

**Institutional work between fidelity and dissemination:**

**Insights from the case of Beyond Budgeting**

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Abstract

The paper examines the institutional work carried out to promote “Beyond Budgeting”, a comprehensive management philosophy that has been heralded as an alternative to budget-based forms of management. We use data from interviews, observations, and published material to trace the way in which the innovation community around Beyond Budgeting developed and how different actors within this community promoted the innovation through their institutional work. We thereby refine our understanding of institutional work by providing evidence on two key concerns that jointly drive such work: a concern with dissemination of the practice and a concern with fidelity of the practice vis-à-vis the prototypical idea. We suggest that such concerns may be unevenly distributed within an innovation community and that this can lead to tensions that may eventually preclude certain types of institutional work, thus lowering the ‘power’ with which an innovation is pushed in the market for management ideas.

*Keywords:* Budgeting, Beyond Budgeting, institutional work, institutionalization, dissemination, fidelity, practice variation

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#### **Introduction**

In the late 1990s, Jeremy Hope and Robin Fraser introduced ‘Beyond Budgeting’ as a new way to manage and control organizations (Hope and Fraser 1997; Hope and Fraser 1998). The main idea behind Beyond Budgeting, as envisaged by these authors, is to abandon ex ante budgetary contracts and to release organizations from the “command and control” culture that its proponents associated with traditional budgeting. Through a large array of articles and books, Hope and Fraser conceptualized Beyond Budgeting as revolving around a set of twelve key principles (Hope and Fraser 2003a) which should “lead to more dynamic processes and front-line accountability” (Olesen 2015). These principles include an increased decentralization of decision-making and other means through which employees are “empowered”, the use of benchmarking and other forms of relative performance evaluation, or the replacement of rigid annual plans by more continuous and dynamic forms of planning (Hope and Fraser 2003a; Bogsnes 2009).<sup>1</sup>

If Beyond Budgeting should succeed in replacing budget-based forms of management, it would need to become institutionalized as a viable alternative. But how was such institutionalization pursued? In this paper, we present and discuss the emergence and evolution of Beyond Budgeting as a recent innovation within the ‘market’ for management ideas. We use data from interviews with individuals who have been directly or indirectly involved in the development and spread of Beyond Budgeting; from observations of presentations, workshops, and conferences; and from a large number of publications to trace the way in which an innovation community developed around Beyond Budgeting and how different actors within this community promoted Beyond Budgeting through their *institutional work*.

The motivation for our research is both empirical and theoretical. With respect to the empirical phenomenon, we note that there are a number of studies that have examined firms’ experiences

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<sup>1</sup> For an overview of the twelve principles of Beyond Budgeting see Appendix 1. Rolling forecasts are not a concrete recommendation in the twelve principles but constitute a tool that is commonly seen to represent a more dynamic approach to planning.

with Beyond Budgeting (e.g., Becker 2014; Bourmistrov and Kaarbøe 2013; Henttu-Aho and Järvinen 2013; Østergren and Stensaker 2011). Yet, little is known about the emergence and evolution of the concept as such (Hansen, Otley, and Van der Stede 2003) and how it was promoted and discussed within the market of management ideas. Such a field level perspective does not only add a recent example to the documented history of management accounting innovations. It can also help better understand experiences with Beyond Budgeting that have been observed at the organizational level. For instance, both Becker (2014) and Henttu-Aho and Järvinen (2013) have noticed variation in how Beyond Budgeting is implemented in organizations. Our field level account allows relating such variation to more general questions regarding the ‘nature’ of Beyond Budgeting which emerged in the course of theorizing and promoting this innovation.

In theoretical terms, our concern is with the dynamics of institutional work (Lawrence & Suddaby, 2006). Institutional work describes the efforts to institutionalize a practice or idea in a particular field. Recent accounting literature has mobilized this concept to shed light on how practices such as Economic Value Added® (Chiwamit et al., 2014) or Enterprise Risk Management (Hayne & Free, 2014) have become institutionalized in particular empirical contexts. While these and other studies (e.g. Creed, Dejordy, and Lok 2010; Dacin, Munir, and Tracey 2010; Symon et al. 2008) have focused on showing the operation of different types of institutional work, our concern is with the *tensions* that may emerge when such work is carried out. Lawrence, Suddaby and & Leca (2009) allude to the possibility of such tensions when suggesting that institutional work may evolve in “unintended ways” and may create institutions “very different from those originally conceived of by the actors involved” (p. 11). Institutional work can feature “muddles, misunderstanding, false starts and loose ends” (ibid.) and, we propose, also tensions among the actors who participate in such work. Examining why such tensions come about and how they impact the institutional work behind an innovation is important, as it helps explain the particular trajectory that an innovation ultimately takes.

The case of Beyond Budgeting allows us elaborating on such tensions and on their consequences for the fate of an innovation. In particular, it provides an illuminating case for a situation in which two major concerns regarding institutional work collide: the concern with widespread dissemination of a practice; and the concern with the fidelity of such practice vis-à-vis a prototypical idea (cf. Ansari, Fiss, and Zajac 2010). We argue that institutionalization is always a matter of striking a balance between these concerns. A practice that does not disseminate at least to some extent cannot be said to be institutionalized. Similarly, a practice

that is not sufficiently similar to earlier versions of the practice cannot contribute to the institutionalization of that earlier version as it implies a different set of beliefs and norms. While we argue that both *some* level of dissemination and fidelity is thus needed for institutionalization to happen, we show how these two concerns may be unevenly distributed within an innovation community. This, we argue, can create tensions within the community which may eventually preclude certain types of institutional work, thus lowering the ‘power’ with which an innovation is pushed in the market for management ideas.

In doing so, we connect the literatures on institutional work (Lawrence & Suddaby, 2006) and practice variation (Ansari, et al., 2010), respectively. Recent research in accounting and organization studies has drawn attention to the fact that practices may undergo variation as they diffuse in different organizational contexts (e.g. Ansari, Reinecke, and Spaan 2014; Fiss, Kennedy, and Davis 2011; Lounsbury 2001; Zbaracki 1998; Cruz, Major, and Scapens 2009; Ezzamel, Robson, and Stapleton 2012; Lounsbury 2008). Yet, with the exception of a study by Lounsbury (2001), such practice variation has not been related to the activities of institutional workers. In this respect, our study demonstrates not only that practice variation may be driven by institutional work, but also that such variation, in turn, can lead to discussions and tensions among institutional workers as to the relative importance of dissemination versus fidelity of a practice.

The remainder of the paper is organised as follows. In the next section, we develop our theoretical perspective. The third section describes our empirical approach and methodology. In the sections that follow, we present the empirical analysis and a discussion of the evolution of Beyond Budgeting. The penultimate section offers a discussion of our key findings in light of the literature and the last section concludes.

## **Theory development**

### *Institutionalizing an innovation*

The diffusion and adoption of innovative management practices has attracted researchers’ attention for several decades (e.g. Abrahamson 1996a; Damanpour 2014; Sahlin-Andersson and Engwall 2002b; Rogers 2003; Perkmann and Spicer 2008). While much research in this area focuses either on the level of diffusion of a practice among a certain population of organizations (e.g., Guler, Guillén, and Macpherson 2002) or on the propensities of organizations to adopt innovative practices or technologies (e.g., Clarke, Hill, and Stevens 1999; Gosselin 2007), there

are also studies that concern themselves with how different actors, such as consultants, academics, users, professional associations or the media, influence how an innovation spreads (e.g., Boxenbaum 2006; Brown 1981; Malmi 1999; Sahlin-Andersson and Engwall 2002b). Such concern with how individuals and organizations influence the fate of an innovation is particularly visible in studies that examine ‘institutional work’ (Lawrence & Suddaby, 2006, p. 215). Literature on institutional work has become an important sub-stream of institutionalist thinking. The original interest of institutional theory lay in understanding the impact of institutions on organizations’ and actors’ behaviour (DiMaggio and Powell 1983; Meyer and Rowan 1977; Zucker 1977). In recent years, the institutional literature has begun to reverse this causality and to dedicate itself more strongly to analysing the role of actors in institutional change (DiMaggio and Powell 1991).<sup>2</sup> In an important book chapter, Lawrence and Suddaby (2006) integrate previous efforts to conceptualize agency in institutional theory by coining the notion of ‘institutional work’. They define institutional work as “the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions” (p. 215) and therefore distinguish between *three types* of such work.

Institutional work targeted at *creating* institutions can appear in a number of forms. An important part of such work is of technical nature and consists in ‘theorizing’ the focal institution, i.e. giving it a particular content and shape through titles, categories, causal models, etc. Another variant of such technical work is that of ‘standardizing’, whereby standards, templates, or guidelines are formulated so as to create a certain amount of homogeneity in practice. Research has also shown that ‘mimicry’ of existing practices and rules can facilitate institutionalization (Lawrence and Suddaby 2006; Perkmann and Spicer 2008). Technical work can be accompanied by more culturally oriented forms of institutional work. A strategy here, for instance, is to try and ‘change normative associations’, which implies a “re-making [of] the connections between sets of practices and the[ir] moral and cultural foundations” (Lawrence and Suddaby 2006, p. 221). Similarly, institutional workers may ‘construct normative networks’ around their practices. This could be in the form of associations, round tables, or regular conferences which promote the coming together of different actors who can develop a joint understanding of the institution (ibid.). A second type of institutional work is targeted at *maintaining* existing institutions. This is, for example, the case when actors engage in

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<sup>2</sup> Agency has initially been incorporated in institutional theory through the notion of institutional entrepreneurship (DiMaggio 1988; Hardy and Maguire 2008; Battilana, Leca, and Boxenbaum 2009). This research has been criticized for overtly focusing on institutional change in the first place rather than the experience and motivation of actors (Lawrence, Suddaby, and Leca 2011) and for producing somewhat heroic accounts of institutional change (Greenwood and Suddaby 2006; Battilana, Leca, and Boxenbaum 2009).

‘policing’, i.e. when auditing or monitoring organizations so as to ensure compliance in the use of a certain innovation. Finally, there is institutional work that consists in *disrupting* an existing institution. This can accompany efforts to create a new institution that conflicts with an existing set of beliefs or norms (Davis, Diekmann, and Tinsley 1994). As an example, research has described how actors engage in ‘disassociating moral foundations’ so as to gradually undermine an institution by e.g. declaring it as inappropriate in a changing context (Lawrence and Suddaby 2006).

Many studies have built upon these ideas by Lawrence and Suddaby and have sought to identify novel forms of institutional work in different settings (e.g., Creed, Dejordy, and Lok 2010; Dacin, Munir, and Tracey 2010; Symon et al. 2008). In the accounting literature, a small number of studies have used the concept of institutional work to discuss how accounting innovations are institutionalized (e.g., Chiwamit, Modell, and Yang 2014; Goretzki, Strauß, and Weber 2013; Malsch and Gendron 2013). In a recent paper, Hayne and Free (2014) show how hybridized professional groups on the supply-side of the risk management innovation “Enterprise Risk Management (ERM) – Integrated Framework” strengthened the institutionalization of this innovation by undertaking several forms of institutional work that represented both creation and maintenance work. While the authors provide evidence of different versions of an ERM framework in their empirical data, they do not further discuss these variations from an institutional work perspective but do call for more work in the accounting literature based on institutional work. In another recent paper, Chiwamit, Modell and Yang (2014) present a field study of the institutionalization of EVA as a governance mechanism for Chinese and Thai state-owned enterprises. They find that institutional workers in the two fields had to scale down overly ambitious applications of EVA in order to balance economic and social concerns in the adopting firms.

Institutional work can be carried out by a variety of different actors. Perkmann and Spicer (2008) suggest that the institutionalization of a practice is stronger the more different actors (rather than only a few ones) engage in different forms of institutional work at different stages during the institutionalization process. The ‘contributors’ to institutional work and their coordinated or uncoordinated efforts constitute what one may call the “innovation community” (Clark 2004, similarly Abrahamson 1996b). This community includes, for instance, the original inventors or founding fathers of an innovation, adopting organizations, academics, consultants, or professional associations. Generally speaking, an innovation community is an assemblage of institutional workers that may shift over time: new workers join the community when they

become, in one way or the other, interested in the innovation, while other workers exit the community because they lose interest in it. The joint efforts to institutionalize an innovation of previously unconnected actors represent a form of “partaking” (Perkmann and Spicer 2008) or “distributed agency” (Lawrence, Suddaby, and Leca 2011).

Importantly, however, actors within the innovation community will not necessarily have the same priorities when it comes to promoting an innovation. In particular, they may have different attitudes towards the desirability of practice variation, as discussed next.

### *Institutional work and practice variation*

Several authors have pointed out that innovations may undergo considerable variation when they travel across time and space (e.g. Sahlin-Andersson and Engwall 2002b; Czarniawska and Sevón 2005; Morris and Lancaster 2005; O'Mahoney 2007; Ansari, Fiss & Zajac, 2010). Such practice variation may have different origins. On the one hand, organizations and their managers cannot be expected to be just passive recipients of new ideas or practices. Often, they will participate in the implementation process of an innovative practice or technology by flexibly appropriating the innovation to their needs and interests (Fleck 1994; Lewis and Seibold 1993; Lervik and Lunnan 2004; Ansari, Fiss, and Zajac 2010). For instance, studies by Westphal, Gulati & Shortell (1997) and Kennedy and Fiss (2009), respectively, show that depending on the timing of adoption, managers either customise TQM to local conditions or adopt a more conventional template (similarly Beyer, Ashmos, and Osborn 1997). In a related vein, Zbaracki (1998) documents how managers in different firms act as gatekeepers for TQM implementations and would present their own version of the innovation to the other managers in the firm. Not always are such adaptations of a practice intended; they may well result from different managers having different interpretations of one and the same idea (O'Mahoney 2007), or they may be due to the path dependency that existing technologies or structures in the firm impose on new actions (Adler and Shenhar 1990; Ansari, Fiss, and Zajac 2010; Fiss, Kennedy, and Davis 2011; Modell 2009).

On the other hand, there are actors outside the adopting organizations who may contribute to practice variation. Although an innovation may originate from a coherent set of ideas, these ideas can subsequently be developed and promoted in rather different ways, leading to alternative versions of the management innovation or even to spin-offs of new innovations (Sahlin and Wedlin 2008). Clark and Greatbatch (2002; 2004), for instance, show how book editors can have an influential role in shaping and framing an innovation through their



interaction with the innovators. Similarly, studies by Heusinkveld and Benders (2001; 2002), Scarborough (2002) as well as Heusinkveld and Visscher (2012) demonstrate how consulting firms develop their own versions of innovations to meet their clients' demands. In a related vein, Frenkel (2005) documents with the case of two management models that political forces may impact the way in which an innovation changes when it travels from one country to another.

Although this latter group of studies does not relate to institutional work, its findings would seem to suggest that practice variation can be actively driven by institutional workers. We take this idea further by elaborating on the reason of why this is the case and how this may create tensions within an innovation community. We suggest that institutional workers may have an active interest in facilitating practice variation if such variation is believed to promote the *dissemination* of an innovation. Studies have shown that the possibility of a practice to vary can help this practice spread as it can then be flexibly adjusted to heterogeneous demands (Ansari, Reinecke, and Spaan 2014; O'Mahoney 2007; Scarbrough and Swan 2001). Hence, if institutional workers are concerned about the dissemination of a practice, then it follows that these actors will tend to have a positive attitude towards practice variation and may even actively foster such variation.

There are several actors within an innovation community whose interests are typically closely related to broad dissemination of the innovation. These include, for instance, consultants who usually seek to implement innovations in more than just one client organization (Heusinkveld and Visscher 2012); professional associations that claim expertise for a field of organizations or group of professionals; academics who address their writings to a population of managers, students, or researchers; or the business media that disseminate such publications on a national or global scale (Abrahamson 1996b; Sahlin-Andersson and Engwall 2002a). All of these institutional workers share an interest in the wider 'destiny' of an innovation, rather than worrying about implementations in one specific organization only. To the extent that these workers have made some investments into theorizing, promoting or further developing the innovation, they are likely to have an interest in its level of dissemination. This concern may be driven by financial motivations, such as when consultants want to realise a particular amount of revenues with a new product or service or when publishers seek to generate a certain amount of book sales. It may, of course, also be motivated by the desire to change organizational practice in a specific way, for example, by turning corporations into more sustainable or more

philanthropic organizations (e.g. Gray 1992; Jennings and Zandbergen 1995; Nicholls 2009).<sup>3</sup> Whereas some workers may have higher aspirations than others regarding the level of dissemination, most of them will care about dissemination at least to *some* extent.

However, this does not mean that practice variation will be unconditionally welcomed. For in addition to the concern with dissemination, we suggest that institutional workers may also have a concern with the *fidelity* of an innovation. Following Ansari et al. (2010), we define fidelity as the extent to which a practice is faithful to its prototypical identity or to prior versions of it. High fidelity means that a practice keeps its scope and meaning as it diffuses, while low fidelity implies a high amount of practice variation. Actors within the innovation community are concerned about fidelity when they have an interest in maintaining a particular understanding of the innovation that relates to the way the innovation is used or interpreted, or to the functions it is made to fulfil. Again, some actors may be more inclined to worry about fidelity than others. We suggest that especially those actors who have invested in *theorizing* an innovation can become ‘attached’ to such theorization and thus be critical towards too much variation in the practice.

From the above discussion, it follows that concerns with dissemination and fidelity, respectively, may be unevenly distributed within an innovation community. This, we argue, can create tensions within the community which may eventually preclude certain types of institutional work, thus lowering the ‘power’ with which an innovation is pushed in the market for management ideas. To be sure, institutionalization of an innovation ultimately requires both dissemination and fidelity. An innovation that does not disseminate at least to some extent cannot be said to be institutionalized. Neither can an innovation become institutionalized if it varies so much that different versions no longer refer to the same underlying ideas. But notwithstanding these ‘minimum requirements’, there may well be different views within an innovation community as to the relative priority of these objectives.

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<sup>3</sup> The users of an innovation (i.e. adopting firms) may also have an interest in how an innovation spreads. On the one hand, they may want to avoid too strong a dissemination of a practice if they believe being able to achieve a first-mover competitive advantage (Czarniawska & Joerges, 1996). On the other hand, they may have an interest in promoting an innovation in order to gain legitimacy as an ‘innovative firm’ (Meyer, 1996; Van Veen, Bezemer, & Karsten, 2011) or to achieve positive network effects from other firms (e.g. suppliers, customers) using the same technology.

## **Research approach and methods**

In line with the above outlined theoretical focus, we empirically examine the institutional work around Beyond Budgeting and the consequences of this work for the further evolution of the innovation. To this end, we will first move back in time to see how the idea of Beyond Budgeting initially emerged and how its key proponents theorized this innovation. We then demonstrate how the innovation community around Beyond Budgeting enlarged and how some of the joining actors appropriated the concept in their own terms. Finally, we examine the tensions that emerged from such flexible appropriations of the innovation, and we theorize these tensions in terms of the concerns with dissemination and fidelity, respectively.

Our research relies on both primary and secondary data sources. Secondary data were obtained from publications on Beyond Budgeting, such as books, research papers, articles in practitioner journals, published case studies, websites, white papers, and the like. In addition, we were also able to access proprietary data from the Beyond Budgeting Round Table which is otherwise not publicly available. We also reviewed some writings that did not directly relate to Beyond Budgeting, such as some early publications by Jeremy Hope (Hope and Hope 1995; 1997), in order to better contextualise the work on Beyond Budgeting. These publications are informative in two main respects: they help us understand how Beyond Budgeting was conceptualized and they provide information on the role of different institutional workers in the innovation community.

We complement the secondary data with data collected through interviews and observations which allow reconstructing the perspectives and actions of the involved actors. We conducted fifteen interviews with actors who experienced the development of Beyond Budgeting first hand, including insiders from the Beyond Budgeting Round Table (BBRT), consultants, academics, and representatives of professional organizations (see Appendix 3). Interviews were supported by a semi-structured interview protocol and lasted between 40 minutes and 2 hours. They were conducted in either English or German, recorded, and subsequently transcribed and sent back to the interviewees for validation. In addition, we also validated our reconstruction of the general story with several of the key actors in the movement (Van Veen, Bezemer & Karsten, 2011). Furthermore, we were able to attend eleven public presentations, workshops, conferences, and meetings in which the BBRT discussed the Beyond Budgeting concept with current and potential adopters. We took notes during these events, informally talked to the organizers, contacted participants, and through this insider involvement collected material that

is otherwise not publicly available (see Appendix 3). The interviews, public observations, and the many informal talks are particularly informative about the way in which Beyond Budgeting was discussed, interpreted and promoted within the innovation community. Regarding the perception of the concept among potential adopters, we decided to rely on our interviews with consultants and proponents of Beyond Budgeting who were in regular contact with potential adopters and would thus be knowledgeable about the views of managers.

In the analysis of our data, we first concentrated on understanding the chronology of events as well as the main reasons that led to the emergence and subsequent evolution of Beyond Budgeting. We then analysed our data in terms of the different actors and how they contributed to the institutional work behind Beyond Budgeting. We thereby focused in particular on how strongly different actors were interested in the fidelity and/or dissemination of Beyond Budgeting, and whether they were involved in any tensions within the innovation community.

In order to provide an authentic account (Flyvbjerg 2001), we present our data in the form of a narrative that highlights the institutional work around Beyond Budgeting over time and the tensions that thereby emerged.

## **Crafting the idea of Beyond Budgeting**

### *Initial theorizing*

Descriptions of Beyond Budgeting are available in various publications. The most comprehensive one is offered by Jeremy Hope and Robin Fraser in their book *Beyond Budgeting*, published in 2003 by Harvard Business School Press. Many of our interviewees regarded this book as the most important ‘manifesto’ for the idea of Beyond Budgeting, even though, as we shall see later, the content of the book actually represented a compromise in the eyes of the two founding fathers. In any case, the book is the result of a rather long process in which different ideas were tied together and condensed into a coherent whole. Our interest in this section is to shed light on how this process unfolded and to examine how Beyond Budgeting was theorized (Lawrence and Suddaby 2006) by its key proponents as a particular type of innovation.

We start in 1997 when Jeremy Hope and Robin Fraser first met at the 25<sup>th</sup> anniversary meeting of CAM-I.<sup>4</sup> Both Jeremy Hope and Robin Fraser were speakers at the CAM-I anniversary event and both spoke on the problems of budgeting (Daum and Hope 2005). Hope took stock of budgeting on the basis of his experiences as a practitioner. He had worked in finance and accounting positions for several UK companies and had recently co-authored two books with his brother Tony, a chartered accountant and former professor of accounting (Hope and Hope 1995; 1997). While these books were not about budgeting, they already pointed to several ideas that Hope and Fraser would later develop in their joint work. Robin Fraser dedicated his speech at the CAM-I event to summarizing the findings of a research study he had carried out on “Advanced Budgeting” on behalf of CAM-I. Fraser was at that time consulting partner at Coopers & Lybrand, where he had worked on Zero-Based Budgeting and Activity-Based Budgeting, and was the firm’s representative within CAM-I. In the “Advanced Budgeting” project, Fraser and other members of the CAM-I reflected upon firms’ discontent with budgeting and came to the conclusion that budgeting was a real barrier to many organizations (Bunce, Fraser, & Woodcock, 1995).

Their shared concern with budgets led Hope and Fraser to start looking together for solutions to enable firms to go *beyond* budgets. To this end, they founded, in the beginning of 1998, the Beyond Budgeting Round Table (BBRT) that became the institutional backbone of their research efforts. The BBRT was created as a joint venture with CAM-I, and Peter Bunce, at that time a member of staff working for CAM-I, was appointed as its manager. The idea to cooperate with CAM-I was prompted by the fact that CAM-I had an existing membership network from which the BBRT might benefit. In terms of institutional work, this move constitutes an instance of creating a normative network around an innovation (Lawrence and Suddaby 2006; Perkmann and Spicer 2008).

How was Beyond Budgeting conceptualised at that time? It was, above all, a project motivated by Hope and Fraser’s conviction that there must be a way of managing a business without having to bear the burden of budgets:

“It was our belief that [budgeting] was the hidden barrier to change that persuaded us to form a partnership with CAM-I and establish the BBRT. We thought that there must be an alternative management model that allows even the large organizations of today to act by using its full potential – without all

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<sup>4</sup> The Consortium for Advanced Manufacturing, International (CAM-I) is a US-based research and development organization sponsored by industrial organizations, professional accountancy firms, and government agencies (Jones and Dugdale 2002). Working within CAM-I typically affords access to a large network of actors interested in the development of new concepts.

the gaming and mistrust culture of the budgeting system.” (Jeremy Hope, in Daum and Hope 2005, p. 169)

At this stage, Beyond Budgeting seemed very much characterised by what it was *not*, i.e. with an anti-identity (Alvesson, Ashcraft & Thomas, 2008)<sup>5</sup>. While this criticism of traditional budgeting and a command and control management model was rather evident in the early theorizations of the BBRT, the signifier “beyond” simply implied a possible alternative to budget-based management without yet being clear about the form that this alternative would take:

“Well, [we called it Beyond Budgeting], because it grew out of the Advanced Budgeting study, and the conclusion of that was that budgeting was incompatible with the way companies needed to manage in the future. In our project we were obviously looking beyond traditional budgeting. It was no more than that. We did not know at the outset what was beyond budgeting, for example, whether it was simply no budgeting, or doing something else instead, or something more? [...] So we agreed it was a problem, but we did not know what the solution was.” (Robin Fraser, interview)

With few institutional workers on board and in an exploratory phase where it was not yet clear what Beyond Budgeting would eventually entail, there was not yet any evidence of a tension between the content of Beyond Budgeting and the strategies for its dissemination. Beyond Budgeting was still under development so to speak and this made concerns with fidelity and dissemination superfluous.

### *Reaching out and further theorizing*

In order to further concretize their ideas, Hope and Fraser reached out to mobilise the support of other actors. They started to look around for firms that had apparently found ways to manage without budgets. Through his engagement in CAM-I, Robin Fraser got to know Pertti Åkerberg, a practitioner who had heard about a conference in Stockholm where Swedish firms reported upon the idea of “non-budget management”. This idea was advanced and promoted in the publications of Jan Wallander (e.g. Wallander 1979; 1994; 1999), former chairman and CEO of Svenska Handelsbanken. It influenced the control systems of a number of Swedish firms, including Svenska Handelsbanken itself, Volvo and SKF (Ax and Bjørnenak 2005). After attending the conference, Åkerberg came back with the names of firms that had obviously found

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<sup>5</sup> Alvesson et al. (2008) use this notion to designate individuals or organizations that define themselves dominantly by what they are not. We adopt this notion here for innovations.

ways to manage without budgets. Svenska Handelsbanken, as one of them, would later become the most frequently cited Beyond Budgeting case study.

In the next three years, Hope and Fraser visited around 15 companies and wrote up case studies that described these companies' practices. In their work, they were advised by a small group of academics who shared their interest. One was Michel Lebas, then professor at HEC Paris, and a member of CAM-I since the early 1990s.<sup>6</sup> He was involved in some of the case study work and would from time to time come together with the other researchers to report and aggregate their findings. Lebas describes the inductive approach taken by the BBRT in the following terms:

“I mean, we sort of looked around for bits and pieces of good ideas. And what Robin [Fraser] and Jeremy [Hope] did was to pull together into a coherent set of knowledge all these experiences. None of them were perfect, but all of them had a little bit that was good. So, it was more a complexion of the best that you can find, and extracting the gems from the rock, so you could actually make it into a coherent philosophy.” (Michel Lebas, interview)

This “complexion of the best” was first written down in the form of an “emerging model” (Hope and Fraser 1999a). In 2000, Hope and Fraser explicitly refer to this as the “Beyond Budgeting” model, listing twelve principles as its building blocks that are still in place today and which represent its ‘prototypical identity’: six principles that relate to “organizational design and devolution” and six that relate to “performance management” (Hope and Fraser 2000; similarly Fraser and Hope 2001; Hope and Fraser 2001).

How did Beyond Budgeting evolve between 1997 and 2003? Clearly, when Hope and Fraser published their book in 2003, Beyond Budgeting was no longer presented as a vague idea about potential alternatives to budgets; after a considerable amount of technical work by its innovators, they now theorized it as “an alternative management model” and a “coherent set” of principles that organizations should follow (Hope and Fraser 2003a, p. xix). It seems that Beyond Budgeting had matured in the eyes of its proponents and was now ready to be institutionalized in this particular form:

“And honestly, when I left [the BBRT] in 2004, personally, I did not think there was much more to do in terms of conceptual framework, because we had dealt with most of the elements in the conceptual framework. And when Robin and Jeremy wrote the book, that was it.” (Michel Lebas, interview)

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<sup>6</sup> Other researchers that had been enrolled in the BBRT network were Professors David Otley and Michael Bromwich.

But how exactly was Beyond Budgeting theorized at this point? What was the particular identity that Hope and Fraser, with their technical work and promotional efforts, sought to craft for Beyond Budgeting? When some ideas are repeatedly emphasised throughout a text, they are supposedly of particular importance to its originators. Looking at the key writings and statements of Hope and Fraser, there are in particular two such ideas that the readers are repeatedly reminded of.

The first one is that Beyond Budgeting is presented as an *alternative* to budget-based management. Beyond Budgeting, its proponents suggest, requires the abandonment of a widely adopted practice. The concept's very name as well as the titles of some of the publications on the topic make this quite clear. Budgets are described as “an unnecessary evil” (Wallander 1999) or as “figures of hate” (Hope and Fraser 2001) and it is suggested that they be “take[n] away” (Hope and Fraser 1999b). In 2003, in the same year they published their book, Hope and Fraser published an article in Harvard Business Review entitled “Who needs budgets”? And in the foreword to their book, Charles Horngren writes:

“Most of the solutions generally proposed for management problems involve putting something new into the organization. In this regard, beyond budgeting is very different. Perhaps uniquely, it proposes *taking* something powerful *out* to make room for something new and even more powerful.” (Horngren 2003, p. xi, our emphasis)

The starting point for Beyond Budgeting is to take something out, and the “Beyond Budgeting” label reflects this rather well. The second conceptualization is closely related to the first one. In their publications, Hope and Fraser repeatedly point out that Beyond Budgeting is supposed to be a *comprehensive management model* rather than a specific tool or toolset. It is not about changing the *details* of how an organization is managed and it does not seek to offer individual tools or techniques that improve or extend existing models of management. Although tools such as rolling forecasts and Balanced Scorecards could be considered useful components of Beyond Budgeting, the BBRT stresses in several books and to participants in its events that the important issue is not *whether* but *how* firms use these tools (Hope and Fraser 2003a; Hope, Bunce, and Rööslü 2011; Hope and Player 2012). Beyond Budgeting involves “changing the whole management model and establishing a new coherence among all of its components: leadership, organization, management processes, systems and tools” (Robin Fraser, interview). This makes it different from tool-based innovations. As Hope and Fraser (2003a) point out, “[f]ew of the innovative management tools of the past decade have been used to fundamentally transform the performance management process” (p. 9). And for them, this demonstrates the



insufficiency of these tools as stand-alone solutions which result in “marginal improvements to a broken system” (ibid.).

The idea of Beyond Budgeting, we suggest, was crafted to an important extent around these two key conceptualizations. They became the cornerstones of the prototypical identity of Beyond Budgeting. Conceptualizations such as these are instances of theorization, i.e. “development and specification of abstract categories and the elaboration of chains of cause and effect” (Lawrence and Suddaby 2006, p. 221), and are arguably one of the main tasks of institutional workers in the early stages of an innovative practice (Reay et al. 2013). An important part of the theorization of Beyond Budgeting was the criticism of ‘traditional’, budget-based forms of management. For Hope and Fraser, budgeting was inappropriate for today’s fast-changing and uncertain business environments. Efforts to *create* Beyond Budgeting as an institution were thus closely related to efforts to *disrupt* the existing institution of budgeting and budget-based forms of management (Lawrence and Suddaby 2006). If Beyond Budgeting shall diffuse on a broad basis, it had to delegitimize budgeting, and this was quite visible in the writings of Hope and Fraser (cf. Davis, Diekmann, and Tinsley 1994; Maguire and Hardy 2009; Oliver 1992).

Particular theorizations, however, do not necessarily translate into the way in which an innovation is subsequently picked up. The way in which an innovation will be practised is not determined by the way in which it is initially theorized and promoted by its key proponents. Innovations may undergo variation (Ansari et al. 2010), both because of the way in which they are adopted by organizations and because of the institutional work exerted by other actors interested in the innovation.

## **Uptake of the idea by others**

### *A particular audience*

First concerns with the fidelity of the discourse around Beyond Budgeting to its original idea emerged when it became apparent that Beyond Budgeting was not really discussed as a general management model, but rather as an accounting and finance issue. This was at least in part driven by some of the institutional work that Hope and Fraser themselves had carried out. After all, their main journal publications on Beyond Budgeting appeared in management accounting outlets (i.e. *Management Accounting* and *Strategic Finance*) and the concept was mainly promoted at conferences and seminars for the finance and accounting community. Moreover,

the academic advisors that Hope and Fraser invited into the BBRT network were mostly management accounting professors rather than professors of general management. Eventually, Beyond Budgeting also found its way into textbooks, research papers and surveys that would mention Beyond Budgeting alongside other management accounting innovations – as if it was clear that this was a management accounting (rather than general management) topic (Ax and Bjørnenak 2007; CIMA 2009; Hansen 2011).

At the same time, there was another key actor who contributed to this positioning of Beyond Budgeting. This was the publisher of the 2003 book, Harvard Business School Press (HBSP). Hope and Fraser were dealing with the finance section of the publisher when they negotiated the publication of their book. The title of the book, with its explicit reference to budgeting, was apparently appealing to the publisher in light of its preferred target audience:

“The part of Harvard Business School Press that we were dealing with was responsible for financial publications. That’s why they liked the title ‘Beyond Budgeting’ and wanted the primary focus to be on performance management processes. They were not ready to accept us as ‘mini Gary Hamels’ transforming the management model. (...) So, the book was published under the title ‘Beyond Budgeting’. It raised quite a bit of interest with CFOs, but not surprisingly only with CFOs. The title was obviously wrong for the book’s real message of ‘transforming the management model’ which is for the CEO and the board.” (Robin Fraser, interview)

When negotiating with the publisher, Hope and Fraser agreed to change the order of the principles, i.e. to start with the six “performance management” principles and to then discuss the organizational principles.<sup>7</sup> This variation in the theorization of Beyond Budgeting undertaken by Harvard Business School Press has arguably reinforced the interpretation of Beyond Budgeting as being primarily a finance and accounting issue.

For Hope and Fraser, this positioning of Beyond Budgeting as a finance and accounting issue was unfortunate. On the one hand, finance and accounting staff was perceived as a potentially critical audience as the budgeting process was an important part of their occupational identity. On the other hand, those who were open for the ideas of Beyond Budgeting were not deemed to be in the best position to initiate comprehensive change projects, given that such change would also concern areas other than the finance and accounting function. According to Robin Fraser, the label “Beyond Budgeting” was not particularly helpful for promoting the concept,

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<sup>7</sup> This is also evident in the Harvard Business Review article (Hope and Fraser 2003e, which focuses predominantly on the performance management principles) as well as in the articles shortly preceding the book publication (Hope and Fraser 2003c; Hope and Fraser 2003d).

“[...] because people have generally assumed that the solution lies within the area of responsibility of financial people in a company. And financial people are not able to make all of the changes that are necessary to change a management model, obviously.” (Robin Fraser, interview)

In other words, there was the concern that finance and accounting professionals would somewhat selectively take up ideas from Beyond Budgeting without however grasping the ‘big picture’. And this was not in line with Hope and Fraser’s conviction that what was required in most organizations was a comprehensive change in the approach to managing. But Harvard Business School Press was a renowned publisher who would create visibility for the ideas of Beyond Budgeting. For Hope and Fraser, this benefit in terms of dissemination seemed to outweigh the costs of having to depart from their original intentions. Yet, at the same time, the BBRT tried to ‘correct’ for this loss of fidelity by actively positioning the concept among managers with other functional specializations:

“We are still trying to get the companies to bring other functions to the meetings, like HR and Operations. Which they do, occasionally. But we really have to emphasise: ‘Look, this Beyond Budgeting thing is not a finance issue. It affects the whole company. It affects the way you manage the business. Therefore, it involves everybody and everything’.” (Peter Bunce, interview)

However, as we learned in our interviews, membership of the BBRT has been dominated by corporate representatives with a background in finance or accounting, rather than by managing directors or general managers. And “it is difficult, when you have got a network established, to change” it (Robin Fraser, interview).

### *Promoting flexible understandings*

It was one thing that CFOs and controllers might flexibly appropriate Beyond Budgeting in their organizations, with the risk that such re-theorizations could then spread to other firms, thus leading to variation in how Beyond Budgeting was practiced (Ansari et al. 2010). But it was yet another issue that some potential institutional workers, whose interests went beyond the single adopting organization, were apparently promoting such a flexible understanding. This seemed an even bigger concern to Hope and Fraser, given the multiplying effect that such actors could have.

This was visible for both professional associations and consulting firms. These groups of actors often play an important role in the diffusion of a management innovation (Perkmann and Spicer 2008), but they may equally prevent dissemination by working against an innovation. While professional associations for management accounting in the UK (CIMA) and the US (IMA)

took a rather agnostic stance towards Beyond Budgeting<sup>8</sup>, the reaction by the corresponding association in German-speaking countries was more pronounced. The Internationaler Controller Verein (ICV), the professional organization for management accounting in German-speaking countries, took a rather active role in the debate on Beyond Budgeting. Beyond Budgeting had garnered considerable attention in the German-speaking area<sup>9</sup>, and the ICV discussed the concept in some depth in a number of local working groups. While some of the ideas suggested by Beyond Budgeting were welcomed by the association, the radical critique implied in this new management model was deemed to be inappropriate. In 2007, the ICV published a statement entitled “*Beyond Budgeting – No thanks!*” that publicly discredited the concept (ICV 2007). In a two-page statement, the authors cite several successful firms working with “strict budgets” and conclude that Beyond Budgeting is no viable solution for the challenges facing firms in “today’s dynamic, globalised markets”.

At the same time, the ICV contributed to the debate around Beyond Budgeting by propagating ‘Modern Budgeting’ (see the subsequently published books: ICV Facharbeitskreis “Moderne Budgetierung” 2009; Gleich et al. 2013b; Gleich et al. 2013a). ‘Modern Budgeting’ was different from Beyond Budgeting as it was still based on the reliance on budgets as a key management tool. Yet, it also responded to some of the criticisms of budgeting that Beyond Budgeting was built upon and its authors state that they used Beyond Budgeting as a reference for their own concept so that, in this respect, it entered the same discourse. For instance, the ICV advocated the use of rolling forecasts and relative targets, where appropriate. In a sense, the ‘Modern Budgeting’ template promoted by the ICV can be seen as a practice variation of the six performance management principles as formulated by Hope and Fraser. But it was a practice variation that was at the same time positioned in rather explicit opposition to Beyond Budgeting. Hence, while ‘Modern Budgeting’ probably benefited from the discourse that the proponents of Beyond Budgeting had initiated, it did not intend to ‘give anything back’. It was a markedly different idea and thus would not help Beyond Budgeting get institutionalized.

A similar observation holds for the role played by consultants who were not necessarily against Beyond Budgeting per se but were critical of some of its characteristics. Consulting firms can play a powerful role in the promotion and implementation of management innovations

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<sup>8</sup> Robin Fraser gave courses on Beyond Budgeting for CIMA and “the courses peaked [...] during the first two or three years after the book was published” (Robin Fraser, interview). But once the initial enthusiasm was over, no more courses were offered on the topic.

<sup>9</sup> Not least because of the work of the regional BBRT-unit headed by Franz Rösli and because of the former BBRT director from South America who is German (Niels Pfläging).

(Abrahamson 1996a; Sahlin-Andersson and Engwall 2002b; Perkmann and Spicer 2008) and they often flexibly translate innovations (Benders, van den Berg, and van Bijsterveld 1998; Morris 2001; Suddaby and Greenwood 2001; Furusten 2009). Furthermore, consultants can add to the credibility of innovations (David and Strang 2006) and, through their network of clients and business partners, can create strong momentum for the dissemination of a concept.

In the case of Beyond Budgeting, consulting firms struggled in particular with the comprehensive nature of the change process envisaged by its proponents. Hope and Fraser themselves acknowledged that the scope of change involved in going beyond budgets was considerable:

“Implementing beyond budgeting, whatever the initial scope of the changes envisioned, is a significant change program and needs to be handled accordingly. It is not just about changing a process and putting in an alternative process or a set of processes. It is about changing mindsets and achieving a different coherence in the way the organization as a whole is managed.” (Hope and Fraser 2003a, p. 96)

And some of the allies with close connections to the BBRT even described Beyond Budgeting as an “ideal state” (Jürgen Daum, interview) rather than a model actually in use by many organizations:

“I do not believe that the BBRT model can be applied fully. It is a framework. It is a guide that managers should [use to] learn to reflect on their own management system and see where they can tweak it a little bit to help bring it closer to the model. But nobody will ever get a Beyond Budgeting implemented fully. It is a utopian idea, but utopian ideas are very useful. And in that sense, it is... it is what you create, when you create the perfect man by taking the best parts of everybody. That is what we did with Beyond Budgeting. That is what Jeremy Hope and Robin Fraser put in their book. They really put down what the best parts of the system that we have observed, or they have observed, are; and it makes it into a beautiful, good looking person, but it is not a person that is human. I mean, it does not take into account human frailties. But it is definitely a canon of beauty, against which we can benchmark everybody’s practices.” (Michel Lebas, interview)

To get an idea of how Beyond Budgeting was perceived by consulting firms, we spoke to two experienced partners of two consulting firms in Germany (Horváth & Partners and CTcon), both of which specialize in planning and control solutions. One of the firms (Horváth & Partners) was quite active in debates around Beyond Budgeting and some of its partners actually translated Hope and Fraser’s book (2003a) into German (Hope and Fraser 2003b). The two partners whom we interviewed both emphasised that the comprehensive scope of a Beyond

Budgeting implementation project limited its attractiveness to consulting firms and potential adopters:

“All cultural change projects take about three to five years. If it takes three, management is really good; five is what you would typically need. [...] Consultants cannot be with the firm for such a long time. [...] Usually, projects do not last that long.” (Partner CTcon, interview)

“People either say, ‘Hey, I really want to change something radically’. Or they say, ‘That is too radical for me, I don’t want to do that’. There is no firm that says we want to be here and there in five years. People want quick wins and calculable risks!” (Partner Horváth & Partners, interview)

The proponents of Beyond Budgeting were aware of the scepticism consultants had vis-à-vis their innovation and they understood that this was related to the comprehensive change efforts that would be needed:

“They naturally found this to be an exciting prospect, but it is very long-term. Consulting firms have most of their business in today’s problems and performance management processes, not with transforming the whole management model. [...] They like to generate or be associated with new ideas, but they also have to maintain an adequate revenue stream. That is the reality.” (Robin Fraser, interview)

“Essentially CFOs are promoting [Beyond Budgeting] implementations. Not consulting firms. It was mainly in-house. [...]. [Beyond Budgeting] is not a tool. It is a way of looking at how you mobilise the resources in the firm. And... it is not based on software. It is not based on data analyses. It is really a change of vision. [...] It is not sellable by consulting firms.” (Michel Lebas, interview)

Interestingly though, their scepticism did not prevent consulting firms from selectively integrating some ideas and principles from Beyond Budgeting into their own products or solutions. This was, for example, the case with Horváth & Partners who published a book entitled “Implementing *Beyond Budgeting*: Successful planning with Advanced Budgeting” (Horváth & Partners 2004, our emphasis). The concept they created was called “Advanced Budgeting”, offered several techniques for improving “traditional” budgeting, and turned out to be an important product within the firm’s portfolio<sup>10</sup>:

“In a phase where it was too early to say whether Beyond Budgeting will function as a [concept] or not, we really had to position ourselves in between. We did say to ourselves that there really might be firms that could control without budgets. Svenska Handelsbanken is one such example. But we also said to ourselves that we can imagine firms that may well keep budgets but

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<sup>10</sup> Interestingly, this is the same name as the research project that Robin Fraser conducted within CAM-I. There is, however, no link between the two.

might integrate a number of important elements from Beyond Budgeting.”  
(Partner Horváth & Partners, interview)

Consultants apparently tried to benefit from the emerging discourse that the BBRT had kicked off and to position themselves in this potential market. But “Advanced Budgeting” was not the same as Beyond Budgeting – a point that was made abundantly clear by some of the more adamant proponents of the latter concept:

“That is a book on techniques of Better Budgeting and on the ‘Advanced Budgeting’ product of the Horváth company. It collects loosely connected texts [...] about how to improve planning. [...] Readers interested in Beyond Budgeting will find little if nothing on Beyond Budgeting, [...] the book was positioned deliberately as a Beyond Budgeting-bluff package!” (Public book review by Niels Pfläging, BBRT Director South America as of 2005)

“And in the BBRT, we paid attention to these things and said: ‘Well, what you are doing here is not Beyond Budgeting. We think it is good that you are interested in the topic and that you want to contribute something, but we would like to make sure that Beyond Budgeting stays Beyond Budgeting and does not somehow degenerate into Better Budgeting’.” (Niels Pfläging, interview)

Such statements reflect a concern with the fidelity of the innovation. They re-enacted the prototypical theorization of Beyond Budgeting as a comprehensive management model and emphasized that the content of Beyond Budgeting was not to be compromised in light of what consulting firms or professional associations perceived to be the ‘needs’ of the demand side. Indeed, both the position of the ICV and of the two consulting firms described above appear to be motivated mainly by their view that Beyond Budgeting was not applicable on a *large scale*. For the consulting firms, this was a problem in terms of their commercial interests. For the ICV, it was a problem as the association wished to stay in line with the views of the management accountants it represented.

The conflict between the concerns for fidelity and dissemination, respectively, was solved by a clear demarcation of Beyond Budgeting from the concepts promoted by the ICV (“Modern Budgeting”) and the consultants (“Advanced Budgeting”). Eventually, these concepts became stand-alone projects with little reference to Beyond Budgeting. Accordingly, neither of these actors ended up carrying out institutional work for Beyond Budgeting. Despite their points of contact with the Beyond Budgeting community, they did not really ‘come on board’ as active players within this community. But, of course, while the clear demarcation helped preserve the fidelity of the concept, it at the same time implied that the BBRT had ‘lost’ some potential

spokespersons for its cause, thus limiting the scope of institutional work that could promote its innovation (Dorado 2005; Perkmann and Spicer 2008).

The situation was a different one regarding other actors who became more actively involved in the Beyond Budgeting community and contributed, at least for some time, to the institutional work around this innovation. Who these actors were and how they positioned themselves with respect to Beyond Budgeting is explored next.

### **The expansion of the BBRT community**

#### *New allies and their institutional work*

The main institution behind the development of Beyond Budgeting has been the Round Table (BBRT). It is designed as a research group or ‘think tank’ and, as such, its activities are mainly “to identify those companies that had abandoned the budgeting model, visiting them, and through case reports and presentations, reporting back to the BBRT members, who were funding our research with their membership fees” (Daum and Hope 2005, p. 4). Increasing the membership base and creating a community of Beyond Budgeting firms was a main objective behind the BBRT:

“We sort of went wherever we felt there would be some people willing to share their experience that local people could relate to, so that we could add more members. And it is like the life of any organization of this type: You are caught between the purity of the message and getting more members to get more money. And there was always a mix between marketing and content. We were marketing to get more members, and we were delivering content.” (Michel Lebas, interview)

“The idea of [the] BBRT was always to create a vibrant community. And all those things – the research and the publications, the presentations, seminars, the consulting work the BBRT directors would perform – should all serve the community, in order to grow a community that would, at some point, also be active in implementing the new model.” (Niels Pfläging, interview)

In addition, there are a number of publications that make the concept available to the academic and practitioner communities; there are speeches at public events; and there are workshops and meetings for members of the BBRT in which best practices are discussed. The creation of the Round Table is therefore another example of the construction of normative networks which “normatively sanction” practices and which “form the relevant peer group with respect to compliance, monitoring and evaluation” (Lawrence and Suddaby 2006, p. 221).



The arguably most notable “push” in institutional work that the BBRT engaged in was the geographic expansion into other continents and countries. By 2007, the BBRT had created sister organizations in North America, Australia/Asia, the German-speaking countries, the Middle East and, for some time, South America.

In North America, it was Steve Player who started to become involved around 1998 and was formally made director of the BBRT for North America in 2002. Fraser knew Player from his involvement in CAM-I, where Player served as treasurer. In a similar vein, the Australian BBRT was set up by one of Fraser’s former colleagues from Coopers & Lybrand who had already retired. At a conference in Frankfurt, Fraser met Franz Röösl, professor at a Swiss polytechnic, who then became director for the German-speaking countries. Finally, there was also a BBRT for South America that existed from 2003 to 2008 and was headed by Niels Pfläging. A German, Pfläging was working as a management accountant in Brazil when he learnt of the BBRT and its concept of Beyond Budgeting. He soon started to give presentations on the topic in Brazil and to publish articles in German-speaking practitioner journals dedicated to management accounting. In 2003, Pfläging published his first book on Beyond Budgeting in German (Pfläging 2003) and, in the same year, was appointed director of the BBRT for South America in which position he remained until 2008. In around 2005/2006, the core team of the leaders of Beyond Budgeting was further extended to include Bjarte Bogsnes who had headed an initiative to implement Beyond Budgeting at the chemical company Borealis and, as of 2015, was heading a similar initiative at the oil and gas company Statoil (Bogsnes 2009).

There were also allies outside the BBRT who carried out, at least for some time, institutional work for Beyond Budgeting. One of the early academic allies was André de Waal, associate professor at Maastricht School of Management in the Netherlands. De Waal published several books and papers on the topic, among which was the first book ever published on Beyond Budgeting (De Waal 2002). He also went to the BBRT’s meetings and engaged in discussions with Hope and Fraser. Later on, de Waal turned away from a concern with budgeting to do research on what he calls “High Performance Organizations” more generally. In Germany, Hope and Fraser had established contact with Jürgen Daum, a product manager at SAP, the German software company. In 2002, Daum published a book on the growing importance of intangible assets (Daum 2002), which included a small chapter on Beyond Budgeting. He subsequently published several papers and a book on the topic (Daum 2005).

The expansion certainly gave more momentum to the Beyond Budgeting movement. In terms of membership, for example, the BBRT in North America in the past years accounted for more member firms than the European branch (Peter Bunce, interview). Together with this expansion, many more activities took place that can be considered instances of institutional work. First and foremost, the various members of the innovation community published a large array of white papers, case studies, or books. Next to this technical work through writings on Beyond Budgeting per se, several publications deal with highlighting the proximity of the idea with other management philosophies (e.g., the writings of Birkinshaw 2010; Denning 2010; McGregor 1960; Hamel 2007; Inamori 2012; Nayar 2010) or the Agile software development methodology. Such institutional work is of a cultural nature and changes normative associations since it re-makes the connections between a practice and its moral and cultural foundations (Lawrence and Suddaby 2006, p. 221; Perkmann and Spicer 2008).

In addition, the BBRT organizes a lot of events, for example the North American or European Members' Meeting and smaller Members' Workshops. However, the expansion of the network around Beyond Budgeting with the many ensuing activities apparently also created some challenges for the fidelity of the innovation, as different actors started to appropriate the ideas of Beyond Budgeting in their own terms.

### *Dissemination or fidelity?*

Questions about the identity of Beyond Budgeting were already discussed among Jeremy Hope and Robin Fraser when they prepared their book that was eventually published in 2003. As mentioned above, Harvard Business School Press wanted the book to place emphasis on finance and performance management, in line with their target audience of CFOs and financial managers.

“Really, their very fixed view was that this was a finance book; this was a book that would appeal to the CFO and it was going to challenge the old budgeting model and show how it can be replaced, primarily with rolling plans, rolling forecasts, and so on. [...] And so, we had quite a task on our hands to persuade them that this was not just about replacing budgeting. I thought it was about replacing a whole set of management conventional wisdom.” (Jeremy Hope, interview)

Hope and Fraser, in contrast, insisted on the idea that Beyond Budgeting was a comprehensive management model. The compromise they eventually reached was the above mentioned variation, i.e. to reverse the order of the principles and to first address the performance

management practices (“adaptive processes”) and to tackle the organizational principles thereafter<sup>11</sup>:

“The title of the book remained Beyond Budgeting, because that’s what Harvard wanted us to write about. So, the book turned out to be an uncomfortable compromise with the adaptive processes tackled first, and the decentralised principles tackled second [...]. But if we had not been constrained in the way that we were, I would have preferred it to have been written the other way around (as we did in the BBRT diagnostic) with the leadership principles first and the adaptive processes second, because they are in support of radical decentralization.” (Robin Fraser, interview)

The content and focus of the book was also discussed within the innovation community. And these discussions revealed different preferences regarding the concern with dissemination of Beyond Budgeting, on the one hand, and the concern with ensuring fidelity of the practice vis-à-vis its prototypical theorization, on the other hand. Steve Player, BBRT director for North America, remembers the conversations he had with Hope and Fraser on this topic. He suggested, in line with the publisher, to have the book focus on the principles of performance management only and to save leadership ideas for later publications:

“I gave some advice that said: ‘You have got a great book now. Let us publish this one. Then, you keep researching and hit the leadership model second.’ But Jeremy and Robin are basically both fairly perfectionist, and so they wanted to capture the whole idea. So, the book from Harvard was delayed, while they kind of got the whole idea down.” (Steve Player, interview)

While Hope and Fraser continued to promote Beyond Budgeting as a comprehensive management model, Steve Player followed his own advice of a more evolutionary approach. He regularly organizes BBRT meetings in North America and thereby puts particular emphasis on performance management processes. Together with Steve Morlidge, a former financial controller from Unilever, he has published a book on how to master business forecasting (Morlidge and Player 2010). All this reflects a rather pragmatic approach to Beyond Budgeting in which the holistic idea of the model is traded off against its flexibility and adaptability in order to favor dissemination. This is also evidenced by the presentation of Beyond Budgeting as “a set of [only six] performance management principles” on the North American BBRT website (cf. Appendix 2). The main motivation behind the more pragmatic approach, similar to the rationale of consulting firms, apparently was to assuage potential fears of managers when these are confronted with the whole idea of a comprehensive management model:

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<sup>11</sup> In its recent writings, the BBRT moved the order back again to six “leadership” principles and then six “management processes” (e.g., Olesen 2015).

“I think [the holistic approach] served us well, but it has also been difficult, because many organizations had trouble swallowing the whole thing, because it is such a large change [...] If I am talking transformational change, that means I am only talking to the top one or two guys in a company. And that limits the population dramatically. If we only do it with th[is] transformational [approach], we severely limit the ability to make anything happen. And so, we were much more willing to start anywhere we can to get things going. And we just think that is a better way to get more people moving. And that is what I am experiencing in North America.” (Steve Player, interview)

To write a book on forecasting was thus also a way to get people interested in the topic and to enable them to make some changes to their budgeting process that may eventually lead them to go beyond budgeting:

“So, [firms] jump on an evolutionary path, where they start taking the things that they readily agree with and begin to implement those and try to improve their system. [...] And in that regard, the forecasting book has been a huge help, since universally, it is rare that I have been to a company that did not think they needed to do a better job of forecasting. So, in writing a book on forecasting we really geared towards that in terms of helping people see which way to go and how to do a better job of forecasting, even if I continue to budget. And if you read the forecasting, the Future Ready book, it takes you through that all the way, until you are completely ‘budgetless’. And the last chapter [which is on the management model] really tells you about that evolution, but it does not require... you can use the book as a guideline just to improve the way you forecast. And so, in that regard, it has been a huge help to people moving down the evolutionary path. And so, in North America, we have a tremendous number of people [...] improving what they are doing on this evolutionary path.” (Steve Player, interview)

It is not very surprising then that this approach was perceived as somewhat particular by other members of the BBRT:

“And I think Steve Player, from what I see from the advertisements for his conferences, is not throwing the budget away. He is taking account of the budget and relaxing some of the constraints of the budget to make it more flexible, more adaptable.” (Michel Lebas, interview)

While Player’s activities were welcomed as valuable contributions to the Beyond Budgeting movement, there was apparently some tension between his pragmatic appropriation of the concept and the perspective taken by the European branch of the BBRT:

“In the US, the BBRT is strongly focused on performance management rather than on the transformation and leadership aspects of Beyond Budgeting. There has always been a certain tension within the BBRT, for example between North America and the UK, or [between North America] and me. [...] We say that it must be all 12 principles, or nothing. And on the other side, in the US, for example, the colleagues chose what they sometimes call a more pragmatic stance.” (Niels Pfläging, interview)

Steve Player was not the only one to take a pragmatic approach to Beyond Budgeting in order to favor dissemination, however. Also more relaxed in his appropriation of Beyond Budgeting was André de Waal, who was member of the BBRT until 2003. In relevant publications, he argues that companies can introduce only *some* of the Beyond Budgeting principles and still remain “high performance organizations”. De Waal himself had assisted several organizations partially to implement Beyond Budgeting. One of them was Beckers, a subsidiary of the Dutch firm Royal Wessanen. De Waal’s approach in these consulting projects was apparently in contrast to Hope and Fraser’s insistence that all 12 principles must be followed.

“I remember that I had a discussion with Jeremy Hope when [...] we had a seminar organised by Eelco Bilstra, I think four years ago. I was a speaker and Jeremy Hope was a speaker. I was sitting with Jeremy Hope before the seminar drinking coffee and so on. And at a certain moment he said to me, ‘Beckers is not a Beyond Budgeting company’. And he was quite firm about this. And I said, ‘well, why not, because they are doing this and this’ and then he said, ‘well, because they had not implemented all 12!’ And I said, ‘well, basically who cares, they are on their way’. And he said, ‘well they are on their way but they are not Beyond Budgeting’.” (André de Waal, interview)

Jürgen Daum approached the topic from a perspective similar to de Waal’s. In workshops and seminars, Daum often used Beyond Budgeting as an “eye opener” (interview) to challenge customers’ existing views on their budgeting process. This does not mean, however, that he advocated the implementation of Beyond Budgeting in the way it was envisaged by Hope and Fraser. Since his main target group for the topic was the finance and accounting community, most of his consulting projects involved *improving* planning, budgeting, and forecasting processes, rather than radically abandoning budgets. According to Daum, this more pragmatic stance reflects firms’ actual concerns with budgeting and their rather pragmatic reactions to the discussions that the BBRT helped to initiate.

“Today, firms do not discuss so much whether they need a budget or not. They are nearly all already through or in the middle of a major change process. And they typically start this by saying: ‘We need more flexibility and dynamism in our performance management process’. And that puts the planning, budgeting and forecasting processes on the table. So they ask, ‘How can we apply a more dynamic and more rolling approach that works in our company?’ And then we are in the middle of the whole topic and in the middle of a very productive and constructive discussion – without engaging in a philosophical debate about whether I am doing Beyond Budgeting, Better Budgeting or Advanced Budgeting. It’s really about working on the future performance management concept and on the new planning, budgeting and forecasting processes.” (Jürgen Daum, interview)

Taken together, these observations demonstrate that there was a tension with the Beyond Budgeting community – a tension that revolved around the way in which the innovation should be interpreted and promoted. The activities of people like Steve Player, André de Waal, or Jürgen Daum, seemed motivated mainly by a concern with the *dissemination* of the practice. If potential adopters can be convinced more easily by presenting them not with the full model as it was conceptualised by Hope and Fraser, but rather with a shrunk-down version or with selected practices and tools related to it, then this might increase the number of firms that can be enrolled. Allowing variations and more flexible appropriations of an innovation is typically expected to increase the chances of its dissemination (Benders and Van Veen 2001; Giroux 2006).

The goal of increasing dissemination through practice variation should perhaps also be seen in light of the perceived limitations regarding the resources within the Beyond Budgeting community. Steve Player, for example, claims that the commercial money available for promoting other innovations was “a hundred times or a thousand times more than what Beyond Budgeting had” (Steve Player, interview). He also points out that the BBRT does not benefit from the same combination of a commercial collaborative and the “allure of an academic institution” (ibid.) as other innovations could build upon. By flexibly appropriating the innovation to the perceived needs of firms, this lack of resources, both in terms of financial means and of legitimacy, could hardly be offset, but perhaps partly alleviated in its effect.

Other actors within the innovation community shared the perception that the BBRT was limited in terms of its resources and people:

“But we are still a small number of people. So, you cannot just go out with a big check book and hire other marketing people to go and market it.” (Peter Bunce, interview)

“I mean, we are not a big organization with a lot of colleagues, organizational muscle behind us. It is more of a network of the companies interested in this.” (Bjarte Bogsnes, interview)

Such constraints were certainly regretted – who would not want to have more resources to promote one’s ideas? But at the same time, the core group within the BBRT appears to have accepted this as a fact and has settled for a more modest ambition regarding dissemination:

“We are not very strategically focused really; certainly not in Europe. We just sort of go with the flow. We just see how it develops. You know, there have been in the past people saying: ‘Oh, if we do this, we will have 100 members.’ And it never happens. And so, we just go along doing the best we can with the

limited resources we have got. And we have decided now that that suits the way we want to work.” (Peter Bunce, interview)

The main concern of Hope, Fraser, Bunce, and Pfläging seemed to lie elsewhere, namely with ensuring a particular version of their innovation and a *fidelity* to this version when spreading the innovation. This can be inferred also from the way in which they describe what Beyond Budgeting is about:

“Beyond Budgeting cannot be a ‘pick-and-mix’ approach to change. It is an alternative coherent model or it is nothing.” (Hope and Fraser 2003d, p. 76)

“Companies have got to be receptive. If they are not ready to make changes, then [Beyond Budgeting] is of no interest to them whatsoever. It is like... It is a binary thing; it is either a one or a zero.” (Peter Bunce, interview)

To say that it is either “a one or a zero” is to reinforce the identity of Beyond Budgeting as an *alternative* to budgeting and as a *comprehensive management* model. It means that a “second-best” solution and a variation of the idea in which some of the features of the concept are watered down to allow for easier dissemination of the concept, is not a viable option to them. That it was difficult to win broad support for their prototypical version of Beyond Budgeting was openly acknowledged by the founding fathers. Yet, it was their *conviction* of how organizations should be managed that explains why they were not willing to compromise fidelity for dissemination:

“A set of tools such as Balanced Scorecards, rolling forecasts, key performance indicators, the typical tools that the consultants would sell, may be a part of the solution, but the solution needs much more than that. It needs a more holistic, coherent, almost a complete new vision of what the management model has to be. So, we set ourselves a very, very ambitious and a very tough and challenging target to reach. This has been part of our problem ever since. *So, you might say that we have been a little bit idealistic about this, you know.* It would have been much easier and we would have certainly made more money out of this if we had sold these ideas as a set of tools and packaged them like Kaplan and Norton did with the Balanced Scorecard. [...] *We truly believe* that the whole model needs replacing and I think that evidence, certainly the way that I have looked at it, backs that up. The tools may get a temporary improvement, but their longevity is questionable.” (Jeremy Hope, interview, our emphasis)

### *Postscript*

Recently, there have been some notable changes in the BBRT community and its activities. In 2013/2014, Dag Larsson and Anders Olesen, both partners in leading consulting firms for performance management in Sweden and Denmark, respectively, joined the core team of the

BBRT.<sup>12</sup> In the course of this, the BBRT also expanded its institutional work which now includes “Open Beyond Budgeting Conferences” (i.e., which non-members may attend) and “masterclasses” (one day intensive training in methods for practical implementation) as well as events with other communities such as those around the concept of Agile. As of 2015, the BBRT has also fostered its partnerships with academic institutions so as to try and more strongly ‘educate’ (Lawrence and Suddaby 2006) potential adopters. Furthermore, there is now an increasing collaboration with medium-sized consulting firms in selected countries. Especially the agreements with consulting firms are worth mentioning. As discussed above, the BBRT had always taken a rather sceptical stance towards collaborating with consulting firms, arguing that consulting projects, with their short-term focus and tool-orientation, were not well suited to implement Beyond Budgeting in organizations. The consulting firms themselves were sceptical as to the ‘market potential’ of Beyond Budgeting and preferred more pragmatic approaches, as we could see from the examples of Horváth & Partners and CTCon.

We suggest that the efforts of the BBRT to more strongly liaise with consulting firms reflect a change in the way in which the BBRT nowadays considers the relative importance of fidelity and dissemination, respectively. While there is still considerable attachment to the prototypical ideas of Beyond Budgeting, some of the statements by the newly joined BBRT members suggest a move towards a more pragmatic stance. For instance, in a recent white paper, the BBRT suggests: “For established organizations to get started on a Beyond Budgeting journey, we generally recommend to start with [the performance management principles], and to address the leadership principles subsequently” (Olesen 2015, p. 11).<sup>13</sup> The notion of being on an incremental “Beyond Budgeting journey” when implementing and the suggestion to start with the performance management principles point to a more pragmatic understanding of Beyond Budgeting, where fidelity to the original ideas is no longer the be-all and end-all of the BBRT’s efforts. Rather, it is the concern with disseminating Beyond Budgeting that drives such development.

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<sup>12</sup> In 2011, Jeremy Hope and in 2015, Peter Bunce, two of the three founding fathers, sadly passed away.

<sup>13</sup> Such an approach had already been proposed as the “two peaks” or “opportunities” of Beyond Budgeting for several years (e.g., Bunce, Fraser, and Hope 2002b; Hope and Fraser 2003a) but was later on deemphasized in favour of full implementations of Beyond Budgeting.



## Discussion

### *Institutionalization as a matter of dissemination and fidelity*

Our above empirical account of the evolution of Beyond Budgeting illustrates our key theoretical argument regarding the nature of institutional work. We suggest that heterogeneity in institutional work does not only exist with respect to the types of institutional work carried out, as proposed by previous studies (e.g. Lawrence and Suddaby 2006; Perkmann and Spicer 2008). It also relates to the relative importance of two key concerns with how a practice becomes institutionalized. These are the concerns with dissemination of the practice, on the one hand, and with the fidelity of the practice vis-à-vis the prototypical idea, on the other hand. We suggest that, for a practice to become institutionalized, both some level and work of dissemination and some level and work of fidelity are required. A practice that does not diffuse cannot be said to have become an institution. Similarly, a practice that does not remain sufficiently homogeneous as it diffuses cannot institutionalize as *one* practice.

While both some level of dissemination and fidelity are thus required for a practice to become institutionalized, we may in practice observe different degrees of dissemination and fidelity between different innovations. Whereas some innovations diffuse in a very homogeneous way, others change their characteristics as they diffuse. And while some innovations diffuse broadly, others will only experience limited uptake. Importantly, these two dimensions are related to each other. As Ansari et al. (2010) suggest, the level of fidelity observed in the diffusion of a practice will to an important extent depend on the degree of “fit” between the organization and the practice. Accordingly, if a practice is not allowed to vary, it is less likely to be picked up by potential adopters because of a lack of fit, thus limiting its potential for dissemination. In other words, too much concern for fidelity may prevent broad dissemination of a practice (Ansari et al. 2014; O'Mahoney 2007; Scarbrough and Swan 2001).

It is important, however, to add some nuance to this argument. A practice does not necessarily have to remain completely invariant for it to remain faithful to its prototypical version. Rather, we suggest that it will depend on the way in which the prototypical practice is theorized whether practice variation will count as a ‘faithful’ or ‘unfaithful’ type of variation. When a prototypical practice is highly specified in terms of its scope and meaning, leaving little interpretive flexibility (Benders and van Veen 2001) or ambiguity (Giroux 2006), then even tiny variations in the practice will likely be considered unfaithful by those who have theorized the practice. In contrast, when a practice is theorized in rather vague terms, leaving space for different

interpretations and uses, then fidelity to such a vague prototype may be maintained even in the case of a high degree of practice variation. This is because, in such a case, practice variation exploits the interpretive space that the theorization offers to begin with, rather than challenging a particular type of theorization.

Beyond Budgeting exemplifies an interesting case in this respect. On the one hand, one could argue that principles such as ‘decentralized responsibility’ or ‘high performance culture’ leave sufficient flexibility for interpretation and practice. On the other hand, however, the model has been rigidly theorized in two important ways; first, in terms of the insistence on complying with all twelve principles, and second, in the sense that Beyond Budgeting was defined in opposition to (all variants of) budget-based forms of management. We suggest that these two characterizations of Beyond Budgeting severely limited the space for practice variations that would be considered faithful to the prototypical idea. Any implementation that covered only part of the full model and/or that allowed for the continued use of budgets was not in line with this prototypical idea. Hence, in the case of Beyond Budgeting, it has been difficult to achieve practice variation without threatening fidelity, which in turn explains why concerns with fidelity and dissemination have been hard to reconcile.

#### *Institutional work and concerns for dissemination and fidelity*

Our paper takes these ideas even further by relating them to the interests and motivations of the actors who carry out institutional work. We suggest that concerns with dissemination and fidelity, respectively, may be unevenly distributed within an innovation community. While some actors have a pronounced interest in maintaining homogeneity in how an innovation is practiced, others may be more worried about the dissemination prospects. The case of Beyond Budgeting demonstrates such uneven distribution. Table 1 summarizes the positions of different groups of actors who, in one way or the other, participated in the institutional work around Beyond Budgeting. In each case, we provide exemplary quotes that illustrate actors’ concerns with fidelity and dissemination, respectively.

- Insert table 1 about here -

The founding fathers of Beyond Budgeting, Hope and Fraser, as well as two other members of the BBRT, Bunce and Röösl, emphasized the importance of sticking to the prototypical ideas advanced in the first publications of Hope and Fraser. These actors were certainly not indifferent to dissemination; yet, they were unwilling to significantly sacrifice their beliefs and

convictions only to increase Beyond Budgeting's prospects for diffusion. Perhaps even more concerned with fidelity was Niels Pfläging who actively policed any institutional work in the name of Beyond Budgeting that did not exhibit enough fidelity to the prototypical ideas. Pfläging was a proponent of the need for radical change in organizations and this is why Beyond Budgeting was appealing to him. Yet, over time, he left the BBRT to pursue his own ideas.

The three more recent core team members, Bogsnes, Larsson, and Olesen, have arguably been more willing to compromise the fidelity of Beyond Budgeting to the benefit of broader dissemination. This is evidenced, for instance, in their collaboration with consulting firms or by their suggestion that a Beyond Budgeting journey may start with the implementation of the performance management principles. Even more pragmatic in their appropriation of Beyond Budgeting have been Player and Morlidge, who repeatedly emphasized the need to be flexible so as to get a foot in the door of organizations, as well as some allies like DeWaal and Daum, who at some point connected to the BBRT, but later on lost interest in this concept. Harvard Business School Press contributed to the institutionalization of Beyond Budgeting by publishing the 2003 book, and clearly their main interest was of commercial nature. They even made Hope and Fraser compromise some of their ideas in light of a particular target audience. Finally, both the consulting company Horváth and Partners and the professional association ICV were initially interested in Beyond Budgeting, but later on promoted different approaches to planning and, in the case of ICV, openly criticized the Beyond Budgeting approach.

It is perhaps not surprising that different actors have different priorities regarding the dissemination and fidelity of a practice. What our empirical account demonstrates, however, is that such differences may lead to tensions within the innovation community regarding the way in which the innovation should be theorized or promoted. We could see such tensions between those actors who insisted on the prototypical version of Beyond Budgeting and those who took a more pragmatic approach in light of the perceived needs on the demand side. We suggest that these tensions were consequential for the institutional work behind Beyond Budgeting. The decision of some institutional workers to leave the Beyond Budgeting community was apparently related to such differences in perspective. De Waal and Daum both contributed to the promotion of Beyond Budgeting at some point, but later on defected partly because they felt that Beyond Budgeting was too rigidly defined to be applicable in practice. The same is true for consulting firms like Horváth & Partner and CTCon who abandoned their initial interest in Beyond Budgeting for a lack of commercial prospects. And the ICV, who also shared some

of the criticism of traditional budgeting, very quickly concluded that Beyond Budgeting as envisaged by Hope and Fraser was not the right answer.

Some of these actors selectively took up elements of Beyond Budgeting and propagated their proprietary concepts of budgeting practice, i.e. “Advanced Budgeting” and “Modern Budgeting”. Given that these concepts were advocating forms of *budget-based* management, they in fact represented acts of institutional maintenance (Currie et al. 2012; Dacin, Munir, and Tracey 2010; Zilber 2009), rather than helping to create a new institution of Beyond Budgeting. The loss of these actors as contributors to the institutional work around Beyond Budgeting was not just a ‘quantitative’ one. It also affected the ‘diversity’ of the innovation community. According to Perkmann and Spicer (2008), institutionalization can be achieved more easily the more different types of institutional work are exerted and this is the case the more the skill sets and types of workers vary. For example, professional associations are said to be specialized in constructing identities or normative networks, e.g. through establishing rules as well as rewards and sanctions as well as enabling work which disseminates and reproduces shared meanings (Lawrence and Suddaby 2006). The loss in diversity in institutional workers has arguably weakened the extent of “partaking” (Dorado 2005) of the actors and therefore the push of Beyond Budgeting in the market for management ideas.

These examples suggest that there is a danger that other institutional workers may eventually also leave the innovation community around Beyond Budgeting. As of now, there is still integration between the activities of the BBRT in Europe and North America, respectively, but given the different approaches in these regions and the tensions that have existed because of this difference in approaches, a further weakening of the support behind Beyond Budgeting cannot be ruled out.

It would be misleading, however, to put the blame for what has happened or may happen in the future on Hope and Fraser and their unwillingness to give in to flexible appropriations of Beyond Budgeting. For had they done so, Beyond Budgeting might indeed have become something different from what they had in mind. Their belief in the insufficiency of budget-based forms of management and in the need for comprehensive management change explains why they were keen on ensuring fidelity, even if this made practice variation difficult and therefore reduced the prospects for dissemination. There is no right or wrong in how fidelity and dissemination should be balanced. Innovations can be claimed to be ‘successful’ if they diffuse broadly, irrespective of how they change in the course of such diffusion. But they may

likewise be termed a success if they are implemented as intended, even if only by few organizations. Our paper suggests that it is important to be aware of such differences in priority among institutional workers, as they may help explain what happens to an innovation and its community over time.

## **Conclusion**

In this paper, we have examined the institutional work carried out to promote “Beyond Budgeting”, a comprehensive management philosophy that has been heralded as an alternative to budget-based forms of management. We have used data from interviews, observations, and published material to trace the way in which the innovation community around Beyond Budgeting developed and how different actors within this community promoted the innovation through their institutional work. Our paper makes two key contributions.

In empirical terms, we complement existing firm-level studies on Beyond Budgeting (e.g., Becker 2014; Bourmistrov and Kaarbøe 2013; Henttu-Aho and Järvinen 2013; Østergren and Stensaker 2011) by taking a field-level perspective. These firm-level studies have pointed out that firms experiment with alternatives to traditional budgeting, without necessarily sticking to the prototypical Beyond Budgeting template and without referring to their practices as Beyond Budgeting (Becker 2014; Henttu-Aho and Järvinen 2013). What our paper shows is that reflects a more general “problem” that results from a rather rigid theorization of Beyond Budgeting that makes it difficult to see practice variations as being variations of Beyond Budgeting.

In theoretical terms, we contribute to our understanding of the dynamics of institutional work (Lawrence & Suddaby, 2006; Chiwamit et al., 2014; Hayne & Free, 2014) by highlighting two key concerns that drive such work, i.e. those with dissemination and fidelity, respectively. While we argue that both some level of dissemination and fidelity is needed for institutionalization to happen, we show how these two concerns may be unevenly distributed within an innovation community. This, we argue, can create tensions within the community which may eventually preclude certain types of institutional work, thus lowering the ‘power’ with which an innovation is pushed in the market for management ideas.

**Table 1**

Actors in the institutionalization of Beyond Budgeting	Type of actor	Position	Concern with fidelity	Concern with dissemination	Exemplary quotes to illustrate concerns with fidelity and/or dissemination
<b>Founding fathers and other BBRT actors (Hope, Fraser, Bunce, Rösli)</b>	<ul style="list-style-type: none"> <li>• Inventor</li> </ul>	<ul style="list-style-type: none"> <li>• Ideologically/ideationally oppose traditional budgeting</li> <li>• Institutional work for BB is always against traditional budgeting</li> <li>• Fidelity for them means to be in line with their early convictions of BB's prototypical identity</li> <li>• Propagate revolutionary approach</li> <li>• Ready to accept the compromise of a change in order in the principles</li> </ul>	High	Low	<ul style="list-style-type: none"> <li>• "Beyond Budgeting cannot be a 'pick-and-mix' approach to change. It is an alternative coherent model or it is nothing." (Hope and Fraser)</li> <li>• "You might say that we have been a little bit idealistic about this." (Hope)</li> <li>• "We had quite a task on our hands to persuade them that this was not just about replacing budgeting. I thought it was about replacing a whole set of management conventional wisdom." (Hope)</li> <li>• "But we are still a small number of people. So, you cannot just go out with a big check book and hire other marketing people to go and market it." (Bunce)</li> <li>• "And so, we just go along doing the best we can with the limited resources we have got. And we have decided now that that suits the way we want to work." (Bunce)</li> </ul>
<b>Radical BBRT actors (Pfläging)</b>	<ul style="list-style-type: none"> <li>• Propagator</li> </ul>	<ul style="list-style-type: none"> <li>• Officially part of BBRT for some time</li> <li>• Revolutionary approach</li> <li>• Opposes institutional work if it does not show enough fidelity</li> </ul>	High	Low	<ul style="list-style-type: none"> <li>• "It collects loosely connected texts [...] about how to improve planning. [...] Readers interested in Beyond Budgeting will find little if nothing on Beyond Budgeting, [...] the book was positioned deliberately as a Beyond Budgeting-bluff package." (Pfläging)</li> <li>• "We would like to make sure that Beyond Budgeting stays Beyond Budgeting and does not somehow degenerate into Better Budgeting." (Pfläging)</li> <li>• "We say that it must be all 12 principles, or nothing. And on the other side, in the US, for example, the colleagues chose what they sometimes call a more pragmatic stance." (Pfläging)</li> </ul>
<b>More recent BBRT actors (Bogsnes, Larsson, Olesen)</b>	<ul style="list-style-type: none"> <li>• Propagator</li> </ul>	<ul style="list-style-type: none"> <li>• Ideologically/ideationally oppose traditional budgeting</li> </ul>	Medium to High	Low to Medium	<ul style="list-style-type: none"> <li>• "For established organizations to get started on a Beyond Budgeting journey, we generally recommend to start with [the</li> </ul>

		<ul style="list-style-type: none"> <li>• Propagate, especially recently, an evolutionary approach</li> </ul>			<p>performance management principles], and to address the leadership principles subsequently.” (Olesen)</p> <ul style="list-style-type: none"> <li>• “There is a large systemic problem with traditional management, both in leadership principles and [performance] management processes. [...] Changing all these overnight is however like eating an elephant. There is just one way to do that. One bite at a time. [...] We decided to start with the [performance management processes] [...]. This is a place to start I would recommend for most organizations, because it is non-threatening, logical and hard to argue against. The separation creates the first cracks in the Berlin wall we need to tear down in order to liberate our organizations from traditional management.” (Bogsnes)</li> </ul>
<b>Pragmatic BBRT actors (Player, Morlidge)</b>	<ul style="list-style-type: none"> <li>• Propagator</li> </ul>	<ul style="list-style-type: none"> <li>• Officially part of BBRT but more pragmatic, not least because of commercial interests</li> <li>• Would like to focus on the “performance management” principles only</li> <li>• Propagate evolutionary approach</li> </ul>	Medium	High	<ul style="list-style-type: none"> <li>• “You have got a great book now. Let us publish this one. Then, you keep researching and hit the leadership model second.’ But Jeremy and Robin are basically both fairly perfectionist, and so they wanted to capture the whole idea.” (Player)</li> <li>• “If we only do it with th[is] transformational [approach], we severely limit the ability to make anything happen. And so, we were much more willing to start anywhere we can to get things going. And we just think that is a better way to get more people moving. And that is what I am experiencing in North America.” (Player)</li> </ul>
<b>Pragmatic BBRT allies / individual consultants (DeWaal, Daum)</b>	<ul style="list-style-type: none"> <li>• Propagator</li> </ul>	<ul style="list-style-type: none"> <li>• Initially active in publishing and organizing events to promote Beyond Budgeting</li> <li>• Little interest in fidelity</li> </ul>	Low to Medium	High	<ul style="list-style-type: none"> <li>• “Why [are they not BB], because they are doing this and this’ and then [Hope] said, ‘well, because they had not implemented all 12!’ And I said, ‘well, basically who cares, they are on their way’. And [Hope] said, ‘well they are on their way but they are not Beyond Budgeting.’” (DeWaal)</li> <li>• Beyond Budgeting as an “ideal state” (Daum)</li> </ul>
<b>Harvard Business School Press (HBSP)</b>	<ul style="list-style-type: none"> <li>• Publisher</li> </ul>	<ul style="list-style-type: none"> <li>• Attitude towards BB in terms of how the innovation will sell as a finance/accounting type of book and whether an article can be published in HBR</li> </ul>	Low	High	<ul style="list-style-type: none"> <li>• “[They] wanted the primary focus to be on performance management processes.” (Fraser about conversations with HBSP)</li> <li>• “[They were] not ready to accept us as ‘mini Gary Hamels’ transforming the management model.” (Fraser about conversations with HBSP)</li> </ul>

<p><b>Horváth &amp; Partners; CTCon</b></p>	<ul style="list-style-type: none"> <li>• Consulting company</li> </ul>	<ul style="list-style-type: none"> <li>• Attitude towards BB driven by stakes in traditional budgeting: Revenue streams from consulting projects</li> <li>• Translating the 2003 book into German and an initial effort to get associated with the innovative idea of Beyond Budgeting</li> <li>• BB as a potential source of income but little fit to existing portfolio and assumed market too small if fidelity is needed to large extent (project length, number of potential clients)</li> </ul>	<ul style="list-style-type: none"> <li>• No institutional work for BB</li> <li>• Practice variation beyond recognition: Developed „Advanced Budgeting“ with elements of BB</li> </ul>	<ul style="list-style-type: none"> <li>• “In a phase where it was too early to say whether Beyond Budgeting will function as a [concept] or not, we really had to position ourselves in between.” (Partner of Horváth &amp; Partners)</li> <li>• “Consultants cannot be with the firm for such a long time.” (Partner CTCon)</li> <li>• “People want quick wins and calculable risks.” (Partner of Horváth &amp; Partners)</li> <li>• “They like to generate or be associated with new ideas, but they also have to maintain an adequate revenue stream.” (Fraser about his contacts with consulting firms)</li> <li>• “[Beyond Budgeting] is not a tool. It is a way of looking at how you mobilize the resources in the firm. [...] It is not sellable by consulting firms.” (Lebas about consulting firms)</li> </ul>
<p><b>ICV</b></p>	<ul style="list-style-type: none"> <li>• Professional association</li> </ul>	<ul style="list-style-type: none"> <li>• Attitude towards BB driven by stakes in traditional budgeting: Protect status quo of members</li> </ul>	<ul style="list-style-type: none"> <li>• No institutional work for BB</li> <li>• Practice variation beyond recognition: Developed „Modern Budgeting“ with elements of BB</li> </ul>	<ul style="list-style-type: none"> <li>• Commenting on the “No thanks”-statement: “[This insistence on planning] will allow us to do many more analyses of variances and thus the job of a controller safer as it has ever been before.” (Pfläging on the motivations of the ICV in a public forum debate)</li> <li>• “[Despite our arguing], we are very close to each other in refusing one thing: That is when budgeting leads to a culture of narrow-mindedness, columns of figures, increasing hierarchies, and command-and-control; one which prohibits creativity and initiative and a fast reaction to changes in the marketplace. [...] The practice of fixed budgeting as diagnosed by Beyond Budgeting, however, barely exists anymore nowadays. [...] So [there are some companies] that strive for a better culture. But your position to equate everything about budgeting with negative attributes, is perceived as high-handed and overbearing by many people [controllers]. Thus our ‘No, thanks’ to abandoning budgets and our efforts for a new, better culture of budgeting.” (ICV Board member, public forum debate)</li> </ul>

**Table 1: Key actors and their concerns with Beyond Budgeting**



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## **Appendix 1: The Beyond Budgeting principles (Hope and Fraser 2003a)**

### **Principles of adaptive processes**

1. Targets            Set stretch goals aimed at relative improvement
2. Rewards            Base evaluation and rewards on relative improvement contracts with hindsight
3. Planning            Make action planning a continuous and inclusive process
4. Resources            Make resources available as required
5. Coordination        Coordinate cross-company actions according to prevailing customer demand
6. Controls            Base controls on effective governance and on a range of relative performance indicators

### **Principles of radical decentralization**

1. Governance        Provide a governance framework based on clear principles and boundaries
2. Performance        Create a high-performance climate based on relative success
3. Freedom to act     Give people the freedom to make local decisions that are consistent with governance principles and the organization's goals
4. Accountability     Place the responsibility for value creating decisions on front-line teams
5. Customer focus     Make people accountable for customer outcomes
6. Transparency       Support open and ethical information systems that provide "one truth" throughout the organization

**Appendix 2: The principles of Beyond Budgeting of the BBRT in North America (BBRTNA 2015)**

1. Relative goals and rewards Set aspirational goals and reward performance based on continuous relative improvement rather than fixed targets.
2. Continuous planning and controls Make planning and control an inclusive and continuous process based on relevant and open information rather than an annual (and highly political) budgeting process.
3. Resources as needed Use resources and coordinate actions based on current customer demand rather than annual allocations and predetermined plans.
4. High performance culture Lead by setting clear principles, boundaries and high performance standards rather than through detailed rules and budgets.
5. Freedom and capability to act Transfer decision-making scope, authority and capability (including open information) to small frontline teams rather than direct and control operations for the center.
6. Accountability for results Make teams accountable for improving (internal and external) customer outcomes and relative performance rather than meeting internally negotiated targets.



### Appendix 3: Interviews and public observations

<b>Interviews</b>			
<b>#</b>	<b>Interviewee</b>	<b>Affiliation</b>	<b>Duration (min.)</b>
1	Franz Röösl	Director BBRT DACH (German-speaking countries)	125
2	Anonymous	Executive board member, Internationaler Controller Verein (German Association of Management Accountants)	80
3	Niels Pfläging	Former Director BBRT South America	100
4	Michel Lebas	Former academic advisor to the BBRT and professor of management accounting	80
5	Anonymous	Lecturer for CIMA and consultant	80
6	Robin Fraser	BBRT Co-founder and former Director	95
7	André de Waal	Book author on Beyond Budgeting and early ally of the BBRT in the Netherlands	80
8	Anonymous	Partner with Horváth & Partners, consulting company, Germany	40
9	Anonymous	Partner with CTcon, consulting company, Germany	40
10	Jürgen Daum	Management and CFO adviser for SAP, speaker and book author on Beyond Budgeting and other finance and management topics	100
11	Steve Morlidge	Former BBRT Chairman, now BBRT Associate and book author	75
12	Bjarte Bogsnes	BBRT Chairman and Manager at Statoil ASA	65
13	Peter Bunce	BBRT Co-founder and Director	90
14	Steve Player	Director BBRT North America	50
15	Jeremy Hope	BBRT Co-founder and Director	85

<b>Public observations</b>			
<b>#</b>	<b>Event</b>	<b>Speaker</b>	<b>Duration (min. / days)</b>
1	BBRT Summit (June 2005)	Various speakers	2 days
2	Annual meeting of the ICV (German Controller Association) (April 2008)	BBRT Director	60
3	Beyond Budgeting seminar in Switzerland (May 2008)	BBRT Director, Management accountant of a Beyond Budgeting firm; representatives of firms interested in Beyond Budgeting	2 days
4	Beyond Budgeting presentation in Germany (June 2008)	Niels Pfläging	85
5	Practitioner conference (June 2008)	Management accountant of a Beyond Budgeting firm	60
6	Practitioner conference (March 2009)	Management accountant of a Beyond Budgeting firm	65
7	Public presentation (March 2009)	Founder and non-executive director of a Beyond Budgeting firm	60
8	BBRT Meeting (October 2011)	BBRT Directors, Chairman, Associate; Representatives of Beyond Budgeting	2 days

		firms; representatives of Beyond Budgeting Roundtable firms	
9	BBRT Meeting (March 2014)	BBRT Directors, Chairman, Associate; Representatives of Beyond Budgeting firms; representatives of Beyond Budgeting Roundtable firms	2 days
10	Beyond Budgeting presentation in France (April 2015)	BBRT Directors; representatives of firms interested in Beyond Budgeting	120
11	BBRT Meeting (October 2015)	BBRT Directors, Chairman, Associate; Representatives of Beyond Budgeting firms; representatives of Beyond Budgeting Roundtable firms	2 days