25
Leader 2	Leader	Video call on Teams	33:42
Leader 3	Leader	Video call on Teams	55:20
Employee 3	Employee	Video call on Teams	52:40

4.2 ETHICAL GUIDELINES

As researchers we are obligated to create a plan for how to secure the data material we have collected, and Norsk Senter for Forskningsdata (NSD) presents a data management plan for how to do this in a proper way. A management plan will contribute to a safe and secure treatment of the data material throughout the whole research process – both during the research process and after the project is ended and the material must be treated safely. (Norsk Senter for Forskningsdata, 2021).

In addition to the data management plan there are some ethical guidelines we must follow when working with respondents and sensitive data material. *The following is based on the ethical guidelines from The National Committee for Research Ethics in the Social Sciences and the Humanities (Forskningsetikk, 2021):*

NESH (Forskningsetikk, 2021) presents guidelines we must follow as researchers who are working with respondents and sensitive data material. I want to mention Chapter B Respect for individuals and subchapter *Human Dignity,* as it presents the importance of interest and integrity of the individual never should be set aside for the benefit of society. One would also highlight the guidelines of privacy, that are presented and described in Subchapter 6 *Privacy* and Subchapter 9 *Confidentiality.* During a research process this includes among other things the importance of taking consideration and responsibility according to privacy. Personal data must be non-identifiable, and the respondents must be sufficiently informed about the process and why we are doing this study.

In working with our study, we have been careful when it comes to the ethical aspects. Before the interviews, we sent out an information letter with information about the purpose of the

study and what it meant to be a respondent. The respondents were also asked to give verbal consent before the interviews began. We have agreed with the respondents to completely anonymize them, and neither name, position nor place of work shall be recognizable. After the interviews, the respondents were sent a transcribed version of the interview, so that they had the opportunity to confirm that the content was correct and contained answers they could vouch for.

4.3 CHALLENGES AND LIMITATIONS

As researchers in a study, one may come across some challenges and limitations, and one would like to mention the factors *validity, reliability and generalizability.*

Validity includes challenges regarding whether the data collection is valid. This may for example be connected to the number of respondents, and if the number of respondents is enough to get a valid picture of reality that is necessary to get a valid data collection (Lecture notes by Temesgen, 2021). Regarding whether the data collection is valid, and the number of respondents is sufficient to get a valid picture of reality, we have been careful not to stop collecting data before the respondents stopped contributing new information. We had arranged interviews with six respondents, and the last respondents confirmed what previous interviews had mapped, and rather than providing new information, we were able to confirm previous findings.

Reliability includes the importance of the data collection to be reliable, and that the data you have collected has given the same results that other researchers would have gotten (Lecture notes by Temesgen, 2021). For our part, it has been an advantage that we are two researchers. When we are two, it is easier to avoid misunderstandings, and we have been able to confirm to each other that we have interpreted the findings correctly. Based on our selection, we therefore believe that we can guarantee that the findings are reliable and could not have been interpreted differently by other researchers.

Generalizability deals with whether or not your results in the data collection represent the general population and that the result in the study is generalizable (Lecture notes by Temesgen, 2021). Regarding generalizability, it is challenging to say whether our findings are

generalizable. We have obtained information from a small sample from one department in one public agency, and it is not certain that our findings represent either the rest of the organization or other organizations. However, we have been careful with our selection, and ensured that the respondents were correct and relevant for our study and our case.

In addition to the factors mentioned above, there may be some limitations that must be dealt with. In this regard, one wants to mention challenges connected to the respondents; that they do not want to contribute to the study or would want to withdraw from the study. In addition, as a consequence of the pandemic, NAV Contact Center has replaced large parts of its meetings with digital meetings in Teams, and we have conducted all interviews digitally. It is conceivable that it leads to a different dynamic than a physical meeting and may have had an impact on our data collection. A qualitative study that, with in-depth interviews, will contribute to a somewhat informal setting where human factors come into play. Through digital meetings you lose the opportunity to for example shake hands and create a relationship, read body language, or register other things that may be of importance. Digital meetings can also be an obstacle if technical problems arise that cause the interview to be interrupted and valuable information can disappear due to the interruption. We were aware of this in advance and prepared ourselves for the fact that we had to create an informal and pleasant environment, even digitally. We did this by setting aside a few minutes before the interview to get to know the respondents and create a pleasant and relaxed atmosphere before the interviews began. We did this to create trust, so that the respondents could be open and honest in their answers.

5.0 RESEARCH CONTEXT AND FINDINGS

In this chapter, we will present the context and background of our case. First, we will present how the Norwegian public sector, NAV and NAV Contact Center is organized. We will also present our empirical findings.

5.1 RESEARCH CONTEXT

 The Norwegian public sector is organized so that common values in society must be managed in the right way and must ensure the production of common services for the Norwegian people. These services are primarily financed through taxes and fees. Public administration redistributes the income through the tax system and provides support through the given schemes. When it comes to fiscal policy, it is the Government that is responsible for following up the policy that Stortinget has adopted. It is Statsbudsjettet (the National Budget) that determines the financial policy, and deals with the central government's income and expenditure items for a given calendar year. When it comes to the distribution of public enterprises, figures from Statistisk Sentralbyrå (SSB) show that in the year 2021, total spending on pensions and social benefits in Norway was a staggering NOK 782 billion. See the figure below for an overview (Statistisk Sentralbyrå, n.d.):
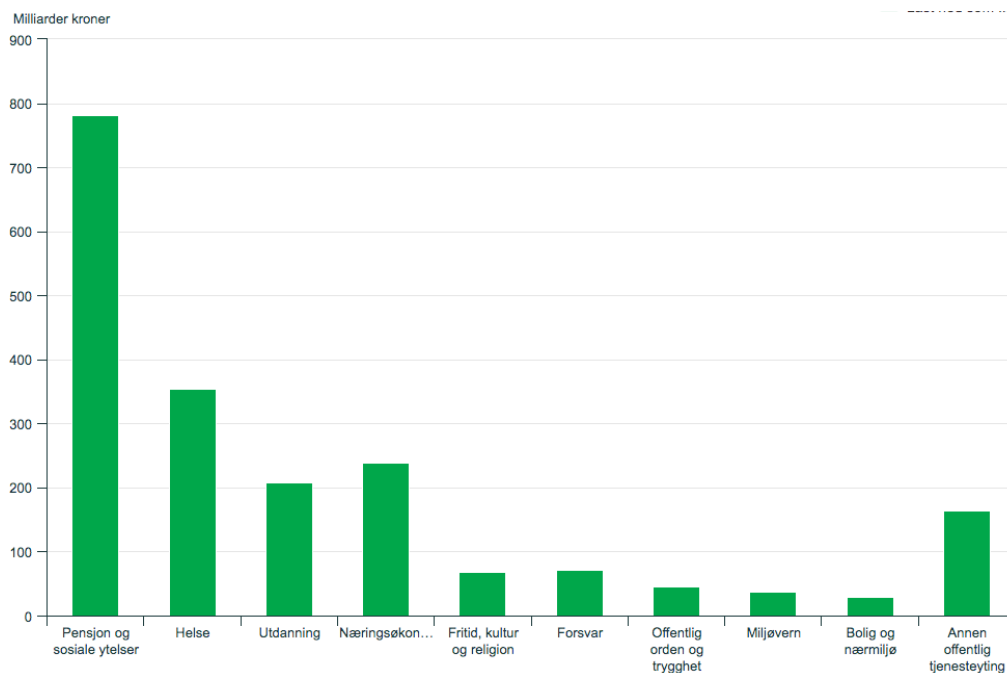
The Norwegian Labor and Welfare Agency (NAV) is a state administrative body. The agency consists of the Directorate of Labor and Welfare, and four lines that lie outside the Directorate

itself: the work and service line, the performance line, the economic line and the complaint and appeal line. (NAV, 2023)

The directorate is responsible for managing, leading and developing the agency. The lines are responsible for NAV's services and day-to-day operations, including by processing applications, making decisions, giving advice and guidance, paying out money, keeping accounts and handling complaints.

Following information is received by e-mail from a manager in NAV Contact Center (02.12.2022):

NAV Contact Center (NKS) is NAV´s professional first line by telephone, for written inquiries and for social media. NKS processes inquiries to the entire NAV from both users, employers and other traders. NKS annually carries out approximately 5.5 million "user meetings" each year. NKS has approximately 1000 government employees and is distributed throughout the country.

NAV Contact Center is organized by 11 organizational units as well as a management unit. Each unit is run by a unit manager and varies in size from 60 – 120 supervisors. The management unit consists of subjects and administrative support. The department for finance and business management is located in the management unit and has 4 employees. The department has overall responsibility for financial management.

NAV Contact Center is assigned approximately NOK 650 million each year. In recent years, the cost picture for NKS has been distributed with 89% salary costs, 7% property costs, 3% operations and 1% joint costs. Beyond Budgeting has been introduced regarding operating costs and salary costs. Previously, the funds were distributed and managed by traditional budgeting. In 2020, Beyond Budgeting was introduced as a pilot on two of the units. In 2021, the pilot was extended to apply to six units and in 2022 it has been introduced to all 11 units. Following you see an overview of NAV Contact Center´s locations:
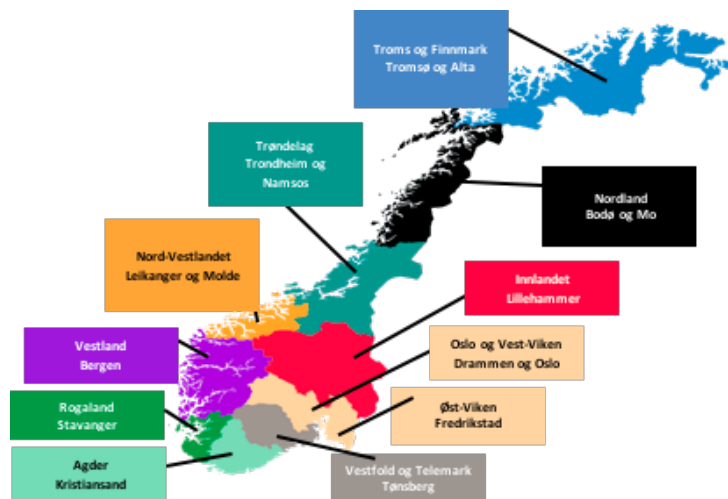
The government's trust reform in the public sector led to NAV being commissioned in 2022 to start trust work in the agency. The purpose of the reform is that cooperation between management, employees, shop stewards, the protection service and the user committee should be close and based on trust. NAV has set the following goals for the work:

- Give employees room to develop and use their expertise and competence to find the right solution together with the users
- Facilitate locally rooted service development and establish trials with greater room for action locally
- Strengthen the cooperation between the parties in the Employment and Welfare Agency and the cooperation between the parties must take place at all levels in line with the intention of the Main Agreement in the State and the agency's adjustment agreement
- The target and results management must ensure a good balance between local room for action and the need for management, requirements for quality, equal treatment and good administrative practice.

Furthermore, it is presented in the annual report that the agency will further develop the trust they show when meeting with users, and that work on the reform will continue in 2023 (Arbeids- og velferdsdirektoratet, 2022).

NAV Contact Center has financial guidelines that are the basis before a decision on whether an investment or activity is to be carried out. They are actively used in the organization. Below you see an overview of these values:

NAV KONTAKTSENTER´S ECONOMIC VALUES:

> ➢ Our financial choices must be in line with the strategic goals of NAV Kontaktsenter
> ➢ Our financial choices must be in line with the achievement of results for NAV Kontaktsenter
> ➢ Our financial choices must be able to be defended internally in NAV Kontaktsenter
> ➢ Our financial choices must be able to be defended against all units in NAV
> ➢ Our financial choices must withstand the public spotlight
> ➢ Our financial choices must create confidence that funds are used in an efficient way

5.2 FINDINGS

In this chapter, we will present our empirical findings. These will answer our research question "*How do public agencies use leadership principles under budgetary constraints to improve their performance?*".

We have divided our findings into three parts: *leadership, budget and performance*. This is because our interview guide is based on these three main themes, and they are directly linked to our research question. In addition, we want to present our findings with a background in these themes as we want to find out and map how the given financial management in a public agency affects performance, and then we have to map how leadership style and use of budget is applied in the agency.

5.2.1 LEADERSHIP FINDINGS

When talking about leadership, our aim was to get an understanding of how the leadership principles in Beyond Budgeting and positive leadership was implemented in the organization. We therefore posed questions on how the leaders view themselves as leaders and how they manage to ensure quality when giving more autonomy to their employees. We also asked the employees how they view their leader, how they are being led and how this affects them positively and negatively. We were looking to see if there were differences in the way the leader perceived themselves to how the employees perceived them, and how these principles affect the way the teams work.

TRUST AND EMPOWERMENT NEEDS CLOSE INTERACTION BETWEEN LEADERS AND EMPLOYEES

During the interviews we wanted to map how the leaders and the employees were led. The reason why this was important to check if the way the leaders perceived themselves were coherent with the employee's perception of the leaders. Leader 1 characterized themself as a pragmatic leader. With this they meant that they were concerned with the resources and possibilities they in reality had, rather than being concerned with what could be. They said that they were in daily contact with their employees and had both formal and informal chats throughout the day to map out any concerns, questions and to stay on top of what their employees were working on. Leader 2 reported that they spent a long time on building that trust and understanding each and everyone´s tasks. Leader 3 characterized their own leadership style as trust-based and empowering leadership. For them it is important that they are perceived as a leader that has trust and that is strengthening their employee´s inner and autonomous motivation.

What was apparent was that all the employees experience a high degree of trust from their leaders. Employee 1 described their leader as a leader that is down to earth and in touch with their employees.

> "*They give big responsibility and trust that the tasks I am given is done. They check in from time to time, when it is natural. This is often that it is natural that they are kept up to date*

with the projects we are working on. I experience that they care but trust my ability to get the job done." Employee 1

Employee 2 also described their leader as someone that shows trust in their employees abilities and assessment, but this employee reported less of control and checkups from their leader, but that they govern themselves more. There are some differences in the way the employees talk about their leader´s involvement, but all of them are in contact with their leaders daily, where they can seek support and involvement from them if needed. What is important to all the employees was that their opinions were heard. This is also something that goes hand in hand with how the financial means are spent in the organization.

JUMPING OF A CLIFF WITHOUT A SAFETY NET

With the fact that the leaders show their employees trust, we wanted to know if the employees sometimes would like more follow-up from their leaders, and more control. Each and every one of the employees initially answered no to this question. When posed the question

"Since you say there is a lot of autonomy in the work that you do, are there times where you would like to have more follow-up from your leader?", employee 3 answered *"Generally, no… I believe there is not a need for more control from the leaders, but you need a good cooperation. Sometimes you may need someone to bounce off of, but I don't think that control and follow-up is the definite answer in those cases."*.

What is key here, is that the leaders make themselves available to their employees, and this makes them comfortable with doing the tasks they are trusted to do. If they are in need of guidance and help, the leaders trust that they will be approached and asked, and the employees trust that the leaders will help them in these cases.

One of the employees emphasized that care and the relationship built on mutual respect was something that was highly valued. What was important was that they felt supported enough to create value and quality and apply it to their tasks, and that this relationship made it possible. One of the employees said,

"Even though there are some routine tasks that need to be done, I have full artistic freedom to be creative and come up with new and better solutions do the tasks given to me. This gives me a lot of motivation, when I can make your own mark on the job.".

Another employee said *"We have a lot of freedom when it comes to how we choose to do the job. At the same time, we work quite closely with the leader in the department, so we have regularly check-ups and a close dialogue. At the same time I feel that if you have good reasons to do things differently than one traditionally have, you are heard.".*

This was something all employees told us, that determining how they wanted to do their job was up to them, and that this was something they enjoyed. When they became comfortable with the work tasks, giving their own touch to the job creates ownership to the task and higher motivation to do it, rather than doing it on other people´s terms.

The leaders in the organization does not only have personnel responsibility but have their own tasks that they do day-to-day. These tasks involve HR, controlling and other tasks that are related to the task areas that the managers are leading. This is something that at times can be difficult to balance, and the employees may be affected by this, creating a barrier between employee and leader. We asked one of the employees how they deal with their leader having a lot on their plate, and they responded,

"Sometimes we have to find time to discuss strategies or solutions. My leader is quite busy, but I am fortunate enough to have a leader who is available to me. If we don't find the time during the day we can talk in the afternoon or night. We find the time."

One thing all the leaders emphasize is availability. They believe that it is important that their employees feel that they are available for help, guidance and questions when they need it. There was mentioned that people have different thresholds to when they ask for help, so they are working on making the threshold lower, in order to pick up on issues that needs to be addressed.

Leader 1 said, *"Different employees are different in terms of when they ask for help. ... We have to be able to ask each other for help, other wise the job gets a lot more difficult. It is the aspect that people react differently on meeting people in difficult situations in life. Some do*

not take it in as much, and others go home and think about a talk where they hope they got the help they needed and are worried for their sake.".

Because of the restructuring and digitalization in NAV, and how the users contact them, there has been an increase in cognitive demanding cases. Leader 1 said that earlier, they often had some "rest calls", in other words, calls that were less demanding and more of a standard routine. Because of digitalization, those customers can easily help themselves online. The Contact Centers have now seen that as a result of these higher demanding cases, and a higher stress level with the employees, it also requires a lot from the leaders. They need to be more in tune with their employees, and make sure that the well-being and support of the employees are taken care of.

"We don't want our employees to feel as if they are thrown off a cliff. We want them to have autonomy to make their own decisions, but at the same time know that the team and the leaders are there to back them when necessary."

Both the leaders and employees we talked to, all reported a great deal of trust and autonomy in the employee-leader relationship. We were therefore interested to know how they made sure that their employees were guided adequately and how they balance guidance and autonomy. One leader said they try first of all to listen and find out where they are, what their problem is and to find a solution. It can be easy for a leader to point in a direction and be the expert that can and knows best, but that the key is to guide them into finding a solution themselves.

"Giving them the answer may be the method that takes the least time, but then they won′t learn anything either. This also creates more of a dependency on the leader." Leader 2

When the employees ask for help, it is important that they are met in a way that makes them feel assisted and guided at the same time. One leader said that there is a fine line between giving autonomy and rejecting them. Here they emphasized that the key here is to get to know them and create a well-functioning communication throughout the team and individually.

A lot of the time the leaders feel as if they do not have time enough on their hands, and how to manage this towards ones employees is a challenging task.

"I always try to make sure that my employees do not perceive me as "too busy". If I don't have the time for something, I ask if we can take it at a specific time later in the day. The days I am dissatisfied with myself as a leader is the times I have been stressed, and I have felt my employees do not want to disturb. ... Although this is the case, I have a great relation with my employees, and we allow each other to not be perfect."

Leader 3, on the topic of trust and safety. "Working in these positions are demanding, we meet challenging cases and cognitive challenging tasks. It is important that they feel safe enough, and this is on both me, themselves and the department as a whole.".

TRUST IS NOT BLIND TRUST

Giving trust, does not mean giving blind trust. As a leader it is important to assess the employees and where they are and what they need help with. One of the leaders emphasized that trust-based leadership does not allow you to let the employees do whatever they want, whenever they want. The leaders have all said that getting to know their employees is a crucial point to giving trust. When they know where their strengths lie, and where they need more support, this enables them to give trust fully where they can. To ensure that they are giving the right quality, and that the job is being executed satisfactory, knowing where and when to give freedom and trust is important.

When correcting unwanted behavior or giving constructive criticism, there are specific ways the leaders approached it in order to not discourage them from believing in their own abilities. One of the leaders talked about creating psychological safety, that lets you be open about what is challenging and what is going well, both with yourself and others.

"They have a lot of freedom, because I trust them. I know that they want to, and I know that they have the abilities necessary. In the case where I have an employee that is struggling with a task, I would say that we need to work together to get better, and have closer follow up. I adapt according to where they are, if we have a newly hired individual I would follow up closer. So adaptation to each individual is a big part of it.". Leader 2

Leader 3 believe that they have created more of a team that works together in their department, and that their responsibilities as a leader is more seeing the bigger picture and to spar with the employees when needed. This leader worked with a group that was well established and settled, where the need for guidance was less prevalent in the daily tasks. This can create a difficulty to fully get to know the employees and their tasks, when the leader comes in last. Leader 1 said that with time and an effort into the cooperation, they have established a cooperation that runs smoothly.

SUMMARY OF LEADERSHIP FINDINGS

We saw how the leaders perceive themselves and how the employees perceived their leaders correlated. All of the leaders believe that they have a trust-based leadership style, where they give freedom for their employees to put their own mark on the work tasks and are there more as support and give guidance when needed. The employees feel like they have the support of their leaders, and that their ability and willingness to excel at their job is trusted. They work closely, and the leaders are perceived as available. This is something that some of them emphasized as a crucial part of making this cooperation work, that the employees don't feel abandoned, and that the responsibility of the trust becomes too much to handle. Trust is therefore also built on the certainty that the relationship ensures communication when needed and to make both parties feel reassured throughout the execution of the work tasks delegated. The employees report that they feel a higher degree of motivation related to the tasks, because of their sense of responsibility and ownership when given the trust of their leaders. The leaders are happy with the overall execution of the work, and believe it is a good way to lead in such an environment. This can be conceptualized into a form of leadership that can be called "cooperative leadership", this is on the basis of the cooperation that is continuously worked on to reach their goals and heighten the overall satisfaction of the leaders and employees.

5.2.2 BUDGET FINDINGS

To explain the role of the management unit and the finance department, it is described as following:

"There is a small department that sits in the management unit in the NAV Contact Centre. We are organized in such a way that we have a management unit and then we have eleven units that sit below that again where there is a manager and then supervisors sit and answer users on the phone and chat and via e-mail out in the units. In the management unit, there is no direct user contact, we are only a support contact for those who answer users. In the department for financial and business management, there are a total of four of us, so we are a small department that has the main responsibility for the finances, i.e. the budget and financial management and follow-up of all funds that NKS receives."

In addition, the respondent is responsible for business management, which includes reporting up the "lines", risk assessment and reviewing performance discussions with the eleven units that is "under" them. These are conversations that the managing director is responsible for, where X support and help with statistics etc. These are conversations where they map the results for the previous quarter and then discuss any challenges or what they need to work on to achieve their goals.

The department for financial and business management are the ones who control NAV Contact Center's funds, and everyone says that the financial department has very good control and close follow-up. They have ongoing forecasting meetings and various KPIs they manage according to. The Department for Finance and Business Management has also created so-called "control charts". The figure below show the control charts that they apply:

The figure above shows control charts that are used in the department for Finance and Business Management. The graphs are used as a tool to obtain an overview of standard deviations. By calculating how much money they have spent the previous year, they use the control charts to look at how they are in relation to the limits they have on standard deviation and average.

If, for example, we see that we are overdue in two months, then we should go in and look at why we are doing it. Or if it has been on the same page for eight months in terms of standard deviation, then we have different control points that we start from."

The purpose of this tool is to keep control over consumption. The following observations are interpreted as a sign that consumption should be investigated further:

- When one observation is above the upper control limit (UCL) - threshold for what is considered probable consumption.
- When two of the last three observations are higher than two standard deviations above the average.
- When four of the last five observations are higher than one standard deviation above the average.
- When eight observations in a row are on the same side of the average.
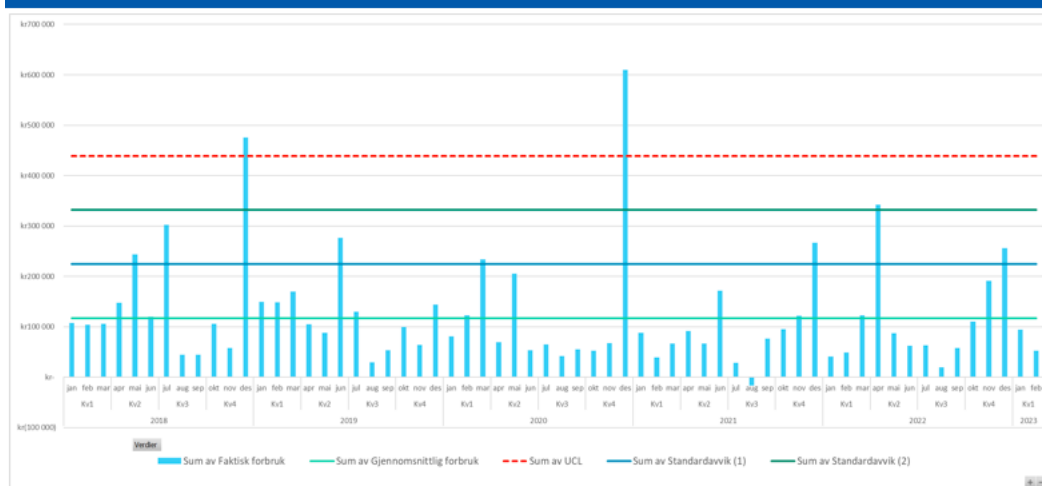
Above we have zoomed in on one of the charts they apply. If we are to interpret, we must first explain what the various values stand for. Light blue is *Sum of Actual Consumption*, light green is *Sum of Average Consumption*, red is *Sum of UCL*, dark blue is *Sum of Standard Deviation (1)* and dark green is *Sum of Standard Deviation (2)*.

When we then look at the graph above and explain it, we see, among other things, that there are observations that are above the upper control limit UCL (Quarter 4 2018 and 2020). It would normally be interpreted as a sign that the consumption needs to be investigated more closely. This, on the other hand, shows consumption in December, and can possibly be explained by the fact that there is high consumption in December due to Christmas parties and other social activities, and consumption is therefore somewhat higher than at other times of the year. It is nevertheless a good example of how the Department for Finance and Business Management actively works to have an overview of and control consumption, and possibly make changes to consumption if necessary.

GOING BEYOND AND MOVING TO NEW TERRITORY

As regards the budget, some changes have been made to the NAV Contact Center in recent years. The changes have been implemented step by step, and what began as a pilot project for individual departments has now developed into a form of management that all of NAV Contact Center's departments manage according to:

"We started with a pilot, so it's only been 1 year, absolutely everyone has been without a budget. We first had 1 year, in 2020 I think, with 2 units, then we expanded to 6 units, and now everyone has 11 - I think it's 11. So last year all the units were involved."

The change that was made is largely about moving away from the traditional budget and managing according to the principles of Beyond Budgeting. The public sector is largely governed by the budget, and is allocated funds from the State every year. Leader 1 says that

"When it comes to what we get and what we don't get each year, it is NAV overall that receives a budget via the state budget which we will use to run NAV. And then it is the finance department at NAV that distributes and the directors up the line who distribute how much the various units should have."

It is important to clarify that in this study we are focusing on NAV Contact Center, and not NAV as a whole. NAV Contact Center is a relatively small part of NAV, and Leader 3 says that

"There are 1,000 employees in the NAV Contact Center and there are 19,000 employees in NAV."

CONTROL WITHOUT BUDGETS, A CAR WITHOUT BRAKES?

It is nevertheless interesting to research how a large organization in such a budget-controlled sector has chosen to change its financial management, and we were interested in knowing more about how this change was received by the employees. One of the informants says that

"There are many people who think this is very good, but they are the ones who have not been so concerned about the budget in the first place either. While those who have used the budget a lot for management, they often find this very difficult. They are often very unsure of what constitutes a good activity."

This shows that the employees who have worked a lot with the budget before find it challenging to no longer manage according to the budget. The same informant further

explains that the budget mindset is deeply rooted in several of the employees, and that it is challenging to have to defend and justify what is a good activity worth investing money in. One of the employees justifies this change and links it directly to their role in the company. The informant says that they fear that their position/role in the company will disappear, and that the main reason for this is that the budget has disappeared.

"I *think the whole role is disappearing. In terms of budget, right. I only have a property budget which is almost only fixed costs, how stressful can it be? I don't do anything. I notice that my work tasks are being phased out more and more."*

The informant goes on to say that, *"Others who have also worked in other units, with whom I have worked for a very long time - they say exactly the same thing. They feel that we are only losing more and more. There is no need. Right now I have more than enough to do, but in the long term... There are other people than me who sit in this role, and do you just have to switch to sitting on the phone then? That's not what I was hired for, but maybe I'll have to switch to sitting on the phone, at least half the time.*"

We follow up on what the informant says and share thoughts that what they say is interesting in the way that it may be a little odd with what Beyond Budgeting presents and stands for, as it is a philosophy based on freedom under responsibility and delegation of tasks out to the employees. The informant's experience is that moving away from the budget, in addition to the fact that much has been digitalized, has led to the tasks being phased out or delegated to the leaders. We were curious about what they thought about how the fact that certain roles are phased out or delegated away would be in the long term, especially for the managers and directors who will then have more tasks than they have today. Then the informant says that they think they will work in a different way, and that,

"*The way things are now, things have become very digitalized, right? You send everything on a form. You can go in and look up information, because it is so well laid out, so you read up on it. You no longer need a person to show you where it is. You find out for yourself. Or you have the control unit that is getting bigger and bigger, you can call it and ask for help if you have any questions. As long as there are routines for each office, it's all right*."

Otherwise, when it comes to the advantages of the budget and what may be missing, much of the same remains. The regularity is that the employees in the units lose control, and have to invest based on needs and activities that must be justified (for themselves and their manager). However, they have replaced this with forecasting meetings, management meetings and close follow-up from the finance department. One of the informants from the management group says that ,

"The finance department has very good control. And they have that all the time. There are sometimes reviews of budget use in the management group, and if our department had been pointed out at those meetings it would have become a topic. Not in the way that there is mistrust and things like that, but more like exploratory "what is the background for this deviation?". For example, "what is the reason why you have spent so much more money on course activities than other departments?" and that kind of thing. And there could have been a reason for that, but then I would have had to have had a good reason for it. So I feel that we have a conscious and learning-based approach to it. It is in no way irresponsible, the finance department has very good control and close follow-up."

IS THE TRADITIONAL BUDGET AN OBSTACLE TO SENSIBLE USE OF RESOURCES?

When it comes to disadvantages of the budget, we see that several of the informants point out much of the same. Several of the informants also point to many of the same factors that the literature points to as weaknesses in the budget. One of the informants says that they think it is much better the way it is organized now and that it forces them to think in a different way. The informant says that

"We perhaps took liberties that we don't take now. It may also have something to do with the fact that we spent more money before because the budgets were simply a little more spacious. Now there are cuts across the entire public sector, and those cuts have taken place every year, the tighter the budget gets every year, the harder you have to manage as well and I'm not so sure if the situation would have been so different if we had had a budget. Because the budgets could have been really tight."

Another informant says that they only see advantages in moving away from the budget and believes that the use of the budget has become more well thought out. The informant also believes that the traditional budget can be an obstacle to sensible use of resources, and goes on to say that,

"It can be if you have a budget policy where this year you get a budget and if you don't use it up, you can get a lower budget next year. Then it is easy to be tactical and use up the budget so that you get the same amount next year, because perhaps there is a need for that budget the following year. So it can lead to spending money on things that are not directly unreasonable, but which are not strictly necessary."

Several of the informants follow this up with the fact that the traditional budget can be an obstacle to sensible use of resources. Another informant points this out by saying that it can become an obstacle to being able to do a good activity that leads to goal achievement if the budget is not sufficient:

"It becomes a bit strange that if there is an activity you want to do in November, you can not and have to wait until January when you get new budget funds. It's a bit of a strange way of thinking, so I would like to believe that when we had it like that it often prevented you from getting a good flow of the investments and activities that you wanted to do."

The informant goes on to say that now that they have switched to Beyond Budgeting, consumption is more even compared to previous years. The informant points out that due to Christmas parties and other social activities there will be an increase at the end of the year anyway, but that the year is otherwise smoother than before when it was managed according to budget.

"Rather, they think more about the value of what they do, than using up the budget they've been allocated."

Our findings regarding changes in consumption patterns are interesting as they focus a lot on activities and current needs in the given departments. Several of the informants say that,

"Going away from the budget has given us a different way of thinking about spending money, which means that we have lower consumption".

Furthermore, it emerges that it is the purpose of the expenditure that is decisive, and that they govern according to the financial values and principles of Beyond Budgeting. It is pointed out by all of the informants that it is state funds that must be managed in a correct and sound manner, and that a lot of it,

"is connected with the fact that we should get the most out of the money or the community's funds so it has to be managed.".

Here, the annual forecast meetings are also crucial for the units to get an overview of their own consumption. One of the informants from the Department for Finance and Business Management says that,

"We have forecast meetings with the units right after the summer, where they get an overview of their consumption so far this year. And then we compare them with the other units, it's anonymised, but they get to see graphs and such to see how they compare to the other units. They are very concerned about this themselves, i.e. how much money they spend compared to the others, while we are not so concerned about it. So this is a need that they have. I use to say to them that "you're in the middle, or you're low or high, but it doesn't really matter - because it's about what you've spent the money on and it's the goal achievement that matters and not the fact that you should compare yourself to what another unit is doing".

Another informant points out that they have never asked them to save money.

"It is not necessarily the case that a lower consumption is good if it leads to poorer operations. Then we don't use the funds for what they should be used for."

It is clear from our findings that the shift to Beyond Budgeting is mostly about activities and needs. It is also about well-being and working environment factors, and one of the informants says that

"In order to work for people to feel comfortable and for us to do a good job in our department, it is not so much about money. It is about the working environment factors that we talked about earlier, I invest a lot in that and go to great lengths to look after the employees. Then I don't experience any lack or demand for activities other than those that are about carrying out work tasks that cost something. But I encourage them to give themselves a little "slack" every now and then, take a course and give themselves refills and inspiration. We have some schemes in the NAV Contact Center with scholarships for education if someone wants to take further education. It is also quite sober, but at least it is a symbolic support then. There is a deductible then, but I think that is right - that they invest something themselves as well. All in all, I think that the human support and the fact that they experience having a manager who cares, cheers them on and supports them is much more important than a manager who spends a lot of money that many in the private sector can perhaps afford in larger degree.".

When it comes to budgetary constraints, we see that for the departments that operate without a budget it is about using the funds as needed when needed. The employees must argue, both for themselves, but also for their manager, why the given activity is necessary. It becomes a form of controlled self-management where the employees must constantly make choices in line with the organization´s overall goals without having specific figures as a limitation that govern the activities or use of funds. As the units make decisions without a concrete budget to manage from, we see that consumption has decreased. This shows that the controlled self-management contributes to more frugality, and in that sense also ensures budgetary restrictions even without a budget. This is linked to autonomy, and the employees must have free scope to perform their work tasks without direct control from the manager. Independence and co-determination are in focus, which contributes to employees being forced to take ownership of the funds the agency manages.

SUMMARY OF BUDGET FINDINGS:

To follow up and sum up, we see that, all in all, it has been a positive change to remove the budget on certain items. Most of the units have gone completely away from operating budgets, and some units only have a property budget. This has led to a better flow of expenses and has been more evenly distributed over the year, and has led to less waste and more

sensible use of funds. The employees who find this transition problematic are mainly those who have worked closely with the budget. It is also pointed out that the units are very concerned with comparing themselves with other units when it comes to the cost picture, but one of the managers believes this will change as everyone gets used to Beyond Budgeting and that form of management. The department for finance and business management has good control over the cost picture, and conducts regular forecast meetings and management meetings with the unit managers. This is necessary to maintain a certain control also within the units.

NAV and NAV Contact Center do not escape the use of the budget as it is a public enterprise that receives funds from the states Statsbudsjett, and this form of management can in many ways be said to be a combination of budget and no budget. Here, the traditional budget and Beyond Budgeting will have to match, and our findings show that a combined version appears to be a success, but which at the same time requires constant further development and is a work in progress.

5.2.3 PERFORMANCE FINDINGS

We wanted to know how they measured performance in NAV Contact Centers. How the organization chooses to measure performance says a lot about how the organization wants their employees to work, and what outcomes they want the work done in the organization to have. We were given a table with their strategic goals, performance goals and where the organizations goals, here marked as indicators, were on these specific goals.

STRATEGIC GOALS	PERFORMANCE GOALS	INDICATOR
Avaliablility user meetings	Response time telephone	5 minutes
	Response time telephone employers and tradespeople	2 minutes
	Response time Write to us	2 days
	Response time Chat	2 minutes
Good user meetings	Sick leave	< 6,1 %
	Telephone service	90 %
	Telephone solution degree	85 %
	Write to us service	90 %
	Write to us solution degree	75 %
	Chat service	90 %
	Chat solution degree	85 %
Correct user meetings	Service complaints processed within deadline	21 days
	Information films reach vulnerable users	Increase the number of views
	Of the total volume constitutes telephone	65 %
	Of the total volume constitutes Write to us	10 %
	Of the total volume constitutes Chat	25 %

Performance in NAV is measured as seen above in the table "Performance Goals NAV Contact Center". At the top they are as seen measuring the availability, how long the users have to wait for each service and sick leave. The indicators at the right-hand side are showing us that the response time various from 2 minutes to 2 days depending on what service the user is using to contact them. They also measure what they call "good user meetings", this records how satisfied the users are with the service the employees have given them and if the problems the user had were solved in the interaction with NAV Contact Center. This ranges between 75-90 %. They also have their own section for service complaints. Service complaints are if the users would like to report bad service, and these should be answered within 21 days. How and why they have chosen to apply these specific performance measures will be discussed through the findings.

All measurement of performance is measured on group level and unit level, there are no measuring on performance on the individual level. The performance is measured on precise target requirements. User satisfaction is something that is being measured twice a month. In

these measurements the user is asked if they got answers to the questions they had, if they were met in a positive way and so on. The employees are also measured on how the time is filled, if they are enough on the phone, chat and email. They have these clear objective performance measures, but this is only measured on the employees in the direct user contact. The people working in the administrative parts of the organization are measured much less. We were therefore curious to know how they ensure the right quality in this part of the organization, and if the people working there feel that they have enough measurements to know how to better their own performance.

EFFICIENCY AND QUALITY, A DIFFICULT MIX

We were curious to know why the employees working towards the user, were measured on those exact points, and if there had been any changes to they way they measure throughout the years.

Leader 1 said "*We always work on efficiency. When trying to better the efficiency we work specifically on conversation technique, work methodology. If a conversation is being dragged out because they are talking about unimportant things, it is important that the employees know how to end that conversation and map out what is important here. This is done to ensure that we talk to as many people as possible throughout a day. This is why we are here."*.

NAV as an organization is to help people achieve social and economic safety by promoting the transition to work and activity. The Contact Centers are a part of this, and they therefore need to measure their performance in a way that secures that they are helping people achieve this. They always want to ensure that everyone that needs help, are assisted. But in some cases, the aim to be efficient creates a stress on the employees.

When talking about the efficiency, they recognize that efficiency alone is not the way to measure performance in this kind of organization.

"*We look at efficiency as one thing, and customer satisfaction as another. Even though one might think it, there is not always a correlation between long conversations and a high customer satisfaction."*.

In some cases there is a need to have an extensive conversation in order to ensure that all the information needed is collected and considered in order to help the user. They see that it is a difficult task finding the balance to ensure the right quality. The leaders try to help the employees emphasize on user satisfaction, and that efficiency is not the only parameter where the employee evaluates themselves.

They send out surveys to the users to get a sense of how their needs are met when they are talking to the case workers. In addition to this, they have a system to pick up on user complaints.

> Leader 1 said, "*Sometimes we get service complaints that say that the person they spoke to did not have time to listen, kept interrupting and it was considered bad user service.*"

This is something that is highly unwanted, and they have meetings with the teams to discuss conversation technique, and how they meet the users. We therefore asked why they believe that they have these kinds of complaints. Leader 1 explained that it seems some of these complaints come in because of bad conversation technique, but that some of the service employees may feel that there is a pressure on delivering quantity and are sometimes forgetful of serving quality.

One of the issues seems to be that all the employees and leaders know that people are waiting, and the stress of this leads to the conversations feeling rushed. Referring to an earlier quote, there is not always a correlation between a long conversation and high degree of user satisfaction, but if the conversation is cut too short, it can be difficult to help each individual sufficiently. To cope with this, the leaders are aware of how they speak with their employees about efficiency and are careful about emphasizing the importance of quality. This does not necessarily mean talking for a long time with each user, but rather asking the right questions and having the competence to retrieve information needed.

CO-CREATING NEW GOALS

In some of the departments there are less parameters that they measure performance with their employees. In several of the administrative departments in the Contact Centers they are only

evaluated by the experienced performance and delivery that they do based on the expectations from the leaders.

Employee 1 said that *"I am not measured like the ones in direct contact with the users are. I get new goals that I strive towards, but me and my leader do this together. I need to think about my own development and if I feel progression."*

Employee 2 also reported that there were no specific parameters that they were measured and evaluated on. They got their evaluation though talking about the general work execution from day-to-day, and also on the performance appraisals throughout the year. This means, that the leaders and the employees need to co-create the goals and subjective performance measurement to try to make sure that also the administrative part of the organization is developing and striving towards new goals.

WHEN THE COMPLEXITY IS STRAINOUS

There are some changes that has happened the last years that have had a big effect on the organization. Digitalization of the organization both internally and externally, the way that the users approach NAV has changed the calls that come in to the Contact Centers in NAV.

"The number of calls that come in have drastically declined. …At the same time, we see that the complexity of the calls are a lot bigger. Those that call are in a desperate need to get in touch, and this places greater demands on the employees."

Now that NAV has more digital services and the users are able to get their questions answered and information retrieved from their websites, a lot of users do not need to get in direct contact over the phone or e-mail. Before there were several calls a day that were of a less demanding character. Now the complexity of the calls and the professional and emotional stress associated with these calls are much bigger.

When talking about motivation, the leaders were asked about how their leadership style affected the motivation and performance of their employees. Leader 1 said that something they considered important both in terms of motivation and performance was how they gave feedback to their employees. If the employees were yelled at when making mistakes could potentially alter their way of approaching their tasks. If they are doing their tasks, being motivated by trying to not make a mistake, creates a headspace that prevents creativity and a sense of empowerment. Creating empowered employees leads to motivated employees, and they again are employees that often times preform at the best of their ability.

Leader 2 said that in their department, it is difficult to create a specific number as a goal to reach. The performance is therefore rather evaluated through how they have dealt with different tasks, how the leaders have evaluated the quality of delivery and how the employee themself has evaluated it. When leader 2 was asked how they affect the motivation and performance for their employees, they said

> *"I belive that motivation is the keyword here. Through the performance appraisals you can get answers to what they want to develop on. What kind of tasks they want, what they want to do more of, what they like and what we can keep building on."*

They continued saying that motivation is something that can come from many different things, but there were spesific ways they wanted to motivate. Some leaders rely on their employees getting motivated by fear. Fear of repercussions from the leaders, fear of making mistakes, fear of loosing their jobs. Leader 2 emphasized that the motivation is something that they believe needs to come from within, and because of the value they feel they add in doing their work. This is why it is important that the leaders know what tasks they feel especially motivated to do, and where they can add value.

One of the employees said that they were satisfied with how their leader created a safe space for the employees and therefore created the ability to be motivated. Employee 1 said that the multiplicity of the tasks they were doing was something that created a lot of motivation. Even though they were generally happy, there was something that was brought up as a point of improvement.

"One thing that I believe could improve the performance and motivation was if we were encouraged to sit more physically together. Working remotely has been a great way that the pandemic has changed the way we work. On the other hand, I feel we are missing some of the informal meetings day-to-day.".

They believe that the culture brings a lot of motivation to do the work, and this is difficult to create when they are less together. This is something that effects not only the ones working from home, but also the ones working in the office. This employee said that they would like to have more of their colleagues to talk to throughout the day and have more of that sense of unity they felt before the covid-pandemic hit Norway in 2020.

SUMMARY OF PERFORMANCE FINDINGS

NAV Contact Centers report that they have clear KPI´s that measure efficiency and user satisfaction. The way they evaluate themselves are a product of both of these factors, and it is important for the employees and the functioning of the operations that both are in focus when executing the cases. This is not measured on the individual case workers, but the leaders get reports of how the groups have scored. This gives them a pin-point on what they need to work on onwards to improve their performance as a team. They have now less emphasis on how much time they use on each individual call. This is still important, to ensure that as many people as possible get help, but there are other things in focus as well. Each month they get feedback from surveys on user satisfaction. This is both in terms of how the users are met, but also on if the case was solved, the users got the help and answers they were seeking.

On the administrative part of the organization they do not have spesific KIP´s or any other measurable way of ensuring high performance. They rather use a more subjective and qualitative way of evaluating the employees. The leaders here have a big responsibility of keeping check of how the employees are doing, without crossing the line previously discussed in the leadership findings of autonomy and guidance. The employees have their own responsibilities when it comes to making sure their work is up to par, by telling their leaders when they need more guidance and help. The employees are also evaluated on if they do what is asked of them within the timelimits set for each task or project, but this is the only quantitative measurable parameter they have in those departments.

When it comes to motivation in the workplace, the leaders believe that some of the motivation comes from the autonomy previously discussed in the leadership findings. When having a sense of ownership to the tasks and responsibilities given to you, you can better put your own mark to it as an employee, and the employees find that it plays a big part for them. One of the leaders said that they want to cater to what drives each employee, and make sure that they feel they master the job. Another part of motivation is making sure the motivation does not shift origin. When the leaders give feedback, it was mentioned that how this is given can play a big role in how the employees are motivated. Yelling at the employees are ways that can shift the motivation to a fear-based, either fear of making mistakes or fear of disappointing their leaders.

5.2.4 DIGITALIZATION FINDINGS

An unexpected and interesting empirical finding is regarding digitalization. Digitalization is presented as a major change in the organization the recent years. One of the informants explains that NAV now has developed many self-service solutions for users, as well as having several computer systems that must be handled internally.

"*The reason is the target image that we see in NAV, we want more for less. We think of the citizens as a third party. They are the ones who are used to digital solutions and who can handle digital myself. They will mostly manage on their own with a little backing in a chat. And then you have a large group that is not digital at all. It may be due to illness or that they have consciously made a choice not to be digital. There are many people who do not have a command of the language, and who therefore have difficulties with digital solutions. So we have to concentrate on them. And finally, we have a fairly large middle group that is semi-digital if we provide sufficient support. Group one will initially not have to call us. They can fend for themselves. We will mainly concentrate on groups two and three. Because we get a smaller budget, we have to be able to spend time and money on those who actually need us.*"*
The same informant believes this has benefited them, as "*the proportion of incoming calls has dropped drastically*".

The reduction in the number of calls, on the other hand, applies to inquiries in general, and is about users with "simpler" inquiries making use of digital aids rather than making contact via

telephone. The citation above shows that NAV Contact Center must deal with different user groups with different level of digital skills and needs. The use of digitalization seems to have led to users with high digital competence, in addition to simple requests, often being self-reliant and being able to find the answers themselves due to the digital solutions NAV has developed. This, on the other hand, means that the cases they deal with are otherwise more complex and depend on solid and thorough help from those who meet the users. This is explained further in the next paragraph.

DIFFERENCES IN THE EMPLOYEES' DIGITAL SKILLS

Another informant also explains that there are differences between the employees and how used they are to digital solutions. The same informant further explains that "*Everyone has online banking, no one physically goes to the bank anymore, but some are safer than others in a number of areas related to digitalisation. And you can tell that those who have worked here for fifteen years are really feeling a big change. It goes gradually, of course. But some people think that the world is in many ways better now because we use digital solutions, making NAV more transparent between us.*"

MORE COMPLEX CASES

This takes us on to point out that a lot has happened in recent years, and that matters have become more complex. Because of all the digital aids, it has led to the users who contact NAV Contact Center being in demanding and vulnerable life situations, have language challenges and other challenges that require a lot from the employees who meet the users and process cases.

"They meet users in a fairly wide range of life situations. And they do that either on the phone, on chat or in another written channel as we call it, where they write to us. And that means that they have digital tools available. And these digital tools are delivered in, we call it agile development, but that also means that there are always small changes that they have to deal with. This means that the digital tools are not always optimal before they are put on the air, which in turn means that it creates a lot of frustration that things do not work as intended, or as we had understood when it was launched. There is a lot of debris in the machinery when it comes to this in the beginning, then. In addition, they must keep professionally up-to-date in

the services they work under, and it can be. If there is a supervisor who emphasizes this with the digital challenges, then the person concerned will probably say, "No, I am not very happy with the way the job is.". If there is someone who says "Yes, but I emphasize the human relationship. Being able to meet users who are in a difficult situation", then the person concerned will probably say that "Yes, but I am very satisfied."

THE IMPORTANCE OF PSYCHOLOGICAL SECURITY

Manager 3 explains that in some work processes there are high cognitive demands on the job employees must do, and that it is therefore necessary for them to have a so-called psychological security through good managerial support and good colleague support. One of the informants says that there are divided opinions about the digital solutions, and there is a lot that the employees have to familiarize themselves with. Furthermore, the informant explains the differences in the employees' perception when it comes to digital solutions when meeting with the user:

"Then it remains to try to think that we must try to help each other. If you have problems with the technical aspects, then you must receive sufficient training and support from colleagues, managers so that you feel that you are mastering your job. On the other hand, if they say they don't get the academic stuff. Okay, but what does it take for you to feel that you have mastered the subject. And then people have very different levels of when people speak up. Some people allow a very long time to pass before they suddenly say that now I have met a wall, while others say early on that they need help. So different employees have different measures of what it takes before they have to ask for help. So we work to ensure that that threshold is present as little as possible. We have to be able to ask each other for help, because if we don't, it's going to be difficult, right? That is the aspect of it, but then there is also the fact that we react differently to meeting people in a difficult situation. Some people don't really take it to heart, while others sit and think throughout the afternoon after talking to someone who is having a very difficult time and hope that person got help."

The informant also expresses their thoughts regarding cases that reaches the media, and says that

"So it is the case that when you follow NAV in the news picture, there are not particularly positive things that come to light, but then it is not positive things that generate clicks, either. So it's clear that when a case comes up in the media that doesn't have a particularly positive angle, it not only affects entry into that specific field, but it may also be that there are people who are not necessarily negative about NAV, become get the attitude that it is typical NAV and get angry faster, and users look up a bit before they call, because they imagine that things will go wrong for them too. How people here manage to process this is different."

SUMMARY OF DIGITALIZATION FINDINGS

The reason why NAV Contact Center has chosen to use more digital aids and digital solutions is about the target image in NAV. Manager 3 believes that this change has benefited the business overall and justifies it by the fact that the number of calls has been reduced. In addition to the fact that users can submit digital applications and receive good help digitally, it is positive that the employees have digital aids that make the supervisors feel more confident in their guidance. The digital aids and the increase in the proportion of complex user meetings have also affected the working methodology in other departments, and the department for Finance and Business Management says that they have "made a good start in moving away from many manual processes through having built data sheets and created tools to be able to handle financial management better. So all in all, this is a change that has both contributed to shorter waiting times for users, but also contributed positively to the employees' way of working.

6.0 DISCUSSION

In this chapter we will analyze the findings and our theoretical framework and link it to our research question "*How do public agencies use leadership principles under budgetary constraints to improve their performance?*". We will try to do this by applying our research model. Our research model is based on whether and how *budgetary constraints, positive leadership and balancing trust and control* can contribute to improved *performance*.

6.1 LEADERSHIP

As seen in Beyond Budgeting, there are six leadership principles to follow. Beyond Budgeting (2022) presents that in order to ensure that this management control system to work, the leadership principles are important to enforce in order for the organization to transition into a management control system that operates without a budget. The six principles are as follows, purpose, value, transparency, organization, autonomy and customers.

In our findings we found that they told us about how they have implemented these six leadership principles. The first principle is purpose, where you are supposed to inspire and engage the people in the organization. They make sure that they do this by getting to know the employees. Knowing them, also means knowing what drives them, and how to ensure that the work they are doing is meaningful and inspiring.

The second is value, where one should govern through shared value and sound judgement. All our respondents talked about how the culture is in NAV Contact Center when making decisions. This is by going through the values of the organization and seeing how their initiatives and activities align with them. The third principle is transparency, where the aim is to make information open for self-regulations, innovation, learning and control. The transparency in NAV also connects to the values, where through them, they are able to see possibilities for different courses to take, in order to better do their jobs, in relation to the values of the business. This is often something that is primarily driven from the employees themselves, and are therefore able to tailor their learning and innovation in the workplace to their own specific needs, goals and purpose at work.

The fourth principle is to cultivate a strong sense of belonging and organize around accountable teams. This is something that NAV is working on, and trying to enforce with the values. Some of the respondents reported that they would like to see this enforced even more, through encouraging the teams to sit more together physically. After the pandemic, there has been given more freedom to work remotely, and even though this creates more flexibility and for some, a better work-life balance, it can be damaging for the teams. The feeling of belonging, a strong culture is difficult to build if people are sitting separately, and this is something that some of the employees are missing. This is apparently a part of the six leadership principles that some of the employees feel could be improved. This is something that the leaders could take a look at and examine whether it should be changed, or if the benefits of the employees having the opportunity to work remotely is too high. There could be other ways to promote a strong sense of belonging.

The fifth is autonomy, where one should trust people with freedom to act. There is strong evidence of this in the empirical data. All of the leaders spoke of autonomy and trust, and how this is reinforced to the employees in the leader-employee relationship. The leaders have a high degree of trust in their employees, and we see how this has positively affected the employees in their work. The employees feel a higher degree of motivation, through the autonomy and trust given to them, where they at the same time know that their leaders are there to support and guide them when necessary. The sixth principle is to connect everyone´s work with customer needs. Even though our respondents did not work directly with the users in the organization, they all talked about how they are centered around the public, and how they use public funding, and are there to meet the public´s needs. They have a strong sense of responsibility in this, and even though you are not able to call them customers, the users, in this case is what they all are working for.

In this instance, we see clear evidence that the Beyond Budgeting theory here is implemented and used to create a more agile and better performing public agency. There is continuously work in play to create value through the principles, and the use of them have been applied and are used in the day-to-day.

In the theory Cameron (2012) presented positive leadership is a leadership philosophy that tackles the challenges in an organization in such a matter that should enable positively deviant performance, create affirmative emphasis in the organization and create a virtuous focus. By

using the principles of positive leadership you are able to create positive performance by enhancing productivity, creativity, decision making, social integration and prosocial behaviors. Cameron (2012) summarizes five leadership principles to enable extraordinary performance. These are by fostering a positive work environment, positive relationships among members, positive communication, associating the work being done with positive meaning, and through implementing the four strategies through a management program.

The first principle from Cameron (2012) in the theory about positive leadership is a positive work environment. Our findings show an overall high satisfaction and motivation where it all accumulates to a great work environment where the employees and leaders are working together to reach the goals of the organization as a unit, where the employees enjoy their work. The relationship between the teams are good, even in instances where they are working on different areas, they have reported that they spar together in order to find the best solutions in all situations.

In our findings, when the leaders spoke of how they were as leaders, a word that was used several times in each interview was the word trust. This trust is shown not only by action, but also by the effective and positive communication that is continuously worked with by all members of the teams. By enabling trust in the leader-employee relationship, you fostered a better problem solution within each employee, where they were free to be creative. The employees reported that through this trust, they had the ability to find themselves in situations where they could challenge themselves and take on challenges in a different and more creative matter that worked for them. They felt more ownership of the tasks they were given, and hereby more motivation. This has created an environment where the employees are in tune and like what they are doing.

The second principle by Cameron (2012) is positive communication, where both the leaders and the employees feel that they have the communication and cooperation that is needed for everyone to function and thrive in their environments. This will not always be the case, trots positive communication, but they have made this specific foundation, nevertheless.

The employees also reported great communication, not only with their leaders but also when communicating with the rest of their team and other colleagues. One of the employees felt that they were sitting quite alone. The different people in their role across the country had a

teams channel where they asked questions and such, but the communication was reported as worse for them than previously. Before covid, it was easier for them to create a bond physically, that could be further developed through the teams channel, but when no longer meeting physically, this was difficult to continue this relationship and positive communication.

In the creation of positive leadership, the actions of the leaders, are not all what matters. Cameron (2012) presents that the association that the employees have of the work is important. There is a need for them to have an understanding that the work they are doing is of importance and that it leads to positive repercussions. All the employees have a clear understanding of what they are contributing to in their work. It all is a means to the end where the public is served and more people in Norway will be helped into activity and work, and supported if this is not possible. There is a great respect and understanding of the responsibility that lies in their hands. According to the theory it is an important part of creating meaning, that the work done is in aim of something positive.

We have seen through our findings that the positive leadership and Beyond Budgeting principles have helped the organization creating great relationships, and high satisfaction among the employees in the organization. It has had a good impact implementing positive leadership where emphasis is put on the positive attributions that employees have and what they contribute to the work done. The communication has made it easier to see possibilities of improvement, with a positive outlook, and that they are highlighting what they accomplish and like to do. This focus has given the employees a working day and work tasks that they enjoy, and leaders that accomplish the goals set for their departments.

6.2 BUDGET

The criticism of NPM as a possible cause of the change in management
Busch et al. (2011) presents the critique of New Public Management in the public sector and points on that it can lead to bureaucratization and standardization, as well as that it can lead to services becoming more target-driven and less adapted to users' needs. NPM is a controversial approach as it focuses on financial efficiency rather than the quality of the services. Both the

trust reform and the development of the trust work in NAV Contact Center may be a consequence the critisism of NPM.

Traditional budget vs. Beyond Budgeting:

A budget is a tool and an aid that can contribute to promoting improvements in management, efficiency, focusing on decision-making and maintaining rights through rules and routines (Caiden, 2010). Caiden (2010) also presents that there are certain challenges linked to the budget, and that it can help to set restrictions that are often associated as something negative. His main point is that the challenge with budgeting in the public sector is that you must satisfy countless needs with scarce resources.

Here, our findings match Caiden's theory, both in terms of what the budget is good for and what it is criticized for. When it comes to the benefits of the budget, our findings show that it can contribute to predictability and create a secure framework. Our findings show that there are some employees who have challenges with the fact that they no longer have a budget to work with. These are especially those who have done a lot of budget work in the past, and who find the new way of working problematic. This is justified by the fact that when the budget is removed, there will be a change both in the work tasks of those who have dealt with budget work in the past, and also a change in mindset. It is pointed out that the budget mindset is deeply ingrained, and it is mentioned that those who work outside the units do not have the same form of control that they felt they had when they managed according to budget. When the budget disappears, employees have to defend and argue for the use of funds both for themselves and their manager, and thus lose the opportunity to control whether the use of funds meets expectations or not.

However, this has been shown to lead to a more sensible use of resources and less waste, and several of the managers we obtained information from point out that the budget was an obstacle to sensible use of resources. A budget can restrict employees from spending to much, but it could also do the opposite. Little money left in the budget could lead to necessary purchases being de-prioritezed. While on the other hand if there is money still in the budget this could lead to uneccesary spending.

By deviating from the budget, the employees must, as mentioned, defend and justify the use of funds. This may be participation in a course or conference, the purchase of various equipment or other activities which could previously be justified by the fact that the budget allowed it, but which must now be justified by the fact that it is a proper and necessary use of the state's funds. This means that the costs are more evenly distributed throughout the year, and the activities are not added whenever they receive new funds from the state. This is in line with Beyond Budgetings principle 7. Rhytm – Organize. This principle is about organizing management processes dynamically around rhytms and events, not around the calender year only. Our findings match this principle as NAV Contact Center is more focused on using funds when needed as needed, rather than when it suits in relation to the allocation of funds or budget capacity.

Neely (2005) presents weaknesses of the traditional budgeting practices that are criticized by the users. The main point is that traditional planning and budgets are a barrier to change, is time consuming, concentrates on cost reduction and not on value creation. It also mentions that "budgets make people feel undervalued". The theory of Neely points to many of the same factors that our findings also indicate. It is pointed out that budget work is time consuming, and in many cases leads to unnecessary work where the budget is produced without necessarily producing the results it is supposed to. Here, all of our informants agree that the new way of managing is more efficient, more accurate and creates more value.

The theory of Beyond Budgeting and the leadership principles is a philosophy of creating a transparent culture where trusting the employees and giving them the opportunity to grow and be independent will gain the company as a whole. Beyond Budgeting focuses on budgets to be used more as guidelines than rigid targets, as well as focusing on adaptability and flexibility. This is giving organizations more freedom to adapt to changes in the market, and can be economically beneficial as it gives organizations the ability to react quickly to changes in the market. This, in addition to the idea that trusting the employees and giving them the opportunity to grow and be independent gains the organization as a whole also matches our findings.

The fact that the organization actively works with a trust-based culture is reflected in the work of moving away from the budget. What used to be decisions based on a rigid budget has now been replaced with trusting that the employees make decisions based on their own

assessments. This is a recurring finding, and all of our informants emphasize the freedom to make their own choices and decisions based on their own assessments. The employees have their tasks, and are given the opportunity to carry them out without direct instructions from their manager. NAV Contact Center is thorough when it comes to recruitment, and through tests, interviews and solid processes, they ensure that they employ the right people with the right and different skills. If they are thorough in the recruitment phase, they can trust that the employees are the right person for the right job, and the managers, with their support and tailored guidance, can trust that the employee makes the right decisions, also financially.

Balancing trust and control:

To replace the traditional budget either as a whole or partly, it must be replaced by other performance measures and KPI´s. It is not the case that Beyond Budgeting is about letting go of control completely, and it is necessary to replace the safe framework and flexibility of the traditional budget with other routines. A key point here is to create a balance between trust and control. Our findings indicate that the Department for Finance and Business Management are in control regarding the financials. They have a budget, and has good routines when it comes to following up and controlling the units. This through meetings with the unit managers and continuous forecasting. This is in line with Beyond Budgeting's principle 9. Plans and forecasting, which points out that organizations must make planning and forecasting as objective processes, not rigid and political exercises.

Further when it comes to balancing trust and control, Jagd (2010) has some interesting points. Jagd (2010) shed a light on the relationship between trust and control and looking at it as an interactive process. Our findings show that NAV Contact Center is doing just that. The Department for Finance and Business Management has tools and routines that ensure that the funds are managed in a sensible way. The finance department has control through the budget, while the units are allowed to use the funds based on trust. What is meant by trust is according to Jagd (2010) trusting others to make the right decisions even though this leaves you vulnerable. That the finacial department lets the units make their own decisons and if they break this trust by for example overspending, it will have a negative effect on the fincacial department and NAV as a whole.

With the financial department using budget as a control tool for themselfs, while using trust towards the units, according to Jagd (2010) this is both formal and informal approach to control and therefor one could argue that NAV as a whole is using a sort of hybrid of these approches. This could be a good thing since Jagd (2010) mentions that trust and control can help reinforce and complemente eachother as methods. Thus leading to better results when it comes to the performance of the orangization.

6.3 DOES IT LEAD TO IMPROVED PERFORMANCE?

Busch et al. (2011) presents challenges regarding measurements, and to measure results and quality in an objective way. This may be challenging especially when it comes to services that cannot be measured in numbers or quantitative measures.

There are debates surrounding New Public Management, where NPM emphasizes increased efficiency and productivity with a result-oriented approach to management. Busch et al. (2011) argue that it can lead to better quality of the services offered by the public sector. By introducing competition and performance management, there is a higher potential for better results, and increased satisfaction among the users. In NAV Contact Center, they have specific performance measures for the case workers, the employees that are in direct contact with the users of their services. These measures are specifically tackling the efficiency as well as the quality of the services. The indicators say how much time the users should expect in terms of response time on the different services and how high satisfaction should be when they are asked to evaluate the help that they as users got. In the other part of the organization, there is difficulty having these precise performance measures, because it is not a service that can necessarily be measured in numbers or quantitative measures. This makes it difficult to have any other performance measure than the qualitative and subjective opinion of the leaders.

When it comes to whether trust-based management and Beyond Budgeting lead to increased performance, our findings show that trust-based management focuses a lot on motivating the employees and creating an inner drive. The employees must feel ownership of the organization and their tasks, and not work to satisfy their manager. The employees set their own goals for development, and together with the organisation's overall financial values, this must contribute to results. When it comes to budgets, our findings show that the traditional

budget has weaknesses which mean that Beyond Budgeting appears to have a performance-enhancing effect. Although budget thinking is deeply rooted and it entails a change in the work tasks of those who have previously worked actively with budgets, it forces employees to exercise controlled self-management. The controlled self-management can appear to promote motivation and ownership of the organisation, and thus lead to increased performance.

In the theory, Arnaboldi et al (2015) identifies critical dimensions of effectiveness in performance management systems in the public sector, and presents that it can be a a challenge for managers within the public sector. A lot of the time, performance is measured, without focus on resolution of the issues that come up in this regard. This can lead to the sole use of negative focus on the performance done, and the lack of improvement as a result of showing these negative performance measures to the staff.

In NAV there are spesific ways they handle the emersion of issues regarding conversation techniques, when faced with negative performance reports. In this instance, the negative performance report can be that it is shown that in a spesific team, the response time is too long compared to the indicators hat they have sat as a goal. When adressing this, the leaders will analyze and have group meetings where they discuss and exchange ways they collect information from the users efficiently, without making the user feel rushed. That can be having questions ready in different "user groups". It can also be discussing how to lead the conversation over to the rigth track, so that the conversation does not drag on longer than it has to.

On the administrational side, there are no reports handed in, and the leaders and employees have to have a more hollistic view on performance, learning and progression together, identifying the needs of the employee, as well as the organization in order to better serve the public purpose. They have on the other hand reported, that with stepping away from the previous mentality that the budget brought with it, regards to the spending of money they have been able to become more creative. Some of the employees said that when following the values, and not thinking within a certain cost frame changed the activities. The employees have attended more creative and applicable courses, which in turn have improved their performance in their daily tasks. This is because that with the narrow mindset they had before, concerning cost frame and there again the hosts of the conferances or courses prevented them from seeing the bigger picture.

This leads to the conclusion that NAV Contact Center has successfully incorporated performance measures in their practices in order to better themselves, and reach goals that serves their purpose and allign with their goals. Despite challenges presented in previous research that performance measurement is of difficulty in this sector, they have created ways to ensure quality in all parts of the organization. In parts of the organization related to direct user contact, they have created spesific measures that combine quality and efficiency. This is to make sure that they deliver on a balanced level where they avoid loosing sight of what is important. There is nevertheless a difficulty of creating measurable goals in the administrative parts of the organization, as presented by Busch et al. (2011), where they are missing the direct contact with users. The implementation of Beyond Budgeting, and the change in the way they lead, has improved the way they work and serve their social purpose as an public sector organization.

7.0 CONCLUSION

In this chapter, by highlighting the most important and decisive points from the analysis, we will present the conclusion of our master's thesis. In addition, we present the study's contribution, as well as suggestions for further research in the field.

The purpose of this study was to shed light on an alternative approach to managing the public sector. The public sector must manage under budgetary constraints, and because they are allocated state funds, they have to comply with the budget. We wanted to take a closer look at the management control of a public agency, and research how the agency uses leadership principles in their management control to contribute to increased performance. We arrived at following research question: "*How do public agencies use leadership principles under budgetary constraints to improve their performance?*"

To answer our research question, we designed a research model. The research model had four points: *Budgetary constraints, positive leadership, balancing trust and control and performance*. The model is designed so that the main purpose was to research whether budgetary constraints, positive leadership and balancing trust and control would lead to increased performance.

The findings and discussion are divided into three parts: *leadership*, *budget* and *performance*. This fell naturally after our findings show that NAV Contact Center has management control that is largely about trust-based management and all of the units have now switched to Beyond Budgeting. Thus, the question became whether this form of management leads to increased performance.

7.1 CONCLUSION REGARDING LEADERSHIP

The conclusion regarding leadership is that there is a pervasive culture where trust is the focus. Beyond Budgeting (2022) has leadership principles that are ment to help steer employees into a mindset and way of working that will highly benefit the capabilities as a result. As we have seen in our emprical findings, all these principles are put into works, in order to help better the performance and make the organization function, without the traditional steering mechanism that the budget is. The leadership in NAV is highly based on

trust, and there is consistent trust from the leaders and employees. There is a continuous balance between autonomy and management, and leaders must constantly assess when management is needed and when employees can manage themselves. There is a focus on motivation and inner drive, and the leaders contribute with support and trust to contribute to self-motivation for their own work tasks. Our conclusion and our findings show that this form of management works well, and all of the informants show high satisfaction with the trust-based culture. This is supported by both the theory and empirical findings. Is it shown that the use of positive leadership and Beyond Budgeting can be applied to the public sector to better influence the employees in a positive direction.

7.2 CONCLUSION REGARDING BUDGET

The conclusion regarding budget is that they cannot escape the budget from the state, nor the budget in the department for financial and business management. On the other hand, the units do not have a budget, and it is therefore a management that is essentially based on the principles of Beyond Budgeting and the organisation's overall financial goals. Forecasting meetings are held which contribute to maintaining control. Our findings also show that the traditional budget has been an obstacle to sensible use of resources, and that the use of resources is better now that they have switched to Beyond Budgeting. Now the management of the economy is more needs-based, where each individual department manager has full authority to use the funds as they wish and as needed. The financial decisions are now all made by justifying the use of financial resources based on their values. All resources, both economical and human should be a clear means to the end goal, which is fufilling the values of the organization. Our empirical findings show that the consumption pattern has changed for the better, and the conclusion is that Beyond Budgeting works according to its purpose. It must be said, however, that the NAV Contact Center in many ways operates according to a hybrid version, as the finance department has a budget and they are allocated funds from the state budget. With spesific modifications in order to better sute the public sector agenda, our findings show that Beyond Budgeting is applicable in a public agency.

7.3 CONCLUSION REGARDING PERFORMANCE

The conclusion regarding performance is that all performance measurement takes place at group level and only on those who work directly with the users, and they focus more on

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quality rather than detailed goal measurement. NAV Contact Center has had more complex cases in recent years, and the KPIs have changed in line with this. Our findings show that the managers consider trust-based management and detailed goal management to be difficult to combine, and place more focus on competence sharing and psychological security. Economically speaking, performance is controlled through control charts that follow the units' consumption and any standard deviations. In addition, they are followed up closely in the form of conversations. Also when it comes to performance, it is the financial values that are in focus, and this is what all employees in the organization must work towards.

A version of Beyond Budgeting in NAV leads to faster clarifications when it comes to decisions, and the decisions are more value-based and needs-driven than before. Our findings indicate that NAV Contact Center operates a form of controlled trust, where the managers have found a fine balance with the employees. The employees feel empowered and that they can manage their own work, but with good support and guidance when necessary.

7.4 SUMMARY

All in all, we can say that despite that this implementation is work in progress, our findings show that trust-based management and Beyond Budgeting are by no means only possible in the private sector. This is a small study of one department in one organization in the Norwegian public sector. However, our findings can in many ways reflect approaches that can be adopted by other public agencies. This study shows how the traditional budget and Beyond Budgeting can be nicely combined, as long as it is replaced with other parameters and a pervasive culture. A combined version can contribute to more efficient use of resources, satisfied employees and in turn give results both financially and in terms of performance.

7.5 CONTRIBUTION

Our contribution to research is related to New Public Management and is an addition to existing literature. By presenting new ways of managing performance within a public agency without top-down control and hierarchy, we have contributed with adding new insights and nuances on previous literature on balancing trust and control, positive leadership and performance in the public sector. We have presented an example on how positive leadership and the leadership principles in Beyond Budgeting contributes to improved performance

management. By focusing on the most important aspects within the organization and emphasizing motivation and inner drive, performance management can be improved without top-down control and detailed performance measurement, also in a public agency.

7.6 FURTHER RESEARCH

Several of our findings are interesting to research further. Further research could for example be to have another approach, by delineating or collecting data from a larger proportion of informants by doing a quantitative study of the same case. One could as well focus more on the employees, and study how the supervisors that are in direct contact with the users interpret the case. In regard to the implementation of Beyond Budgeting, another interesting approach could have been to focus on financial resource management as an addition to our research on how it affects leadership performance.

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APPENDIX

Intervjuguide

Innledning:

Vi presenterer;

- oss selv
- masteroppgaven
- informasjon om hva infoen skal brukes til

- anonymitet

Del 1/Intro:

Fortell litt om deg selv og din rolle i bedriften

Hva er avdelingens oppgave i bedriften?

Lederstil:

Hvordan vil du beskrive din lederstil?

Budsjett:

Hva er budsjettets rolle i din avdeling?

Hvordan påvirker det deg som leder?

Prestasjon:

Hvordan måler dere prestasjon på arbeidsplassen? Både finansielle og ikke-finansielle.

Utvidet versjon ledere

Ledelse:

Hvordan vil du beskrive din lederstil?

Hva er din oppfatning av de ansattes tilfredshet når det gjelder de rammene de jobber under i dag?

Hvordan opplever du din mulighet til å veilede dine ansatte? Hvordan er din rolle i forhold til dette?

Hvor stor frihet har de ansatte til å ta egne valg og beslutninger basert på egne vurderinger?

Hvordan er de ansattes tilfredshet her på avdelingen? Hvor scorer dere høyt/lavt? Har det vært noen endringer her de siste årene?

Folk opplever at de har den kompetansen de trenger for å gjøre de oppgavene de skal gjøre.

Budsjett:

Hva er budsjettets rolle på avdelingen?

Hvordan har kostnadsbevisstheten endret seg de siste årene?

Har du eksempler på når budsjett har fungert, og eksempler på når det har vært til hinder?

Hva gjøres for å opprettholde kontroll når budsjett på drift kastes?

Hva gjør dere for å hindre høyt forbruk og for å holde kostnadene lave?

Prestasjon:

Hvordan måler dere prestasjon på arbeidsplassen? Både finansielle og ikke-finansielle. Har dette endret seg de siste årene?

Hvorfor måles akkurat dette?

I hvilken grad blir den individuelle arbeidstaker målt på prestasjon?

Kvalitative vurderinger av det man vurderer. Skjer løpende fra sak til sak.

Hvordan mener du at din lederstil bidrar til økt prestasjon og motivasjon blant de ansatte?

Hva anser du som den største endringen i bedriften/avdelingen de siste 5 årene?

Hva var årsaken til denne endringen/endringene?

Hvordan har denne endringen påvirket dine oppgaver som leder og din lederstil?

Avslutningsvis:

Er det noe du ønsker å legge til?

Utvidet versjon ansatte

Ledelse:

Hvordan vil du beskrive din leders lederstil?

Hvor tilfreds når det gjelder de rammene du jobber under i dag?

Hvor stor frihet har du til å ta egne valg og beslutninger basert på egne vurderinger?

Hvordan oppfatter du de ansattes tilfredshet her på avdelingen? Både din egen og dine kollegaers. Hvor scorer dere høyt/lavt? Har det vært noen endringer her de siste årene?

Budsjett:

Hva er budsjettets rolle på avdelingen?

Hvordan vil du si at kostnadsbevisstheten har endret seg de siste årene?

Har du eksempler på når budsjett har fungert, og eksempler på når det har vært til hinder?

Hva gjøres for å opprettholde kontroll når budsjett på drift kastes?

Hva gjør du for å hindre høyt forbruk og for å holde kostnadene lave?

Prestasjon:

Hvordan måler dere prestasjon på arbeidsplassen? Både finansielle og ikke-finansielle. Har dette endret seg de siste årene?

Hvorfor måles akkurat dette?

I hvilken grad blir du som individuell arbeidstaker målt på prestasjon?

Hvordan mener du at din leders lederstil bidrar til økt prestasjon og motivasjon blant de ansatte?

Hva anser du som den største endringen i bedriften/avdelingen de siste 5 årene?

Hva var årsaken til denne endringen/endringene?

Hvordan har denne endringen påvirket dine arbeidsoppgaver?

Avslutningsvis:

Er det noe du ønsker å legge til?

Strategiske mål	Resultatmål	Indikator
Tilgjengelige brukermøter	Svartid telefoni for brukere	5 minutter
	Svartid telefoni for arbeidsgivere og samhandler	2 minutter
	Svartid Skriv til oss	2 dager
	Svartid Chatveileder	2 minutter
	Sykefravær*	< 6,1 %
Gode brukermøter	Telefoni service	90 %
	Telefoni løsningsgrad	85 %
	Skriv til oss service	90 %
	Skriv til oss løsningsgrad	75 %
	Chat veileder service	90 %
	Chat veileder løsningsgrad	85 %
	Serviceklager behandlet innen frist	21 dager
	Informasjonsfilmer når frem til sårbare brukere (ny)	Øke antall visninger
Riktige brukermøter	Av totalt volum utgjør telefoni	65 %
	Av totalt volum utgjør STO	10 %
	Av totalt volum utgjør chat	25 %