

Conciliation of contradictory institutional logic: case of a public institution of higher education in Madagascar

*La conciliation de logiques institutionnelles contradictoires:
cas d'un établissement public*

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ABSTRACT

This study deals with the cohabitation and the confrontation of the NPM and the OPM logics within a Public Business School in Madagascar. The work is based on the Public mode of Governance in order to analyze the conflicts and the compromises between actors and the management operational modes by the organizational components. This research points

out that a relevant Public Model of Governance is important to maintain the equilibrium among the conflictual institutional logics.

Key-words

Institutional logics, New Public Management, Old Public Management.

RÉSUMÉ

Cette étude analyse la cohabitation et parfois la confrontation entre la logique managériale, issue du New Public Management, et la logique bureaucratique caractérisant le Old Public Management, au sein d'un établissement public d'enseignement supérieur à Madagascar. L'étude s'appuie sur le mode de gouvernance publique pour faire émerger, à travers les éléments organisationnels, les conflits et les compromis de

modes opératoires et/ou d'acteurs. L'article relève l'importance du modèle de gouvernance, rendu solide grâce aux modalités d'interactions des acteurs pivots, pour faire cohabiter des logiques institutionnelles conflictuelles.

Mots-clés

Logiques institutionnelles, New Public Management, Old Public Management.

1. INTRODUCTION

Management tools aim to meet the needs of users guided by institutional logics (Berland, 2009, Annessi and Steccolini, 2007). Kantola and Järvinen (2012) argue that these logics evolve according to the environmental context in which they are situated and that they create conflicts of values, missions, objectives and actors (Battilana and Dorado, 2010). Recent work on this phenomenon has been carried out on hybrid organizations such as social enterprises, credit unions or cooperatives (Amslem 2013, Charue-Duboc and Raulet-Croset 2014, André 2015) where social, commercial or financial logics are in competition.

Within public sector entities, New Public Management – NPM principles, face bureaucratic logic institutionalized by Old Public Management - OPM (McDermott *et al.*, 2015). Public universities in the process of developing financial autonomy and operating managerial innovations are also concerned by this conflict (Jongbloed, 2015, Dreveton *et al.*, 2012, Frølich, 2004). In order to limit the conflict, organizations choose to decouple or couple the logics through their organizational elements (Pache and Santos, 2013). This study on the Institut National des Sciences Comptables et de l'Administration d'Entreprises (INSCAE), a Malagasy public higher education institution, analyses the evolution of institutional logics (Denis *et al.*, 2015) based on governance (Mazouz *et al.*, 2015). This case study deals with the following problematic: How can managerial and bureaucratic logics be managed and reconciled in public governance?

The aims of this study are two-fold, firstly, a theoretical objective by highlighting a management model of a public establishment of a developing country, and secondly, a managerial objective by proposing solutions to limit institutional logical conflicts. This work is divided into four parts: the first part presents the concept of institutional logic, the second part focuses on the methodology used in the study and the third part focuses on the results. Finally, a discussion is presented.

2. THEORETICAL FRAMEWORK:

the concept of institutional logic

The theory of institutional logic helps us to understand the management practice within organizations, their internal and institutional coherence and their scope. However; when these logics change, conflicts leading to ambivalence occur during the transitional phase. This is the reason why organizations implement management tools, which respond to oppositional institutional logics.

According to the precursors of organizational institutionalization, such as Selznick (1996), Parsons (1990), and Simon (1964), the institution is an established order composed of cultures and formal rules respected by individuals acting collectively. They are, therefore, guarantors of the solidity of the organization: they do not only legitimize the decisions, they create a common sense and ensure the unity of the members of the organization (Kantola *et al.*, 2012). This study is focused on the definition of Friedland *et al.* (1991) and Lounsboury (2002) who consider that the institutional logics condition the selection of technology, define the activities, the actors and their behaviour, and set the criteria for effectiveness and efficiency. As a result, the management arrangement and the management tools are the reflection and realization of a common sense given to the management objectives.

However, these management objectives may change over time, especially when the environmental context is changing. These environmental modifications can even lead to new management logics and consequently generate new management tools. Thus, in the 1980s and 1990s, institutional pressures to rationalize public management through the alignment of private practices led to the institutionalization of NPM in OECD countries.

Since then, the culture of performance has profoundly changed management tools and organizations: decentralization of organizations and decisions, performance assessment based on short, medium and long-term objectives, emergence of multi-year budgets, and then use of accrual based

accounting and cost accounting (Christensen, 2011, Berland, 2009, Dreveton *et al.*, 2012).

Not only that, the institutionalization of NPM has met some constraints but, however, the previous bureaucratic principles persist (Dreveton *et al.*, 2012; Frølich *et al.*, 2013). Thus, two conflicting logics (managerial and bureaucratic) often coexist within public organizations. Loundsbourny (2002) and Lobre and Cartier (2012) confirm that several institutional, complementary or contradictory logics may be present in organizations, especially within those with hybrid objectives. Table 1 shows the synopsis of recent studies on social enterprises, health organizations and mutual financial institutions.

This multiplicity of logics generates operational difficulties and conflicts of actors leading to identity crises (Amslem, 2013). Organizations that operate with conflicting logics and operate in a context of conflict of values and/or management principles, even have contradictory missions (Pache and Santos, 2013). However, despite conflicts, the selective decoupling of logics, the use of hybrid tools or the re-modelling of certain contingency variables make it possible to manage and reconcile contradictory logics. Recent studies on public organization point out the similar difficulties when these entities have adopted NPM or rolled out Public Private Partnership (PPP) contracts to finance investment. Table 2 shows some examples of studies on the hybridity of public bodies.

AUTHORS	PERIOD	ENTITIES	FINDINGS OF THE STUDIES	LOGICS IN OPPOSITION
Kevin	2015	Social Enterprise	The management tool (Hybrid dashboard) is a mean to balance contradictory logics	Social logic / Commercial logic
Charue-Duboc et Raulet-Crozet	2014	Health organisation: helpline of elderly persons	Organizational practices (routines dynamic) are means to show evidence of contradictory logics	Logic of personalised care / Logic of Standardised Care
Pache et Santos	2013	Organization for professional integration	The strategy of selective decoupling of conflicting logics through organisational elements (the legal status, the ownership form, destination of the profit, structure, governance, operating mode, etc.) is a means to manage the contradiction.	Social logic / Commercial logic
Amslem	2013	Organization for social integration	Management tools (performance indicators) are means to reduce identity conflicts	Social Logic/ Profitability Logic
Château Terrisse	2012	Venture Capital-Solidarity	The actors power and the management arrangement are means to balance several institutional logics	Financial logic / Logic of solidarity
Battilana et Dorado	2010	Micro finance	Organizational practices (socialisation approach) are means to reduce conflict	Socio-economic development Logic / Banking Logic

Table 1 – Recent Studies on the institutional logics within social enterprises

AUTHORS	PERIOD	ENTITIES	CONTENT OF THE STUDIES	FINDINGS
Denis <i>et al.</i>	2015	Public organisation	Analysis of hybridity on multiple criteria	Materialization of the hybridity on the governance, the institutional dynamic, the actors interaction, the identity and the roles of public organization
McDermott <i>et al.</i>	2015	Public Health care agency	Analysis of contingency factors (socio-cultural factors) leading to the hybrid regulation of the public health care agency	The governance and the regulation mechanism within governments leading to the hybrid regulation of public health care agency

Table 2 – Examples of studies dealing with public organization hybridity

Studies relating to higher education establishments (Bollecker 2013, Frølich 2013, Dreveton *et al.*, 2012, Christensen 2011) highlight the controversies between managerial and bureaucratic logics. Frølich (2004) argues that management by objective and the related budgetary mechanisms correspond to an individualistic culture governed by flexible regulations as has been implemented in Norwegian universities where the hierarchy is very strong and the regulations are rigid. This opposition between the logics of management is at the origin of conflicts of reasoning and actors in the conduct of the activities of the universities. Studies on NPM or even PPPs within universities try to understand the contradictions involved (see Table 3).

In addition to these studies on public universities, the present work directs reflection to the way in which the conflicting institutional logics are reconciled through the components of the public governance of Mazouz *et al.* (2015). These authors explore the contradictions of institutional logics at four levels of analysis:

- institutions: the study focuses on values, cultures and / or beliefs;
- organizations: the analysis looks at public service offers, missions;
- the official management framework: at this scale, the work is geared towards management rules and the ways of doing of public managers;

AUTHORS	PERIOD	ENTITIES	CONTENT OF THE STUDIES	LOGICS IN OPPOSITION
Jongbloed	2015	Universities of Western Europe countries	The external and internal contingency factors (PPP and economic profitability) as the origin of the contradictory paradigms	Procedural logic / Market logic
Dreveton, Lande & Portal	2011	University of Poitiers	The management tools (through the actors' representation) as means to evidence the logics in opposition	NPM Logic / OPM Logic
Frølich	2004	Norwegian Universities	The management approach (management by objective) as a means to evidence the contradictory management philosophies	NPM Logic / OPM Logic

Table 3 – Synthesis of the studies on the institutional logics within public universities

- management tools: at this scale, the analysis is focused on the artifacts used by managers to control activities and to evaluate ways of doing and thinking.

3. METHODOLOGY

This work, based on a case study, mobilizes a qualitative approach (Yin, 2003). A longitudinal analysis of statutes, visions, values and performance criteria at the various stages of INSCAE's evolution was undertaken. To complete this first analysis, unstructured and semi-structured interviews were conducted with leaders who are actors and witnesses of INSCAE's history. The main interlocutors, fifty-two from a total workforce of 169 (see Table 4), were interviewed between August and October 2016.

The interlocutors were divided into two groups:

- the internal interlocutors represent the strategic orientation and coordination bodies and the operational actors witnessing the history of INSCAE. Their opinions help to identify the management approach deployed with regard to the institutional logics involved; Informal interviews were also conducted with two former staff representatives on the board of trustees (administrative staff and faculty). The opinions of these interlocutors allowed the confirmation of the remarks of the Dean of Teaching on the visions which guided the management of the Institute.
- the external interlocutors represent the public bodies in charge of the control of the legality of public establishments, their opinions, gathered through group interviews, have enlightened the principles which guide the actors of

ORIGIN	BODY	INTERVIEWEE	NUMBER OF INTERVIEWEE	TOTAL WORKFORCE
Internal to INSCAE	Board of Trustees (governing body)	The Chairman of the board of trustees	01	01
		The members of the board of trustees (The Government Commissioner & representatives of the private sector)	02	11
	Executive (Operational body)	The current and the former Chief Executives	02	02
		The former Financial and Administrative Directors	02	02
Faculty: Operational actors	The current Dean of Studies	01	01	
	The current Director of professional training	01	01	
External to INSCAE	Faculty: Operational actors	Dean of Teaching	02	03
	Ministry of Finance and Budget	Financial and Administrative Director	01	01
External to INSCAE	Public Treasury	Group interview of public accountants	40	147 (year 2010)
	TOTAL		52	169

Table 4 – Synthesis of interviews

TYPE OF DOCUMENTS	MANAGEMENT ELEMENTS AND TOOLS
Reporting usually mobilized by private entities	Financial statement of the years 1980, 1990, 2000 and 2010 Strategic plan of the years 1980, 1990, 2000, 2010 Annual performance report of the years 1980, 1990, 2000, 2010
Reporting usually mobilized by public establishments	INSCAE's Program budgets of the years 2000, 2010 Administrative accounts of the years 2000, 2010
Other documents	Statutes of INSCAE (Decree 86209 of July, 11th 1986 and 94406 of June, 28th 1994) Scientific paper dealing with the development of INSCAE (Harison, 2005) Press paper on the history of INSCAE (Year 2000) Law and regulations on Malagasy publics establishments <ul style="list-style-type: none"> ▪ Law 63-015 of July, 15th 1963 and LOLF 2004-007 of July, 26th 2004 on public finance laws; ▪ Decree 2004-571 of June, 1st 2004 defining the attributions and responsibilities of the authorizing officer during the execution process of public expenditure; ▪ Decree 68-080 of February, 13th 1968 and 2005-003 of January, 4th 2005 on general regulation on the accounting of the public organization budgetary execution; ▪ Law 98-031 of January, 20th 1999 on the definition and categories of public establishment ▪ Decree 99-335 of May, 05th 1999 on standards status of public establishments; ▪ Decree 2004-272 of February, 18 the 2004 on the Plan of account 2005 (for Industrial and Commercial public establishment).

Table 5 – Documentation

the ministries to control and assess the public institutions.

The views and opinions of interviewees were compared with the results of secondary data analysis (see Table 5), with INSCAE using both private and public management tools.

4. FINDINGS

To understand the results of the study, it is important to develop the history and origin of INSCAE. The Accounting Training Centre (CFC) was created in Antananarivo in 1981 following a Memorandum of Understanding signed by the Republic of Madagascar and the World Bank (Harison, 2005). Until 1985, the centre operated with funding from the World Bank. In July 1986, the CFC became INSCAE while continuing to be funded by the World Bank, the Canadian International Development Agency (CIDA) and the Malagasy Government. INSCAE is a scientific and cultural public establishment with administrative and financial autonomy. It has a board of Trustees and a General Chief Executive. At the beginning in 1994, funding from the World Bank and CIDA ceased and INSCAE was obliged to develop its own resources.

Two main phases then marked the life of INSCAE: the project phase from 1981 to 1994 and the self-financing phase from 1995.

4.1. INSCAE from 1981 to 1994: the project phase

From 1981 to 1994, the CFC (which became INSCAE) was attached to the Presidency of the Republic and was under the administrative and financial supervision of the Ministry of Finance and Economy. Between 1981 and 1985, its main mission was to train auditors and accountants who could accompany the country during the structural adjustment policy. The mentioned policy contained national programs funded by the Bretton Woods Institutions in order to face economic crisis. In addition to this mission, INSCAE, as a public institution, had to comply with the regulations on public financial management. During this period, Canadian leaders of the school implemented an Anglo-Saxon education system offering an undergraduate Bachelor degree. Until 1986, Malagasy leaders continued to take the opportunity to capitalize on Canadian leaders' achievements. At the same time, innovation is undertaken by expanding training to other areas of management such as trade or marketing (Harison, 2005). The following sections will detail the three levels of analysis of Mazouz *et al.* (2015) the values carried by the institution, the management logic and the management tools resulting at the same time from the values and the logic of management.

4.1.1. The values promoted by INSCAE: the notoriety to face the hostility of national actors

The context of hostility leads the actors to rise the big challenge: how to have a reputation and a legitimacy? To meet this challenge, the value promoted during the project phase is: "INSCAE: School of Solid reputation".

At the beginning, the implementation of this new training system meets strong resistance from various political and governmental actors: This project was not easy to achieve, the debates at the National

Assembly were virulent and the criticisms of officials at the Ministries have been important (DG1);

The project was made possible due mainly to the support of the President of the Republic (DG2).

The hostility of the national leaders has led the management team to set up a training model recognized by practitioners. (DG1)

The Management team doesn't prioritize the search for equivalence of INSCAE diplomas at the Ministry of civil service. As in the Anglo-Saxon system of education, we have implemented modules that integrate the professional and practical aspects of training. At the end of their studies, students are immediately operational on the job market. (P1)

The search for legitimacy resulted in recognition of the effectiveness of the training model by the practitioners. According to Mazouz *et al.* (2015), the study confirms that unique and non-contradictory values guide the actors and that the managerial value prevails within INSCAE.

4.1.2. Effectiveness and reactivity logic in opposition to the public procedural conformity logic

To be in coherence with INSCAE's value, it is required that the training model implemented be effective. For this, professionalization of the training curriculum is the main leitmotif of the executives. The actions focused on three pillars of effectiveness:

- innovating by involving professionals in the training process and implementing relevant quality assurance systems;
- recruiting and training faculty in order to appropriate pedagogical principles and to take charge of teaching activities;
- assuring financial performance by respecting the disbursement rate of World Bank loans based on the financial forecast.

The logic of efficiency, professionalism and pragmatism, however, comes up against the logic of state control. Like any public institution, INSCAE must follow the public sector accounting's procedure and the General Directorate of the State's Inspectorate (DGIE) exercises an external control (Cf. art.18 of the decree 86209 of July 11, 1986 on the creation of INSCAE). The representative of the State's Inspectorate (DGIE) is charged with the reporting of the legal conformity to the board of trustees, the World Bank and the line Ministries. This logic of conformity is coming in opposition to the logic developed by the leaders who must be flexible and responsive in the management of operations.

As any public establishment, INSCAE is governed by the control of legality mechanisms [...] But we are required to respect the planning agreed by the donors. Also, we preferred to prioritize efficiency and to leave to the State's inspector to assess the legality's aspect of operations (P1).

According to the World Bank, the relevance of the training program deployed by INSCAE is very important. It's necessary to convince the hostile actors in opposition of the INSCAE's system. As a result, INSCAE had focused more on the efficiency than the procedural compliance of rules to manage daily operation (DG1).

Thus, the speeches and statutory provisions highlight a major opposition: efficiency and procedural conformity. These two principles have opposite operating modes. The speed of responsiveness is coherent with the NPM and necessary for reputation and legitimacy which are very important given the hostility of national officials. However, rigidity and conformity with regulations correspond to the OPM's bureaucratic requirements, which refer to a burdensome administrative procedure and controls oriented towards the respect of legality and conformity. The mode of Operations management at INSCAE is in line with World Bank requirements: timeliness and disbursement levels to be relevant and effective.

These first results show that external contingency factors generate contradictory organizational responses internally (Jongbloed, 2015). By focusing on notoriety as a value, INSCAE chooses private management logic as predominate. Schoenaers

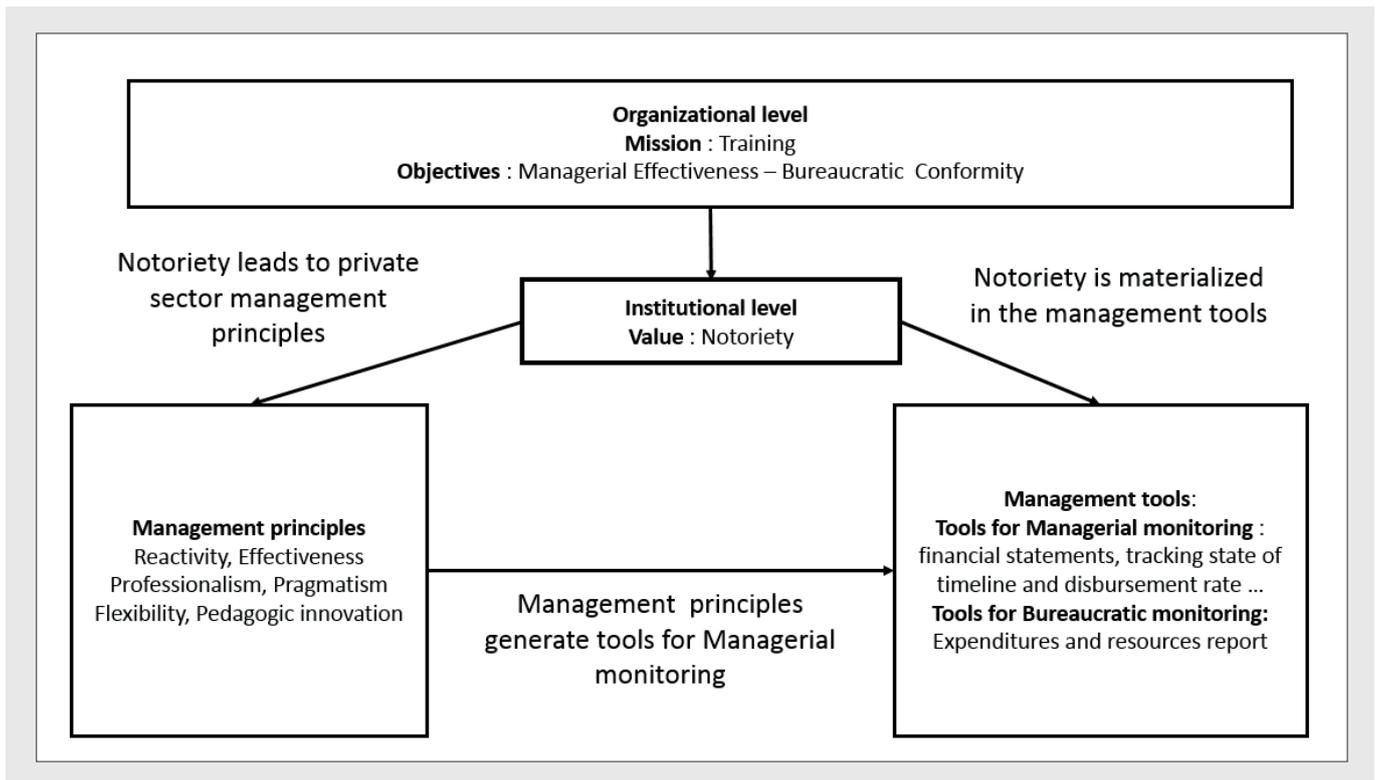
(2003) argues that the search for efficiency is one of the particularities of managerial logic. In order to reinforce reputation and legitimacy, training and financial efficiency are guiding the operational activities. The control of the legal conformity by the State's Inspector (DGIE) occurs only *a posteriori*, at the end of the year. This last observation confirms that contradictory logics can be reconciled by accepting a compromise (Pache and Santos, 2013). In the case of INSCAE, the value and conduct of operations are marked by managerial logic, the bureaucratic logic occurs only at the moment of control.

4.1.3. The private sector management tools developed

In compliance with the requirements of the World Bank, tools for monitoring pedagogic and financial performance are used. Pedagogical monitoring is done through the development of tools for the assessment and continuous improvement of training practices: teacher assessment sheets, student statistics.

Financial Monitoring is done through different reporting tools and financial statements are prepared in accordance with private sector accounting rules. They are audited annually by an external audit firm and are subject to a vote by the board of trustees and submitted to the State's Inspector (DGIE) for approval. To facilitate the control of legality, a statement of expenditures and resources based on the public sector accounting regulations is prepared and submitted to the Ministry of Finance and Budget. The coexistence of two sets of financial statements according to different accounting standards responds to the paradoxical injunctions of two logics of management: that of the NPM and that of the OPM. NPM tools (the audited financial statements) are used for internal management while OPM tools (the statement of expenditures and resources) are mobilized for controls of conformity by the Ministry of Finance and Budget.

At this level of analysis, the contradiction between the institutional logics is not intense: the NPM tools predominate internally. As a compromise solution, the State's Inspector's analysis is based



Schematic 1 – Proposition of governance model conciliating contradictory logics during the donors funding phase from 1981 to 1994

on the results of the external audit of financial statements through which are transposed accounting data into the specific format of public administration. The selective coupling of contradictory logics (Pache and Santos, 2013) is reflected in the combined use of OPM and NPM management tools within the Institute.

Referring to the governance analysis framework of Mazouz *et al.* (2015), it can be argued that at the organizational level, in carrying out its mission in a context of conflict, INSCAE appropriated Notoriety as main value at the institutional level. At the level of the official management framework, the search for reputation and legitimacy have materialized through the adoption of the management principles oriented towards responsiveness and efficiency, principles specific to the NPM. To stay in compromise, managerial and bureaucratic management tools were used to meet at the same time the managerial and bureaucratic preoccupation. Thus, the following schematic representation proposal can be presented in Schematic 1.

The analysis of the first phase of the INSCAE's life allows the conclusion that management tools are essential to administrate the INSCAE's activities and aim at creating a professionalism guaranteeing the reputation and legitimacy of the institution. Nevertheless, the bureaucratic tools are also deployed to the attention of the administrative tutelage to assess the conformity and the legal conformity of the operations at the end of the year.

4.2. INSCAE from 1995 to 2017: the financial autonomy phase

During this period, the financial autonomy mechanism of INSCAE is gradually implemented. In 1985, students began paying fees. Financial independence became imperative in 1994, when the World Bank and the CIDA stopped funding INSCAE. In addition to training accountants and executives, INSCAE has expanded its mission and is implementing a training system for entrepreneurs who can contribute in the context of the liberalization of the economy.

4.2.1. The values promoted by INSCAE: elitism facing globalization and competition

New challenges raise from this second phase: the investment in equipment, the increase of financial resources and the strengthening of educational quality were urgently to be undertaken. Interviews with leaders show a delicate situation at the beginning of this second phase.

After the cessation of World Bank financing, INSCAE found itself with outdated furniture, failing equipment and insufficient financial resources (CA1).

Several private institutions have been created inspired by the training model of INSCAE [...]. However, the development axis related to the existing context is not yet deployed and investments, previously financed by the World Bank, become progressively out of use (PCA1).

Thus, the situation of INSCAE evolves: externally the world of higher education opens to competition. Internally, equipment, technical and financial resources are insufficient. Also, the members of the board of trustees are unanimous to orient the values carried by the institution towards elitism.

INSCAE is facing a new challenge: Being elite and becoming better than before. This was the ambition of the new members of the Board of trustees (CA1).

We didn't accept that the end of the funding from the World Bank lead to the failure of INSCAE. We capitalized the acquired experience and mobilize the internal actors to surpass the past achievements (P2).

The financial autonomy phase is marked by the willingness of the actors to go beyond the pedagogical model of the project phase, it is no longer enough to train specialized executives but elites who will occupy key positions. Thus, the members of the board of trustees redefine the main value: "INSCAE: an elite higher education institution". In order to convey a unique organization principle, all actors (faculty, students, staff and leaders) gather

around this value. This value is also reflected in the INSCAE anthem and in the INSCAE principle of life through the acronym "INSCAE VALUES". As in the project phase, a single value ensures the coherence of actions within the Institute (Mazouz *et al.*, 2015).

4.2.2. Managerial logic in opposition to procedural conformity compliance

The operations' mode is now oriented towards efficiency and effectiveness as execution of the strategic development plan that includes, in addition to educational and financial steering, the steering of research.

Research steering results in the creation of a research laboratory and the development of a master's degree and continuing to a PhD. The objective is to train a new generation of researchers who will assure the continuity of the Institute in the new context.

Pedagogical steering evolves to integrate the value of elitism. Thus, highly selective tools are developed for entrance examinations of students based on a system of *numerus clausus* and for the recruitment of faculty. For its international development, the Institute builds partnerships with international Universities. This is necessary for developing skills on new training programs that must meet the needs of business. For this, the Institute adopts an attitude of strong proactivity with the socio-economic world (establishment of executive training and a system of student trainees in companies, development of scholarships financed by companies...). To ensure excellence, the culture of evaluation is strengthened: faculty evaluation by peer and student, self-assessment of skills acquired by students.

Financial steering also evolves with the development of rigorous management based on a strategic development plan by the board of trustees, and financial statements evaluated in an objective manner.

The Board of Trustees is very rigorous in analyzing the financial statements. Members pay important

PERIOD	1994	1999	2004	2009	2015	2016
Grants/Internal generated revenue	80,20%	22,80%	20%	16%	15%	15%

Table 6 – Government grant received

attention to every detail of information [...]. This may be related to the nature of INSCAE's activity on teaching how rigor must be held in all aspects of management (AE).

On the financial front, INSCAE self-funds the majority of investment and operating expenditures. The wage costs are 60% of the operating expenditures, and the employees are not civil servants. In addition, the State's contribution to INSCAE's expenditures shows a downward trend (see Table 6) requiring a rationalization of financial management.

It is necessary to rationalize the approach by capitalizing on what has been achieved during the project phase and by finding stable sources of income to sustain the training system (CA1).

Considering the challenges: a flexibility must be accorded to the Chief Executive to carry out all required actions by the board of trustees: implementing the Licence, Master, Doctorate system, increasing income and perpetuating the system by training faculty to obtain the PhD degree (PCA1).

The interdependence between pedagogical and financial steering is intensifying because the Institute must increase its own resources: this is the reason why continuing education was developed. However, these additional educational activities generate operating costs that require a relevant financing policy.

Thus, the flexibility of budgetary and pedagogic steering is essential for the Chief Executive to be effective and efficient in the management and in the realization of the strategic development plan of the establishment.

The reinforcement of the financial steering of the institute aims to rationalize the management and to allow a self-funding. For that, managers adopt the

managerial logics according to the NPM principles. At the same time, new regulatory constraints related to public finance reform are emerging and a desire by public authorities to strengthen their controls over public institutions arises.

Until 2003, State controls are weak because an external audit firm checks the reliability of financial information. The representative of the Ministry of Finance and Budget and the Cour des comptes (National Supreme Audit Institution) rely on the results of external audits to assess the legality and conformity of transactions. As in the project phase, financial reports are transposed to the administrative format to comply with legal requirements. Selective decoupling of logics is thus achieved through the management principle during this phase of empowerment (Pache and Santos, 2013).

In 2004, the Malagasy State made a change of position and the Government Commissioner (from the Ministry of Finance and Budget) attends the meetings of the board of trustees. The separation principles between the public sector accountant and the authorizing officer for public expenditures are reaffirmed at that date. As INSCAE has no public accountant since its creation, the Government alerts leaders by questioning the legality of management acts taken in the absence of a public accountant.

INSCAE is a public institution: its financial resources must be managed by a public sector accountant who will have sight constantly on the legal procedures of compliance. Otherwise, the Chief Executive is de facto accountant and responsible for his management within the National Supreme Audit Institution in the same way as the public sector accountant (COMGOUV).

Your actions are not legal if you do not have public sector accountants to validate the collection and

disbursement procedures (CP1).

This requirement to integrate public sector actors to ensure the legality compliance of operations poses, however, significant constraints in the conduct of operations.

It was important for the Chief Executive to have flexibility and rapidity in the execution of operations, the main objective was to be responsive and proactive. Compliance with the legal procedure imposed by the public finances management rules is not relevant to the situation prevailing (DAF1).

The intervention of the public sector accountants slows the execution of operations, because legal procedure to disburse money is very long [...] We know that in a Higher education institution of management, it is very important to be fast and to be flexible for management. Anyway, I do not want to be the public accountant of INSCAE, I will be in conflict with everyone (CP2).

The laws in force do not allow public institutions to diversify their sources of funding when they are not forecast in the budget (COMGOUV).

The state grants have never been received in time, and its contribution to the INSCAE budget decreases over time. It is thus necessary to advance fund for several expenditures and in parallel to increase resources otherwise the establishment will stop working (DG2).

The legal procedure imposed on public institutions thus slows down the execution of operations and reduces flexibility, while the principles of efficiency and effectiveness drive the institution to be quick, responsive and proactive. The conflict between the institutional logics is intensifying and generating opposition between the actors. To be in phase with its legal and managerial environment, the establishment is obliged to set up proactive management tools consistent with managerial logic and in parallel the institute is constrained in its daily management by bureaucratic control mechanisms. The leaders must reconcile the two logics of management and make compromises in daily management. For example, the Chief Executive has negotiated with the Ministry of Finance and Budget not to have a public

accountant in order to maintain effective and efficient management.

Effectiveness is linked to flexibility, reactivity and proactivity facing the turbulence of the environment [...]. All this, could not be realized if public sector actors come to apply the procedure of the OPM (DG2).

To compromise, the board of trustees decides to maintain the external audit while accepting the request of the government commissioner to add a supplementary title related to the budget execution in the financial statements. This allows officials of the Ministry of Finance and Budget to analyze the legality and conformity compliance of operations.

The financial statements of INSCAE thus become hybrid: they contain financial information according to private sector standards and budget information in accordance with public sector regulation. The transcription of managerial financial information in administrative format is not without difficulty, (Jongbloed, 2015). The treatment of accrual and prepaid expenses and the deferred revenues or the deferred non-refundable grants generate intense debate between the managers of INSCAE and the Financial Control Department of the Ministry of Finance and Budget. Financial management principles based on accrual accounting conflict with the principles of cash based accounting and non-carry-forward for unused credits. Contrary to the project phase, the selective reconciliation of contradictory logics through the management principle (Pache and Santos, 2013) has generated the mobilization of a hybrid management mode: the principle of bureaucratic management is gradually integrated into the process of managerial way.

4.2.3. The development of hybrid management tools

When deploying management tools two sub-phases are observed.

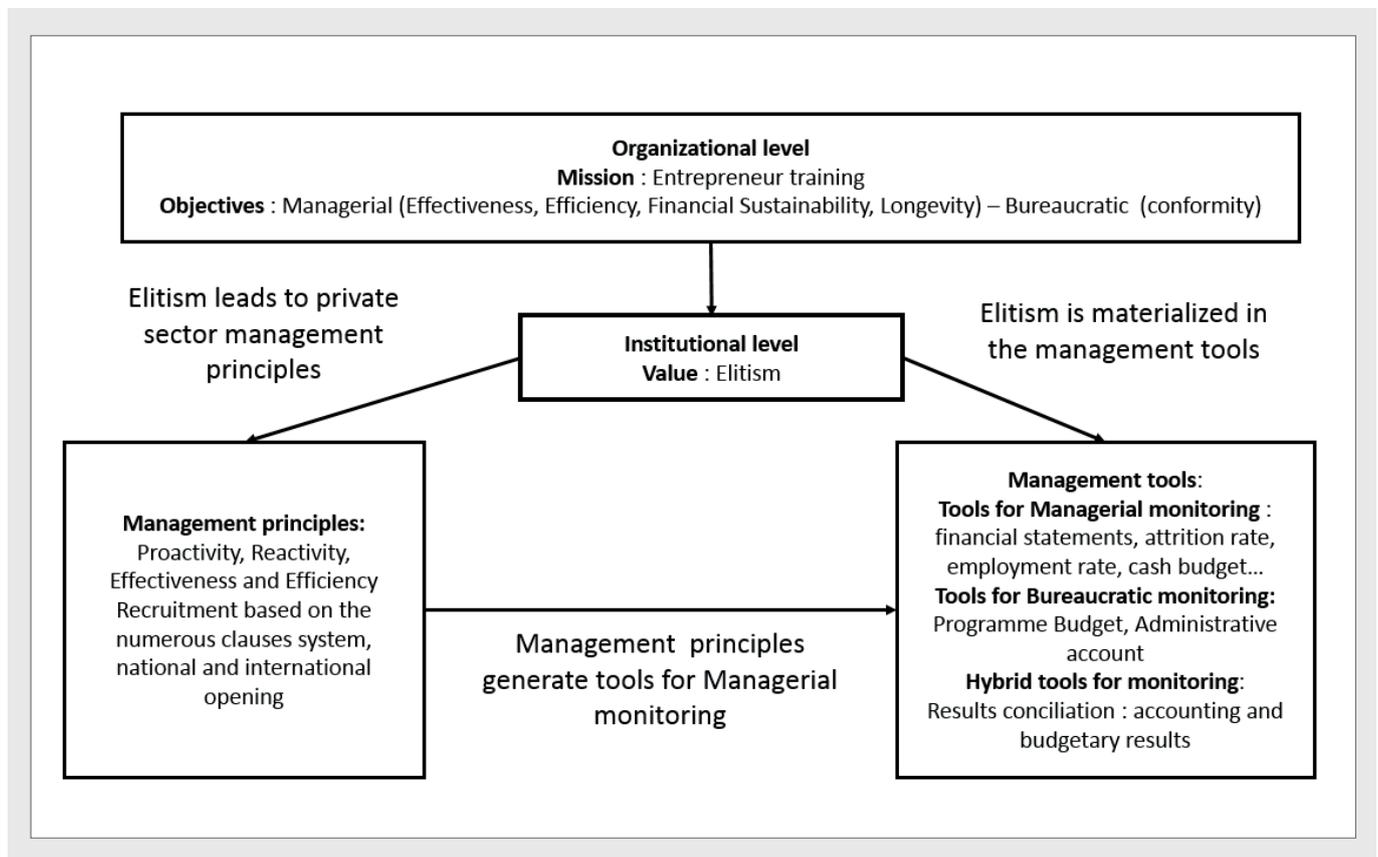
During the pre-reform phase, from 1995 to 2003, the management tools used were **mostly** identical to those used during the project phase. To search for quality in the exploitation process as evoked by Schoenaers (2003), tools for evaluating lessons

and analyzing the wastage rate are deployed. At the Financial level, the financial statements audited by an external audit firm and the cash flow statement are the main internal management tools. The administrative account is drawn up in accordance with the public sector accounting rules to facilitate the legality control by the Ministry of Finance and Budget and the National Supreme Audit Institution. The compromise between managerial and bureaucratic logics is materialized in the adaptation of data from private sector tools to the public sector format.

During the reform phase, from 2004 to 2016, hybrid management tools are used: the breakeven point or cash management are deployed to manage the financial equilibrium, the audited financial statements and the budgetary execution report are established. The program budget and the certificate of compliance come in addition to the legal documents to be sent to the Ministry of Finance and Budget. Reconciling financial information with budget information always generates intense

debate. The disclosure of the fair view of financial information is a main preoccupation of managers, the respect of the legality of operations is a main concern of the Ministry of Finance and Budget's officers. To achieve the compromise, a reconciliation of the tools is done (Pache and Santos, 2013): the existing management tools are modified so as to combine the managerial requirements with the legal requirements.

Referring to Mazouz *et al.* (2015), competition and globalization have led INSCAE to prioritize, at the institutional level, the value of elitism. As a result, managerial principles allowing reactivity and proactivity are deployed at the level of the official management framework. However, to integrate the bureaucratic concerns, NPM and OPM steering tools were used at the same time. The following Schematic representation is therefore proposed.



Schematic 2 – Proposition of governance model to conciliate the contradictory logics of the self-funding phase from 1995 to 2017

Analysis of phase 2 shows that managerial tools, just like for phase 1, are still used by managers in the daily management of INSCAE. Nevertheless, and even as state grant decreases, the government requires the use of more bureaucratic steering tools to assess the legal compliance of the Institute. Finally, hybrid management tools are developed to reconcile managerial principles with bureaucratic principles.

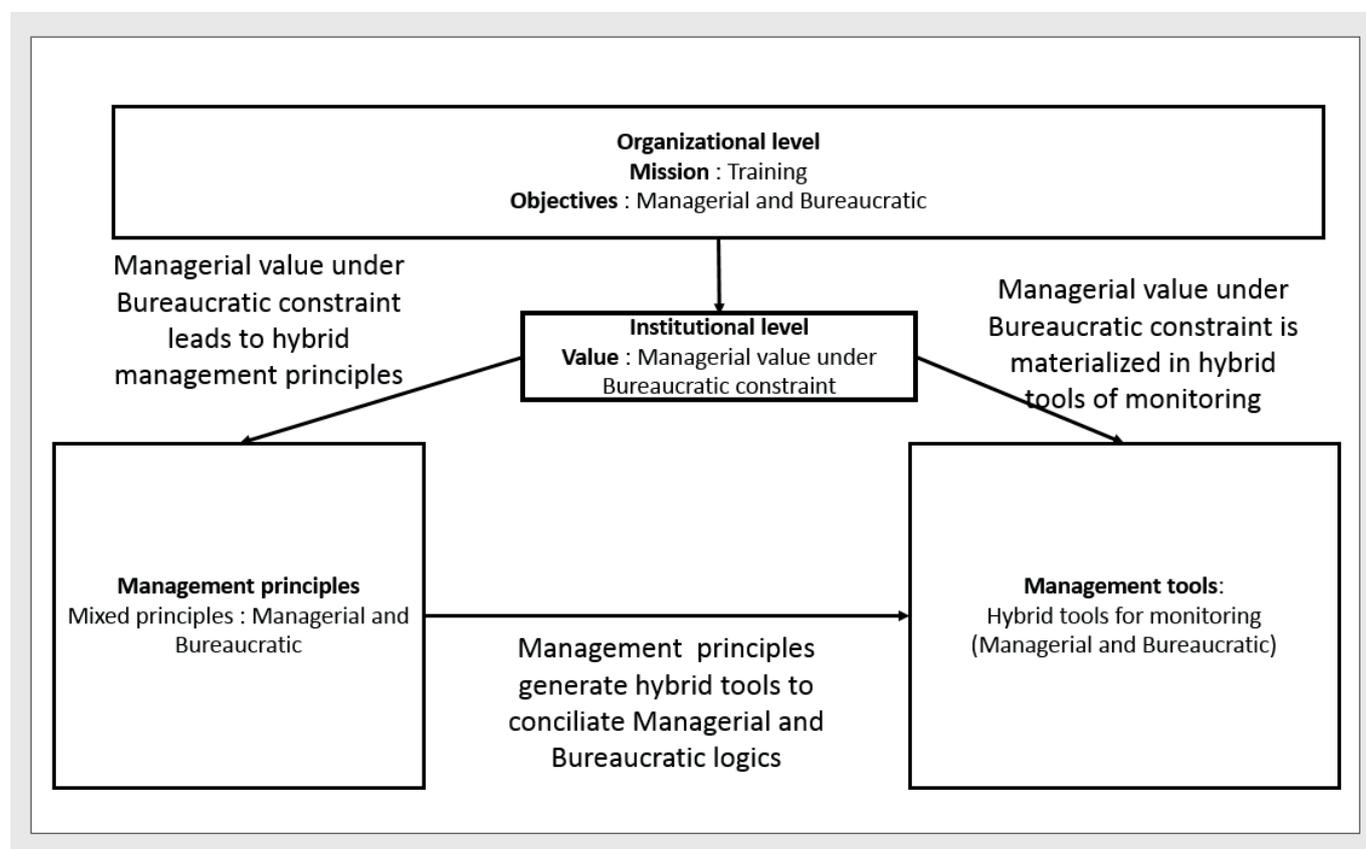
5. DISCUSSION

This study shows that INSCAE, a public institution called upon to work in a competitive context (competition with university education in the first phase and then with private business schools in the second phase) is confronted with contradictory institutional logics.

During the project phase, effectiveness was aimed at ensuring the notoriety and legitimacy of the Institute. During the second phase, institutional efficiency has been added to effectiveness in order to ensure elitist

and excellent training and to face emerging competition in the field of higher education in management while integrating the financial constraints of self-funding.

Studies based on NPM suggest that the rationalization of public entities management requires the introduction of private sector management tools (Jongbloed, 2015, Dreveton *et al.*, 2012, Frølich, 2004). However, the adoption of these principles becomes superficial if actors are not gathered around common values. This case study highlights the appropriation of a common value by actors in each phase of the life of the institute: the notoriety in the first instance, followed by elitism in the second. Contrary to Mazouz *et al.* (2015), Dreveton *et al.* (2012) or Frølich (2004), the contradiction of institutional logics does not appear at the level of institutional values. The values that INSCAE advocates materialize through strategic development plans and tangible results. As a result, at the level of the official management framework, management principles based on NPM: working capital management, profitability and efficiency are prioritized over OPM principles. The selective decoupling of contradictory logics in the sense of Pache and Santos (2013) is carried out at



Schematic 3 – Governance model to conciliate the contradictory logics within INSCAE

the institutional level and at the level of management principles. Management tools are, however, based on a dual approach by combining managerial and bureaucratic tools in a spirit of compromise. This development of hybrid tools makes it possible to evaluate the managerial performance and the legal conformity of INSCAE. The selective coupling of contradictory logics (Pache and Santos, 2013) is reflected in management tools. This way of reconciling conflicting logics requires a high level of performance, any failure may call negotiated compromises into question.

Compared to the analysis framework of Mazouz *et al.* (2015), this study highlights elements of the public governance model that are inter-related: mission, value, management principles and management tools. The way in which each element is related to others is explained as follows: Values or ideals are the first elements that intervene in public governance. They are at the basis of public policies, strategies and policies (Naklah, 2017). Values contribute to the definition of management philosophy and provide means of legitimizing management principles (Naklah 2017, Zilber 2008). Naklah (2017) also argues that management principles in turn generate management tools. In general, values and beliefs materialize in management tools (Naklah, 2017, Château Terrisse, 2012, Thornton and Ocasio, 1999). Also, the model of governance to reconcile contradictory logics during two phases of life of INSCAE is as follow in Schematic 3.

The present study shows that conflicting logics can co-exist: the modalities of selective conciliation or decoupling of contradictory logics (Pache and Santos, 2013) through the elements of public governance (Mazouz *et al.*, 2015) evolve according to internal and external contingency factors (Jongbleod, 2015, Denis *et al.*, 2015).

Moreover, compared to the work of Jonbloed (2015), Dreveton and al. (2012) and Frølich, (2004) who demonstrate that the contradiction is particularly accentuated for the universities that have moved from OPM to NPM by mobilizing a managerial logic; the situation of INSCAE is peculiar: the institute shows great difficulty in integrating the bureaucratic logic, the OPM. The management of the establishment then results in the compromises between INSCAE and the officials of the Ministry of Finance and Budget. Thus, as Harison (2005) points out, INSCAE's development

strategies are strategies of intention punctuated by strategies of adequacy.

6. CONCLUSION

If Mazouz *et al.* (2015) propose to separate public governance analysis at different levels (value, service offer, management principles and management tools) in order to explain the contradictory institutional logics, this present case study highlights that a combined analysis of the elements of the public governance better explains the conflicts of logic and the way in which INSCAE's managers have managed and reconciled them. Common and unique values guided the execution of operation during both phases of INSCAE's life: notoriety and elitism. Based on these values, the principles of efficiency and effectiveness were deployed to manage the Establishment. Nevertheless, the bureaucratic principles are not removed. Thus, the cohabitation of the two institutional logics, bureaucratic and managerial, is possible and evolves according to the contextual variables (Jongbloed, 2015).

Through this work, the public governance model proposed to identify the case of INSCAE, highlights values and management principles focused on the managerial logic of NPM. The search for a compromise between bureaucratic and managerial logics is established at the level of management tools. As a consequence, the actors adopt mixed modes of interaction: flexible during the execution of the activities and respectful of the legal procedure at the time of the final assessment of the activities.

This study also shows one aspect of NPM implementation in a developing country. The Malagasy government, under the constraint of the IMF and the World Bank, has undertaken the public finance management reform but is hesitant in the application of the philosophy and in the implementation of the practical provisions of these reforms. In contrast, INSCAE, led by institutional entrepreneurs in the sense of Fligstein (1997), seeks efficiency and effectiveness in managing, and could therefore be an example of implementation of NPM for the Malagasy government.

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APPENDIX - INTERVIEWS GUIDE

1. THE CHAIRMAN AND THE MEMBERS OF THE BOARD OF TRUSTEE

- Institutional Stimuli of the creation of INSCAE
- Stimuli who guided the members of the Board of trustee to establish the strategic direction of INSCAE
 - Vision and values shared by the members of the Board of trustee
 - Composition of the Board of trustee
- Criteria for evaluating the performance of the General Management (managerial criteria and legal criteria, reporting)
 - The role of the Government Commissioner during the Board of trustee meeting
 - Institutional and individual support

2. EXECUTIVE BODY

- Management philosophy deployed in daily management
 - Arbitration between procedural conformity and management efficiency
- Management tools deployed in the conduct of operations
 - Reports prepared for the purpose of deliberation by the Board of trustee

3. PUBLIC SECTOR ACCOUNTANTS

- Administrative and financial management of public establishments
- The concept of devolution and empowerment of public institutions
- Legal procedures to be respected by public institutions
- The roles of the central actors in the budget execution of a public institution (authorizing officer and public accountant)
 - The advantages and constraints linked to the budget execution mechanism
- Consequences of the non-compliance with the legal procedures
 - Reporting related to the management of the public funds
 - Management tools according to the texts and regulations