



Freedom and responsibility for French universities: from global steering to local management

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Abstract

Purpose – This paper seeks to extend the understanding of how formal management control systems (MCSs) contribute to the construction of performance management systems (PMSs) in the French higher education (HE) sector.

Design/methodology/approach – Empirical data are gathered both at the global level and at the local (university) level through an in-depth case study. This allows a dynamic multi-level analysis based on a neo-institutional framework.

Findings – This article shows how formal MCSs contribute to the institutionalisation of a wider PMS at the global level of the HE sector. The social context then has a determining influence on universities, through the diffusion of values and norms drained by formal MCSs, calling into question the effectiveness of the autonomy supposed to be given to universities under the new PMS. Moreover, within universities, the complex interactions between MCS and PMS resulting from learning, political interactions and conflicts of values, lead to still uncertain outcomes.

Research limitations/implications – The paper focuses on one main case-study, which is still undergoing change. Analysis could be reinforced by further longitudinal and comparative research.

Social implications – Steering organisations within a framework where the State defines strategic priorities requires both appropriate performance indicators and a dialogue allowing objectives to be shared at both the social and local levels.

Originality/value – Institutionalisation of MCSs and accountability are discussed in the specific French context of cultural centralisation.

Keywords Universities, Management control system, Budgets, Autonomy, NPM, Performance indicators, Control

Paper type Research paper

Introduction

Despite opposition mainly expressed through a long social protest movement in 2009, French universities have progressively entered into a new mode of management and budgetary decision-making, supposedly offering them greater autonomy and responsibilities. It is an important change in a country where the “*Jacobin*” tradition, dating from the time of the French revolution, led to strong and centralised control of higher education and research policy by the State. This change is part of a wider European context of university reforms, designed to develop a European Higher Education Area. The principles of academic freedom and the autonomy of universities

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are stated as fundamental aspects. This process constitutes one of the elements of the Lisbon Strategy, whose objective was for Europe “to become the most competitive and dynamic knowledge-based economy in the world (by 2010)”. In this context, the European Commission published a modernisation agenda for universities in 2003, which provided for a triple reform concerning curricula (defining a new articulation between levels of qualification in particular), governance (autonomy, quality assurance, partnerships) and funding (diversification of income sources, consideration of performance in relation to funding). This utilitarian vision of universities coincides with OECD recommendations, emphasising that universities are essential to society and will be a tool of economic growth and national productivity enhancement in the global knowledge economy (Parker, 2011).

In addition to the implementation of a European political project concerning higher education and research, wider public administration reforms have impacted French universities, strongly influenced by New Public Management (NPM) principles. This policy reflects the desire to modernise the State and to make it more efficient by placing emphasis, in particular, on management control systems, which have proved themselves[1], by improving the effectiveness and efficiency of organisations (Hood, 1995). Although NPM does not refer to explicit techniques or structures, it has a specific and important role at least as a powerful form of discourse of control, carrying a strong general message of effectiveness and efficiency (Broadbent, 2011).

The process of change in the HER sector in France is therefore based on three pillars: the LOLF[2] budget structure associated with the principle of conditional funding for universities; the new role given to Independent Assessment Agencies; and the Law of 2007 on Freedom and Responsibility for Universities (*Liberté et Responsabilité des Universités*, LRU in French).

In the framework of NPM, French universities must now be accountable in terms of budget allowance and performance indicators within a more structured and systematic framework than before. They have been made auditable (Power, 1997) and responsible for their performance through various formal mechanisms, which determine their resource allocations. Like in many other countries, “an accountability regime is working toward the ‘de-churching’ of universities” (Tuchman, 2009, p. 45), drawing on a pervasive audit culture to do so.

In addition, the LRU is supposed to give autonomy to universities. This formal autonomy obtained by universities mainly concerns the internal allocation of their global budget and the management of human resources. It is notably based on changes concerning governance, increasing the power given to the president of the University and the number of external Board members. The LRU also sets out the guidelines for a university model, clearly connected to the knowledge economy through the emphasis put on the new missions, namely the professional insertion of students, and research programmes promoting innovation and positive economic impacts.

The corporatisation of universities (Parker, 2011) appears nevertheless less sharply in France than in other countries, possibly because of the relatively recent arrival of these reforms. The marketisation of Higher Education has not yet attained the stage described in particular in the UK (Broadbent, 2011), the US (Tuchman, 2009) or in Australia (Guthrie and Neumann, 2007; Parker, 2011)[3].

In this context, change concerns formal management control systems (MCS), aiming at effectiveness and efficiency in resources management (Anthony, 1965), and appears as

part of a wider evolution concerning performance management systems (PMS). As systems of definition and control of ends and means of organisations (Otley, 1999; Broadbent and Laughlin, 2009; Ferreira and Otley, 2009), PMS expands the field of management control systems to include their interactions with strategic management and human resources management in particular. PMS and MCS have strong interrelated connections, which render them difficult to separate, but the challenge is to focus on these relationships to better understand the changes at work within organisations and society. Thus, the aim of this article is to analyse how the introduction of formal MCSs takes part in the institutionalisation of a PMS within the context of the French Higher Education and Research sector. In this way, we will study the nature of change which is building a new steering framework designed to give more autonomy and responsibility to universities. Such an observation will support the call for more research on the conditions and circumstances under which the calculating instruments of accounting are mobilised and put to work in different national contexts (Humphrey and Miller, 2012).

This article is therefore divided into three sections, followed by a conclusion discussing the results. The first section presents the multi-level theoretical framework based on the new institutional theory and the empirical method. The second section deals with the way NPM has been diffused in the French Higher Education context, through a performance management system relying heavily on formal MCSs. The third section studies the implementation of the performance management system within universities. The conclusion assesses these findings, and in particular examines in greater detail the links between the macro and micro levels.

Framework and research design: a multi-level institutional perspective

To understand the contribution of MCSs to the construction of a PMS, our framework has to specify the distinctions between these two objects, thus allowing an analysis of their respective place and role within the NPM, in a new institutional perspective. Finally, the method of field study will be presented.

MCS and PMS in interaction

The classic definition of a management control system (MCS) as “the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organisation’s objectives” (Anthony, 1965, p. 17) is a key element of our research. Indeed, most of the implementation process of MCSs included in the French NPM refers to some kind of “basic principles” of management control outlined in this definition. Subsequently, formal MCSs define a new framework aiming at effectiveness and efficiency in resources allocation. This framework implies formal structures for the delegation of responsibilities and the allocation of resources, with commitments on the link between objectives and means, assessments and the evaluation system.

However, we will also adopt a wider perspective to properly understand MCSs at work within organisations (Otley, 1999). Thus, from the original definition of Anthony (1965), the representation of MCSs has evolved to make relations between the different levels of control (strategic, management and operational control) more interactive (Simons, 1987). Moreover, while MCSs are now based on accounting information they are also based on more managerial or cultural systems of control (Abernethy and Chua, 1996; Malmi and Brown, 2008).



The scope of analysis has consequently shifted from MCSs to wider performance management systems (PMSs), partly composed of management control systems. This article therefore aims to analyse precisely how specific devices of management control, such as resource allocation systems and budgetary control, contribute to the institutionalisation of a PMS, which include control mechanisms of a strategic, managerial or cultural nature.

In order to study the change concerning PMSs, a fairly broad concept of the performance management system will be used, as a system for definition and control of the aims and means of organisations (Otley, 1999; Broadbent and Laughlin, 2009; Ferreira and Otley, 2009). This framework seeks to demonstrate the importance of moving beyond mere measurement and of widening the focus on performance management, not only at organisational but also at societal level. Nevertheless, empirical studies have shown that although a number of techniques have been adopted to manage performance of public services, systems of performance measurement associated with MCS remain central drivers. In such systems, funding appears to be the instrument enabling organisations to attain their aspirations, and accountability mechanisms are the means by which performance management systems can identify whether these aspirations have been attained (Broadbent and Laughlin, 2009; Broadbent and Laughlin, 2009; Broadbent, 2011).

Finally, our analysis will be integrated into a new institutional framework giving consideration to the social context and the various forms of rationality expressed both in institutionalised norms and in the practices of organisations (Townley, 2002; Broadbent and Laughlin, 2009).

Institutional theory: a multi-level processual framework

The new institutional theory takes into account the influence of the social context, consisting of cognitive, political and normative dimensions, on decisions of organisations (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). Recent works highlight the recursive manner in which changes occur at different levels of the institutional context, and the influence of such changes on PMS structuration (Brignall and Modell, 2000; Greenwood *et al.*, 2002; Dillard *et al.*, 2004; Modell, 2005; Modell *et al.*, 2007; Hopper and Major, 2007; Suddaby *et al.*, 2010). This framework is particularly pertinent for comprehending the phenomena of organisational change related to New Public Management (Modell, 2009).

First of all, this theory allows us to analyse PMS as a set of structures and practices in interactions, which give meaning to the behaviour of agents (Burns and Scapens, 2000). PMS, if institutionalised, may become part of the institutional context, simultaneously enabling and restrictive (Scott, 2001). It may operate at the level of society as a whole, at an intermediate level defined as the institutional field and at a microsocial level, that of the university. Recursive interactions between these different levels, through which norms, values and beliefs can be modified, demonstrate the importance of inter-organisational processes in the functioning of organisations (Collier, 2001; Dillard *et al.*, 2004; Hopper and Major, 2007). MCSs may be understood as representations at organisational level of a normalised benchmark at the levels of the institutional field and of society. These MCSs, combined with other accountability mechanisms, contribute to the implementation of a wider performance management system.

Moreover, in this multi-level representation, the use of Weberian concepts highlights the different dimensions of PMSs to be found between ideals, which are

expressed in a vague and general manner at societal level, and control techniques, which specify in precise fashion the relations they seek to regulate within organisations (Hasselbladh and Kallinikos, 2000; Townley, 2002; Dambrin *et al.*, 2007). PMSs may therefore be analysed with reference to the performance ideal (often combining ideals in terms of economic, financial, scientific and social performance), to management control models, positioning the place and role of MCSs within the organisation, as defined for example by Anthony (1965) or Simons (1987, 1995), and to tools (budgets, dashboards, awards etc).

In this framework, formal MCSs may thus constitute institutions in themselves at the global and/or local level, by defining norms and values, categories of social actors, appropriate relations and activities through formal technical codification. They frame action within the organisation and determine behaviour. Organisational planning, control and performance measurement systems serve also to project an image of rationality and compliance with government, industry, professional and societal conventions that helps the organisation in its efforts to acquire legitimacy (Parker, 2011). However, facing this kind of institutional determinism, formal structures and effective practices in organisations can differ, potentially leading to decoupling (Meyer and Rowan, 1977). This allows organisations to maintain formal, standardised and legitimate structures within the institutional field, and to benefit from a more or less compliant operational system according to areas of activity and technical constraints. Ideals, discourse and management control systems at work can be dissonant and yet co-exist (Greenwood *et al.*, 2002; Dambrin *et al.*, 2007; Parker, 2011). The decoupling of formal and practical systems of control can then help to legitimise the norms, relations and values formally defined at the level of the organisation or at a wider societal level. The relationship between formal and practical MCSs can thus provide an understanding of the evolution of performance management systems in their institutional context.

With New Public Management, the evolution of the PMS inspired by the private sector takes place at an organisational level as well as through socio-historical dynamics. Potentially, it may give rise to various types of contradictions (Seo and Creed, 2002) at different levels of the institutional context. In particular, the concept of performance is relative and multi-dimensional. The introduction of a PMS does not involve an impasse on the ideals associated with a definition of the performance aimed for, nor on the criteria by which performance is assessed specifically at each level of steering. The effectiveness of models, the achievement of objectives presented as rationally attainable, overrides the socially constructed character of the desired performance and the means implemented to attain it (Townley, 2002). In this context, certain assessment and performance management practices may remain while only loosely coupled to the emerging normative PMS. Loose coupling (Weick, 1976) may manifest itself in the absence of clear connections between aims and expressions of control embodied in different performance indicators (Brignall and Modell, 2000). This may enable actors to arbitrate between conflicting interests by constructing multiple but disconnected images of organisational performance, while concealing the political relations which these images reflect. In the dynamic of practising accounting and MCS, actors interact (either at the central or local level, either between academics or administrative staff) and acquire understanding of the PMS being built (Modell, 2003; Moll and Hoque, 2011) whether or not the system actually reproduces their social values (Townley, 2002).

In order to go beyond a vision of the institutional context regarded as too rigid and deterministic (Lounsbury, 2008), various studies have thus been undertaken in a more dynamic perspective (Burns and Scapens, 2000; Greenwood *et al.*, 2002). This enables better comprehension of the interplay between elements which shape both practices and norms in relation to MCSs at different levels (Dillard *et al.*, 2004; Modell *et al.*, 2007; Hopper and Major, 2007). The new regulatory context of universities, implemented since 2007 at the national level, constitute in our case the precipitating jolt potentially generating change at the local level. However, routines may strongly orient decision-making and may bring inertia to the organisation (Burns and Scapens, 2000; Granlund, 2001; Modell *et al.*, 2007). The existing structures may also orient change in a direction partially independent of that promoted by institutional pressures. Thus, a performance management system may arise from combined ongoing influences of prescribed change at the macro level and a kind of organisational determinism. In that sense, although French universities are placed in a global trend of international *corporatisation* (Parker, 2011), their structures may remain specific, as instruments of New Public Management are not invariant or absolute (Humphrey and Miller, 2012). That is the reason why a processual framework seems necessary to identify influences at work at the different levels and stages of change. We shall now present our method of field observation, ensuing from our research question and from the framework adopted.

Research design

We researched the field empirically with an approach that was both constructivist and comprehensive, leaving a wide open perspective to allow the emergence of a whole range of results. The variety of these results is useful in addressing the largely systemic question: how does the setting of formal MCSs contribute to the construction of a PMS?

This examination of MCSs and PMS was undertaken via a multi-level case-study in search of an understanding of the dynamics within their social and organisational contexts (Eisenhardt, 1989; Otley and Berry, 1998; Agyemang, 2009). We adopted a methodological approach combining archival sources and more direct data collection through a number of semi-structured interviews. At the global level, we aim to identify and analyse the different elements that make up a PMS in the higher education sector, with a particular focus on the formal MCSs (responsibility and delegation lines, target setting, resources allocation system, key performance indicators and system of evaluation and reporting, etc.). At the organisational level, we try to enhance the comprehension of formal structures as well as the roles and representations of different actors in the structuration of MCSs within the PMS.

Two types of collected information may be distinguished, whether at the global or local level:

- (1) Global level. Institutional and regular information:
 - laws;
 - reports of the Senate;
 - reports of the independent assessment agencies;
 - public communication from the French Ministry of Higher Education and Research, and from actors engaged in changes; and
 - specialised press review.

- (2) Local level. One case study developed:
 - institutional communication;
 - formal structures and tools: management control and performance management systems;
 - reports of independent assessment agencies;
 - minutes of administration committee; and
 - semi-structured interviews with university staff in a variety of roles and functions.

The main case is compared to information on other partial case studies and more informal exchanges in workshops organised with practitioners around the implications of the LRU in terms of steering.

At the global level, data analysis and summary notes revealed three dimensions of the structuration dynamic:

- (1) the historical dimension: identification of successive stages in the implementation of NPM in the higher education and research sector (with specific categories concerning the performance management system);
- (2) roles and places of actors in the transformation process: differences of meaning, power games and legitimacy questions; and
- (3) coherences or contradictions between different dimensions of MCS and of PMS.

At the local level, a case study was conducted in one of the biggest French scientific universities. This university had at the time two main faculties, Science and Health, with 28,000 students, 1,500 academics, and 1,800 administrative and technical staff. Four considerations explain why the site was appropriate for the study:

- (1) the wider responsibilities and competences involved in the LRU law were about to be implemented;
- (2) the university was already undergoing changes in its organisation before becoming officially autonomous (on January 1, 2010);
- (3) the size and economic importance of the university; and
- (4) the accessibility and availability of actors.

This case study is based on the analysis of formal structures, decision processes and complementary information based on semi-structured interviews. Multiple data-collection techniques were employed, including interviews, document study, and observation. Our approach for this analysis is similar to the one conducted at the global level, but with the advantage of more contextual, informal and precise information about the way actors perceive the process. One-to-three-hour interviews were conducted with actors in charge of the local reform (namely vice-presidents, general secretary, human resources, finance and management control departments) or with academics or administrative staff less active in organisational development. Our research was thus able to integrate differences in the understanding of past and present changes. The interview questions were deliberately open-ended in order to understand participant experience and views on MCS and PMS. Each interview was recorded and transcribed verbatim. These interviews gave information which in some



cases complemented and in others conflicted with that given in formal discourse. In some cases, follow-up interviews were conducted (Table I).

Our case study started in September 2009. Throughout data collection, field notes and reflective notes were kept about what was happening in the research, providing initial interpretation and analysis (Eisenhardt, 1989; Agyemang, 2009). Initial work was also done to understand the origin of on-going change occurring at different levels (macro and micro, and sometimes at intermediate levels). It was an advantage for our research to be able to conduct such a case-study while transformations were still underway. It may also be problematic however, given changing elements during the time of the research. As work progresses, it could be advisable to make adjustments regarding the boundaries of the study (Otley and Berry, 1998). But it also involves considerable difficulty given the amount of uncertainty about what are the most important elements in a changing environment and also because of the open approach and framework adopted. Consequently, our results should be considered as comprehensive, aiming to decrypt different dimensions of the change from an iterative multilevel perspective, without necessarily reducing its complexity.

In the next section we analyse how NPM in France has progressively been implemented at the global level through the formal MCS, and with a specific transposition in the higher education and research sector. The deployment of MCS and PMS within universities, at the local level, is then analysed in the third section.

Contribution of MCS to the global performance management system of the French higher education and research sector

New Public Management has been deployed by numerous governments since the 1980s, founded on the introduction to the public service of a set of managerial techniques taken from practices and performance criteria used in the private sector (Hood, 1995, 2007; Lapsley, 2009). Within the framework of NPM, models of MCS developed for private enterprise have been promoted as universal models in a highly normative manner, without always taking account of their limitations (Olson *et al.*, 2001). Public organisations are expected to demonstrate their performance, with the introduction of measurement systems and indicators intended to show the level of performance attained (Hood, 1995). Following Broadbent's (2011) view, we argue that the control of resources and the accounting processes around them are significant steering mechanisms, and that discourse is important but not sufficient to understand the processes of change at work with NPM. Let us analyse how management control systems have progressively been diffused, defining a new general framework for the French State, and then interpreted in each programme, especially in the higher education and research sector.

Participant position	Number of participants
Senior academic management	5
Other academic management	2
Administrative staff	11
Academics	9
External participants	2
Total interviews (total time: 39 hours)	29

Table I.
Research participants'
details

A structuring context: MCSs at the heart of French-style NPM

To fully understand the process of modernising the French State, it is useful to adopt a historical perspective, identifying the actors of reform and the different mechanisms developed in relation to management control systems.

NPM practices first developed in France through importation by high-ranking civil servants, not via the political elites (Bezès, 2009). As of 1988, various working groups, in charge of drawing up reforms intended to modernise the State, gradually appropriated NPM methods, notably through contacts with foreign civil servants. In parallel, the Budget department introduced management control tools into public administration. This initial phase was one of partial diffusion limited to certain actors.

The LOLF (Loi Organique relative aux Lois de Finance – organic law on finance laws) marks a major turning point in the implementation of NPM in France. Voted in 2001 thanks to an unprecedented political consensus and strongly supported by the administrative elites, this law confers on Parliament an increased role in State budget control. It seeks to construct the budget in a more legible manner, structuring it in State missions, each mission being divided into programmes, with related objectives and indicators. As noted by Hood (2007), central performance measurement systems in France have been legislation-based as in the USA, unlike the situation in the UK, but the process of institutionalisation of performance measurements was already underway in the administrative elite. The LOLF, implemented in 2006, thus reflects the fundamental aspects of budgetary control as defined for major private corporations, considered as universal principles. It seeks to develop a results-based culture through efficient and effective resource management and the clear allocation of responsibilities:

LOLF enables better expenditure and improved efficiency in public activity for the benefit of all: citizens, users, tax-payers and state officials (Guide pratique de la LOLF, 2008).

It brings in:

[...] the concept of the “management control triangle” [...] which combines means, performance objectives and measurement of achievements (Guide du contrôle de gestion dans les administrations, 2003).

LOLF refers to a model of management control similar to the cybernetic type defined by Anthony (1965). What is called “results-based culture” relies more on a basic mechanistic type of control based on accounting information. It takes relatively less account of the role of other types of control, e.g. those based on shared values.

NPM is therefore based on the introduction of a budgetary procedure structured by roles and programmes, and on operational actions to modernise the State. The General Department for State Modernisation (DGME)[4] created in 2005 and attached to the Budget ministry plays a key role in the French deployment of NPM. The key objective is to “analyse and optimise state functioning”. For this purpose, modernisation audits were launched to support implementation of the LOLF within ministries and administrative bodies. The first report of this Department, in March 2007, thus sets out in detail the introduction of management control systems at all levels of administration (modernisation audits, organisation of a network of management controllers).

From summer 2007, the MCS became more clearly oriented towards cutting down on public spending – and in particular reducing the number of civil servants. A new Committee was created to conduct a General Review of Public Policy (RGPP), with the



assistance of large consultancy firms. This Review was intended to facilitate the institutionalisation of management control techniques within the State. The reform sought to “entirely rethink all state roles, while also improving the quality of service provided” and asked seven key questions: “What do you do? What are the collective needs and expectations? Is it appropriate to continue acting in the same way? Who should do it? How can things be done better and at less expense? Who should pay? What is the best scenario for transformation?” The very form of these questions reflects the substitution of a managerial culture originating in the private sector and replacing a public administration culture, and appears to take State withdrawal for granted. The budgetary argument thus lies at the heart of reform: effectiveness and efficiency in resource management.

In NPM in France, a clear trend has emerged over time, concerning both the actors in charge of the change and the reform objectives themselves. Until 2007, State reform was overseen by the administration itself, under the increasing influence of the Finance ministry (Bezès, 2009), reflecting changes in the balance of power in favour of actors thoroughly immersed in the budgetary approach. Change occurred through an iterative process, introducing a gradual combination of several mechanisms (the LOLF and modernisation audits in particular). This process enabled change and the appropriation of a new budgetary framework, in both technical and cultural terms, with the LOLF implementing an accounting and budgetary control tool to serve policy. In 2007, the Presidential election accelerated the reform process. The RGPP thus reflected a policy oriented towards cost reduction in all administrative bodies. Under the influence of new presidential leadership, political appropriation of the neo-managerial turning-point led to a radicalisation of orientations which had previously been incremental.

The diffusion and institutionalisation of management control systems (MCSs) within the French administration is thus the result of interactions between actors in various spheres of society (political, administrative and managerial in particular), leading them to establish certain relations and rules. MCSs deployed through NPM contribute to the control of public organisations and guide the decision process towards means-ends couples and performance indicators considered as legitimate.

This historical analysis enables us both to identify the generic characteristics of Anglo-Saxon NPM and the specificities of a French type with an institutionalisation process of management control systems. We will now look at how the global formal MCS was deployed in Higher Education and Research, notably through the LRU, adopted by the French parliament in August 2007, and gradually implemented within universities.

The diffusion of a PMS in the French higher education and research sector through MCS

In terms of funding, unlike many OECD countries, the French HER ministry has increased the amounts devoted to the financing of universities between 2007 and 2010. But globally, France invests less money expressed in GDP percentage than the average in OECD countries both for higher education (1.4 per cent versus 1.5 per cent) and for research and development (2.11 per cent versus 2.33 per cent) (OECD, 2010). Moreover, the implementation of cost reduction policy (through RGPP) is generalised even in this sector, with an increasing pressure on French university funding. In this context, at the global level of the policy led by the Ministry of Higher Education and Research, the

development of a global performance management system can be seen to have several dimensions: the definition of a strategy with key policy objectives, a new form of responsibility delegation and of budgetary steering, and the elaboration of a performance assessment system.

Defining key objectives and performance indicators. Within the framework of the LOLF, the budget clearly identifies the State’s role in “research and higher education”, itself broken down into programmes. The Ministry, which is responsible for the “higher education and research” programme, sets out three major strategic orientations: Providing a better response to the country’s need for higher-level qualifications, improving effectiveness in academic research, and improving efficiency. The *Projet de Loi de Finance* (Budget) for 2010 French Parliament (2010) then defined the programme’s major strategy guidelines into 12 objectives, each one being linked to one or more performance indicators (Table II). The fundamental thinking behind management control, organisation and strategic planning for effective and efficient resource management is therefore at the very heart of its concerns.

The introduction of a global performance management system at the summit of the State therefore seems to be at quite an advanced stage, with the structuration of fundamental mechanisms of MCS: planning approach, commitment to objectives, definition of performance indicators, post-assessment, diagnosis, proposed corrective measures. The deployment of the LOLF first involves clearer structuring of the State budget in order to increase the accountability of the Ministry. That is the very heart of the reform. However, it is also the opportunity to formally define through MCS the missions of public sector Higher Education and Research, which fit into the wider PMS. Thus, the Ministry takes responsibility for Higher Education and Professional Insertion on one hand and for Research and Innovation on the other. This evolution, associated with MCS reform, expresses a fundamental change of values concerning the role of higher education and research in society, as a part of the knowledge economy. It is a statement of intention from the summit of the State, which plays a strong signal role. These new responsibilities (especially Professional Insertion) are supposed to be interpreted through objectives and performance indicators at every level of the steering chain, from the Ministry to universities and within universities to departmental directors. Several questions should be asked however regarding the formal or effective character of the mechanism, and regarding the pertinence of the indicators proposed at this stage.

The first question relates to the way global performance indicators may be translated into a policy which operates locally, within universities. As for any given organisation, there remains the question of the meaning, whether shared or not, attributed by actors to the indicators.

Objective 1	Meeting needs for higher-level qualifications
Indicator 1.1	Percentage of an age bracket holding a higher education qualification
Indicator 1.2	Level of employment insertion for young graduates three years after leaving initial education
Indicator 1.3	Percentage of an age bracket entering various levels of higher education qualification

Table II.

Source: French Parliament (2010)



The first ranking of French universities according to the students' insertion into employment published in October 2010 by the Ministry was widely criticised. The critics focused on both the meaning given to this unidimensional indicator, which in the view of the actors involved could only be pertinent when contextual factors are taken into account, and on the use of the indicator, regarded as a long-term steering tool at local level rather than as a national benchmarking tool.

More generally, indicators are not appropriate for active use unless they are employed in conjunction with a shared perception of the roles of the university and unless a common aim has been defined. As noted by Hood (2007), public management often relies on "management by numbers", although such target systems have well-known side effects such as ratchet or threshold effects, or may create "strong pressures for gaming that distort the reported numbers". With regard to this indicator and in a more general manner, it will retain meaning if the measurement or performance assessment indicators are integrated in a coherent global mechanism, and lead to a management dialogue allowing ultimate objectives to be shared.

In the French HER sector, the structuring of the PMS through performance indicators is currently still in progress at different levels. The ministry has already committed itself to Parliament, with regard to the objectives defined within the finance law. From this point the Ministry seeks specific strategic alignment among universities. In order to attain these objectives, it has identified the levers of action which will enable the implementation of this strategy at operational level. These levers are mainly based on a new form of responsibility delegation, defined by the LRU and on changes to budgetary steering.

A new form of responsibility delegation and of budgetary steering. The LRU is composed of a set of mechanisms intended to give universities greater responsibility regarding the attainment of objectives and greater autonomy in relation to the means implemented to reach them. This law brings in the managerial approach of NPM while also involving a more global political project concerning the roles of universities. The aim is to transform universities by encouraging them to adopt clear strategic positioning in their competitive environment, with appropriate budgetary control and human resource management.

From a budgetary perspective, the move towards greater responsibilities and competences for autonomous universities involves:

- transfer of the global budget and salary bill from management by State officials; and
- evolution of the budgetary procedure within the university, intended ultimately to function in the same way as within major corporations, with a review of budgets allocated to components rather than quasi-automatic renewal of the previous year's budgets.

This performance management approach, already contained in the LOLF, is taken further with the LRU by giving greater decision-making powers to university presidents. It is also accompanied by an obligation of accountability, in order to give the State, under multi-annual contracts, guarantees that the university's policy is consistent with the orientations defined at ministerial level. The inspectors training universities in how to adopt this reform thus assert that:

These contracts will fix both the objectives to be attained and the means required to do so [...] We hope that, this time, we will truly see performance-based management applied to the contractual process (Ministry Inspector, March 2008).

It is intended that this management control dimension will be improved through the implementation of the LRU.

In addition, conditional funding is being increasingly introduced as a tool to encourage adoption of the new performance management system. In line with the recommendations of the Lisbon Strategy, French universities are encouraged to diversify their sources of income, notably by developing partnerships with enterprises. Parker (2011) notes that governments increasingly drive universities to seek outside, non-government funding, operating with schemes where the government subsidy varies depending on the amount of external funds raised. In France, the principal sources of university funding still currently come from the State[5], and take two forms: the annual overall allowance for expenses related to teaching and university functioning, and multi-annual funding based on a contractual approach for specific strategic development projects (multi-annual contract). Research activities are, furthermore, increasingly funded through contractual research projects overseen by the ANR (National Research Agency), a funding body for research projects set up in 2007. In addition, the Idex Plan decided in 2009, with huge funding potential (7.7 billion Euros shared between the very few Centres of Excellence), will only concern universities selected because of their excellence by an independent committee[6].

Funding of universities is now systematically conditional as concerns both the annual allowance and the multiannual contracts.

First, the annual overall allowance is now made according to a resource allocation system (SYMPA) which combines activity and performance criteria. This part of the funding flows directly from the Ministry to the autonomous universities, without the mediation of any funding agency, unlike in the UK for example (Broadbent *et al.*, 2011). The SYMPA system clearly falls within the framework of the New Public Management policy. The use of performance and efficiency is justified in a Senate report (2008) by reference to practices within foreign systems, in the same way as McKenzie (2009) suggests that the French system should learn from the Australian reform concerning teaching practices. For both research and teaching, activity and performance criteria are based on indicators and ratings from an independent assessment agency (AERES).

Since the introduction of SYMPA, the need to ensure the reliability of data used for activity and performance indicators has been stressed by politicians, along with the importance of the rapid use of employment insertion indicators. However, the Presidents' association underlines the vital importance of adapting the mechanism to take into account the negative effects identified when the model was first applied in 2009: job redeployment based on indicators that are difficult to evaluate with certainty, and competition between institutions receiving unequal allowances. The association also proposes the inclusion of efficiency criteria to assess the relative performance of institutions with regard to the latter point. Some allocation criteria were effectively amended in 2010, particularly to take better account of the number of students, the specificity of small universities, and the differing needs in terms of supervision for degrees or masters programmes. These amendments arose both from a learning process concerning the pertinence and effects of the indicators defined by the Ministry, and from a political process in which the actors (university presidents, members of

parliament, and ministry officials in particular) exert pressures to modify the steering system in favour of their own interests.

In July 2009, Senators issued a report on the use of SYMPA, six months after autonomy had been attained by the first 18 universities. They highlighted the lack of steering tools within universities, the need for improvement in certain resource allocation criteria, and the absence of an indicator measuring employment insertion, considered as an “incentive for transformation” of the range of courses offered. These difficulties had indeed appeared in practice, related to defining and measuring performance, both in terms of choosing appropriate indicators with appropriate roles, and in terms of data collection tools.

The second way of “steering by budget” relates to the new procedure of drawing up multi-annual contracts. It shows the emergence of a similar approach, involving the diffusion of a results-based culture, based on a cybernetic and accountable type of control. These contracts, intended to fund strategic projects specific to each university, are now concluded through negotiation. The allocation of resources is linked to a commitment to objectives and performance targets in line with the strategic priorities defined nationally by the Ministry. The contract covers the working areas deemed strategically important by both parties for attainment of the objectives. The “framework letter” on the new contractual dialogue covers the fundamental aspects of the budgetary procedure as an a priori and a posteriori control system, and as a mechanism favouring management dialogue between the Ministry (in particular the office dedicated to funding and contracts, given competence in cost accounting and management control) and the universities. This dialogue is based, among other factors, on relations with the independent assessment agency.

The formal structure for budgetary control between the ministry and the universities is therefore now in place, although it is still being structured with regard to defining the most appropriate performance indicators. The various resource allocation mechanisms are now subject to commitment to performance targets and the introduction of systems to assess this performance. For the past four years, the complexity of university funding has grown, with a contract- or project-based approach either at university level or at regional level through the Idex plan (Excellence initiative), that tends to transform the relationship between the State and the universities into a more “transactional” steering process (Broadbent and Laughlin, 2009). The delegation of responsibility to French universities is accompanied by strong central control as in many other examples of NPM performance management systems (Broadbent and Guthrie, 2008). These systems must be designed both with a view to internal steering by universities themselves – with universities being encouraged to develop management control tools – and to reporting on the attainment of their objectives by means of external assessment. Let us now look at how this diffusion of performance steering tools is assessed by the ministry itself, or by independent agencies.

Towards a quantitative and systematised assessment of performance. Performance assessment in universities is not a new phenomenon related to the LRU. An independent administrative authority (CNE) has been qualitatively assessing all public institutions of a scientific nature since 1984. An analysis of CNE reports over time clearly shows the emergence of the current strategic approaches and gradual stress on employment insertion, innovation, and institution steering. From 2003, institutions

were encouraged to use a self-assessment tool designed by the agency, with three dimensions assessed in highly structured fashion:

- (1) teaching policy;
- (2) scientific policy; and
- (3) the management of the institution.

Nevertheless, several Senate reports underlined the lack of global assessment of institutions, i.e. involving a comprehensive overview of effectiveness and efficiency, which NPM has led assessors to focus on.

In 2007, a new independent assessment agency was created (AERES) to assess higher education and research institutions having signed contracts with the State. This agency has developed an audit grid for universities and also a method based on a self-assessment report, but employing a much more quantitative and systematised approach. Assessment of the reports highlights that:

[...] the required tools do not necessarily exist in universities to support this self-assessment.
[...] the institutions have, however, worked hard and have appropriated the self-assessment system (Director of AERES).

The introduction of the comprehensive assessment mechanism (finalisation and post-assessment) appears thus as a complex process, which will take some time for both technical reasons related to the collection and processing of information within universities, and social reasons associated with the acceptance of the mechanism itself. Assessment involving a highly quantitative and standardised approach and identifying the objectives and indicators defined by the managing bodies faces many protests, sometimes from major actors in the HER field (even Presidents of universities supposedly favourable to assessment).

Although AERES does not directly fund universities, the evaluation has a contractual value as it is used by the Ministry in the calculation of the SYMPA funding and in the negotiations for the multi-annual contract. Beyond this dimension, the director of the Agency emphasises the desire to make this assessment a steering tool for local use. Concerning teaching assessment in particular:

[...] university presidents will then have a mine of information enabling them to ensure compliance among teaching staff and to identify places where there are difficulties (Director of AERES).

The use of these assessments includes the idea of a learning loop both for the “operational agents” – the university presidents – and for the “strategic summit” embodied by the ministry, as recommended by the classic model of management control. It opens up the opportunity to improve objective-setting and subsequent steering. The assessment procedures are thus instruments of central control and surveillance which rely on the independent assessment agency and depend also on the establishment of self-assessment structures within universities.

At the level of the HER Ministry, New Public Management has been broken down into different strands: the definition of strategic priorities; the implementation of the LRU for organising delegation of responsibilities and budget steering, notably through increasingly contractual mechanisms; and the assessment system under the responsibility of independent agencies. NPM culture is clearly present in each of



these strands, in terms of establishing a Performance Management System for higher education and research with a concern for effective and efficient resource management: effective in the attainment of the strategic objectives defined by the ministry under the finance law, and efficient through the optimisation of resources using management control mechanisms. The last strand concerns the Ministry's internal organisation, to enable it to play its role in the newly-designed system.

A PMS under construction at the ministerial level. In the changes at work, the ministry's adaptation is also significant, because if the LRU wishes to develop the management control approach within universities (and in particular the mandatory accountability of universities), it will also be necessary to have the means to carry out the work of data consolidation, monitoring and analysis of results at ministerial level. To date, the effective use of the assessments of the projects defined in the multi-annual contract is questioned by some of the administrative actors:

[...] the ministry should have put a firm, hard, coercive pressure [...] But no! It does not play its part in this regard. Thus, when we arrive at the end of the contract, we may have done something totally different with the money; the only thing we risk is to get a good telling-off (University management controller).

Beyond this, part of the assessment process has been delegated to independent agencies (AERES and ANR). This is a key stage, required to enable both an assessment of measures implemented at the different levels of the management chain and an assessment of the control mechanisms themselves.

As with any organisation, the Ministry must be prepared to adjust its policy, control and assessment mechanisms in order to gradually make them more effective, pertinent and coherent. Occasional shortcomings arise regarding the anticipation and organisation of the means required by the summit of the state in order to steer and control the reforms underway, notably expressed in this instance by a "last minute" revision of the contractualisation schedule[7]. Changes in schedules for calls for projects are also sometimes perceived as arbitrations in response to the political deadlines of the government in place, which can disrupt smooth PMS institutionalisation. In addition, we are seeing gradual restructuring of the ministry in response to the practical consequences of the LOLF and the LRU. The reorganisation of the ministry in March 2009 thus constitutes an essential stage in the implementation of the strategy developed. But some university actors report that:

[...] currently, there is very little interaction at ministry level; the only interaction is information being passed down to certain actors [...]. Logically, if they give us more autonomy, they have less responsibility for a certain number of tasks or missions and they should focus on putting some life in the relations between universities and the ministry (University management controller).

The development of a PMS capable of monitoring the attainment of objectives and efficiency in the use of resources should be reflected in budgetary organisation practices, which do not appear to be in place at this stage.

The various mechanisms introduced (budgetary breakdown by activity, resource allocation system and contractual approach, AERES assessment) establish the broad outlines of an effective Performance Management System based on management control. Universities now have to clearly define strategic directions, and identify indicators enabling anticipation of the way they will be evaluated. But the PMS



remains incomplete. The change is still in progress and the formalisation of objectives and indicators sometimes has a symbolic incentive function:

Not all criteria will be immediately and perfectly applicable. Nonetheless, this report recommends that they are fixed from the outset, since it is important to set out the objectives from the launch of the reform in order to ensure its incentive-based approach. (Senate Report, June 2008).

The symbolic dimension of indicators contributes to the construction of a PMS which does not rely only on formal MCS. Facing technical or political inability to completely adapt the performance referential to all relevant levels, a choice has been made to exhibit indicators for the macro level. Despite the fact that performance measurement will not actually be possible at this level, this choice testifies to the willingness of central actors to share their representation of objectives and indicators considered as legitimate. It is thus an evolution of the value system which is aimed at through the deployment of formal MCSs.

Let us now analyse how the new performance management system developed at the global level of the higher education Ministry-led policy, defining a common framework, is currently being deployed locally within universities.

MCS and PMS under construction in universities

Despite the attainment of formal autonomy by all universities in 2012 (the 83 universities became autonomous in waves between 2009 and 2012) and the elaboration of a performance management system increasingly structured at ministerial level, it is possible to assert that the change in universities is still in its preliminary stages. Our analysis of the evolution within universities is based on the in-depth case study we are working on, compared to partial data extracts from other universities, and evaluation of changes made by external actors (Ministry, assessment agency, etc.). It leads us to highlight two dimensions in the way MCS and PMS are currently being structured at the local level. On one hand, there has been a structuring of a formal PMS in line with the institutional context. On the other, the effective MCS and PMS deployed within universities are still under construction, in a process of profound changes.

The structuring of a formal PMS in line with the institutional context

At university level, the structuration of the PMS reflects the different pressures exercised on universities in particular by the Ministry, the assessment agencies and the Regional Chamber of Accounts. These pressures are of a legal nature, but are also part of a normative process, benchmarking the management of universities. First, change concerns the structure of university budgets, taking into account the LOLF and the deployment of its logic that each level of the university should participate in budgetary steering. The next issue is the ability to plan and report according to various projects and the corresponding assessment processes, either with the Ministry or with independent assessment agencies. Finally, this structuring of a formal PMS relies on the administrative staff and academic managers acquiring the professional skills necessary to apply an MCS.

First, the implementation of the LOLF has brought changes to university budgetary practices, by formally requiring a breakdown by activities (Degree, Master, PhD, libraries and documentation, university research structured by field, property,



administration and support, etc.) in accordance with the structuring of the State budget at ministerial level. This breakdown is included in the budget of each component or site. A great deal of work has been carried out to meet the general need for data reliability and the reconstruction of information systems. The diagnosis conducted by the Ministry is highly revealing in this regard:

The information systems have been reworked and are undergoing improvement throughout, budgetary and accounting information has been enhanced, as has analysis of staff activity. Operating budgets have been stabilised, and work on indicators has been undertaken (...). The institutions have committed themselves to project approaches involving modernisation, led by the presidential staff and their administrative assistants (Report IGAENR 2007-070, p. 36).

Implementation of the LOLF has entailed immense work in relation to the processing of accounting information. However, this diagnosis rests on an accounting and technical view of the LOLF. Ensuring accounting information reliability is simply a prerequisite before the implementation of a real budgetary steering approach. The budget as a formal structure has to be linked with strategic management and other management control mechanisms to become part of an effective PMS. It is intended to allow management dialogue on objectives and means, coordination of commitments from the different components of the university, and temporal definition of the various schedules for steering (multi-annual, annual and infra-annual plans). However, budgetary structuring under the LOLF does not yet appear to have borne fruit in this regard. Thus the inspectors of the Ministry set out recommendations on how to turn the budget into a steering tool:

- using a strategic framework letter and improved budgetary estimates;
- developing both multi-annual visibility and infra-annual budgetary monitoring;
- deploying the resource allocation principles based on performance criteria and subject to commitment to objectives; and
- designing a tighter budgetary structure to give decision-makers a clearer view of what is permitted.

With regard to this last point, the Ministry argues in favour of a degree of centralisation of resources in order to redeploy them in activities regarded as strategically important, rather than systematic renewal of budgets by component.

These recommendations echo more detailed reports concerning the budgetary steering practices that are still quite common in universities:

The annual budgetary framework letters do not contain any definition of objectives for the preparation of budgets by units. The internal allocation criteria remain uncertain, largely unknown by the component entities and in any case unlikely to contribute to the attainment of the institution's priorities. [...] The lack of reliability in budgetary estimates [...] shows that the university budget does not constitute a steering tool (Report of the Regional Chamber of Accounts, 2008).

Here and elsewhere, the view that universities do not yet apply management control at all thoroughly is expressed very frankly. However, at the very beginning of their autonomy, the Presidents of universities were more concerned with legal and accounting issues. They want to respect the legal framework and to be sure to be able to pay their staff. Thus, budgetary procedure is in line with the legal directive on the

budget and the financial system in universities, but to date continues to reflect an extremely accounting-based vision of budgetary steering. The framework letters, whose principle should have been to provide major strategic guidelines for the action plans of components in both qualitative and quantitative terms, tended in 2009 to give only accounting and procedural instructions. The budgetary procedure thus establishes more of a coercive framework than a dialogue between academics locally responsible for budgetary units and administrative staff or academic managers in charge of budget monitoring and implementation. For the assessment agency, however, the formal structure defined for the budgetary process appears as an important improvement:

The framework letter recalls the rules in terms of budgetary balance, reports and amending decisions which, if they are respected, will also bring greater legibility and credibility to the budgetary process, the essential principle of which, sincerity, was completely ignored (AERES, 2010).

Concerning the capacity for planning and reporting, “upgrading” a university is no simple matter considering the starting point. A lot of work has been done to satisfy the requirements of the Ministry or assessment agencies. For instance, a University Project has been written by Presidential teams to define a strategy and engage the university in the new missions of Higher Education and Research defined at ministerial level. Universities have also satisfied the demands of the assessment agencies (AERES or ANR), evaluating all curricula, laboratories, research projects and the university globally.

However, each university has to deal with a steering device which is itself in construction at the global level, so that the complexity of the different steering objectives is sometimes difficult to integrate. Thus, concerning the development of data warehouses to help steer institutions, in 2010 the Ministry underlined the difficulty due, in particular, to the many indicators to be monitored (notably the LOLF indicators, multi-annual contract indicators and assessment agency indicators). A recent report (IGAENR, 2010) therefore suggests harmonising and consolidating the list of indicators requested from universities. The Ministry additionally suggests a tool to establish correspondences between the various indicators. This provides an interesting reflection on the complexity of the system developed and the need for universities to be supported in developing a coherent steering system.

The challenge of structuring a Management Control System in that context combines questions of a technical, political and substantial nature. The multiplicity and complexity of reports, for external use, with numerous types of performance indicators meant building an appropriate information system. However, deployment among the different university entities may be a bigger challenge. Indeed, administrative staffs have to deal with the question of how to convince academics of the pertinence of such a complex system, when these academics have already been reluctant to accept the new managerial orientation taken by the university.

Finally, the formal structuration of MCS relies on the administrative staff and academic managers acquiring the professional skills necessary to apply the MCS. With regard to the professionalisation of administration and management control within universities, presidents have become aware of the need to recruit skilled administrative staff in these duties:



As far as administration skills are concerned, academics who were presidents or vice-presidents have not received any training; they have taught themselves during their term of office (. . .). It is worth recalling the state of universities in the early 2000s in order to appreciate the progress made during my term of office with regard to administration. For example, only one budget department existed, run by non-specialist university administrative staff (Letter from University President to the Regional Chamber of Accounts, 2009).

Since the LRU law, most universities have consequently created and structured finance and management control departments, dealing with budget, public purchasing, long-term planning and assessment, as well as human resource departments. Such developments have been announced publicly by universities as signs of their good management. These departments are responsible for effective and efficient resources management in an administrative and managerial capacity. They help to organise responsibilities and formalise procedures at the various university levels: faculties, departments, laboratories. Questions remain, however, regarding requirements in terms of staff and resources focused on steering, and also regarding the delegation of administrative duties to academics running individual components (teaching or research units). In the case studied, the function of Vice-President with responsibility for steering was created in 2010, indicating that managerial activity is beginning to be considered by academics as legitimate, or at least necessary, beyond the main activities of teaching and research. This professionalisation around MCS is thus appearing both among administrative staffs and in the formal structure of tools and procedures. We also show that the trend progressively involves non-manager academics as management control practices are deployed within components of the university.

MCS and PMS under construction within the university studied

The changes the university has to cope with currently concern on one hand, organising the decision processes associated with the budgetary structure and on the other, integrating the different mechanisms of MCS and PMS in a coherent framework allowing the university to be steered effectively. These changes involve quite deep developments which modify the balance of power, territories and representations.

Organising decision and management dialogue around the budgetary structure. The budgetary structure is formally in place within the university, defining budgetary cuts by strategic action conforming to Ministerial policy. The challenge now facing managerial staff is to define how to organise the decision process in this new structure with all the actors concerned. Questions raised include: How to define the pertinent levels of budgetary delegation? How to design responsibilities and accountability inside the university? To what level should principles of autonomy and control be deployed? What kind of decision-making structure will enable the university to be most pertinent in its definition of strategy, most effective and efficient in terms of resources management? At this stage, most of the components within the university studied do have a degree of autonomy. To obtain their usual budget they only have to demonstrate that their projects are in accordance with the global university project. However, autonomy gained by the university as a whole may render these components potentially less autonomous.

The presidential team and academic managers wish to take a new direction and have expressed the desire to impose a more rigorous MCS with increased control,



linking objectives with means and assessment, and budgetary choices with strategic choices. One question was raised, for example, during a session of the administrative committee regarding the strategy: Do we want to continue to occupy niches with regard to educational opportunities, or rather offer popular courses? Such a question expresses the emergence of a new management dialogue and an effective performance management system, even if routine still has a powerful effect on practices. An example of decision processes may illustrate this symptomatic effect.

The weakness of management dialogue emerges quite clearly in our case study in relation to the allocation of resources specifically dedicated to the Degree Success Plan in 2009. This additional budget granted to universities should have been the subject of discussions, on possible earmarking for particular courses within the framework of the Plan (e.g. those courses that do not reach success targets). Instead of that, this budget was allocated by Teaching and Research Units on the basis of a fixed proportion and a proportion based on the number of degree-level students. Such a form of resources allocation, without defining conditions involving objectives and means, may be explained by arbitration favouring responsiveness, but also reflects a budgetary approach avoiding conflict in a period of social tensions. Nonetheless, these budgets are drawn up with time constraints, and rarely involve discussions between the different decision-making levels on the appropriateness of the means in relation to the objectives. The administration committee has stated, however, that individual components will be monitored regarding attainment of their degree success objectives. This undertaking, while certainly commendable in terms of a commitment by the university to ensure appropriate use of resources, nonetheless constitutes no more than a purely formal commitment. The credibility of an *ex post* control can only be founded on the existence of an a priori control, based on management dialogue and commitments to forward-looking objectives.

Nevertheless, the statement of intention from the presidential team and the administration committee of an increased control over the attainment of objectives and efficiency in resources management is a sign of cultural change within the university, where such a discourse was unthinkable a few years ago. Moreover, a synthesis of the different points-of-view exchanged at the administration meeting and interviews conducted with academics paradoxically highlights an emerging managerial culture. Even by criticising managerial and accounting principles, many academics (some of whom are not part of executive teams) express the need for a management dialogue. The request for a clear link between objectives and means, in an organisation where political control was the traditional way of allocating resources, indicates cultural change. Results-based culture and the fundamental principles of management control within universities are therefore in the process of diffusion.

Finally, beyond the regulatory framework which imposes the implementation of a formal Management Control System, the pressure applied through reduction of funding is also an effective means of raising awareness of the effectiveness of resources management among actors, as noted by Broadbent (2011). This awareness is now well established in the relationship between presidential staff and the administration and the various external institutions (especially funding institutions). It is also being gradually reflected in internal relations between the Presidency and the various components (laboratories, institutes, departments). But management control systems are far from being universally regarded as legitimate within the university, as many

internal actors still react negatively to the implementation of managerial tools, thus concurring with Moll and Hogue's (2011) observations. The internal process of MCS legitimation is still underway. This cultural change will probably gain ground with the progressive building of a coherent PMS.

Trying to build a coherent performance management system. The PMS at work at the national level, defining objectives and indicators for performance measurement, has not yet given rise to systematic deployment at the various levels of university management. In particular, the main dimension of the global PMS, which is the generalisation of assessment procedures associated with conditions for funding, does not currently seem to be deployed within universities. All academics are now associated with the various external assessments, but budgetary procedure is often still disconnected from performance assessments concerning either education or research. At this stage, administrative staff and academic managers are trying to build a more coherent PMS through what are called Objectives and Means Contracts.

The university presidents developed these Objectives and Means Contracts (COMs) in 2010. Their aims include helping to prepare university projects and contractual negotiations with the Ministry, bringing an internal perspective to the resource allocation system by making the latter conditional on a contractual approach. For this purpose, a negotiation phase between the presidency and the various components is clearly set out in the COM:

The dialogue around the annual objectives and means contract is an opportunity for in-depth analysis of the decisions and aims of an individual component. It enables federation of the principal performance operators around the university's development project (CPU working group on COM, 2010).

During a discussion at the administration committee in the university studied, the proposal emerged of introducing mini-COMs within each component as a tool for dialogue between the component director and the sub-components. The managerial dialogue appears thus clearly (in an emergent way in 2010 and more systematically in 2011) through the use of a contractual device called the "shared report", summarising consumed resources by each component of the university.

At this stage however, actors within components do not always properly appreciate the links between the assessment process for the university as a whole (undertaken by AERES), their own assessment and the allocation of funding. Thus, the presidential team and administrative staff face difficulties in getting the contractual logic accepted, as components tend to defend what they consider as "their means". This can be explained by the way budgetary process is still driven within the university. For teaching activities, resources allocation is increasingly conditioned by the level of activity (student numbers), but less by the performance level. In research components (laboratories), the link between assessment and funding is better understood by actors, as conditional funding for research projects were implemented prior to all other reforms, if only for a marginal part of funding. Resources allocation inside universities is accordingly not yet the local version of the global Performance Management System developed at the ministerial level. The mission of steering tools is ultimately to serve the deployment of the contractual logic (definition of means and ends, assessment of their achievement) at all levels of the university. Even though the institutionalisation process of MCS is in progress, there are still disconnects and incoherencies between



components of PMS. In particular, these disconnect concern the links between external assessment, strategy and internal steering.

In relation to the multi-annual contract with the Ministry and assessments made by the independent agency (AERES), the President of the university studied insists on the need for each component to fit into the framework of the strategic objectives defined by the university. This means specifying the funding planned for each activity, the results expected, and the performance indicators adopted. Locally, actors have a clear understanding of the global stakes and objectives to be achieved by the university. Efforts are made to fulfil the qualitative criteria of assessments. These assessments now seem to be well accepted as a new rule, but the risk of decoupling remains, which raises the question of the extent to which the local PMS reflects the PMS globally. Thus, actors may mobilise steering tools, mainly consisting of auto-assessment reports, only as formal structures, disconnected from actual strategic and operational steering. One faculty member explains:

We receive messages, we do not really know where they come from: “Ministry wants this”, “AERES wants that”: small teams, big teams, mixed teams ... a lot of criteria that are supposed to help us to have a good score in the research assessment. And then we write projects that stick to the criteria but are fictitious, and we are aware that we do not have any precise intention of carrying them out. So we have a thing for the façade, and otherwise we have our own projects (University professor).

The stakes are both substantial and well identified, but this does not imply real change in actual practices of steering within the university components. Different analyses may be extracted from such a decoupling: maybe it is efficient in terms of scientific policy even if contradictory in a managerial perspective; maybe it is inevitable considering the contradictions between external demands or their ambiguity. Paradoxically, the University professor quoted above also legitimates the contradictions he denounces.

Finally, it is probably too early to identify the consequences of awareness of the need for steering in this new institutional and organisational context. The performance management system of the university is at an intermediate stage of structuration and is far from being stabilised. The presidential team seems to be close to completing the inclusion of the MCS in the PMS. Formal management control tools such as the budgetary procedure and the Objectives-Means Contracts are almost in place, ready to serve an emergent management dialogue. However, the change driving a global coherent PMS within the university is far from achieving objectives promoted at the global level. A radical transformation process is at work. Several actors, from faculty to administrative staff, insisted on the “culture shock” that this change represents for the university. Strategic, organisational and socio-political adjustments are in progress, far from the complete institutionalisation of a new performance management system.

Discussion and conclusion

The aim of this paper was to analyse how the introduction of formal management control systems (MCSs) contributes to the institutionalisation of a performance management system (PMS) in French universities. Institutionalisation is both the process and the result of the process by which PMS is introduced. An institutionalised PMS is composed of a set of rules, norms and shared values, which simultaneously enables and restricts action in the field (Scott, 2001) and is based on the MCSs. To

analyse the current process, we conducted a multilevel case-study, analysing how the NPM from the macrosocial level interacts with the local level of university missions and academics' activities. The macrosocial context has a determining influence on universities, particularly through the diffusion of values and techniques, drained by formal MCSs, and contributing to a normative PMS. At the local level, we observed that evolution from MCS to PMS involves a path of change that includes learning, political interactions and value conflicts whose outcomes are still not totally defined. The adoption of such a perspective has allowed us to show how interactions at each level and between levels contribute to the elaboration of PMS. In this conclusion, we discuss our results by focusing on the sub-question of formal or effective autonomy given to universities in terms of how they achieved previous results. We also highlight the role of agents of change in the way formal MCSs contribute to the diffusion of a PMS in French universities.

In our study, we have shown how, at global level, the adoption of the LOLF in 2001 created a break with previous modes of administration (Bezès, 2009). This law imposes strategic management on administrations around objectives, performance measurements and remote control through the use of indicators and management control processes. This form of steering was consolidated in 2005 by the key role played by the General Department of State Modernisation (DGME) within the Ministry of Finance. The institutionalisation process of MCS as a main component of NPM in France is underway, with accelerated diffusion since 2007 among all ministries by way of an active policy of cost reduction. In the years to come, as noted by Broadbent (2011), the need to control public spending will generate renewed discourse around the nature of public services and their funding. In this context, the introduction of a management control system linked with a performance management system within public sector higher education and research appears as the main expression of new public management.

The NPM within the HER sector in France is thus based on three pillars: the LOLF budget structure associated with the principle of conditional funding for universities; a reinforced role given to Independent Assessment Agencies; and the LRU law on Freedom and Responsibility for Universities aimed at giving them autonomy. These pillars are supposed to give autonomy to universities and means of control to the Ministry simultaneously. The effectiveness and nature of the PMS built at this stage is open to question.

The State budget under the LOLF sets out not only the resources allocated to the programme steering university activities, but also its key strategic orientations, translated into objectives, means and performance indicators. To this end, the Ministry has modified the funding system of universities. Universities' resources are jointly composed of an annual budgetary allowance partially based on performance criteria and resources related to a multi-annual contract intended to fund specific projects. This structure certainly reflects the importance of the "intentionality" of financial flows stressed by Broadbent and Laughlin (2009), although in a configuration different to that of the UK. In France, the PMS intended to steer HER is simultaneously based on an MCS of an essentially annual budgetary nature and on medium-term strategic management through multi-annual contracts and specific plans. The two approaches, one corresponding to standard annual activity, the other to project-based activity, rely on various performance indicators (assessed by independent agencies or committees).

In this framework, universities are therefore accountable with regard to multiple reports and indicators, but must build projects of wide ambition in a context of great uncertainty about their future level of funding. In these conditions, universities appear to be more under the control of and dependent on the Ministry than really autonomous.

The Ministry of HER was reorganised in 2009 in compliance with the programs defined by the LOLF to improve the efficiency of its management. This formal structure, like the “strategic summit” of large corporations (Mintzberg, 1981), could organise the management control process through effective management dialogue with the “operational units” represented by universities. However, its current role appears to be limited to requesting information, giving rise to risks of decoupling or loose coupling between the formal MCS and the operational reality overseen by universities, as highlighted by Modell (2003) in Sweden. Thus, although formal autonomy in French universities may seem more widespread than in other countries, it remains limited, since the Ministry of HER and the Ministry of Finance retain strict control through budgetary structure and reporting constraints. Political manoeuvring within the sector sees some actors asking for greater budgetary autonomy, enabling the internal deployment of a steering system less bound by the constraints of external reporting to the Ministry. This duality of change in HER administration illustrates the duality of change in bureaucracies, already stressed by Blau and Meyer (1988). The change intended to give autonomy to University Presidents, in order to render universities more efficient, has also led to an increase in bureaucratic red-tape and to a breakdown of collegiality.

Furthermore, the new funding framework has been accompanied, as in many western countries, by the creation of agencies whose purpose is the implementation and assessment of public policies in the HER sector. The ANR (National Research Agency) funds research projects targeted with contractual requirements of a “transactional” type similar to those described by Broadbent *et al.* (2011), p. 516). In addition, AERES, which is in charge of assessment of universities (and laboratories within universities), plays a specific role in the local diffusion of performance criteria defined at the global level. The criteria retained result from interactions between AERES members and other actors in the field, such as professional associations (manager and non-manager academics), think-tanks, the Ministry, etc. In this field, the Association of University Presidents and AERES, both members of European networks, play specific roles in the institutionalisation of a PMS in the Higher Education field. The Presidents’ Association facilitates exchanges between presidents, and the diffusion of management practices – and new underlying values – through the publication of guides and recommendations. Its influence was particularly visible during the changes of resource allocation rules in 2009 and 2010. This strategic actor in funding policy contributes to the structuration of the PMS in France. Institutionalisation of MCSs and PMSs is therefore part of a national and European process of transformation of the Higher Education and Research sector in which systematic benchmarking, the use of international rankings and the diffusion of “best practice” by networks of transnational experts (Humphrey and Miller, 2012) play a key role, designing elements of the institutionalisation process identified by Greenwood *et al.* (2002). Through these different types of influences, universities are dependent on normative pressures, which seem unquestionable.

Finally, with the LRU law, the HER Ministry has formally reinforced the steering system by delineating the key roles of universities (teaching and employment insertion,

research and innovation) and by delegating to universities the management of their global budget. This form of autonomy is notably accompanied by the introduction of an MCS for effective and efficient management of this budget. In this context of reduced funding and predefined strategic orientation, presidential teams may have the impression that their actual autonomy is low. The power they have gained to manage the university is mainly the responsibility for leading a profound organisational change, that could not have been led from (or by) the Ministry. Presidential teams have indeed to exercise a heavy responsibility: leading the deployment of a performance management system with a new strategic orientation in line with the Lisbon Strategy (in accordance with market needs, either for professional insertion of students or for innovation associated with research projects). However, they are caught between different types of political and financial uncertainties and with contradictions regarding value within the academic field.

In the MCS institutionalisation process, the LRU may therefore be considered as the precipitating jolt (Greenwood *et al.*, 2002) of a regulatory nature. In this context, formal MCSs implemented are a component presented as purely technical, essential to a proper and efficient resources allocation, whereas their alleged neutral and technical nature allows them, when necessary, to achieve “the unsayable” in terms of values (Dambrin *et al.*, 2007). This jolt is produced in a field within which the social consensus contained in a humanist model of European universities has already been destabilised by similar reforms carried out by other European countries (Bruno *et al.*, 2010). Foreign examples (in the US, Australia and Europe) thus fuel the discourse associated with pre-institutionalisation and theorisation of a model of the autonomous university, effective and efficient, competing in the international knowledge economy (Czarniawska and Genell, 2002; Musselin, 2008; Parker, 2011). Even though a new market ethos is now visible in the discourse of the French government, it would be largely overstated to say that HER “has come to see itself as an industry rather than a social institution” as notes Tuchman (2009, p. 49) in her study of the US universities.

At the local level within a university, we have shown that it is among the presidential team, composed of academic managers and administrative staff that appropriation of MCS and PMS is taking place at this stage. However, the appropriation of the new managerial logic, even by presidential teams, is no easy matter, as this logic is alien to French academic culture. In this regard, the social discourse on the “results-based culture” promoted by the highest level of the State and by economic elites, has an effect on intellectual elites. This discourse arouses support or rejection, but progressively spreads new representations and new discourses about legitimate missions and performance criteria for universities. In that sense, the evolution of the presidential team has largely been encouraged and supported by external actors, who have, in the minds of some observers, “colonised” the university: consultants and auditors, who contribute to the legitimation of accounting ideas as mediators (Christensen and Skaerbaek, 2010), and external board members, among others.

Finally, the last point related to the increasing complexity of ongoing change is found in the ambivalent role played by the institutional context, be it an effective role or the role given by the presidential team. The “external constraint”, of a regular, competitive or financial nature, may help to justify changes. Thus, despite promises, the budgetary allowances from the State are, for some universities, lower than the

amount originally foreseen, which by its nature forces directorial staff to make choices, and therefore to act as managers. Budget preparation is thus significantly changed and the much-desired management dialogue has emerged.

However, through the discussion around budgetary decision making, competing rationalities (Townley, 2002) coexisting within universities are expressed. Formal rationality should lead to a methodical calculation between means and ends, and therefore should support efficient budgetary choices. However, this formal rationality would imply that the university makes significant budget cuts, potentially also on research projects. But this rationality is not always in congruence with substantial rationality, by which, facing budgetary insufficiency, choice is expressed that, whatever happens, in reference to an ultimate preference for this specific university mission:

[...] research shall not be affected (University vice-president).

Another contradiction concerns the results-based culture conveyed by the MCS confronted with the results-based culture existing previously, but within very different institutional logics (Friedland and Alford, 1991). This academics' logic is portrayed by actors as a form of moral contract with students, in an attachment to the public service role of the university:

For me, the university shall educate and emancipate (Senior lecturer).

The underlying rationality is therefore very different from the contractualisation and accountability approach brought by management control systems. The introduction of MCSs within universities therefore creates competing rationalities, between recognition of the need for efficiency taking into account the limited financial resources, and a certain mistrust of the "private sector" values brought in by these tools:

The University shall not be managed as a firm (University vice-president).

Indeed, MCS as currently deployed within HER at the macro level reflects the managerial approach developed in private enterprise, using systems alleged to rest on universal principles, operating as "rational myths" (Meyer and Rowan, 1977). At the local level in contrast, actors express the need to adapt management methods to the specificities of their organisation. The deployment of management control systems without taking into account the specificities of the context, without defining stakes, limits and appropriate decision making processes, without dialogue about legitimate performance indicators, may generate a loose coupling between daily reality and formal performance management systems. As highlighted by Czarniawska and Genell (2002), by conforming to the organisational model and legitimate language of performance, universities may try to maintain a loose coupling between the operational reality and the window-dressing they wish to display, but this loose coupling often ends in colonisation (Power, 1997). It is therefore necessary to question the social project on which the PMS implemented is based, at the risk of encountering a rejection by university academic staff whose values may be in contradiction with the strictly managerial approach involved. Some academics see any involvement in the management of their university as "the dark side", but others might become the "hybrid managers" that Broadbent (2011) also identifies. University presidents and



academic managers will engage with discourses of marketisation and financing, but may also promote other discourses keeping in mind the academic values of their institutions.

Finally, deployment of the various performance management mechanisms within French universities will be, in the opinion of all actors, a long process. It is a multi-level transformation, both collective and individual, with related dimensions of both a cognitive and political nature, which make it particularly difficult. This institutionalisation of a PMS is, in addition, all the more complex since it is closely connected to the fundamental construction of a new model of University.

Notes

1. Expressions in italics are taken from the statements of actors in the implementation of NPM.
2. Organic Law on finance laws, in place since 2006. All abbreviations used in this article are listed in the glossary in Appendix A.
3. Although the global discourse of the French government focuses on “excellence” and on competition in the HER, tuition fees for example remain relatively low. Even if there are some signals of a potential wish to open up the market to new players, including private operators, the subject remains very sensitive.
4. The DGME booklet stresses on page 3: “a melting pot of diverse cultures and skills, the DGME is made up of 120 people from the best schools in civil service, business and engineering, with a twin public-private culture and an international outlook, and having graduated from a variety of universities”.
5. According to OECD report “Education at a glance, 2010”, 84.5 per cent of expenditure for higher education is public in France, comparable to Germany (84.7 per cent), but very different to the UK (35.8 per cent), the US (31.6 per cent) or Korea (20.7 per cent).
6. The selection process ended at the beginning of 2012.
7. The DGESIP notably decided in October 2010 that 11 universities, or a third of the current wave B of contractualisation, will now be part of wave C, their contracts being extended (communiqué from the presidency of the University of Amiens).

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Appendix 1. Glossary of abbreviations used

AERES	Agence d'Evaluation de la Recherche et de l'Enseignement Supérieur [research and higher education assessment agency] created in 2007
ANR	Agence Nationale de la Recherche [national research agency] created in 2007
CNE	Comité National d'Evaluation [national assessment committee]
COM	Contrat d'Objectifs et de Moyens (COM) [Objectives and Means Contract]
CPU	CPU: Conférence des Présidents d'Université [university presidents' association]
DGME	Direction Générale de la Modernisation de l'Etat [general department of state modernisation] created in 2005
DGESIP	Direction Générale pour l'Enseignement Supérieur et l'Insertion Professionnelle [general department of higher education and employment access]
IDEX	Initiative d'Excellence, project call launched in 2011 for a significant amount of funding (7.7 billion euros) which will concern the very few hubs of universities perceived as having most economic growth potential
IGAENR	Inspection Générale de l'administration de l'Education nationale et de la Recherche. [General inspectorate of national education and research administration]
LOLF	Loi Organique relative aux Lois de Finance [organic law on finance laws] passed in 2001, in force since 2006
LRU	Loi relative aux Libertés et Responsabilités des Universités [law of university freedoms and responsibilities], approved by vote in 2007
RGPP	Révision Générale des Politiques Publiques [general review of public policies]
SYMPA	Système de répartition des Moyens à la Performance et à l'Activité [system for allocation of resources based on performance and activity]

Table AI.

Appendix 2. References of documents reviewed in our analysis

- For the general European background
- Presidency Conclusions, Lisbon European Council, 23 and 24 March 2000 http://consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/00100-r1.en0.htm, consulted on 9/10/2009
- Lifelong-learning policy; available at: http://ec.europa.eu/education/lifelong-learning-policy/higher_en.htm, consulted on 6/10/2009

For the LOLF, RGPP and MCS in French-style NPM

- Guide pratique de la LOLF, updated edition, October 2008.
- Guide du contrôle de gestion dans les administrations: éléments de méthodologie (2003)', consultable at: www.performance-publique.gouv.fr/la-performance-de-l'action-publique/approfondir/le-contrôle-de-gestion.html
- Fiche no.1 – Cahier de la DGME, March 2007.
- Guide méthodologique – Révision générale des politiques publiques.

For the implementation of PMS in French HER

- Missions et programmes du budget général de l'Etat, Finance Law 2010.
- Projets annuels de performances – Appendix to the draft finance bill 2010 – Inter-ministerial committee on research and higher education.

- Enquête nationale d'insertion professionnelle des diplômés de master, published by the Ministry of Higher Education on 15 October 2010. The overall ranking is established on the basis of the percentage of graduates of five-year post-school-leaving studies in employment after 30 months.
- CASU training provided by IGAENR (Inspection générale de l'Administration de l'éducation nationale et de la recherche [general inspectorate for national education and research], L. Vedrine - 13 March 2008, available at: www.esen.education.fr/fileadmin/user_upload/Modules/Ressources/Conferences/Videos_enrichies/vedrine/medias/l_vedrine.pdf
- Rapport sénatorial 382, June 2008.
- Rapport sénatorial 532, July 2009, 'Autonomie budgétaire et financière des universités et nouveau système d'allocation des moyens: le chemin de la vertu ?'
- Courrier no. 2009-0310 from the DGESIP sent to university presidents, 30 July 2009.
- 2ème rapport d'étape RGPP, April 2008. See also 'La nouvelle organisation du ministère' (March 2009).
- CNE, Le livre des références. Les références de l'assurance de la qualité dans les établissements d'enseignement supérieur, November 2003, prepared by a joint CNE and IGAENR working group.
- Rapport d'information no. 392 (2003-2004), 'Placer l'évaluation des politiques publiques au coeur de la réforme de l'Etat', produced on behalf of the Senate delegation of planning.
- RGPP: Deuxième rapport d'étape, May 2009. Ministère de l'enseignement supérieur et de la recherche (Ministry of Higher Education and Research).

For the diagnosis of the progress in the structuring of MCS and management control in universities

- CPU, meeting on Friday 18 January 2008, *LOLF et universités: quels apprentissages en vue de leur autonomie renforcée?*, organised by the University of Pau and Pays de l'Adour, available at: http://cratice.univpau.fr/fichiers/uppa/conferencecpu/UhaldebordePRESENTATION/PRESENTATION_uHALDE.html
- Report no. 2007-070 - IGAENR - July 2007 - La mesure de la performance dans le cadre de la mise en oeuvre de la LOLF dans l'enseignement supérieur.
- Report no. 2009-062 - IGAENR - April 2009 - La modernisation de la gestion publique: un levier pour l'autonomie des universités.
- Chambre Régionale des Comptes de Midi-Pyrénées - N/ref: GO834001 - 15 December 2008 - Rapport d'observations définitives sur la gestion de l'université Paul Sabatier de Toulouse. Département de la Haute-Garonne.

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