Institutional Complexity and Management Control Systems: A Case Study in the Aviation Service Industry

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Abstract

This study examines how Management Control Systems (MCS) are used and designed to achieve objectives derived from multiple (institutional) logics. We have found the presence of a sustainable and financial logic coexisting in an organization operating within the aviation service industry. This is portrayed through the existence of a rather traditional profit-seeking financial logic that interacts with an emerging sustainable logic, which is currently gaining a strong foothold because of external pressure pushing for change. Our paper illustrates that an increased interaction between these logics makes their respective organizational influence reach comparable levels. Additionally, our study shows that the presence of financial and sustainable logics is interactively incorporated in the MCS using balanced scorecards (BSCs). In relation to prior literature concerning institutional complexity and MCSs, tending to focus on control mechanisms in isolation, we enlighten the use of multiple control tools holistically. On that notice, the technical integration between control tools relating to the use of BSCs and budgets show that the combination of different cybernetic control tools can be fundamental for having both interactivity and an effective resource allocation for multiple logics simultaneously.

1. Introduction

1.1 Background

Management control tools have been broadly studied throughout the years to streamline organizations. The term management control (MC) has been developed during the time elapse; from the original focus on how financial accounting information could be used for managers to make informed decisions, to a rather less formal view where control mechanisms also include analysis of external information and behavioral aspects. Management control system (MCS) has then become the description of what control tools that are in place in an organization (Chenhall, 2003). The systematic approach of MC stems from the idea that different organizational contexts are demanding various types of control mechanisms for managers to achieve their firm objectives. Consequently, systems, or "portfolios", of control mechanisms are put together, dependent on internal and external factors (Flamholtz, 1983). The purpose of controlling is to achieve the overall objectives within an organization. Hence, a system's linkage to strategy is often analyzed to interpret the effectiveness of the system (Langfield-Smith, 1997). Traditionally, however, MCSs objectives have been of financial character. Yet, sustainability has gained an increased recognition as a key driver in terms of corporate success (e.g. Schaltegger, 2011; Perrini & Tencati, 2006; Schönborn et al., 2019), simultaneously as there is an emerging wave of literature that emphasizes the cruciality of MC to support corporate sustainability (Maas et al., 2016; Garcia et al., 2016; Guenther et al., 2016; De Villiers, 2016). Researchers have, indeed, focused on sustainability, its great importance for corporations in the future, and how to implement it as a natural part of the business using MCSs (e.g. Garcia et al., 2016; Crutzen et al., 2017; De Villiers, 2016). Moreover, Crutzen et al. (2016) answers Chenhall's (2003) call for research that broadens the horizon of the, typically, isolated literature concerning MCSs and applies the MCS as a package (Malmi & Brown, 2008) to identify distinct approaches of sustainable control. Even though researchers emphasize the possible pitfall of being too narrow or isolated in terms of analyzing MCSs (Malmi & Brown, 2008; Chenhall, 2003) and the attempt of adopting the wider perspective by previous research (e.g. Crutzen et al. 2016; Lueg et al., 2016; Guenther et al., 2016), there is a lack of literature adopting a holistic scope. Accordingly, the tendency has previously gravitated towards an isolated theme that, e.g., gets caught up in the implementation of sustainability and, thereby, neglects the mechanisms that revolve around working with financial and sustainability objectives in tandem. In this paper we illustrate how MCSs are constructed in a business context where institutional complexity is present. In other words: where two different institutional logics are coexisting.

Previous research has managed to investigate long-term issues associated with organizations with objectives being based on different institutional logics, combined in an unprecedented way. The extent of literature within this area is, however, small and regarding sustainability even smaller, for why a review of research within other domains is of interest. For instance, Battilana and Dorado (2010) examined commercial banking organizations that emerged in the 1990s, known as "microfinance organizations", who had a vision to supply poor people with favorable

loans whilst simultaneously making profit on them. The authors conclude that firm identity (culture) is of essential importance for a possible coexistence between the value of social care and financial profit, where focus lay on recruitment of appropriate employees to effectively balance the two logics. The study is of organizational character and little effort is used to examine the balance from a MC perspective. In the sports management literature, an interest for the coexistence between sports logics and financial logics in elite sports organizations can be seen. While observing the long-term management development of an elite soccer organization in Norway, Skirstad and Chelladurai's (2011) findings suggest that, in the context, the commercial logic was in need of a larger organizational structure change to gain a foothold (it was not until investors became a part of the governance in the club that the financial logic became fully recognized), implying that the "traditional" logic in an organization has a lead in being dominant. Further, the authors (intuitively) conclude that the two observed logics in much are aligned; to perform in terms of commercialization, the soccer club needs to perform in their league, and vice versa. In the MC literature, the accounting systems in such organizations, where two or more logics legitimize what actions or objectives that can be pursued (institutional complexity), has recently gained attention (Carlsson-Wall et al., 2016; Amans et al., 2015; Ezzamel et al., 2012; Lander et al., 2012). For instance, Carlsson-Wall et al. (2016) investigated a sports association where the coexistence of these logics, based on performance measurement systems, caused both congruent and contradictory routes that underpinned the existence of several logics simultaneously present in accounting systems. The authors' argument for digging deeper into the sports industry relates to the performative nature of the two logics, where they indeed acknowledge a partly positive relationship between the two logics, but also state that the connection is more complex than that; if a collaborative sports organization invests heavily in a team, acquiring new players, but the team does not reach a certain place in the league, the club will stand without significant price money. The complexity of this relationship is the base for why a sports club was analyzed. Findings by Amans et al. (2015), when investigating the budgeting mechanism in two theaters, suggests contradicting routes, where the varying "weights" on managerial, artistic, and political logics determined for what purpose the budgets were utilized. The authors argue that their study of three (more than two) logics, recognized in the field of organizational performance arts organizations, contributes to the new research area of institutional complexity as it is clearly within the boundaries of the research area. While prior studies have examined the use of specific control mechanisms in the context of institutional complexity (Carlsson-Wall et al., 2016; Amans et al., 2015; Ezzamel et al., 2012) and others have examined the change of institutional logics dominance within the MC setting (Lander et al., 2012), we take a holistic approach to the concept, examining the utilization and design of MCSs given the coexistence of multiple institutional logics.

In this paper, the traditionally complementary observed logics to financial, being primarily sports, is not examined. Instead the combination of financial and sustainable logics is the primary focus. Drawing on Carlsson-Wall et al. 's (2016) argument regarding performance complexity

within the sports domain, financial and sustainability logics, too, can be both congruent and contradicting. Yet, the lack of prior studies examining the coexistence of various logics including sustainability, within the field of institutional complexity and MCSs, might depend on the risks of mistaking a financial logic for being sustainable. Schneider (2015) takes this parameter into account when defining the concept of a sustainability logic, stating that it is emerging within the corporate sphere, although corporate sustainability does not, however, necessarily need to be in place to serve a sustainable logic, but rather conversely be implemented to serve a financial logic to increase profits and, thereby, miss out on the ecologic and social parts of sustainable development. Contrafatto and Burns (2013) provide additional insights in the same direction. The authors state that sustainability can, and probably will, become a crucial element of strategic life, yet not at the expense of profit-seeking as the dominant factor. In this respect, Contrafatto and Burns (2013) emphasize that the institutional assumptions in place, being a profit-seeking one, matters and may " limit the extent to which broader sustainability concerns become infused into day-to-day business practice" (Contraffatto & Bruns, 2013, p. 349). Thus, the coexistence between financial and sustainable performance is inevitably critical, for why a study investigating MCSs built on these concepts is of essence.

Whilst sustainable activities emerge in the corporate landscape, additional pressure on sustainable business practices are, in this very moment, established by the European Union's (EU) action plan on financing sustainable growth, called an "EU Taxonomy". To make the EU climate neutral in 2050 the European Commission developed policy initiatives called " The European Green Deal". Furthermore, to reach the overarching climate neutral objective in 2050 the EU launched the EU taxonomy, which is a common classification system that entered into force in July 2020 and stipulates a clear definition of what is sustainable, through a list of environmentally sustainable objectives, and, consequently, direct investments towards sustainable projects. The list includes six environmental objectives that further serves as a base for four conditions that an economic activity has to meet in order to be considered as environmentally sustainable (European Commission, 2022). The impact from regulations in terms of stimulating a corporate climate that manages to balance objectives stemming from financial and sustainability origins, have recently got attention. Ahlström and Monciardini (2021) examined the relationship between financial and sustainability logics in parallel with increasing sustainability regulations and found that they were complementary up until recently. Yet, during the last couple of years the logics are rather conflicting, which, in line with Schneider (2015), can be attributed to a " means-end decoupling" that results in sustainability development as a means towards greater financial profits instead of a sustainable future (Ahlström & Monciardini, 2021). Further, Contrafatto and Burns (2013) suggest that regulatory changes, with respect to sustainability, can imply new routines and structures within an organization, that makes it a part of the organizational business model. With respect to that, the consequences of the taxonomy remain to be seen. However, by providing a clear definition of what is "sustainable", through a classification system such as the taxonomy, organizations may

find sustainability objectives more distinct and, thus, add further strength and importance of a sustainable logic in place.

Hence, to address the issue of organizations that take on both financial and sustainability objectives simultaneously, the organizational field of aviation services will be studied, standing before a large challenge in transforming the industry towards sustainability as it, historically, has dealt with enormous environmental challenges and is subject to the taxonomy regulation. In addition, we will examine a state-owned organization, since they are expected to act sustainable (Dumay et al., 2010; Garde Sanchez et al., 2017) and objectives of this nature are prioritized, to a greater extent, rather than merely financial ones (Rodríguez Bolívar et al., 2015), which also highlights the institutional complexity that permeates the organization.

1.2 Purpose and Research Question

Multiple objectives stemming from, e.g., financial, or sustainable nature, within an organization give rise to more complex MCS designs that account for several dimensions of measuring performance. This could ultimately result in intraorganizational friction that prior research such as Battilana and Dorado (2010) and Carlsson-Wall (2016) addressed. Nonetheless, along with the emergence of sustainable actions as a key driver for business success (e.g. Schaltegger, 2011; Perrini & Tencati, 2006; Schönborn et al., 2019), there is still room for research that adopts the holistic approach in terms of MC in organizations that take on multiple objectives, for why this study aims to enhance the understanding of how MCSs are utilized and designed to achieve multiple objectives based on several logics. Thus, we aim to address the following research question:

How are organizations subject to institutional complexity using and designing their MCSs to achieve objectives based on sustainable and financial logics?

2. Theoretical Body

2.1 Management Control

Anthony's (1965) classical definition of MC is perhaps the most cited in the literature and is synonymous with the starting point of the research area, for why it is worth stating out: "the process by which managers ensure that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives.". Criticism of the definition has been announced and is often related to its focus on traditional accounting-based controls such as planning and measuring performance (Langfield-Smith,1997). Later, a rather comprehensive description of MCS, as processes for influencing behavior, gained attention (Flamholtz et al., 1985). Categorization of control mechanisms has also been done in several papers, where a broad classification between formal and informal controls is common. Formal controls are synonymous with mechanisms that are visible in an organization such as rules or KPIs. Informal controls, on the contrary, are not written down, are not consciously created, and are often related to organizational culture (Langfield-Smith, 1997). Ouchi (1979) mentions the expression clan controls as measures for the organization to informally control through shared beliefs and norms in the organization. Informal controls are vital for organizations as they tend to have large impacts on the efficiency of formal controls (Otley, 1980).

2.1.1 Management Control System as a Package

More recent literature supports the claim that the traditional MCS models have a large emphasis on formal control and that the phenomenon may lead to under specification of control types (Chenhall, 2003; Lueg et al., 2016). However, Lueg et al. (2016) state that the issue of non holistic MCS models can be addressed by applying Malmi and Brown's (2008) MCS "as a package". The idea of the MCS being a "package" is argued to address the issue of isolating control mechanisms when analyzing their performability (Malmi & Brown, 2008), being important as it is widely recognized that controls are interlinked and impact one another (Otley, 1980; Langfield-Smith, 1997; Chenhall, 2003). Both Chenhall (2003) and Fisher (1998), prior to Malmi and Brown's (2008) study, recognized this issue and argued that the absolute effects of observed control tools commonly suffer the risk of being under, or overstated, as most models do not capture the linkage effects between control mechanisms.

In Malmi and Brown's (2008, p.290) framework, MCSs: "include all the devices and systems managers use to ensure that the behaviors and decisions of their employees are consistent with the organization's objectives and strategies but exclude pure decision-support systems". It is narrower than Chenhall's (2003) definition as it excludes decision-support systems, but broader than Simons' (1995) as he recognizes merely information-based routines and procedures as ways for managers to affect organizations. The popularity of the model has spread and is widely used within the research field of sustainability MCSs, since authors argue that the broadness of sustainability as a concept demands the use of a model that covers a wider range of control mechanisms (Crutzen et al., 2017; Guenther et al., 2016; Lueg et al., 2016). Consequently, a

holistic perspective would benefit from the theoretical lens of Malmi and Brown's (2008) framework, for why we have used it to answer our research question. The claim that the model is suitable for revealing the "subtle linkages and interdependences between its various components" by Lueg et al. (2017, p.160) is, however, disputable. Firstly, the authors base their argument on their observation that components do not necessarily need to be aligned in the framework, which is left without any further elaboration regarding how this supports in identifying interdependencies. Additionally, Grabner and Frank (2013) state that the definition of MCSs in the framework indeed serves for identifying many control mechanisms with different characteristics, enabling for a more holistic perspective on MCSs, but does not support in finding interdependencies among them. To address these weaknesses, Malmi and Brown's (2008) framework will be utilized for its descriptive (holistic) value, whereas the concept of institutional logics will be applied for analyzing interdependencies between the control tools. The broad framework includes a typology of five various types of controls: planning, cybernetic, reward and compensation, administrative, and cultural controls.

2.1.1.1 Administrative Controls

Administrative control systems control behavior by organizing individuals and groups, monitoring accountability, and defining how certain activities are to be performed or not to be performed. The typology specifies three forms of administrative control: organization design and structure, governance structure within the firm, and procedures and policies. Firstly, organizational design and structure is considered as something that managers can modify rather than something imposed on them. Secondly, it serves as a tool to encourage specific types of relationships, functional specialization, and the predictability of behavior by reducing variations. The governance structure is related to the structure of the organization's board, management, and project teams. It includes authority, accountability, and systems that ensure that cross-organizational functions meet and, both vertically and horizontally, monitor their activities. These structures can be designed in various ways and, thus, should not be investigated in groups but rather separately, whilst the focus should be directed to the linkage between them and to other controls. The last type of control, policies and procedures, is the formal specification of what behaviors are allowed in an organization, where examples of mechanisms are constraints and pre-action reviews (Malmi & Brown, 2008).

2.1.1.2 Planning Controls

Planning controls direct organizational goals and its functional areas in terms of effort and behavior while simultaneously providing standards, in congruence with the goals, that distinguish what level of effort and what kind of behavior that is expected of the organizations and its members. It also serves as a tool to align cross-organizational function's goals and actions with the overall organizational objectives, by controlling groups or individuals' various activities. The planning controls are further divided into two broad approaches. One approach is called action planning, where a tactical focus establishes goals and actions of the immediate future,

which most often is shorter than 12 months. The second approach, with a rather strategic character, is called long range planning, in which goals and actions for a longer period are established (Malmi & Brown, 2008).

2.1.1.3 Cybernetic Controls

Cybernetic systems can either be of information or control character depending on how it is utilized. On the one hand, the system would be characterized as an information system to support decisions if the user itself distinguishes unpleasant variances and, thereafter, modifies actions and behavior, leading to the variances, without involving anyone else. On the other hand, the same system can be considered as a MCS if there are linkages between behavior and targets and an established accountability connected to variations in performance.

The framework identifies four basic cybernetic systems: budgets; financial measures; nonfinancial measures; and hybrids, including both financial and nonfinancial measures such as Balanced Scorecard. As a control mechanism the framework, apart from its resource allocative purposes, emphasizes the budget's planning of acceptable levels of behavior and how performance aligns with the plans. Whilst the budget serves as a broader and complete technique, employees can also be held accountable for financial measures, in which a rather isolated and narrow financial performance such as ROI and EVA are evaluated. Further, nonfinancial measures are used when addressing possible limitations interlinked with financial measures and measuring performance. Lastly, systems that account for both financial and nonfinancial measures are called hybrid performance measurement systems where BSCs have become a frequently used tool (Malmi & Brown, 2008).

2.1.1.4 Cultural Controls

The definition of cultural controls in the framework encompasses all norms and values in an organization that influence employee behavior. , culture needs to be utilized for consciously affecting behaviors to count as a control system. There are three components included in the definition, being: value-based controls, clan controls and symbols. Value-based controls are described as formal and repeated definitions that senior management continuously point out to clarify basic values and directions for employees to take on. Mission statements, vision statements and statements of purpose are amongst the control mechanisms that are value based. There are three different possibilities for employees to behave in accordance with the values. The first is when management recruits subordinates based on their existing values, the second is when existing employees are changing their values in accordance with the norms in the organization, and the last when subordinates behave in accordance with the values without changing their beliefs.

Symbol-based controls are when management seek to build a culture around physical objectives within the organization. It can be done through design of workspace or dress codes. Clan controls are fundamentally when subcultures within an organization are created to invoke

different behaviors dependent on the context. For instance, there can be subcultures within a certain department, or for a specific profession within an organization (i.e. accountants, lawyers) where the clan mechanisms are value and symbol-based controls specific for the clan (Malmi & Brown, 2008).

2.1.1.5 Reward and Compensation Controls

Reward and compensation systems are utilized to align performance and goals, of groups and individuals, with those of the organization, stemming from the argument that it will increase the effort to achieve organizational objectives. Despite the link between cybernetic controls and rewards, the framework distinguishes between the controls since organizations tend to provide rewards and compensation for various reasons such as retaining employees and cherish cultural controls, by implementing, e.g., group rewards (Malmi & Brown, 2008).

2.2 Institutional Logics

When investigating organizations that take on several different objectives in parallel, the concept of heterogeneity, intuitively, comes to mind. As an expansion of institutional theory and isomorphism, researchers have directed the focus towards organizational heterogeneity and variation (e.g. Lounsbury 2002; Lounsbury, 2008; Thornton & Ocasio, 2008; Friedman & Alford, 1991). Friedman and Alford (1991) started from the core of institutional theory and utilized the conceptualization of organizational rationality to explain its variation rather than its similarities (homogeneity), that previous institutional literature had concentrated on (Lounsbury, 2008; Thornton & Ocasio, 2008). Thus, the shift towards heterogeneity within institutional literature has gravitated towards describing an organizational climate that consists of multiple logics with competing claims and actions (Lounsbury, 2008). The institutional logic shapes organizational structures and practices, by being realized, institutionalized, and replaced, because of the interplay between individuals, society, and organizations in various contexts (Thornton & Ocasio, 2008; Lounsbury 2002; Lounsbury, 2008).

Previous empirical research (e.g. Lounsbury 2002; Lounsbury, 2007; Schneider, 2015; Reay & Hinings, 2009; Battilana & Dorado, 2010; Carlsson-Wall et al., 2016) has turned to the concept of institutional logics as a theoretical lens to grasp how this unfolds in a rather practical setting. The literature has elaborated on the institutional changes by either demonstrating the movement from one dominant logic to another (e.g. DiMaggio, 1983; Lounsbury, 2002; Greenwood et al., 2002) or a setting where there are co-existing logics (Reay & Hinings, 2009; Battilana & Dorado; 2010; Schneider, 2015; Carlsson-Wall et al., 2016). Reay and Hinings (2009) investigated the healthcare industry and identified both the emergence of a business-like healthcare logic and a rather traditional medical professionalism. On that notice, the authors emphasized that competing logics can co-exist and suggested that organizations, through collaborative actions, would be able to manage the rivalry between them. Battilana and Dorado (2010) and Carlsson-Wall et al. (2016) examined the coexistence of competing logics in so-

called hybrid organizations, in which social enterprises experienced the clash between a social welfare logic and a traditional business logic (Battilana & Dorado, 2010) whereas sports associations maneuvered sports and business logics in parallel (Carlsson-Wall et al., 2016). Schneider (2015) also touched upon a setting in which two or more logics existed simultaneously, although, in accordance with Reay and Hinings (2009) suggestion, concerning literature finding evidence of co-existing logics as a temporary phenomenon, during a logic-replacing period. The author introduced an emerging sustainable logic that interfered with the prevalent market logic that focused on generating profit, in which corporations would take on different routes, based on the predominant logics in place. In this setting, corporate sustainability either served as an input for sustainable development from a sustainable logic perspective, or on the contrary, from a market concentrated logic, where corporate sustainability served as an input for financial performance.

The coexistence of multiple logics is a relevant topic that permeates this study, since objectives in terms of financial and sustainable performance, intuitively, manifests rather different logics. To define these coexisting logic's prior literature (Carlsson-Wall et al.,2016; Reay & Hinings, 2009; Schneider, 2015) has accumulated key business drivers such as financial performance, where objectives in terms of debt levels, shareholder returns, and budget targets are placed at the one end of the spectrum representing either business, financial (Carlsson-Wall et al., 2016; Reay & Hinings, 2009), or a market logic (Schneider, 2015), whereas, sometimes in sharp contrast, ecologic, economic, and social performance, being a sustainable logic, is attributed at the other end (Schneider, 2015). Moreover, the rather multidimensional climate within the theoretical field of institutional logics makes it a solid fit when adopting a holistic perspective within MC and investigating how it unfolds in organizations with multiple objectives in parallel. As sustainability gains more attention in the corporate universe and the competing logics it may induce (Schneider, 2015), the study would benefit from the theoretical framework of institutional logics and simultaneously contribute to the field of research through the holistic MC perspective.

2.3 Configuration of Control Systems Fostering Integrated Sustainability

As aforementioned, MCSs can be created and utilized in various of different ways dependent on the environmental context that an organization is part of. Prior research has created configurations for how MCSs can be used, and in what ways they could be effective or not (Doty & Glick, 1994; Gond et al., 2012; Miller, 1996). More recent papers have began analyzing how sustainability can be controlled for in an organization (Gond et al., 2012; Burrit & Schaltegger, 2010; Crutzen et al., 2017). However, sustainability and financial issues are often interlinked in today's business climate for why the configuration of MCSs and sustainable control systems (SCSs) in tandem have become an area of investigation (Crutzen et al., 2017; Durden, 2008; Gond et al., 2012). Crutzen et al. (2017) recognize this phenomenon and conducts a descriptive study of types of sustainable control mechanisms utilized in organizations using Malmi and

Browns' (2008) framework. Durden (2008) investigates the usage of control mechanisms for aspects concerning social performance in overall MCSs. Gond et al. (2012) as well examine the relationship but instead includes a wider perspective than Durden (2008), as the interplay between MCSs and sustainability control mechanisms in general is analyzed. Hence, we will in this paper turn to Gond et al. 's (2012) configurations when examining the use of the MCS package in relation to sustainability control mechanisms.

In accordance with the findings of Gond et al. (2012), the ability to integrate sustainability, based on the organizational MCS package, within an organizational strategy is of importance. The authors shed light on this phenomenon by investigating the roles and use of MCSs and SCSs in order to achieve integration. The integration is dependent on a configuration approach that relies on Simon's (1995) *diagnostic* and *interactive* levers of control. Accordingly, the configuration has an impact on environmental, social, and economic dimensions, in which the integration of sustainability differs depending on the controlling mechanisms in place, moving from diagnostic to interactive uses of the MCS package. According to Simon (1995) diagnostic control systems enhance innovation and actions to achieve targets in accordance with intended strategies whereas interactive control systems "stimulate search and learning, allowing new strategies to emerge as participants throughout the organization respond to perceived opportunities and threats" (p.91). Thus, Gond et al. (2012) argues that interactive use of both MCSs and SCSs can illustrate a situation in which strategic renewal emerges through sustainability.

The integration is evaluated with respect to processes that includes *technical, organizational,* and *cognitive* dimensions. *Technical integration* revolves around the extent to which there are links between the MCSs and SCSs that ultimately provides the opportunity for the presence of infrastructure in terms of, e.g., calculability that contributes with information for both systems. *Organizational integration* refers to mechanisms depending on when functions from different parts of the organization share practices and for instance make accountants experts in sustainability reporting whereas sustainability managers improve their financial skills. Accordingly, the integration depends on what representatives from various functions do rather than solely what systems they have. To reach this state, creating organizational structures that impose multidisciplinary accountability to enhance cross-functional knowledge is key. Lastly, the *cognitive integration* dimension portrays systems as communications platforms that enhance interaction and serve as input for discussions including a diversity of thinking, practices, and overall mindset when it comes to sustainability. Thus, the cognitive dimension may create exchange of knowledge and subsequently shared cognitions because of an overlap between MCSs and SCSs and those involved that reach a mutual understanding. In doing so, the organization will be able to foster a climate that provides a common framework of a shared perception of reality that facilitates the integration of sustainability (Gond et al., 2012).

Gond et al. (2012) turns to Simon's (1995) levers of control as their theoretical lens when trying to understand the organizational configurations that reflect integration of sustainability, which indeed serves its purpose. However, when applying the concepts of integration through the Malmi and Brown's (2008) MCS package framework, the system package will include both formal and informal control tools and thus award us with the opportunity to broaden the theoretical contribution whilst simultaneously keeping the holistic perspective. Gond et al. (2012) brought forward overarching designs of how sustainability control can be incorporated in MCSs and state that integration is the one of two key drivers for efficient management control when sustainable and financial objectives are to coexist. The other key driver is whether the cybernetic and planning controls present in an organization have merely diagnostic or also interactive characteristics, as interactivity is considered vital for strategy development in general. Therefore, the extent of integration, diagnostics and interactivity are the input variables for evaluating what configuration of MCSs present in an organization that, in our case, is subject to institutional complexity. Further, Gond et al. 's (2012) configuration focuses on the use of the control package, which will allow us to apply it in terms of the part of our research question that revolves around the *use* of an organization's MCS, whereas Malmi and Brown's framework will serve as a theoretical lens to map the MCS *design*.

3. Methodology

3.1 Research Design

As aforementioned, this thesis aims to enhance the understanding of how MCS is utilized and designed to achieve multiple objectives based on different logics. Thus, a qualitative approach was deemed relevant since it requires data that is neither countable or measurable where it, in contrast to the more precise character of quantitative research, rather serves as a method to answer questions concerning experience, meaning, and perspective. Additionally, the research question relates to answering how firms with institutional complexity organize their MCSs, where "how" often complicates the possibilities of using a quantitative approach (Samuelsson, 1999). Moreover, the complex interconnectedness that control mechanisms commonly consist of (Chenhall, 2003; Lueg et al., 2016) supports a qualitative study as it focuses on the dependency and complexity of phenomenon, rather than the frequency (Bazeley, 2013).

To address the research question a case study approach was adopted, considering that it allows for an in-depth analysis of a specific object. Additionally, it is deemed to provide a comprehensive amount of information regarding the case of interest and, thus, suitable when dealing with problems in terms of explaining "how" or "why" (Saunders et al, 2016). Another factor affecting the choice to implement a case study relates to the limited amount of prior research in the field, where an undiscovered academic subject often complicates the collection of quantitative data. In contrast, a case study serves with the possibilities to use several types of information, e.g., through interviews or by gathering firm documentation (Eisenhardt, 1989). A case study can include multiple objects (Saunders et al, 2016), however we chose to use a single organization as our specific case. Naturally, executing a multiple case study would supply additional insights from another context and, therefore, a single object may affect the general applicability of the study. Yet, due to the time restrictions affecting the extent of this paper, we assessed that the risks of losing in-depth insights if conducting a multiple case study would be larger than the potential gains and wanted to avoid possible issues arising because of differences in industry and/or firm specific factors among multiple organizations.

3.2 Selection of Company

From the very beginning we identified various challenges when collecting relevant data in order to execute the research. On that notice, prioritization of the respective objectives became critical, since the traditional corporation has been characterized by a financial logic with profit maximizing purposes (e.g. Schneider, 2015; Carlsson-Wall et al., 2016; Reay & Hinings, 2009). Taking that into consideration and by drawing on objectives stemming from financial and sustainable origins, it was deemed necessary to include an organization where both objectives faced, relatively, equal prioritization. Thus, criteria to address this issue were developed, in which a preferable organization was: a) state-owned, since these organizations are expected to act responsible and cherish a sustainable society and environment for future generations (Dumay et al., 2010) and, therefore, experiences pressure to act in a sustainable manner (Garde Sanchez

et al., 2017), whilst simultaneously not necessarily providing maximum financial profit (Rodríguez Bolívar et al., 2015); and b) operating in an industry where sustainable objectives or challenges are clearly outlined.

To meet the selected criteria when searching for a suitable organization to examine, we made a list of firms that were at least partly owned by the state. 33 companies were selected, and we then assessed whether it was arguable that their sustainable and financial objectives or challenges were outlined. After the second screening, representatives from 23 organizations were contacted via LinkedIn, where we reached out to employees concerned with strategic work (CFO:s, CSO:s and so forth). Conversations were initiated with several firms but after further investigation we continued more intense discussions with Swedavia, as expectations from both sides of the collaboration were congruent. Swedavia became a relevant organization since they are state-owned and operate in the aviation industry, in which, e.g., environmental issues are rather emergent, to say the least. With the ongoing implementation of the taxonomy regulations, objectives in the industry in general are becoming rather distinct. One of the main objectives for air transportation ground handling operations stated in a proposal from the European Commission, in terms of vehicles needed for the operations, are to produce zero direct CO2 emissions (European Commission, 2021). Swedavia has come far in that area, who by the end of 2020 reached their overarching environmental objective of having zero CO2 emissions in all their aviation operations. The company “owns, operates, and develops Sweden's basic infrastructure of airports” (Swedavia, 2022) and has a business idea that revolves around “being a role model in sustainability and growth engine for all of Sweden” (Swedavia, 2022). Whilst the business idea emphasizes an organization that manifests themselves as an international role model in sustainability, there are also explicit financial objectives that are communicated (Swedavia, 2022) and, thereby, we deemed the organization as a suitable object for the research, since the aforementioned attributes, intuitively, vouched for multiple objectives and logics in place.

3.3 Selection of Data

Qualitative research includes the practice of interviews, in which the purpose is to seek views on specific phenomenon, institutional mechanisms, conditions, or experiences (Hammarberg et al., 2015). Hence, interviews fruitfully serve as a feasible tool to collect data to execute the research. The interviews were of a semi-structured character, which included some prepared questions prior to the interviews, that allowed for flexibility, openness, and follow up questions (Collis & Hussey, 2013). This enabled us and the respondent to take on several various routes if it was deemed necessary to give an adequate answer. Moreover, Collis and Hussey (2013) suggest that researchers should be well prepared and familiar with the specific topic and, thus, we derived our prepared questions from the core of the research theme and theoretical framework, to ensure that the interviews stayed on track and thereby were permeated by the investigated topic. Suitable when applying a method for acquiring data in the field of MC is to address the context of the

study in focus (Samuelsson, 1999). Hence, as Swedavia provided us with internal firm data we gathered information primarily through interviews, complemented by firm documentations (addressable to the MC domain such as organizational templates or BSCs). As the research question demands for the linkage between strategy and operations to be examined, we have interviewed both senior management and employees. Additionally, the interviewees are from different departments in the organization to facilitate in observing patterns of different types of control mechanisms and systems. These interviews were held digitally solely through the software Microsoft Teams since it was preferred by Swedavia and due to locational issues. An overview of the respondents can be found in table 1. Further, when necessary, additional communication through email has been conducted with the respondents when clarifications have been deemed necessary.

Table 1: List of Respondents

Title	**Date and Duration**	**Interview Style**
Business Strategy Analyst	2022-02-14; 45 min	Microsoft Teams
Sustainability Manager	2022-03-07; 45 min	Microsoft Teams
Sustainability Expert	2022-03-07; 45 min	Microsoft Teams
Chief Financial Officer (CFO)	2022-03-10; 40 min	Microsoft Teams
Accounts Manager	2022-03-14; 50 min	Microsoft Teams
Social Sustainability Analyst	2022-03-15; 45 min	Microsoft Teams
Pricing Manager	2022-03-16; 35 min	Microsoft Teams
Head of Environmental Department	2022-03-16; 35 min	Microsoft Teams
Head of Business Support	2022-04-12; 40 min	Microsoft Teams
Business Process Owner	2022-04-13; 40 min	Microsoft Teams

To give the study further robustness concerning the external sources of information that influenced the problematization and our theoretical framework, the material was assessed with respect to the number of times the papers had been cited, what journal that had published it, and whether it was published in a peer reviewed journal.

3.4 Analysis of Data

Yin (2009) emphasizes that researchers, turning to the concept of case studies, will benefit from applying a strategy that takes its starting point in the theoretical proposition that permeates the study, when analyzing the data. With respect to that, theory has served as a fundamental framework for the questions and further utilized when the data was analyzed. Thus, to enhance the understanding of how MCSs is utilized and designed to achieve multiple objectives based on different logics, Malmi and Brown's (2008) MCS as a package, the concept of institutional logics, and Gond et al. 's (2012) configuration of integrated MCS packages, was applied. Accordingly: Malmi and Brown's (2008) framework provided a holistic and descriptive perspective to map the design of the MCS package; the Institutional logic's concept awarded us with the opportunity to navigate through the overarching mechanisms that affects the MCS and the interrelations within the organization; whilst Gond et al. 's (2012) configuration framework helped us investigate the use of the systems.

When analyzing the data we turned to a four-phased approach inspired by Burns et al. (2020). The initial phase is the coding part, where the interviews were transcribed. This is followed by the second phase, in which categories are derived with respect to the theoretical body in parallel with a real-life observation of the codes. The categorizing phase also includes observation of what language is used in different settings, simultaneously as irregularities, similarities, and contradictions will be noticed. The third phase identifies concepts by evaluating the data channeled through the research purpose. Lastly, the fourth phase includes the creation of themes that emerge, develop, or change based on the prior three phases. During the second and third phase in the four-phased approach (Burns et al.,2020), Malmi and Brown's (2008) framework was utilized to categorize the observations from the interviews. Hence, different types of control mechanisms that are used within the specific organization were enlightened. All types of control tools in the Malmi and Brown (2008) framework were found except from *Reward and Compensation Controls,* which thus were excluded from the mapping of the organizations MCS package design. Later, the control mechanisms were divided dependent on the identified logics to identify how different types of objectives are coexisting. During the fourth phase, themes for when certain types of objectives were controlled were outlined, followed by an analysis of how the MCS package was used with respect to Gond et al. 's (2012) configurations. Considering the three theoretical models' attributes in this paper, we utilized the data in a rather unorthodox matter by having the fourth and first parts of the fifth chapter (5.1 and 5.2) summarized in a descriptive manner. Those sections served as the foundation for the remaining parts of the paper (section 5.3 and 6) where the analysis took place more extensively. Hence, the three models are, throughout chapter four to six, being discussed to answer our research question, but on different levels of analytical value.

To grasp the origins that permeates the use and design of the MC mechanisms within the organization, there was a noticeable necessity to distinguish actions and structures and identify whether it was a consequence that could be derived from a specific logic. Previous research has

tried to capture the overarching features that typically characterizes a sustainability logic (Schneider, 2015; Silva & Figuereido, 2017). By turning to, e.g., these previous papers a sustainable logic could be identified as a sustainability-centered conception of business firms that primarily contributes to sustainable development as value creating entities that generates innovations and economic development, engage in activities under the umbrella of corporate social responsibilities such as efforts that minimizes their ecological footprint and cherish social equality, whilst not doing so and thereby sacrificing profits in favor of these objectives. These firms are rather focusing on creating value in parallel with being innovative in integrating economic, social, and environmental objectives in the overall organization, following a sustainability logic (Schneider, 2015). Further, by investigating the organization's structure and actions, Silva and Figuereido (2017) stress that these practices can be distinguished as an outcome of an emerging sustainability logic if they are deemed as both a cause and a consequence of improving sustainability within an organizational field. In contrast, a financial logic could also be distinguished based on structures and actions that, in accordance with Schneider's (2015) market logic, stems from one sole objective that incorporates social and environmental considerations as inevitable means to serve economic ends. Hence, to grasp what parts of Swedavia's strategic plans and activities that belong to a sustainable, or financial logic, we have evaluated what types of objectives that plans and activities are relating to, the expected consequences of the plans and activities, and the motives for controlling these activities.

3.5 Limitations

There are some observed issues with the interview method that must be addressed. For instance, bias is a common issue when conducting research of this nature (Snow & Thomas, 1994; Collis & Hussey 2013). It could either be the case of interviewers that are biased both during the interview and the analysis part, as it relies on interpretations and classification from the researcher (Lillis, 1999), or the case of biased interviewees since they might answer what he or she think is the correct or acceptable answer rather than the actual truth (Collis & Hussey, 2013). Further, Myers and Newman (2007) suggest that a possible pitfall can be attributed to lack of trust. Accordingly, this means that the interviewee may withhold critical information that might be considered too sensitive to share and, subsequently, the data gathered may suffer from incompleteness.

We identified and utilized various ways in which we could be able to mitigate the presence of these limitations. Firstly, the possible pitfall derived from lack of trust may, intuitively, be mitigated through several interviews with the same participant and/or several situations of contact to build a trustful relationship. Secondly, the interviewee bias may be mitigated by an increased depth to the interviews (Collis & Hussey, 2013) and thirdly, the interviewer bias can, in line with De Villiers et al. (2016) be mitigated by analytical coding and triangulation between multiple sources where interviews are supported by, e.g., documents or other interviews. To encourage a trustworthy relationship with Swedavia we have primarily focused on having

repeated conversations with our two “gatekeepers” that have coordinated and supplied us with the interviews we have demanded, so that we smoothly have been able to contact all the participants before the sessions, in line with the suggestions of Adams et al. (2007). By using the semi-structured interview technique, we were able to get an increased depth in our interview material as we could follow up on the statements provided by the interviewees to handle potential interviewee bias. Additionally, to deal with our own subjectivity, gathering of internal and external documentations have been conducted. Further, Lillis (1999) elaborates on the analytical coding element and emphasize that interviewer bias could be mitigated through: (1) including an audit trail from transcripts into the empirical analysis, by utilizing successive stages of data reduction and summarization; (2) ensuring that all cases are used in the evaluation of support for emergent propositions in the data; (3) providing an analytical framework which allows for the emergence of new propositions grounded in the empirical data. These three stages were realized using the Burns et al. (2020) inspired four-phased approach.

4. MCS Package at Swedavia

This chapter is structured around our theoretical framework relating to Malmi and Brown (2008). Consequently, a business background of Swedavia AB is initially outlined, followed by sections concerning administrative controls, planning controls, cybernetic controls, and cultural controls, in that order. The fourth section is mainly of descriptive character, for why there in general are solely empirics considering the design of the MCS package.

4.1 Swedavia AB

Swedavia is a company that owns, operates, and develops Sweden's national basic infrastructure of airports, in a network of ten airports within the country. The company was formed in 2010 and is entirely owned by the Swedish state. Their business idea is to create value for their customers by offering attractive airports and providing smooth and inspiring travel experiences, while simultaneously acting as a role model in sustainability that is a growth engine for all of Sweden (Swedavia, 2022). The industry is experiencing the challenge of the transition towards sustainable aviation. Swedavia's goal is to achieve fossil-free Swedish air transport by 2045. In their annual and sustainability report from 2020 there is a lot of emphasis on their success in developing airports with the least possible climate impact. As a pioneer in the industry, they have managed to be totally free from emissions of fossil carbon dioxide and simultaneously push for a sustainability transformation by being a driving force in terms of providing biofuel and preparing for electric aviation (Swedavia, 2021).

Within their operations, Swedavia has three main revenue segments: aviation business, concerning services related to passenger travel enablement (e.g. start and landing services, security control, assistance services); commercial services, relating to rental of airport space for restaurants, premises, and logistics as well as car parking; and real estate services (e.g. development and management of commercial real estates). Aviation business is clearly the largest segment, responsible for 60% of total net revenue, whereas commercial is the second largest with 25% of net revenue. The company is currently preparing for a restart, as the whole industry was close to being eliminated by the outbreak of the Covid-19 pandemic during 2020 (revenue 2019: SEK 6.2 billion; revenue 2020: SEK 2.5 billion). They had to adapt to a rather unpredictable market, reduce the workforce, focus on short-term critical business issues, and ensure a strong Swedavia, post the acute situation of the crisis (Swedavia, 2021).

4.2 Administrative Controls

4.2.1 Organization Design and structure

As depicted in figure 1, the organizational scheme revolves around two types of structures. There are four so-called international airports (Stockholm, Gothenburg, Malmö and Bromma), mainly of larger character that, according to the CFO, are less affected by regional events. In addition, there are 6 regional airports around the country that, in contrast, are significantly influenced by local circumstances and hence less standardized in terms of activities performed. Due to these

differences the firm has decided to organize the two types of airports rather separate from each other, where the description of the international airports is more aligned with a functional structure, whereas the local airports are outlined as parts of a regional division structure. The CFO states the reasons for this decision:

> *"You can say that the basic view is that we have four larger airports, where there is a potential in working more similarly and finding synergies to secure processes that are the best processes. Thus, we work more together towards the market, then we package this more as one business. Then you have the six regional airports that operate more in its regional surroundings, being an important factor for that region. Accordingly, we need to take more decentralized decisions during such circumstances and be more flexible as they have a smaller business. So, we felt that there was a need for two different models." (CFO)*

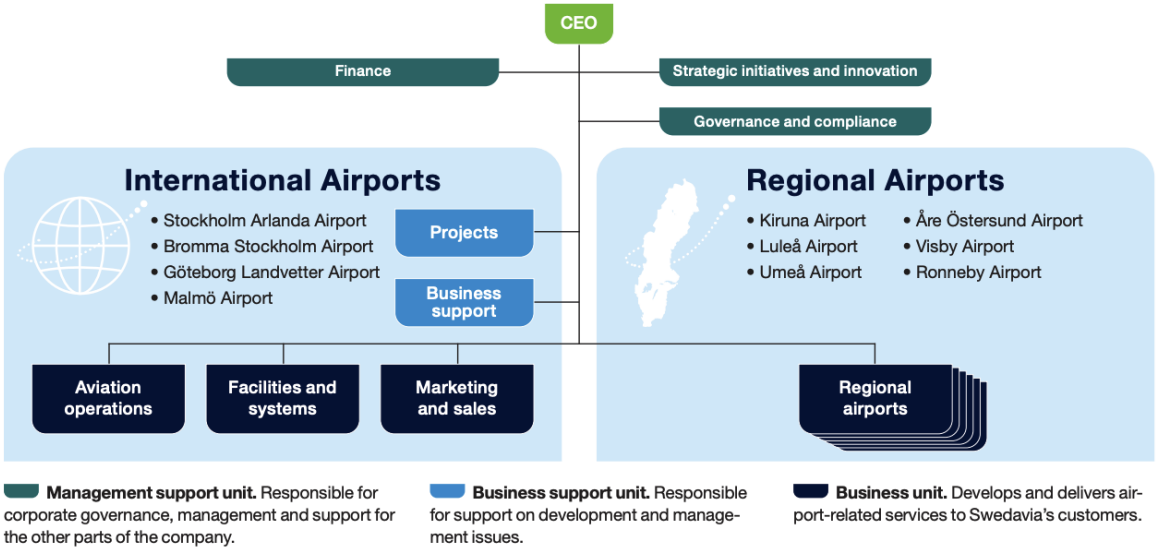

Figure 1: Organizational Template (Swedavia, 2021)

There are three so-called management support units in the Swedavia group, in charge of supporting the CEO in controlling the organization and for supporting the other parts of the firm with specialist competences. The aim for the project unit in the organization is to assure that larger infrastructure investments connected to strategic plans are coordinated and executed, whereas the business support unit analyzes possibilities for commercializing new services. All five units have representatives in Group Management for supporting the CEO in the organization and work as supporting units for both the functional, and regional division structures. In addition to the five units, there are four other departments present in Group Management: regional airports, operations, commercial operations, and assets. The regional airports department is head of the regional division structure, whereas operations, commercial, and assets are functions for

the international airports. Operations and commercial relates to the two largest revenue segments in the organization, while assets relate to infrastructure management.

4.2.2 Authority and Accountability

4.2.2.1 Financial accountability

Concerning the financial part of the organizations' performability, the Financial Department has the utmost responsibility towards the CEO for meeting the overarching financial objective. The accountability regarding the general functions is measured primarily in terms of not exceeding the funds in their respective budget, where the accumulated cost and revenue streams in the forecasted budgets corresponds to a certain level of return on operating assets. Hence, the various divisions' level of financial authority is rather extensive, as their choice of activities to meet the budget targets are normally not interfered with by the Financial Department. During circumstances where the targets are not being met by the divisions, the Financial Department is normally engaging in discussions with the manager of the unit in question to mutually analyze the outcome to impose accountability.

4.2.2.2 Environmental Accountability

The Strategic Initiative and Innovation's (SII) Department is responsible towards the CEO in fulfilling the environmental objective, where the Sustainability Manager at a subunit in SII, the Sustainable Development Department, controls that the operational units are performing in line with the organization's environmental goal. The various units are themselves responsible for setting targets that will help completing the strategic objective, based on the premises that are relevant in their daily work. As of now, the Sustainable Development unit does not follow up performance on sub-goals that the units are creating themselves because of a decrease in workforce. Now they are three employees in total due to the poor financial performance relating to the covid outbreak, which in contrast to the Financial Department that has four divisions controlling for abnormal performance in the budgets is low. However, the Sustainability Manager demands general, unstructured reporting from all managers to create accountability, where they communicate their performance in terms of the overall environmental objective. A supporting function for the various departments within operations, who have large impacts on the organization's environmental footprints in this reporting process is the Health, Safety, Security and Environment (HSSE) Department. The unit is part of the Operations function and at the environmental section of HSSE there are 21 employees specialized within different environmental areas, where waste and chemicals expertise are examples of utilized competences on an ongoing basis. Further, all airports have environmental managers responsible for reporting to the head of environment at HSSE, that highlights risks in the operative performance based on legal requirements. The outcome is then presented for the respective airport managers who summarize and present reports for the Sustainability Manager.

4.2.2.3 Social Accountability

In terms of the social objective in the organization, being coworker engagement, all units are directly accountable for the level of engagement at their units as it is compatible at all levels. The head of the Business Support Department, including human resources and public relations employees, is responsible for the overall objective , but whether the monitoring processes of performance are consistently supporting for reaching the social objective is questioned. The Social Sustainability Analyst in the organization elaborates regarding how the firm is performing in terms of the social objective, where the conclusion is that the organization has stagnated. The claim is supported by Swedavia's (2021) financial reports where no clear trend of the level of engagement can be seen when examining the development since 2017. The analyst primarily states two reasons for the poor performance where the most interesting reason in terms of accountability relates to the fact that the analyst states that the lack of feedback affects the social accomplishments in the organization:

> *" I believe that one can indeed work from a cultural perspective, what we call soft values and say that these are our values, but if you do not control and follow up on these values you will not work to incorporate them into the organization. We have had several different initiatives during the years, and the feedback we always receive from HR employees and head of departments is that: if no one is giving us feedback on this, we will not try to develop." (Social Sustainability Analyst)*

The analyst's view regarding a lack of accountability is not entirely congruent with the picture presented by the Head of Business Support, who states that there are two recurrent occasions each year where scorecard performance is evaluated. Based on the results, the objectives are then readjusted to be realistic towards the subunits. In addition to an ongoing dialogue together with the people in charge of the units if the results are not satisfactory, the yearly summary of performance evaluations are input when setting salary increases. However, when asking the Head of Business Support what measures are taken to ensure that firm values and equal treatment and diversity plans permeate the organization, there are no concrete activities mentioned.

4.2.2.4 Customer Relations Accountability

Customer insights are considered important for the firm's strategic direction and lately the focus has been oriented towards a customer and data driven process for enhancing customer development and satisfaction. The unit responsible for the last overarching goal of having an 85% customer satisfaction level by 2025 is the Marketing and Sales function for the international airports. In line with the budgeting mechanism, the goals that the units are accountable for are broken down based on the customer segments (aviation, commercial and real estate) and the satisfaction drivers present in their respective operations. Further, it is primarily directed towards the owners of the main processes within the overarching process being *operation of airports.*

These processes exist in both the International Airports segment and the Regional one, in which the CCO (Chief Customer Officer) is assessed based on the overall performance.

4.2.2.5 Process-oriented Controlling Under Development and Accountability Impact

Over time, a part of the plan of the new goal-oriented controlling is to also implement process management. Along with this new approach, goals as the main driver of control will not be the single changing factor since the focus will be directed to the processes. Thus, eventually the objectives and targets will be a matter of process-goals rather than function-goals. For Swedavia this means that the overall objectives will be measured in terms of the processes that the various functions are parts of, rather than for the functions themselves, which also implies a management perspective that is cross-functional as opposed to the prior function-oriented governance. Two main mega-processes have been identified, which is *operation* and *development of airports*. Further, three main processes are the *traveler process*, the *aviation operating process*, and the *management and control process*. The process orientation for the international divisions is structured horizontally, meaning that in addition to the Commercial, Assets and Operations Departments having their own scorecards, they are all part of various processes that the Head of Commercial is accountable for. Moreover, the Strategic Analyst points out that the aim is for the process-oriented goals to relate to the overarching scorecard, but simultaneously stresses that there is a lot of work to be done as processes are new phenomenon in the organization. The organization is evaluating the current performance of the functions in relation to these processes to deliver a final product. There are recurrent process planning meetings within the different processes, in which the involvement depends on a function's characteristics. This implies that, e.g., the pricing function, that has a widely dispersed involvement throughout the different departments, will attend these meetings with a yearly agenda and map all the various charges connected to the process, whereas functions of a rather more operative character are evaluated on a daily or sometimes even shorter perspective.

4.2.3 Increased Collaboration Between the Financial and Sustainability Departments

The administrative control tool spectra involve the ability and need to establish cross-functional collaborations (Malmi & Brown, 2008). The CFO believes that the different functions within the organization are working closely with each other. There are different main areas of concern respectively, but there is simultaneously an experienced consensus regarding the bigger picture. Moreover, the Pricing Manager portrays an organization that allows for cross-functional cooperation in a flexible way to include representatives of interest from different functions in order to finalize projects. Representatives from both the Financial Department and the Sustainable Development Department are emphasizing that the frequency of their collaborations have increased lately, in which two reasons have been highlighted as catalysts: Firstly, in 2019, an initiative to issue green bonds made the Finance Department encouraged to direct their focus more towards working together with the Sustainable Development Department and appreciate the fact that they are able to include activities as well as projects in their green portfolio

according to the Sustainability Manager. Secondly, the entrance of the EUs Taxonomy has made their cross-functional relationship even stronger. The new regulation implies that these two functions must develop practices and actions that are aligned with it, in which the sustainable competencies will have to be applied in tandem with the rather more traditional (financial) way of reporting and measuring numbers and activities.

4.3 Planning Controls

4.3.1 The Business and Operations Plans

In Swedavia AB, the planning of activities is controlled primarily through the business and operations plans. The business plan is a roadmap defining overarching goals in the organization and methods for how to fulfill those based on different time frames. There are four goals, referred to as the "sustainability-wheel", in the business plan: the first three being based on the same number of pillars included in this report's definition of sustainability (economic, environmental, and social), whereas the fourth concerns customer experience. The economic goal is constant, stating that the firm ought to have 6% return on operating assets (Swedavia, 2021) and is set by the owners. The other three goals are to be accomplished in a five-year period and are being set by Group Management. The SII Department supports Group Management in setting the strategic methods for accomplishing the objectives. By conducting external and materiality analysis, the SII unit identifies market trends and key interests for stakeholders, being used when Group Management updates the methods every third year. Updating the methods becomes relevant as the time frames for the objectives are rather large, where both internal and external developments need to be considered. The SII Department works as a linkage between Group Management and the rest of the organization in terms of communicating these goals via operation plans, where the operation plans have gone from having a detail-oriented control focus to a more goal-oriented emphasis, according to one of two business strategy analysts at the Strategy Department:

> *"(The operations plan) is included in the business process. Every department used to be obliged to account for exactly what they are to do, whereas now it is more focused on goal controlling, where they are expected to follow up on that. They have stopped conducting long operation plans because it is hard to follow up on. If one considers that the departments leave their planes in October, it could be obsolete in January if one has not paid attention."(Business Strategy Analyst)*

4.3.2 From an Internal to External Focus in the Environmental Planning Processes

In terms of the environmental aspect the Sustainability Manager is responsible for the environmental agenda and providing the overarching environmental objective for the whole organization. Up until 2020 the environmental objective, which they managed to fulfill, was to make the whole internal organization completely free from CO2 emissions. Hence, three new objectives have now been identified: 5% of all aviation-fuel should be biofuel in 2025, all domestic flights should be fossil free, and by 2045 all Swedish flights should be fossil free. The

Sustainability Manager and the Sustainable Development team are assessing what kind of environmental aspects that are critical on a long-term basis. They are evaluating, e.g., where most of the emissions can be derived from, where the largest impact is, external factors, and the interest of their various stakeholders. This will consequently serve as a foundation for the development of the upcoming objectives outlined by the organization and further delegated to all organizational units that needs to evaluate how they are going to contribute.

The environmental agenda is further acknowledged by the Accounts Manager. The manager emphasizes that the goal regarding zero CO2 emissions internally indicates that Swedavia AB has proved that firms in this specific industry can act sustainable. During the last years prior to the pandemic the debate regarding flight shame and climate anxiety emerged in the public opinion, which ultimately affected people's attitude towards air traveling negatively. Accordingly, the overall communicated goal from the owners, which is to create accessibility in Sweden and internationally, became a critical issue to address. Thus, the management decided that accessibility still needs to be provided, but in a rather more sustainable way. This has made the focus gravitate even more towards sustainability-oriented solutions. Sustainability is further interpreted as being on the top of the agenda according to the Business Process Owner who emphasizes that the environmental aspect is clearly apparent in the decision-making processes.

Currently, it is in Swedavia's interest to engage with the other actors in the industry to change the overall climate towards more sustainability by encouraging alternative solutions such as fossil free fuels and considering electrical flights. Hence, the organization has expanded their scope to a external focus that is reflected in the environmental biofuel objective:

> ***"****If we want to reach the owners objective of providing accessibility the traditional practices would not work, because nobody would want to travel by flight as a consequence of a "dirty" industry. Therefore, Swedavia, together with the whole industry, needs to adapt and increase the work with sustainability-oriented solutions….There is no alternative (then working with sustainability-oriented solutions). We have an opportunity to take charge and be a successful example that illustrates how the industry can take a real step forward in terms of sustainable development." (Accounts Manager)*

4.3.2.1 Pricing: Supporting the Green Conversion

Several of the respondents are emphasizing that there is a noticeable sustainability agenda, starting from the top management, that permeates the organization:

> *"In my opinion, sustainability is, indeed, permeating the solutions (price-models) that we develop, where it is relevant of course, and it is definitely something that comes from the very top of the organization, since our CEO is concerned about managing the firm in that (sustainability) direction." (Pricing Manager)*

As an initiative to encourage the airlines to utilize biofuel and contribute to the 2025 environmental target, Swedavia has developed an incentive program called “SAF (Sustainable Aviation Fuel)-incentive”. This program was initially introduced in 2016 and supports up to 50% of the premium costs for airlines that are using SAF at any Swedavia airport. During 2022 the total fund available for the airlines is SEK 20 million, in which each airline group can apply for the incentive once per month (Swedavia, 2022c). Actions accelerated in 2020 that partly can be attributed to the Pricing Manager’s work to convince the management that the initiative could be considered sustainable, both business-wise and environmentally. The Pricing Manager assessed the pre-pandemic air traffic development and found that yearly passengers on an average had decreased whereas the average in the rest of Europe had increased. That difference in passenger development was a rather material number which made the Pricing Manager investigate the situation even further. Subsequently, the manager found both external and internal studies suggesting that a material number of passengers have environmental reasons for not booking a flight whilst the environmental profile of an airline does matter when they are considering a flight ticket. It was not necessarily scientifically proved, but rather served as an important input for the management to consider with regards to restarting the initiative. The Initiative was later reintroduced, after being put on hold, and during 2021 all the funds were utilized.

Another factor that contributes to the green conversion and the 2025 target is the fact that new §6 of the Swedish Regulation on Airport Charges stipulates that charges relating to take-off or landing of aircrafts shall be differentiated based on the aircraft’s climate impact, seeking a reduced climate impact of aviation. Hence, Swedavia introduced an environmentally differentiated charge 1 January 2022 called the CO2 Emission Charge, in which a dedicated group together with airport users developed a model to best reflect the wording in the regulation. The model is a “bonus malus”-model that results in penalties for the aircrafts that emit more than the average and a bonus for the aircrafts emitting less than the average (Swedavia, 2022d).

4.3.3 The Social Dilemma

The ”sustainability-wheel” has been apparent during the last 10 years and, thereby, managers are used to working towards targets including these four different areas. Yet, although it is interpreted as a genuine desire to incorporate all four of them equally, the financial part is deemed more concrete due to the ability of measuring it. Additionally, both the Sustainability Manager and the Business Process Manager argue that there is room for improved actions concerning the non-environmental aspects to increase their sustainable focus. This is again emphasized by the Social Sustainability Analyst who states that they are indeed very capable in certain fields of sustainability but in terms of the social parameters there is need of improvements. The firm is both experienced and well organized when it comes to the physical area of social sustainability, whereas there is a demand for an increased focus on improving the maneuvering of the psychological part of the spectra in the same direction:

" We need to be better in being proactive and for instance look at our sick leave, find a target regarding it, and then a strategy to get there. We have a communicated target regarding serious workplace accidents, which we are measuring in our occurrence reporting system. Yet, we need to be better at the psychological part where we, as of today, cannot be as dedicated." (Social Sustainability Analyst)

There are, however, targets in terms of equality and diversity in their equality treatment- and diversity plan. Yet, without the same amount of resources and monitoring as the environmental objective stated in the "sustainability-wheel". The plan includes a 50/50 equality-target in which 50% of the employees shall be men and 50% women. This is ought to be reflected throughout the organization on a managerial level, in the various divisions, and not solely in total. Furthermore, the plan also includes a diversity target stipulating that the mix of employees shall reflect the current demographic situation in Sweden, being assessed in accordance with numbers from Statistics Sweden (SCB). They are measuring the share of employees with foreign backgrounds and those born internationally, which also is supposed to be permeated throughout the whole organization. There is currently a demand for including these objectives on a regular basis into the operation plan processes and, e.g., make it a part of the management and controlling process or the HR (Human Resources) processes. These actions are just initiated, and the Social Sustainability Analyst would prefer if it became mandatory to include it in these processes and that they start to assess it on a more regular basis:

"We do have a large gap here (concerning the ongoing assessment of the situation), the overall opinion is that it is enough to just state the targets in the plan. We can see how we are performing compared to the stated targets, yet we are not evaluating it on a regular basis other than presenting the numbers for the HR-department once per year and I think that is why we are not experiencing any change." (Social Sustainability Analyst)

4.4 Cybernetic Controls

4.4.1 Balanced Scorecard and Objective Control

For the goal-oriented controlling processes in the organization to be implemented, the Strategic Analyst stresses the usage of scorecards as fundamental to guide the activities in the operations plans. In the process of incorporating BSCs within the different parts of the organization, Group Management begins with mapping which of the four objectives that are relating to the operations of the departments accountable directly towards themselves, and then communicates those goals to the respective departments. It is thereafter the responsibility of the managers of the departments to add objectives to their divisions if there are other goals that are more congruent in complying with the overall objectives. The managers then present their subordinated scorecards for Group Management that examines the applicability of the objectives in terms of compatibility towards the overarching scorecard for a final revision. Determining whether the divisional scorecards are applicable is a balancing activity, where Group Management also analyzes the possibilities for the various scorecards to be achieved based on the resources given to the

departments, and, when optimal, reallocates resources if the scorecards demand. The Head of Regional Airports has a larger flexibility as the department is given solely the overall scorecard, where the manager is responsible for ensuring that the subordinated regional airports are aligning their operations with the overall objectives. Hence, Group Management has little involvement in the development of scorecards for the regional units, but the Business Strategy Analyst believes that they have the most developed goal controlling system in place in relation to processes, as their extent of operational outsourcing is not as comprehensive as for the international airports.

4.4.2 Resource allocation: The Financial Objective and Performance Measurement

To distribute the resources needed for engaging in the activities stated in the operations plans the firm uses budgets. The Financial Department conducts forecasts three times a year to analyze expected future financial performance for the remainder of the year and the year after. The input for the analysis is mainly data regarding passenger volumes as it is the primer revenue driver in the organization. Based on the analysis, the departments are obliged to cope with the financial boundaries they have. In addition, based on the forecasts executed three times a year, they are responsible for signaling if they cannot meet the financial targets in their budgets and change activities accordingly. Further, to meet the financial goals in the organization, the pricing unit in the firm adjusts fees for air carriers, boutiques, and restaurants at the airport. The controlling functions of budgets are, however, not merely for the specific divisions to cope with the financial objectives, or for pricing to regulate fees.

> *"Within this, one could say that if we see that costs are too high, then we, in collaboration within Group Management, analyze what we can stop prioritizing, what we could streamline, what we can do to decrease the cost volume. Or what kind of additional revenue we could create on the commercial side to get this balance." (CFO)*

Hence, deviations in the budget on a larger scale, or a recurring basis, are controlled for by the Group Management.

4.4.2.1 A Change in Budget Use

The goal-oriented focus in Swedavia's MCSs has also changed the purpose of the budget to some extent. Prior to the reorganization, budgets were used for Group Management to plan short-term activities in detail to cope with the overall objectives in the organization. As for now, on the contrary, budgets function as tools for the various departments to plan their own activities in line with their scorecards. Subsequently, they then present their budgets to the Financial Department that analyze whether it is realistic that the activities involved will stay within the financial targets. Hence, the Financial Department's focus lays no longer in evaluating the activities' possibilities for increasing the likelihood of meeting the overall three long-term objectives per se, but to assess whether they are financially sound from a return on operational assets perspective.

During the pandemic, the discussions between the Financial Department and others have intensified as the revenue driving units have not been able to cope with their budgets, having effects on the overall organization's ambitions to contribute to meet their short-term objectives. During these discussions compromising between the financial and other objectives is a constant parameter, where the Financial Department takes on the role of defending the financial perspective:

> *"Then we must consolidate everything and see if we have room for the activities financially, or if we need to reduce something in terms of costs, and then there can be circumstances where one needs to compromise with these goals. That has been very challenging primarily during the pandemic where we have really been forced to analyze every penny (SEK), where it could be that one has to compromise with some objectives to see if they can be reached later." (Accounts Manager)*

4.4.2.2 Incentives and Resource Allocation

The CFO does not state that there is an internal prioritization between the different objectives. That the organization has a tracking record of past needs in various budgets is something that the CFO stresses as important when evaluating the amount of capital that is to be distributed to each unit. However, in addition to analyzing past needs, the financial unit allocates resources firstly through an operations criterion, assuring that operations can proceed and that enough investments are made to continue daily operations. Secondly, when deciding how much resources should be allocated beyond operational minimums, the needs for the overall four objectives are analyzed. Further, the CFO mentions that as the units themselves are responsible for their own budgets they are to argue for their resource requisite if they need more funds, where Group Management then evaluate whether it is reasonable to move funds from one unit to another. Several interviewees point out that controlling for the economic objective is fundamental for meeting the others, rather than vice versa. The Sustainability Manager touch on this interplay between the goals when elaborating regarding the belief that keeping financial costs low is the primer control purpose when constructing their budget at the Sustainable Development Department:

> *"For my part, I have a budget that I shall stick to, simple as that. If everyone stayed within the boundaries of their budget, the possibility for us reaching our return goal increases. We only use funds at our department, so I only keep an eye on my costs, from that perspective" (Sustainability Manager)*

Nonetheless, during the first two years of the pandemic the revenues declined heavily in the organization, where Group Management decided to not prioritize the economic objective to focus on the other three. The Sustainability Manager supports the claim that the non-economic objectives were prioritized during the pandemic, and that the CEO accepted large fundings for

the Sustainable Development Department if there were a direct linkage between the proposed activities and meeting the overarching environmental target:

> *"Yes, for instance it was the question regarding our zero (emission) goal. Because last year it was the challenging parts that we had to get rid of - those that cost a lot of money. And then the question really was: yes, but do we really know that this will cost a lot? Am I prepared for the fact that this will be expensive? Then I said: "yes, I am", and one understood that this was something that was a prioritized question to reach a zero goal." (Sustainability Manager)*

To concretize the procedure of how decisions are made regarding the distribution of fundings that has large consequences on the organization, the Sustainability Manager states that after an argument for receiving funds has been expressed to Group Management, there is a discussion where the CEO has the final decision. Often, resources are granted if it facilitates in meeting strategic objectives or concerns legal requirements, whereas funding for activities not affecting such fulfilments are normally neglected.

4.4.3 The Non-Constant Strategic Objectives and Measurement

4.4.3.1 Social Objective Measurements

To facilitate measurement to support in controlling the non-constant strategic objectives, Swedavia uses different mechanisms depending on the goal of interest. To meet the overall social objective there are various measurement tools in place where one subordinated goal to employee engagement is that there shall occur no severe injuries at Swedavia. Injuries, under these circumstances, are physically related, where Swedavia has an application where employees are obliged to report if they are harmed. The collected data is then analyzed in terms of extent of specific accidents to proactively take action. The interviewed Social Sustainability Analyst states that the zero-severe objective has, with good reason, gained a lot of focus since the current CEO has experienced an incident where one employee in another firm tragically passed away due to a work-related accident. However, the analyst is skeptical regarding the definition of the subgoal and mentions that the intent of the zero-injury goal initially has been to apply also to non-physical severe injuries. Yet, there are no equivalent proactive measurement systems capturing psycho-social related injuries as discrimination or sexual harassments that are related to work. To change this the analyst states that the purpose of the objective must be communicated differently.

Moreover, the Social Sustainability Analyst mentions other measurements in place to control for employee engagement, not corresponding to the aforementioned (section 4.3.4) equal treatment and diversity plans, that are noticeably criticized by the Social Sustainability Analyst for lacking assessments on a regular basis. For instance, the firm has a system called "whistleblower" where personnel can report that they have been discriminated against. They also have a close collaboration with the Swedish Discrimination Authority if there have been any reported cases to that instance. Any reported cases to these instances are taken seriously and initiates an internal investigation process to get a deeper understanding of what has happened. Yet, none of the plans

or discrimination-related measurement processes are used for analyzing the development proactively in the firm: As aforementioned, no one is held accountable for the equality performance, and it is not until a severe psychosocial accident likely has occurred that the firm takes actions for the specific individuals involved.

4.4.3.2 Environmental Objective Measurements

Measurements concerning controlling for the environmental strategic objective are also involving subordinated goals, but with a clearer structure of how the KPI:s and numbers are relating to the overall target. The structure comes from the incorporation of balanced scorecards, where all operating departments, regional airport units, and HSSE are being measured on sub objectives to reach the overarching environmental target. The Head of the Environmental Department is optimistic towards the framework and argues that goal-oriented measurements facilitated in reaching the prior strategic target of having zero emissions, as operations themselves had larger expertise in what activities were needed to drive the change. However, with the new objective concerning emissions in an external context, the Head of Environmental Department has observed patterns of operational managers having struggles in finding activities that can help in also affecting airline companies and other parties as aviation manufacturers. The manager elaborates on why such problems have arisen and believes that the internal expertise might be limited to knowledge concerning the environment in terms of activities for operating airports rather than maintaining air fleets.

4.4.3.3 Customer Objective Measurements

The customer related objective of reaching a customer satisfaction at 85% is evaluated monthly. A newly developed tool captures the customer experience with regards to certain areas that the organization has identified as most important for the customer. These areas are constantly evaluated and thoroughly researched, where key inputs are traveling patterns, segmentation, customer feedback, customer dialogue, and market analysis. Accordingly, the tool is supposed to seize and display certain trends, performance in relation to the goal, and whether the processes are heading in the right direction.

4.4.4 The Entrance of the Taxonomy

A recurring theme during the interviews has been the ongoing entrance of the taxonomy requirements in the organization and how that is affecting the organization. The Sustainable Development Department has been tasked to outline to what extent Swedavia is affected by the new requirements. The strategic expert responsible for the enquiry is confident in the organizations environmental work in general, where the primer concerns are involving how to measure activities in the organization in line with the taxonomy requirements and to manage the data needed:

> *"There are no systems that can tag the taxonomy automatically today, resulting in a substantial number of manual activities to find that data, important factors and so forth. What cost centers, accounts, where to look (for the data). It demands a lot of manual handling" (Sustainability Expert)*

The Accounts Manager at Swedavia also elaborates on the struggles the firm faces in terms of collecting and measuring correct data that subsequently can be presented in the annual reports. However, in a wider time frame, an essentiality relates to the capabilities of analyzing how the new criteria, based on the taxonomy regulations, are performed in the organization. If the firm performs poorly, it will be vital to investigate whether to implement improvements. From the Accounts Manager's perspective, the decision rule for whether management ought to control the organization to meet the criteria depends on possibilities to receive capital:

> *"If the outcome will be negative for us, concerning what will be presented in the annual reports, then we must consider if we want it that way, or if we want to change something because it looks better. Because the whole idea with the taxonomy is to steer future investments for financing sustainable solutions, and if something else is presented we must take actions. Consequently, I believe that the taxonomy becomes a tool for us to develop the organization more accurately towards more sustainable solutions, making it possible for us to finance ourselves." (Accounts Manager)*

The entrance of the taxonomy and its nature of measuring environmental performances has yet clear connections to the development of the strategic objective in the organization. Swedavia will, arguably, be categorized as an organization with economic activities that are in accordance with the "Low carbon airport infrastructure" conditions for contributing to climate change mitigation, stipulated in the taxonomy. Accordingly, the description of such an activity is: "Construction, modernization, maintenance and operation of infrastructure that is required for zero tailpipe CO2 operation of aircraft or the airport's own operations, as well as for provision of fixed electrical ground power and preconditioned air to stationary aircraft"(European Commission, 2022). The activities in Swedavia are, however, not a direct consequence of the taxonomy itself since the organization has been working towards the zero-emission target during

a ten-year period, yet undeniably in line with them. Additionally, it is further relevant to emphasize how activities that encourage use of alternative fuel whilst simultaneously preparing for an infrastructure that includes electrical aviation services illustrates their environmentally sustainable efforts.

4.5 Cultural Controls

4.5.1 Values as Part of The Social Controlling Dilemma

Swedavia currently has four communicated "values" stipulating that they should be: reliable, engaged, innovative, and welcoming (Swedavia, 2022). These values were developed because of a solid project, during the initial part of the previous decade, that incorporated the whole organization and its employees. By having interviews with employees from various departments throughout the organization they were able to identify what employees needed to thrive, feel well, their view on customers' perception of the company and, thus, developed these four values. Later, the values had a noticeable presence in the overall organization since they played a key role in the recruiting process and evaluation models were developed to assess employees' ability to behave in accordance with them. However, although they are still intact, the presence seems to have decreased quite dramatically in later years:

> **"***It has been removed during the years and we are currently not working with our values other than words that are communicated somewhere. I cannot think of something concrete that we are doing to make sure that our employees are following them*" *(Social Sustainability Analyst)*

Swedavia AB has a Code of Conduct that clarifies their values and states that customers should be guided with respect to the values simultaneously as employees are ambassadors that should act in accordance with them. Apart from communicating the values and its importance for employees and customers the Code of Conduct revolves around the four areas outlined to maintain proper business ethics: Anti-corruption, Human Rights, Employees and Social Relations, and Environment. The goal is to train all employees and include them in the dialogue regarding all four areas, in which the importance of highlighting every area is emphasized in the Code of Conduct (Swedavia, 2022b). Moreover, it is mandatory for new employees to read the documents when signing an employment contract. Since 2012, the contract makes the employee obliged to act in accordance with the guidelines and the managers are responsible to ensure that it is followed throughout the organization. Material to support the managers in this process has been developed to be utilized during gatherings but the monitoring seems to be left out in terms of evaluating the work with the Code of Conduct. The anti-corruption area is, however, monitored by the legal division and they have developed training programs concerning the anti-corruption. It is evaluated yearly in terms of the number of managers that have attended. Similar training programs regarding sustainable development is currently being assessed, which also will be a part of the Code of Conduct.

4.5.2 A Changing Uniform Policy

Along with the unbundling from "Luftfartsverket" in 2010 the current Social Sustainability Analyst, who initially was employed at the Human Resource Department, started to investigate the prevailing attitude and policies within the organization. Other than developing the diversity and equality plans, policies in terms of uniforms were found rather outdated. The uniform policy was extensive and stipulated that certain types of skirts had to be worn, the hair should not touch the shoulders, stockings should be "skin-colored", and no tattoos should be visible. Thus, there were raised concerns from the Human Resource Department and these policies were eliminated. It was initially treated with some skepticism relating to, e.g., the fact that visible tattoos were allowed and, thus, became a concern that bothered the previous CEO, whilst new managers during the years have expressed that the employees must wear something more "properly" at work. However, along with arguments relating to the uniforms', presumable, non-existent effect of the work ethics or the customer experience, the non-existence of a particular "skin-color", and the fact that tattoos do not make people worse in terms of performing their job, the organization have been able to make a large transformation and maintain a rather "open-minded" uniform-policy.

5. Institutional Complexity and Interplay at Swedavia

To answer our research question, the first and second part of this chapter will cover the presence of the two logics within the organization of Swedavia. These sections are of a rather descriptive character summarizing the prevailing logics in place. The outcome serves as the basis for the third part, where the interplay between the logics is analyzed.

5.1 Sustainable Logic

Elaborations regarding how resources were distributed to meet the prior ecological target, of having zero emissions in Swedavia's operations, display that there have been generous boundaries for what extent emission transformative activities could be executed. For instance, the Sustainability Manager was granted extra fundings after explaining to the CEO that to meet the ecological objective, the manager's subunit needed conducting large investments in their capital extensive infrastructure. Also for the CFO, being accountable primarily for the financial objective, the decision to focus more intensively on the environmental target was considered reasonable, even though it had slightly negative short-term effects on the financial objective. This was during a period when the Covid pandemic imposed far more negative financial impacts on an otherwise stable organization, for why the CFO argues that it was a financially defendable moment to increase fundings to meet the environmental target, as it increases the airports' attractiveness in the long term. Moreover, in terms of the environmental aspect, the 2025 objective, stating that 5% of the aircraft's fuel should be biofuel, underpins the organizations' desire to make the whole industry more sustainability oriented. This is further supported by an attitude that can be derived from the owners' overall objective, with respect to creating accessibility domestically and internationally, which is considered unachievable without an industry that pushes for a sustainable transition. The transition portrays a situation in which activities such as reaching the zero-emission target, providing the SAF-incentive program, and developing the CO2-emission charge accentuates an environmental focus. Thus, the foothold of a sustainability logic culminates in performance interlinked with sustainable development as the motive rather than pure financial ends.

The social objective of reaching a level of 85% employee engagement is indeed supported by related activities. The controlling mechanisms in place consist of reporting systems that capture data relating to physic-social aspects (physical safety concerns); recurring training sessions for operational employees (within physical safety); social analysts reporting the development of gender and ethnicity equality to the HR department (psychosocial concerns) and functions for engaging in investigations when there are reports of legal violations in terms of discrimination or other psychosocial accidents. Nonetheless, changes for improvements concerning these activities only happen within the physical safety area, for why the motives of the social logic in the organization can be questioned. The Social Sustainability Analyst believes that one reason for this phenomenon relates to the fact that physic-social areas are regulated to a larger extent, indicating that the financial motive may be a driving force in activities relating to social

engagements. Yet, when examining all the criteria for a logic to be present in an organization and turning to the current ambition in terms of the physical safety, an equality and diversity plan, and the updated policies enabling the employees to wear and look however they want, the social parameters of a sustainability logic are, to some extent, also apparent. Furthermore, the desire to direct additional focus on the social part of the sustainability concept, after being able to address several environmental aspects, highlights the emergence of a sustainability logic in place.

5.2 Financial Logic

Even if there are observations pointing towards a sustainable logic within the organization, there are also visible patterns in favor of a financial logic during certain circumstances. This mindset can be seen in processes such as when the various functions present their budgets to the Financial Department who subsequently assess whether it is in accordance with the financial targets. In doing so, the Financial Department excludes the other objectives and the possibility of fulfilling them to evaluate whether they are financially adequate, with the sole purpose of reaching the financial target. With respect to that, the presence of a financial logic is further underpinned by the fact that several of the employees emphasize the importance of controlling for the economic objective to be able to achieve the others, rather than the opposite. Furthermore, representatives from the Financial Department also emphasize the importance of acting as a guidance in terms of the various functions' ambitions, in which the financial concerns will play a fundamental role in monitoring the ambitions in accordance with the financial forecast.

Moreover, the fact that the number of employees that, mainly, control for and develop the environmental objective within the organization are as low compared to the four divisions controlling for the financial outcome, does shed light on a possible predominant financial logic. In addition, the perception expressed by both the Sustainability Manager and the Social Sustainability Analyst, that the environmental and financial concerns have been prioritized historically in the organization, adds as arguments for the presence of a market centered sustainability climate. After concluding that the environmental commitments are more noticeable than the social since environmental concerns are regulated to a larger extent, where not complying with law standards could impose financial impacts, the Social Sustainability Analyst states that in the end all has to do with money.

Additionally, when turning to the monitoring of financially linked targets it is apparent that the situation is evaluated more frequently whilst deviations are prioritized and dealt with immediately, in contrast to socially sustainable areas such as values, psycho-social concerns, equality and diversity, and the Code of Conduct. Environmentally the prioritization is rather equal to the financial targets. For instance, the ambitions in terms of environmental targets have been ambitious and achieved, for why the firm now is taking an external environmental focus to improve even more. Yet simultaneously these actions are extensively motivated with a lot of financial arguments. Accordingly, the financial logic is, indeed, apparent to some extent and acts as a predominant factor that still serves as a rather crucial input when it comes to the decision-making process and the prioritization.

5.3 Logic Interplay

5.3.1 External Pressures Affecting Cross-logic Collaboration

In the previous two sections, it can be concluded that our study, in accordance with previous research (e.g. Reay & Hinings 2009; Lounsbury, 2007; Carlsson-wall et al., 2016), suggest that there is evidence for the presence of two co-existing logics that has a strong foothold within an organization. Accordingly, Swedavia's MCS package consists of both a financial and sustainable logic in tandem. The financial logic is mostly associated with the Financial Department and the sustainable being identifiable primarily at the SII's various subunits, but also to some extent in the Financial Department. Swedavia's control of sustainability objectives has been present for a long period, yet it is apparent that there are external initiatives that have intensified the interaction between the logics. An increased interaction between "representatives" from both logics that Reay and Hinings (2009) stress as a fundamental input in terms of managing the presence of multiple logics, which also may thrive along with the emergence of process-oriented control at Swedavia. The collaboration between the Financial and Sustainable Development Departments has not always been as solid and intensified first when green bonds became relevant for the organization. It was not until then that the Financial Department more intensively reached out and wanted to cooperate, according to the Sustainability Manager - and the CFO pointed out that it was during this period that the collaboration intensified. Certain criteria relating to environmental sound activities must be met for the organization to receive these bonds. The activities, for instance ensuring that the construction of buildings is fostering environmental development, are indeed solid from a sustainable perspective. Interestingly, however, is the timing of interest towards sustainability that the Finance Department showcased, as the outcome of having green bonds in terms of firm performance is highly financial, resulting in cheaper funding. It could still be the case that the intensified collaboration was a result of motives for both logics. However, in addition to both the CFOs and Sustainability Manger's elaborations regarding how the collaboration increased, the Accounts Manager speaks in favor for motives being purely financial in a different context, when stating that the primer risks of underperforming in the environmental segment is that it could result in expensive capital, rather than de facto performing poorly. The possibility to acquire green bonds opened for a financial gain in the organization, resulting in the Financial Department needing competences present in the Sustainability Department to fulfill requirements associated with the initiative. The introduction of the taxonomy is another initiative driving the Financial Department to cooperate with the Sustainability Department due to financial concerns, where the risks of receiving fines or decreased possibilities for acquiring capital are stated as potential hazards if not complying with the requirements.

The introduction of BSCs and the increased flexibility in budget creation for the divisions (due to the operational plans being less controlled by Group Management) which intensified collaboration became relevant prior to the change in control design, indicating a need of external

pressures for control changes. Even as there has been an existing sustainable logic in Swedavia for many years, our results implies that the divisions were working more in isolation beforehand. Nonetheless, the collaborative function that BSCs and budgets showcase between the Financial Department and the managers responsible for the environmental objective does not include the social aspect. Cybernetic tools utilized by the social area to a larger extent do not involve other departments. Additionally, worth mentioning in relation to the pandemic is that the Financial Department indeed took action to maintain an acceptable financial level of performance during the circumstances. One mentioned as vital was the firing of a substantial amount of workforce, being an action which inevitably can be questioned in terms of employee engagement in the organization. The Social Sustainability Analyst mentions that a lack of law requirements concerning the social aspects in the organization has negative impacts on their collaborations with managers accountable for the other strategic objectives. When considering the differences between environmental departments and social in terms of cross-functional collaboration, the analyst's conclusion that there is an increased need for external pressure becomes highly relevant.

Indeed, there are also internal explanations for logic change in prior literature. For instance, Lounsbury (2002) stresses the importance of professionalization. The creation of new, at the time, professions in the finance industry as money managers or security analysts who had been taught modern financial theories, shifted focus concerning ideas of how to make business, from a regulatory perspective to a market logic. However, in accordance with our findings, Greenwood et al. (2002) found that regulatory forces play an important role in forming new ideas in organizations, especially when market forces are not present. The authors specifically investigated the role of professional associations and how their developed ideas of how to drive an organization, considering their professional context, had an impact on the industry players. Both articles are concerning changes from one logic to another rather than explanations for interplay between logics. On that notice, Contrafatto and Burns (2013) findings, concerning the impact of regulatory changes in terms of sustainability practices within organizations, are applicable. External pressures, such as the EU Taxonomy, are affecting the coexisting logics in place that ultimately influence Swedavia's goals, practices, and organizational structure. Even as the financial logic still prevails in Swedavia which rejects the possibility that there has been a shift from one logic to another, the sustainability logic has in much been created due to external pressures where the interplay could be a transformative process going from a financially dominant organization to a sustainable one. Additionally, when turning to Ahlstrom and Monciardini (2021) who analyzed the development of sustainability regulation within financial accounting (green bonds being one of the phenomena considered), their evidence also supports that regulation has played a major role in initiating collaboration between accounting departments with different stand points. Yet, their results further indicate that the increased collaboration serves as an advantage for capitalizing financial considerations rather than changing to a sustainable logic. In Swedavia, as of now the cross-functional collaborations have

been present for a substantial time, and in our interviews “representatives” of the financial logic often still state, in relation to strategic sustainability objectives, that cheap financing is the key parameter. In other words, prior findings in line with our study suggest that regulations seem to impose an increased interplay between logics. However, the transformative functioning of these collaborations in terms of logic beliefs seem limited.

5.3.2 Knowledge Exchange

A recurrent pattern worth acknowledging when the logics are interacting is the way that financial undertakings are defended. It is observable that budgets are utilized to communicate that financial performance is the base in the organization, where interviewees from various departments are indoctrinated to stress that activities must be economically solid for them to be reasonable. On the other hand, remarkable during such circumstances is the extent of prioritization that sustainable operations are receiving. Perhaps the most significant example is the handling of the economic crisis occurring on account of the Covid outbreak, where revenue dropped drastically with negative returns as a consequence. In this case, the firm not merely protected costly investments for meeting the zero-emission target but chose to do so whilst financial figures were still negative, going against the aforementioned indoctrination. The CFOs explanation for the non-prioritization of the financial objective is based on discussions on a strategic level regarding expectations from stakeholders. Turning to the arguments brought forward for why sustainable decisions are to be made, the interviewees with a strategic sustainable background often mention that there is no financial gain without meeting the other objectives due to stakeholder, and primarily customer, interests. The similarity in their argumentation suggests that enhanced collaborations between entities where different educational backgrounds and responsibilities are present increases interdependent knowledge. It further implies that the procured knowledge is utilized to present arguments for decision-making that is based on advantages for the opposing logic, regardless of what control mechanism that enables the discussion.

6. MCS Use and Consequences During Institutional Complexity

For additional insights regarding MCSs during institutional complexity, the use of Swedavia's MCS package is in this section displayed and further compared with prior findings within the area.

6.1 Budgets as a Negotiating Force

A central part of the MCS in Swedavia is budgets, where there are several observed similarities with prior studies that are worth mentioning. Both Amans et al. (2015) and Ezzamel et al. (2012) identify circumstances where budgets are having a key role in organizations with institutional complexity. Amans et al. (2015) state that the significance of budgets in controlling intensified when there were fewer investors, implying that a substantial financial risk promotes a financial logic in an organization for stricter resource allocation. In relation to Amans et al.'s (2015) observed organizations, operating in an industry with low capital needs, Swedavia's financial stakes with merely one investor and a palpable need for large amounts of capital supports in explaining why budgets have a major impact on Swedavia's controlling function. Ezzamel et al. (2012) agree that there is a conjunction between an intensified use of budgets and behavioral effects fostering financial performance. Further, a third parameter jointly present in both papers as well as in Carlsson-Wall et al.'s (2016) research, when budgets have a large impact on controlling, is its negotiative functioning. The authors find that performance measurement systems in general serve as arguments for conducting decision-making when different standpoints are not congruent. According to the article, the outcomes and forecasted effects on metrices in budgets and BSCs simplifies compromise between different logics when engaging in decision-making, as it illustrates what resources and actions are needed for meeting specific targets. In line with these observations, we have in section 5.2 mentioned the balancing dimension that budgets offer in Swedavia, where the Financial Department utilizes forecasted and actual resource use to negotiate what funds are realistic for the different departments to fulfill their non-financial objectives. Additionally, the main support for the departments to direct their efforts towards strategic targets are the BSCs, being input when determining what activities are to be planned for in the budgets.

6.2 Integrated Sustainability Control

As prior studies in the field focus on certain control tools, rather than the combination of control tools utilized, their relatedness to the case of Swedavia in isolation does not contribute to how institutional complexity is controlled holistically. However, there is a pattern for how the findings relate to Swedavia and what categories of mechanisms that are dominant in the organization. More specifically, the research is primarily related to cybernetic and planning mechanisms, being strong drivers of the MCS usage also in Swedavia. When relating these findings to Gond et al. 's study (2012), that insight finds explanation as the fundamentals for gaining integration in an organization according to the authors is dependent primarily on the level of measurement and strategic control functions.

6.2.1 Technical Integration

In terms of technical integration, Swedavia utilizes concrete tools that assure a level of convergence between the various objectives. The implementation of BSCs and budgets in the organization forces unit managers to consider the different strategic goals simultaneously when planning activities. However, the cybernetic controlling mechanisms in the organization vary between strategic objectives, especially when comparing the financial objective and environmental with the social. Therefore, Gond et al. 's (2012) arguments for why technical integration is needed, being that all considerations are accounted for when making decisions, is partly in line with Swedavia's use. The activities are coordinated to account for financial and environmental considerations, but our data suggests that social considerations are not thoroughly interlinked via BSCs. As thoroughly stated by the authors, it is not sufficient to have mechanisms supporting what to control for, but also that there is a clear structure of who is to take actions when the organization is out of control.

6.2.2 Organizational Integration

The organizational integration can be portrayed through the case of Swedavia's green bonds or the entrance of the EUs Taxonomy, where the Finance Department and Sustainable Development Department together share cross-functional practices. Hence, the employees' roles at the Financial Department have come to include repetitive control activities that are involving the Sustainability part of the SII Department. Nonetheless, the joint work is but a consequence of external pressures rather than the firm's organizational structure. For instance, the accountability for the three sustainability objectives is provided merely vertically for heads of three different departments as organizational silos. Further, the social forces are much separated from the development of cross-functional practices, being sole in their work in, for instance, developing the equality frameworks. All things considered, there is a presence of organizational integration in Swedavia, but not supported by the organizational structure.

6.2.3 Cognitive Integration

Naturally, cognitive integration is not currently fully exhaustive in Swedavia as institutional complexity is present. However, there are control platforms present in the organization where beliefs are exchanged to a larger extent than during other circumstances. As aforementioned, the development of budgets and BSCs in Swedavia involve negotiative dimensions in the process of constructing the two tools each year. Negotiation between different divisions forces employees to take in arguments based on values not typically corresponding to themselves and to gain competences from new domains (Heidmann et al., 2008). Nonetheless, there are still several control mechanisms in the organization not being as socially constructed (e.g. operational controls as punctuality), possibly enabling institutional complexity. Another factor that might contribute to explain the condition relates to the fact that the employees at the different units in many cases have professional backgrounds not corresponding to employees at other departments

(Gond et al., 2012). Decision makers at the Financial Department do for instance have financial education backgrounds, whereas employees at social and environmental responsibility units to a larger extent mention personal experience within their respective fields.

6.2.4 Interactivity in Swedavia

Concerning the extent of interactivity regarding the budgets and balanced scorecards, the process described of how budgets are created in the organization indicates that strategic input is affecting the budgets rather than the opposite, in accordance with Gond et al. 's (2012) description of a diagnostic use. This relates to the fact that the business plan is brought forward by the SII department, dependent on external trends in the aviation industry. Budgets are then used to assure that activities corresponding to the operation plans (being based on the business plan) are following strategic directions in a resource efficient manner. After the introduction of goal-oriented controlling, there is little interest from Group Management or the Financial Department in analyzing their strategy's effectiveness in terms of the activities in the budgets chosen by the departments. In contrast, the negotiations present concerning budgets rather relate to potential or actual deviations from the financial strategic target. The BSCs, on the other hand, provide strategic information flows also from bottom up. After a first revision, the departments add performance measures in their scorecards based on correlations to strategic objectives that they themselves find. According to representatives of Group Management, readjustments of scorecards by departments occurs more frequently when strategic relationships with the departments are hard to distinguish in the first place. In so doing, the divisions develop the current strategy, for why the usage of BSC is more interactive than the use of budgets due process differences, which improves the usage of MCSs according to Gond et al. (2012).

6.3 The Use of MCS Package Design in Swedavia

The MCSs in Swedavia are configured in a manner that partly facilitates sustainable decision-making through the technical dimension, where the combination of budgets and BSCs enables managers to use data to address an activity from both logics' perspectives simultaneously. The prior lack of organizational and cognitive integration is empirically grounded in organizations that have changed to a more sustainable strategy due to external pressures, in line with the entrance of the Taxonomy and green bonds. Furthermore, the utilization of BSCs in an interactive way enhances innovation in an organization as it facilitates strategic guidance (Gond et al., 2012). In Swedavia there are examples of when interaction has borne fruit, not least the processes of the pricing mechanisms resulting in the SAF-incentive that was based on external considerations. However, there are also large differences of how the MCSs are used depending on different types of logics. The psychosocial dimension is not systematically represented in the MCS: Those objectives are not communicated in the operation plans, for why activities within the area lack guidance. Interactivity becomes neglectable, as negotiations with the board for updating strategic focus are missing when there is no clear strategic path in the first place. The control tools used also lack diagnostic attributes and organization integration, since abnormal results are not acted upon without accountability. Missing the ability of systematically monitoring certain objectives resulting in a weak organizational logic has been found also in prior integration related research (Durden, 2008).

7. Conclusion

This study has examined how MCSs are used and designed to achieve objectives based on multiple (institutional) logics. We have analyzed how the presence of a sustainable and financial logic unfolds in an organization that operates within the aviation service industry and subsequently its implications for the MCS package in place. Accordingly, the presence of financial and sustainable logics is interactively incorporated in the MCS using BSCs, which also has increased the prioritization of the sustainable objectives. Therefore, the evidence portrays an organization where both financial and sustainable logics have gained a strong foothold in tandem using cybernetic tools. An increased interaction between the logics subsequently supports the emergence of improved organizational and technical integration. Interestingly, the increased integration has not primarily evolved through internal changes in the firm, but due to external pressures from capital providers and regulations. Lastly, the usage of budgets within the organization has shifted from having a strategic-oriented function to become a rather diagnostic tool. The combined usage of BSCs and budgets in the organization has made this transformation possible, where the BSCs now serve as strategic input for Group Management, where budgets are instead used for controlling financial deviations.

We make five main contributions to the current literature. Firstly, we contribute to the sustainability oriented MCS literature (e.g. Garcia et al., 2016; Crutzen et al., 2017; De Villiers, 2016) by holistically incorporating both the financial and sustainable perspective in terms of the presence and interdependencies of multiple control mechanisms. Secondly, we contribute to institutional logic literature (e.g. Lounsbury, 2007; Thornton & Ocasio, 2008; Greenwood et al., 2002) by providing evidence of the presence of multiple logics with a strong foothold within the same organization. Thirdly, we expand the scope of research with regards to coexisting logics (e.g. Reay & Hinings 2009; Battilana & Dorado, 2010; Lounsbury, 2007) and MCS (Carlsson-Wall et al., 2016), that traditionally has neglected the combination of the two specific logics of sustainability and finance, through holistically investigating the organizational climate. Fourthly, our study shows that a lack of clear representation of objectives coherent to a certain logic negatively affects its status in general in an organization as it hinders the possibility of integrating its control functions with other logics. On that notice, the lack of representation concerning the social objectives and their possibilities to be considered in control systems contribute to enriching the so far scarce amount of conducted research coming to similar conclusions (Durden, 2008). Finally, our research contributes to prior studies (e.g. Contrafatto & Burns, 2013; Ahlström & Monciardini, 2021; Greenwood, 2002) by exhibiting that external pressures are vital for enabling MCSs integration between logics.

In terms of future research the study has been limited by not having results concerning how reward and compensation mechanisms can be designed and used to perform from different logics' perspectives simultaneously. To our knowledge, such research has not been conducted historically for why a narrower scope considering that system specifically could contribute to the

research area. Our findings concerning increased organizational and technical integration are to a large extent consequences of external pressures. Hence, investigating how such pressures can impose an increased integration in MCSs would contribute to an otherwise restrictive number of prior findings (Gond et al., 2012). Furthermore, the fact that the organization examined in this study acts within a rather monopolistic setting may affect our findings to some extent (see Gond et al. (2012) and their findings of decreasing incentives for integrative control during monopoly).Thus, future research could contribute to the field of concern by examining an organization subject to a rather more competitive climate.

When turning to the implications of this study both practical and societal exhibitions can be distinguished. The findings relating to the use of BSCs, and budgets show that the combination of different cybernetic control tools can be fundamental for having both interactivity and an effective resource allocation for various logics simultaneously. Further, our findings indicate that the potential conflict derived from financial versus sustainable logics can in fact be less noticeable than what has previously been found (Ahlström & Monciardini, 2021; Schneider, 2015).

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