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Contending institutional logics, illegitimacy risk and management accounting: a case study analysis of study programme calculations in a Polish public university

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Abstract

Purpose

Our paper explores the influence of duality in institutional logics on internal accounting, with a focus on a Polish public university. More particularly, we answer the research question: how does illegitimacy risk arising from the divergent pressures of the institutional environment impact management accountings in this institution?

Design/Methodology/Approach

We seek to uncover intricacies of notions of internal legitimacy façade, decoupling and counter-coupling in practice. We explore details of organizational responses involving management accounting aimed at reducing illegitimacy risk. Achieving good organizational access, we adopt a qualitative case study approach involving contextual appreciation/document analysis/participant observation/discussion with key actors: facilitating building upon theoretical argumentation through finding things out from the field.

Findings

We uncover and discuss organizational solutions and legitimizing manoeuvres applied, identifying four *adaptation tactics* in the struggle to support legitimacy that we term 'ceremonial calculations', 'legitimacy labelling', 'blackboxing' and 'shadow management accounting'. These can be seen in relation to decoupling and counter-coupling. Ceremonial calculations supported the internal façade. Shadow management accounting supported pro-effectiveness. Legitimacy labelling and blackboxing helped bind these two organizational layers, further supporting legitimacy. In interaction the four tactics engendered what can be seen as a 'counter-coupling' of management accounting. We clarify impacts for management accounting.

Research limits/implications

The usual limitations of case research apply for generalisability. Theorising of management accounting in relation to contradictory logics is advanced.

Practical implications

The paper illuminates how management accounting can be understood vis-à-vis contradictory logics.

Originality value

Elaboration of the tactics and their interaction is a theoretical and empirical contribution. Focus on a Polish university constitutes an empirical contribution.

Introduction

Our paper, drawing from a neo-institutional perspective (Ribeiro and Scapens, 2006; Lounsbury, 2008), explores influences of contending institutional logics on internal accounting practices, the latter seen substantively in terms of organizational protection against illegitimacy risk. This complex issue relates to existing deliberations pertaining to accounting as product/outcome and tool of organizational legitimacy (Meyer, 1986; Richardson, 1987; Covaleski and Dirsmith, 1991; Abernethy and Chua, 1996; Fernandez-Revuelta Perez and Robson, 1999; Power, 2003).

Prior research (Oliver, 1991; Suchman, 1995) has indicated possible reactions to social and organizational pressures engendered by changing institutional settings. The scope of reactions identified extends from intentional or involuntary adjustments, to preserve institutional legitimacy, through to actions oriented towards changing social expectations (legitimacy entrepreneurship) and various strategies oriented to creating particular images of activity, entailing strategic legitimacy. Especially regarding strategic legitimacy, prior studies suggest that when meeting adjustment challenges, or anticipating threatening divergence from their interests, organizations *decouple* (Meyer and Rowan, 1977; Laine, 2009; Cho *et al*., 2015a) and construct a symbolic legitimacy façade. Reflecting the level of consistency between façade endeavours and pro-effective/functional actions, theorists distinguish coupling (Rautiainen, 2010), loose-coupling (Lukka, 2007) and counter-coupling (Burrell Nickell and Roberts, 2014).

In more rational modelling of organizational decision-making, talks, decisions and actions – and accounting, a kind of 'talk', particularly - tend to be *coupled* in a rational, consistent progression. Institutional and organizational complexities can require a '*loose*' coupling (Lukka, 2007; Moll and Hoque, 2011). Some distinguish *counter-coupling*, involving building contradictions amongst talks, decisions and actions but so as to handle contending/contradictory logics and maintain organizational legitimacy (Cho *et al*., 2015a, p.81; Brunsson, 2007). In relation to the more general phenomenon of decoupling, counter-coupling necessarily involves *contradictions* between/within the talks, decisions and actions[1] as well as *linking* organizational layers in a strategic intervention where logics are not only different but contending.

As we highlight in elaborating upon our theoretical framing and prior related literature below, prior research analysing the influence of illegitimacy risk associated with contending institutional logics on management accounting is scarce. How information usage is affected by efforts to safeguard organizational legitimacy has been researched so far primarily vis-à-vis external disclosures, where the main focus (e.g., Cho *et al*., 2015a,b; Killian and O'Regan, 2016) has been phenomena related to transmission to the public realm of information *ostensibly* displaying organizational honesty and responsibility. We acknowledge and draw upon prior research but aim to contribute here through diminishing an existing gap in the literature. We seek to explore in practice, in relation to management accounting, details of internal legitimacy façade, decoupling and counter-coupling as responses to divergent institutional pressures and associated illegitimacy risk.

Our choice of focal organization and access thereto for the research permits deep exploration of theoretical constructs around legitimacy and management accounting and in the rarely considered context of Polish higher education (HE). In Poland, lack of institutional stability, shaping legitimacy-gaining and legitimacy-protecting processes (Bitektine and Haack, 2015), followed the post-1989 transition. The transition involved all areas of economic and social life and engendered radical reconstruction of institutional milieu. New market institutions, with

[1] In our analysis we especially uncover contradictions *within* talks (i.e. within management accounting).

ostensibly varying success, at least partially suppressed previous social patterns of centrally controlled socialistic economy. The rapid change fostered institutional chaos, engendering a parallel functioning of a multitude of often contradictory institutions, with varying acceptance across differing social groups. An example of duality in institutional logics important for HE institutions concerns the issue of charging fees. A new model of the *entrepreneurial university* (Sułkowski and Seliga, 2016) suggested fee-charging following market rules, helping universities maximise revenues in a competitive environment. Concurrently, however, legal regulations required HE institutions to charge students no more than the cost of studies (Łada, 2015), continuing a cost model formerly operating in the centrally planned economy.

We present results of a case study of a Polish public HE institution.[2] The approach followed allows exploration of management accounting in relation to contending institutional logics. We sought to answer the question: how does illegitimacy risk arising from divergent institutional logics impact the university's management accounting? Considering the environment's complexity, we focus on the influence of two contending logics in fee-charging, market- and cost-oriented. Our access and detailed analysis leads us to uncover four organizational manoeuvres we name *adaptation tactics* – ceremonial methods, shadow management accounting, legitimacy labelling and blackboxing – which we elaborate upon in analysis and discussion of our case.[3] Ceremonial calculations supported the internal legitimacy façade while shadow management accounting supported on-going pro-effectiveness concerns, a form of decoupling. Legitimacy labelling and blackboxing helped to keep these two organizational layers together, further supporting legitimacy. In interaction, the four tactics can be seen to engender a counter-coupling of management accounting reflecting the divergent pressures arising from the parallel existence of contending logics. We rely on several evidence sources. We analyse documents concerning fee calculations for full-time and part-time degree studies, and non-degree postgraduate studies, together with procedures involved in preparing these. We extend insights from this through participant observation, allowing access to internal deliberations on fee levels, and via discussions with those preparing and using financial data.

Our paper is structured as follows. We firstly elaborate upon the theoretical framing and related prior literature. This helps articulate the key theoretical argumentation and prior research we seek to expand and build upon, the gap we seek to address, and the rationale for our focus and question. It also indicates the case for our particular research approach and method. Secondly, we present a contextual analysis of our focus, covering material informing the main analysis. Thirdly, we outline and discuss the research method used in the main empirical analysis, bringing out its strengths for our particular study. Fourthly, we present our case study research. We present results from a case analysis exploring fee and cost calculations in full-time degree, part-time degree and non-degree postgraduate programmes. We discuss organizational solutions and legitimizing manoeuvres involving management accounting manifest in our case. We elaborate upon the internal legitimacy façade in relation to decoupling and highlight counter-coupling practices uncovered. Finally, we offer concluding comments.

Contending logics, legitimacy and management accounting: theoretical framework and related prior literature

In this section, we delineate theoretical constructs, drawing from neo-institutional theorising, of importance to us here. We refer to and review organizational and accounting literature as

[2] Most large Polish universities, including the focal university analysed, are state institutions. They are mostly, but typically not entirely, funded from government grants and often called public universities as distinct from non-public. They are non-profit but not charities.

[3] Use of the word tactics here is not to suggest the presence in all instances of a strong intentionality. What we term tactics may be emergent adaptive practices.

appropriate. We acknowledge insights from prior research but we mainly confirm that very little research has been done exploring management accounting's mobilisation to protect organizations from illegitimacy risk arising from contending institutional logics. In summarising this section, we emphasise our concern to respond to a gap in prior research by seeking to answer our research question and indicate what this implies in terms of the approach and methods for the current study.

The general theoretical perspective framing our research reflects the view of accounting as in part shaped by institutional milieu (Burchell *et al.*,1980; Meyer, 1986; Richardson, 1987). We see dynamic socio-economic forces consequentially helping shape internal as well as external accounting practices and their usages. We are influenced by authors (Ribeiro and Scapens, 2006; Lounsbury, 2008) locating this approach in social neo-institutionalism, linking analysis of accounting with its social role, perception and impact. A key theoretical concept explaining relations between institutional environment and accounting is legitimacy: *...a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions* (Suchman, 1995, p.574). Legitimacy involves perceptions of an organization's actions that are manifest or taken as given by individuals or groups in society (Suddaby *et al*., 2017). Stakeholders reflect various expectations, often incoherent, addressed to organizations assessed by their institutional milieu (Meyer and Rowan, 1977). This assessment influences significantly the organization-environment relationship, impacting organizational performance (Deephouse and Suchman, 2008; Sonpar *et al*., 2010). Temporary and stable divergence between expectations linked to institutional logics and the image of organizational performance constitutes a legitimacy gap (Hoque, 2006). To reduce this, the organization must understand the system of social prizes and penalties termed legitimacy rent and illegitimacy discount (Suddaby *et al*., 2017). We are influenced by acknowledgement in prior work of the two-dimensional role played by accounting as both result of adjusting to pressures and active creator of perceptions.

Organizational legitimacy as an abstract theoretical construct is differently articulated in various frames. In accounting research, legitimacy is mainly regarded as convergence of an organization's overall image with valid norms, values and social beliefs (Kent and Zunker, 2013). Lack of convergence in any aspect threatens legitimacy. Some researchers (e.g. Ogden and Clarke, 2005), however, prefer a fragmentary approach, where legitimacy is understood as convergence with *specific* expectations. Thus, an organization could have legitimacy in one area but concurrently lack it in another (Suchman, 1995). The fragmentary approach has appeal for this study as encouraging concentrated focus. Another important difference in existing approaches to organizational legitimacy concerns audience endowment. Depending upon research aim, legitimacy concerns various audiences: macro (Magness, 2006), or general society or social groups, mezzo (Ogden and Clarke, 2005), or particular sectors/networks/organizations, and micro (Moll and Hoque, 2011), or individuals involved e.g. interacting with accounting. In the current study we analyse practices substantively at the mezzo level (university practices).

In assessing the *degree* of legitimacy of a phenomenon/practice our work reflects preference for a bipolar continuum: conceptualizing degrees of legitimacy/illegitimacy on the same continuum. At a neutral crossover (between legitimacy and illegitimacy) one might, if measuring, score legitimacy and illegitimacy both at zero. The illegitimacy dimension begins with a given negative value denoting significant negative assessment (e.g. stigmatization or loss of right to function) and increases with diminishing controversy until the crossover (Elsbach, 1994; Suddaby *et al*., 2017). This bipolar perspective contrasts with unipolar views that clearly struggle to theorize around a crossover point and simply theorize in terms of more or less legitimacy.[4] Use of bipolar scales usefully highlights differences in legitimacy's meaning in various situations (Suchman, 1995), e.g. when organizations expect only 'silent' acceptance from key external constituencies versus when they require more positive support and from other stakeholders too. Neutrality is lack of illegitimacy and may be consistent with silent acceptance but positive values on the continuum are consistent with stakeholders' support. In the current study, the focus is on an organization seeking protection from illegitimacy risk: positive support from external constituencies is not sought, rather, negativity is to be avoided.

As indicated in the introduction, we are substantively concerned to explore practices supporting *strategic* legitimacy in this study. Such practices may be under-researched vis-à-vis internal organizational practices due to access issues. Intentionally manipulating information, and selecting accounting methods influenced by social expectations, reflects concern to mobilize strategic legitimacy (Moll and Hoque, 2011).

The neo-institutional approach especially facilitates better understanding of the interaction and tension between pro-effective and symbolic functions of accounting.[5] Several studies (e.g. Townley, 2002; Ezzamel *et al*., 2012) show that legitimacy-seeking behaviours could partly diverge from economic rationality. In the context of varied approaches to securing legitimacy, researchers focus on two phenomena: *isomorphism* (Lounsbury, 2008) and *legitimacy façade* (Abrahamson and Baumard, 2009).

Isomorphism involves adjusting to institutional environmental pressure that engenders similarity of action across various organizations (Boxenbaum and Jonsson, 2008). DiMaggio and Powell (1983) indicated three types of isomorphism: coercive, resulting from environmental dependence, normative, linked to professionalization, and mimetic, imitation of actions, especially those deemed successful. The logic of resemblance, imposing social pressures on organizations practising accounting in an institutional milieu, impacts diffusion and homogeneity of recording and calculation methods, reporting structures, information flow processes and the names used for solutions (Ribeiro and Scapens, 2006; Lounsbury, 2008; Messner *et al*., 2008; O'Neill *et al*., 2015). Isomorphism supports legitimacy in some contexts. Regarding contending logics, *relative* emphasis on legitimacy façade more likely manifests, reflected in the current study.

Constructing a legitimacy façade concerns strategies to support legitimacy beyond isomorphism. Exploration of organizational reactions to institutional pressures has revealed several strategies: acquiesce, compromise, avoid, defy and manipulate (Oliver, 1991). Seeing accounting as a tool integral to legitimacy's active construction, high potential was discovered in manipulation strategies (Ogden and Clarke, 2005). The legitimacy constructed via manipulating symbols used by organizations in communication is aimed particularly at covering gaps between social expectations and organizational actions (Boxenbaum and Jonsson, 2008; Cho *et al*., 2015a). Manipulated symbols function in parallel to pro-effective practices, engendering decoupling in accounting, as Laine (2009) explored for external disclosure.

The legitimacy façade is multi-layered (Abrahamson and Baumard, 2009), created through information usage at various levels. It can be integral to external disclosure creating or modifying organizational image but it can also be used *internally*. Most research (Laine, 2009;

[4] Suddaby *et al.* (2017) also elaborate the position where illegitimacy is conceptualized as a qualitatively different set of properties from legitimacy (Hudson, 2008).

[5] 'Pro-effective'/'functional' denotes attachment to the economic logic ostensibly promoted in the market reform. This may (as here) contrast with that legitimising a practice/function. This usage is similar to the earliy conceptualization of Meyer and Rowan (1977).

Cho *et al*., 2015a) has focused on external legitimacy façades, whereby organizations practice substantive impression or reputation management (Elsbach, 1994; Ogden and Clarke, 2005). While outcomes do not translate solely to legitimacy, but to other attributes like status, reputation and confidence-level (Townley, 2002; Johansson *et al*., 2016), manoeuvres across these are comparable.[6] Among practices enacted by organizations to improve their appearance or image and cover for or displace attention from controversial aspects of their behaviour (Elsbach, 1994; Ogden and Clarke, 2005; Cho *et al*., 2015a) are information blocking, image manipulations involving deliberative data choices and providing/extending impactful disclosures. These practices may also resonate in the internal domain.[7]

We stress that, despite its importance, existing research has scarcely addressed the *internal* legitimacy façade constructed within management accounting systems. Concerning the scope, complexity and dynamics of initiatives to change how internal managerial practices are applied, and concerning organizations' internal legitimising processes, researchers have mainly explored impacts of institutional milieu and external expectations (Abernethy and Chua, 1996; Townley, 2002; Ribeiro and Scapens, 2006; Rautiainen, 2010; Moll and Hoque, 2011; Goretzki *et al*., 2013; O'Neill *et al*., 2015; Wijethilake *et al*., 2017) but have scarcely attended to the detail of the internal legitmacy façade constructed within management accounting.

There has been some research, insightful for the current study, on contradictory social pressures impacting upon internal information systems, e.g. focusing on divergent constituency expectations (Kurunmaki *et al*., 2003; Moll and Hoque, 2011; Chenhall *et al*., 2013), divergent logics of financial and non-financial goals (Carlsson-Wall *et al*., 2016) and different sources of institutional impact (Modell, 2003; Ezzamel *et al*., 2012). Such research helpfully indicates how internal accountings are used to engender *compromise* within organizations. Ezzamel *et al*. (2012) and Chenhall *et al*. (2013) uncover how organizational layers vis-à-vis accounting are linked and the dynamics thereof, recognizing efforts to ensure longer-term convergence among layers in the building of ties between these through compromises (others see the layers as able to function in parallel in relation to different logics, or as temporary, or as being selectively linked, see Lukka, 2007; Rautiainen, 2010). Decoupling is a core focus among phenomena observed vis-à-vis institutional milieu and *internal* impacts. It is here understood as the parallel functioning of organizational 'layers' (encompassing elements, structures, methods and practices) reflecting different institutional logics, involving symbolic as well as pro-effective usages of management accounting. Decoupling is dynamic and manifest: for instance, in the layers of organizational methods and structures. Decoupling's manifestation entails differences between formal management accounting rules and informal routines of preparing and using information (Carlsson-Wall *et al*., 2016).

In conditions where logics are not only different but divergent (contradictory), interesting *counter-coupling* manoeuvres have been highlighted, reflected in the character and functioning of the layers: interconnected responses to divergent logics including counter orientations (as Cho *et al*., 2015a, elaborate in theorising external disclosures). Regarding legitimacy, interconnections concern the layer generating the legitimacy gap and the layer countering this or reducing its risk of exposure. Counter-coupling is a key element in Brunsson's (1986)

[6] An important research track reflects on crisis management and *emergency* reactions to illegitimacy risk, e.g. resulting from ecological catastrophes linked to organizational actions (Patten, 1992), press reactions to illegitimate actions (Elsbach, 1994), or financial scandals (Guénin-Paracini and Gendron, 2010).

[7] Organizations may seek to alter external receiver perceptions of their communications, e.g. scapegoating others, including their own auditors, to buttress legitimacy threatened by controversies surrounding their actions (Guénin-Paracini and Gendron, 2010).

organizational hypocrisy model, which explains legitimacy mechanisms of organizational functioning in unstable, complex and dynamic institutional environments. In counter-coupling, talk and decision are seen as used to compensate for action rather than to precede it in rational and consistent progression (Burrell Nickell and Roberts, 2014, p.218). Counter-coupling involves adjustment reactions to multiple institutional logics and their contradictions. Layers of talks, decisions and actions are intentionally in some ways kept divergent to permit fulfilment of the expectations of the different logics. Organizing hypocrisy (Burrell Nickell and Roberts, 2014) requires efficient usage of every layer and skilful counter-coupling of manoeuvres in this context (Cho *et al*., 2015a). In Brunsson's model, management accounting can be viewed in relation to a linked network of talks, decisions and actions performed connected to management accounting's usage. Although Burrell Nickell and Roberts (2014) encourage its usage in relation to internal auditing, the model has scarcely been used in theorising management accounting and institutional pressures. Fernandez-Revuelta and Perez and Robson (1999) draw upon the model in relation to *internal* pressures impacting an organization. The internal information system can be seen as a type of talk by means of accounting language that distinctively links (involving contradictions) with managers' decisions and actions. We shall see that contradictions can be built *within* management accounting.

A tranche of existing management accounting research on legitimacy-seeking behaviour has principally focused on *public* organizations (Brignall and Modell, 2000; Rautiainen, 2010) and *public-financed* contracts (Johansson *et al*., 2016). The research is close to our focus and offers insights. The peculiar institutional milieu of public organizations (Covaleski and Dirsmith, 1991; Ezzamel *et al*., 2012) impacts key socio-political dimensions of their actions vis-à-vis the economic dimension. The multitude and variety of constituencies here entails risks of highly dynamic and contradictory social pressures, shaping contending (Rautiainen, 2010) or competing (Townley, 2002; Ezzamel *et al*., 2012) legitimacies. A distinctiveness of this focus is the lack or absence of profit-orientation with nevertheless simultaneous usage of accounting methods applied to measure profit. Operations of state-owned enterprises in socialist countries have provided examples confirming decoupling and façade in management accounting, something to extend. Research on Poland's transition (Łada-Cieślak and Kozarkiewicz-Chlebowska, 2004) evidenced ceremonial accounting usage in such organizations before privatization.[8] Also insightful is Normand and Wootton's (2010) historical study, which indicated that, in organizations that are public-funded or financed by voluntary contributions, financial reports served as instruments demonstrating to important stakeholders (including funders) that actions are performed properly, while also covering for data manipulation via, e.g., cost-shifting (see McGowan and Vendrzyk, 2002).

A set of studies also near to our focus and suggesting insights has explored impacts on management accounting of constituencies deciding on funding from state budgets/public means (e.g., Abernethy and Chua, 1996). The legitimacy perceived by such financing units is key for organizations concerned to access resources for survival/development. Legitimacy is endowed based on perceptions of publicly financed organizational actions (e.g. regarding whether funds are used well and management is of good quality), and is shaped by accounting and knowledge about accounting used (Covaleski and Dirsmith, 1991; Moll and Hoque, 2011). Moll and Hoque (2011) researched legitimacy accompanying university management accounting development, analysing impacts of expectations expressed by the institution financing an Australian university on the university's decision to introduce a new budgeting method. They identified direct influences arising from seeking legitimacy in relation to key stakeholder views but also

[8] The cited study suggests that, e.g., profitability analysis and budgeting later began to play a more pro-effective role with privatization.

processes/practices aimed at convincing *internal* stakeholders about usage of the new method. Exploration of legitimising processes accompanying the change indicated the dynamic character of divergence between pursuits of university management and expectations of staff, important legitimacy agents. For Moll and Hoque (2011), linkage of contradictory external and internal expectations was possible due to *loose* coupling of internal and external accounting, the former including the new budgeting.

The research referred to above, in seeking to theorise accounting and legitimacy in practice, contributes insight, as indicated, and we indeed refer back to such research in the main analysis. Yet, to emphasise, very little research has been done in respect of our specific focus - how management accounting has been used in response to illegitimacy risk due to contending institutional logics. And a particular gap is that studies on management accounting and legitimacy have scarcely focused on manipulation of internal information (Fernandez-Revuelta Perez and Robson, 1999, is an exception), contrasting with the more common detailed analyses of disclosure strategies (Ogden and Clarke, 2005; Cho *et al*., 2015a).

More general research on accounting and legitimacy also has insight but is further away from our particular interests here. Studies in general scarcely explore practices supporting strategic legitimacy *within* organizations, perhaps due to access issues. There are few studies on the *internal* legitimacy façade and decoupling in relation thereto. Studies often eschew focus on unstable environments, contending logics and counter-coupling. And studies rarely focus on concern to protect from illegitimacy as opposed to creating/enhancing legitimacy. Reflection on the more general prior research on accounting and legitimacy suggests that corporate social responsibility (CSR) disclosures are the main focus. Studies (see, e.g., Magness, 2006; Kent and Zunker, 2013; Cho *et al*., 2015a; Killian and O'Regan, 2016) have focused on the relation between scope and strategy of disclosures and social perceptions of and effectiveness of organizational actions. Legitimacy's very importance in social/environmental accounting research has bolstered its status as a theoretical concept (Hoque, 2006; Cho and Patten, 2007; Archel *et al*., 2009). It is used to explain various disclosures in relation to social pressure (de Villiers and van Staden, 2006; Laine, 2009) and to uncover particular accounting applications (Hrasky, 2012; van Bommel, 2014). These points are also generally insightful for our analysis but clearly, for example, the scope and focus is different.[9] This literature acknowledges that aspects or instances of disclosure can also *threaten* organizational legitimacy, e.g. when manipulation is discovered or promises broken (e.g. Elsbach, 1994; Gallhofer et al., 2006; Boxenbaum and Jonsson, 2008; see Breton and Cõté, 2006). This can translate internally.

In *summary*, our framing, drawing from neo-institutionalism, reflects our appreciation of prior work. Legitimacy is substantively analysed as strategic. Organizational legitimacy as an attribute of, and at the level of, HE institutions is analysed through a fragmentary approach, focused on two logics of fee-charging. Institutional divergence in the logics of appropriate fee-charging is seen as a source of social risk for the image and even the functioning of a university. Bipolar conceptualisation of legitimacy leads us to see lack of social agreement about charging as source of *potential illegitimacy*, shaping the university's reaction in adapting internal accountings. Protection against illegitimacy risk here is oriented to gaining silent acceptance of the milieu and avoiding significant illegitimacy discount.

[9] Beyond the main focus on CSR disclosures, research on legitimacy indicates potential in its breadth. E.g., aside from studies on management accounting and internal information, Georgiou and Jack (2011) have studied financial accounting, while Burrell Nickell and Roberts (2014) have sought to encourage research on internal/external auditing. Issues concerning legitimacy as a factor affecting the scope and course of internal information processes beyond CSR have been researched more generally, foremost vis-à-vis benefits for legitimacy (Luke *et al*., 2013) or requirements to gain acceptance of the processes internally (Ahrens and Chapman, 2002; Goretzki *et al*., 2013).

How the university reacted to illegitimacy risk is thus analysed, focusing on cost and fee calculations, management accounting practices. Relevant here are internal legitimacy façade and decoupling. We consider decoupling and counter-coupling in the context of contradictory institutional logics and uncover and identify interconnecting tactics involved in organizational reactions. We explore ceremonial as well as pro-effective usage of calculation methods and analyse impacts on decisions and actions. Decoupling and counter-coupling are considered along with the coherence (or incoherence) in the image of university performance constructed in financial reports used. We explore the detail of practices protecting illegitimacy risk arising. This aims to deepen appreciation of the internal legitimacy façade and decoupling in practice and indicate practices of counter-coupling in the case. Management accounting in our research is considered integral to formal and informal 'talks' at the university in relation to management decisions and actions.

We have discussed prior work that we build upon in the current study. Concurrently, regarding our particular focus, we pointed to a research gap that we aim to diminish. Our research question is indicated as an issue in organizational and accounting theory. Yet seeking to explore this issue in detail has scarcely been attempted, partly due to access difficulties. To realize our aims, we need to pursue an approach that is in-depth interpretive, contextually informed and that mobilises an intense case study method yielding rich insights from the field. The next two sections provide a contextual analysis and outline the research method for the main case analysis.

Contextual analysis

Polish HE and rules governing financing of study programmes

Poland's post-1989 transition changed HE radically (Raczyńska, 2013). The sector had been solely public-financed. HE was via 5-year full-time masters offered free to the selected elite of secondary school graduates. Along with accompanying scientific, political and social activities, it was assigned to state-run institutions seen as state agents with little autonomy. During transition, it was taken for granted that HE would need to change and in line therewith new rules reflecting market mechanisms were gradually introduced. Initially, changes were oriented mostly to improving accessibility to HE and to decentralising management. The recognizable effect of these early changes (CSO report[10]) included radical student number increases, dynamic development of non-public HE institutions and augmentation ostensibly of public universities' autonomy. Later, following Poland's integration with the European Union (EU), Polish HE changes were oriented to convergence with Bologna processes.

During the focal period, public (and non-public) HE institutions offered (LHE[11]) degree programmes of four major types each with a particular required number of European Credit Transfer System (ECTS) points: first-cycle baccalaureate or engineering programmes (3-3.5 years), second-cycle master programmes (1.5-2 years); third-cycle doctoral programmes (4 years); additionally, non-degree postgraduate programmes. The first- to third-cycle programmes were offered full-time, financed by state budget grants, and part-time (evening and/or weekend), financed by students' fees. Non-degree postgraduate programmes, offering new skills to professionals, were fee-charging and only offered part-time.

[10] Central Statistical Office Report "Higher Education Institutions and their Finances in 2015". See: https://stat.gov.pl/download/gfx/.../pl/.../szkoly_wyzsze_i_ich_finanse_w_2015_r.pdf

[11] Law on HE, Official Journal of Laws of 2005, item 1365, with amendments. Any translation from Polish to English is made by the authors unless otherwise stated.

With increased access to HE and growing intra-institutional competition, financing underwent significant change (EU report[12]). State budget grant allocations to institutions were determined by a specific algorithm considering as a major factor the institution's position among others, mostly established by student numbers, inducing HE institutions to increase these and compete for candidates. Further, the fees level was important. Fees created an important revenue source arising from market-oriented efforts of management and staff. The breadth of changes reflecting market mechanisms engendered the model of public HE denoted by the phrase (Sułkowski and Seliga, 2016) 'entrepreneurial university' (*supra*).

A demographic peak manifested in Poland after 2004 with a huge increase in part-time students, who decided to undertake degree-level study now more accessible to them (CSO report, *supra*). This gave HE institutions opportunities for revenue growth and development. However, demographic forecasts and predicted decline in candidate numbers post-2014 jeopardised HE's financial stability. By the time of our research, institutions expected fewer candidates for both full-time and part-time programmes, having to compete even more intensely.

The structure of financing HE institutions, expansion of funds created by students' fees and the 'entrepreneurial university' model were, however, socially controversial. Forms of equal, free and common access to HE were enshrined in the Polish Constitution. By Article 70(2): *Education in public schools shall be without payment. Statutes may allow…payments for certain services provided by public institutions…[HE].*

Regarding charges, rules impacting autonomy were introduced. Article 99(1) of the LHE, 27/7/2005 (amended 2016) declared: *A public…[HE]…institution may charge fees for…educational services related to: 1) teaching…part-time students and part-time doctoral students…1a) teaching…full-time students following a second or consecutive full-time degree programme…1b) teaching…full-time students attending courses falling outside the ECTS limit…2) repetition of specific courses within full-time degree and…doctoral programmes resulting from unsatisfactory learning outcomes…3) provision of programmes in a foreign language…4) provision of courses not included in a…programme…5) provision of non-degree postgraduate programmes and extensions*. Fees are determined by institutions' rectors provided they (Article 99(2)): *may not be greater than…costs incurred in introducing and delivering respectively the degree or doctoral programmes referred to in section 1…by a given…[HE]…institution, nor the cost of courses provided within degree and doctoral programmes referred to in section 1(2), including costs of development and implementation of a given institutional strategic development plan, in particular academic staff development, as well as development of teaching and research infrastructure including renovation and depreciation…*. The paragraph later states that detailed fee-charging rules are decided by institutions' senates. Similar rules on cost-based fee determination concerned non-public institutions. Other paragraphs established rules for fixing other charges based on planned or actual cost.

Additional key regulations concerned programme financing. The Ministry's ordinance contained rules for dividing funds designated in the state budget among public and non-public HE institutions. Generally, the rule used to allocate public funds among HE institutions was based on combining data about all Polish institutions into one algorithm. Given this, all institutions competed to gain from this common pool as much funding as possible. Per the formula, each institution's participation depended upon such factors as student numbers, the programme cost-absorption index, the number and quality of academic staff, research projects

[12] Report "Education costs on a higher level", U. Sztanderska (ed.), prepared for a EU co-financed project, 2014. See: http://produkty.ibe.edu.pl/docs/raporty/ibe-ee-raport-koszty-ksztalcenia-na-poziomie-wyzszym.pdf

assigned, scientific categorisation and internationalization indicators. There were some provisions aimed at assuring stability, e.g. a proportion (currently 50%) of funds allocated to an institution was based on its prior year share and change on the previous year could not be higher than +/-5% of the prior total. In overall detail the allocation formula was very complicated, being set out over 28 pages of the legal document. The formula and its parameters had often changed and were contingent upon the type of HE institution (e.g. non-public, public, medical, military).

In the regulations, support for full-time (not fee-charging) degree programmes was conditioned by a so-called 'student-doctoral student indicator', for most public HE institutions, as high as 40% of their state budget allocations during our fieldwork. This indicator was also calculated by a very complicated formula. It contained data about student numbers corrected by a *cost-absorption index* related to programmes and determined funds allocated per student of specific programmes. Further, it was periodically constructed and presented by the Ministry in separate regulations. Additionally, the indicator reflected an index of staff accessibility based on student numbers divided by academic (teaching) staff numbers. In institutions where the accessibility index was above target (13 in 2017), the 'student-doctoral student indicator' was reduced significantly: this penalty for low accessibility to teachers was computed as the quotient of target to actual student numbers squared. Of note, actual student numbers in this formula included all students from first- to third-cycle studies, including part-time. Following this rule, the large number of students participating in part-time programmes (fee-charging) affected indirectly this penalty, lowering drastically State subsidies.

Legal regulations reflected divergent expectations of HE institutions' performance, particularly pertaining to public HE institutions. Entrepreneurial expectations implied active quests to improve finances by exploring additional funding sources. Yet, regulations also introduced a peculiar system of penalties for institutions performing effectively in running fee-charging degree and non-degree programmes with a high number of students per academic staff member. Further, if sectoral competition and institutional autonomy were ostensibly promoted, regulations limited the freedom to fees-setting not exceeding programme cost. This cost-oriented rationale for charging students impacted Ministry allocations of diverse public funds to various full-time programmes (which also charged for added elements like resits). The regulations suggested HE could be offered only unprofitably (not-for-profit), showing zero profit as maximum.

If the regulations did not require disclosures of detailed calculations of fees, or penalties in the case of deviations, they constituted strong external pressure influencing internal accounting. This pressure connected with the search for legitimising study charges in circumstances when charging was common but socially controversial. Controversy concerned particularly charges paid by full-time students, who needed to pay something at the recruitment stage and/or for course repetition, and charges paid by fee-paying part-time students.

Research method: focused case analysis

Reflecting our research concerns, we followed a case study method, facilitating exploration of internal practices of programme cost and fee calculations taking into account complex deliberations and dynamics of the institutional milieu (Hoque, 2006). Our method aided access to the detail of practices. The period analysed was 2012-16, i.e. after the significant 2011 reform of Polish HE[13] until 2016 (when the main study was conducted). The 2011 reform, effect and source of institutional transition, brought system modifications connected, *inter alia*, with the

[13] The 2011 reform reflected the LHE 2005 as amended in key ways (Dz.U. 2011 no84poz.455).

new regulations allowing public HE institutions more fee-charging options. The reform process ignited debates, given anticipated deep changes, reflecting social controversy over public HE's role. This lowered the HE sector's institutional stability, a trend enhanced by demographic changes shaping student demand during the period. Increased competition and radically lower financial stability propelled institutional authorities towards efficiency-oriented management. Polish HE institutions struggled to link concern to maintain financial stability with reaction deemed appropriate given institutional pressures.

Research was conducted in a large Polish university anonymised as Alpha Public University (AlphaPU). It was (and remains) one of the biggest of such institutions successfully linking HE with high levels of scientific research. Particular factors motivated our choice. First, AlphaPU offered educational services/programmes of all cycles/types: full-time and part-time (fee-charging), degree and non-degree, with variety in cost-absorption indexes (1.5 to 3). Despite external challenges, AlphaPU boasted growth, extensive assets, organizational stability and a long-held positive financial position, seemingly confirming the institution's judicious adjustability to changeable conditions. Its persistence in introducing new organizational and financial solutions had bolstered its image, including as early adapter of the changes enforced by law, governmental agencies and accreditation bodies. These attributes seemed to confirm an ability to link academic success with responsiveness to institutional pressures.

Additional key features of AlphaPU justified its choice: its decentralized management and substantial management accounting system. In AlphaPU's structure there were primary academic units (faculties, treated as profit centres), and supporting units (some profit, some cost, some mixed profit-cost and even one investment centre). Degree and non-degree programmes were offered by faculties per unified internal rules. Fees for first- to third-cycle studies were set officially by the rector, who received proposed fees from faculty authorities. Each faculty Dean oversaw revenues/costs of faculty offerings. For non-degree postgraduate programmes, the system was more complex. Financial responsibility was at three levels: decisions on charges and cost were first taken by programme managers, next agreed by faculty and then by university authorities. The most important components of the university's management accounting system were internal revenue and cost records for each unit together with a very complex system of internal calculations. The latter included the special algorithm of AlphaPU's public funds allocation, systems for calculating indirect costs and costs of obligatory internal services, and (reciprocal) calculations of revenues and costs of non-obligatory cooperation.[14] Recorded and allocated revenues and costs were reported regularly in unit segment reports, forming unit budgets integrated with planning data. Budgets were prepared initially in faculties and next consolidated at university level and sent to the Ministry as an official financial plan. Budgets were corrected during performance and, with segment reports, were key tools for monitoring each unit's finances. The university and each faculty prepared a broad range of periodical diagnostic and decision analyses, including of fees and costs. Conscious development of management accounting was in evidence.

We used several methods appropriate to case analysis. We initially reviewed formal internal reports comprising information on costs and fees, and internal regulations guiding their preparation (Table 1). We sought explanations needed to understand and learn about formulas for calculating particular figures. We also sought to understand relevant information flows in the organization and to find out who was responsible for preparing information in the focal faculty and who used it. We constantly sought confirmation that units had the same obligations

[14] Where units voluntarily collaborated, cost allocation was based on negotiated rates and/or exchange of services.

or used similar reporting systems. Intentionally, we initially limited analyses to information in formal reports transmitted from faculty to university level.

Table 1. Research materials: regulations and documents

Regulations and statistics	
Polish HE	Constitution of the Republic of Poland
	LHE (2005, *supra*)
	Minister of Science and HE regulations for dividing state budget subsidies for public and non-public HE institutions (2012-16)
	EU Report 2014 (*supra*)
	Central Statistical Office, HE institutions' data (http://stat.gov.pl) CSO Report 2015 (*supra*)
Internal documents of AlphaPU (2012-2016)	
Financial reports	Fee calculations for non-degree postgraduate programmes
	Fee calculations, added elements (first- and second-cycle studies)
	Fee calculations for doctoral programmes
	Final settlements of non-degree postgraduate programmes
	Settlements of first- to third-cycle programmes
	Annual settlements of non-degree postgraduate programmes
	Annual faculty budgets
	Monthly reports of faculties' results
	Reports and information on internal settlements
	Information on state budget fund allocations to faculties
Internal regulations	University Statute
	New programme creation rules
	Senate resolutions on the University budget
	Rector's ordinance concerning internal settlements
	Rector's ordinance on University accounting regulations

The second method for garnering research material was participatory observation. We participated in preparing information for internal reports and in meetings when the information was presented or analysed (Table 2). Actual preparation and use of internal data were observed.

Table 2. Research materials: participation in meetings

Participation in meetings at AlphaPU (2012-2016)		
Meeting level	**Topic**	**Frequency/number of meetings participated in/observed**
Faculty	Creating new first- to third-cycle programmes; fee-setting	*Ad Hoc* meetings focused on particular matters. Meeting organized when new programmes were introduced/1 meeting
	Annual fee-setting for first- to third-cycle programmes	Regular meetings organized once a year, brief discussions if no important changes introduced/4 meetings
	Annual fee-setting for non-degree postgraduate programmes	Regular meetings organized once a year/4 meetings

	Committee approval of new non-degree postgraduate programmes	*Ad Hoc,* focused meetings organized when new programmes were introduced/2 meetings
	Committee approval of the annual budget	Regular meetings of considerable duration organized once a year/4 meetings
	Discussions on faculty development strategy	*Ad Hoc,* focused meetings of considerable duration/6 meetings
University	Developing electives and rules for their financial settlement	Regular meetings/4 meetings
	New regulations for charging for added elements of studies	*Ad Hoc,* focused meetings/1 meeting
	Discussions on teaching costs and settlement rules	*Ad Hoc,* focused meetings/4 meetings
	Introducing internal settlement rules for third-cycle programmes	*Ad Hoc,* focused meetings/1 meeting

A key aspect of the framing brought to participant observation was the distinction between pro-effective and 'ceremonial' usage of reports. Participant observation facilitated gathering data on reporting changes. During the period when the changes occurred we used in effect a third method: discussions with those engaged with the changes, seeking to locate differences of opinion between internal actors over the changes. The strictest anonymity was insisted upon by those with whom we engaged in discussion and we report findings accordingly. To enhance results, we mobilised a triangulation strategy, seeking that each research component (document analysis, participant observation, discussion) be verified by the next and confirmed by additional evidence. Findings were discussed by all authors and in case of controversy followed up in later stages of the research.

The formulated tactics so prominent in our case were uncovered through repeated coding of collected research material. It is worth elaborating upon this here to express the strength of our method in this respect. First, financial reports related directly or indirectly to fee-charging were identified and grouped into ten main categories. Next, methods of preparation and usage of information in these reports were analysed and deemed pro-effective or ceremonial, depending on functional or symbolic use. Then, the degree of involvement of managerial and administrative staff was analysed. Next, it was determined whether individual reports were formally required for use or were used informally. We also checked whether reports were archived for future potential use or not. The coding stage prior to formulating the tactics consisted in delineating perceived ways of manipulating information in reports: adding or hiding methods; labelling; manipulating formulas; structuring/representing, as well as altering the value or accuracy of, data.

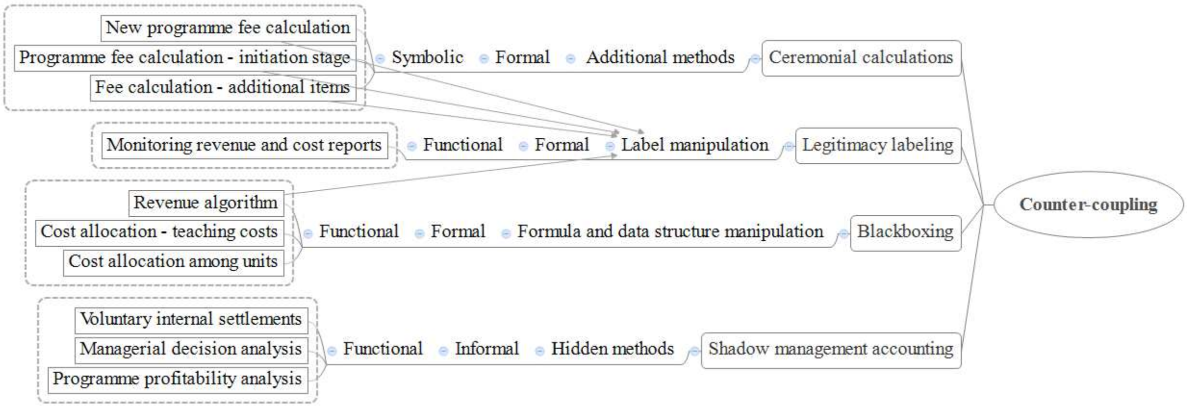

Figure 1 Structure of the coding logic

A synthetic summary of the coding, reflecting our appreciation of prior work and insights garnered from on-going fieldwork, is presented in Figure 1. Ultimately, adopted coding criteria included: decoupling layers (symbolic and functional); formal or informal practices; manipulation mode. This yielded the suggested four tactics. Formal methods used symbolically to establish convergence of fees and costs were grouped as ceremonial calculations. Detected manoeuvres implicating labels describing accounting items in reports were termed legitimacy labelling. Manipulations of formulas or structuring/representation of data, aimed at hindering verification of figures in reports, were delineated as blackboxing. A last group of informal pro-effective methods used by managers was named shadow management accounting. Identified tactics were linked in interaction to cost and market logics, engendering the counter-coupling proposition.

A focused case study analysis and discussion

We initially structure our case analysis below around the adaptation tactics uncovered in our research, in part inspired by prior work. We found four tactics used in management accounting as responses to the divergent institutional pressures. First, we highlight ceremonial calculations, which constructed a legitimacy façade. Next, we discuss legitimacy labelling and 'blackboxing' manoeuvres. We then expound upon shadow management accounting. Below, each tactic is elaborated, confirmed in practice, and linked to our theoretical constructs. After discussing each tactic with appreciation of prior research, we elaborate impacts upon management accounting.

Having thus delineated each tactic, we then theorise more explicitly relationships between them. We elaborate further the relationship between ceremonial calculation and shadow management accounting. While ceremonial calculation constructed an internal legitimacy façade, shadow management accounting sought to maintain internal accounting's pro-effective role, forming two organizational layers. We elaborate how legitimacy labelling and blackboxing helped *bind* these layers. Appreciating the interconnecting functioning of all the tactics, we highlight counter-coupling observed in the case.

Ceremonial calculation

The main management accounting tactic used to confirm convergence between actions taken by AlphaPU and legally-shaped expectation was application of particular cost calculations when establishing charges (fees). Calculations proposing charges were prepared bottom-up and transmitted to various committees at faculty and university levels, with final acceptance of charges announced by the university's rector. Analysis of the content of relevant documents and exploration of calculation methods used (and how they were used), indicated that these reports had foremost a ceremonial role, confirming formally that, for programmes, charges aligned with costs. Decisions and actions involved in setting charges followed a logic different from ceremonial confirmation. Ceremonial construction of internal accountings aimed at portraying programme charges as appropriate applied to all student payment types.

Divergence between the actual underlying logic of charging and its symbolic reflection in management accounting was particularly apparent with non-degree postgraduate programmes. The latter were offered to professionals and partly reflected entrepreneurialism of some university staff (mainly professors effectively assuming business manager roles) seeking extra income.

Reflecting the organization's flexible functioning, most non-degree postgraduate programme 'direct costs' were variable. Fixed costs connected with infrastructure use were calculated separately as overheads. Indirect cost was added as a percentage of direct, standardised in specific periods (mostly at 40%, with 60% as permitted maximum). Calculations aligning charges and costs had to be displayed on programme creation and each year/semester at programme commencement. Besides charges and costs, information prepared had to contain data on planned student numbers, teaching hours and rates per teaching hour.

Observations of managers setting fees at programme creation, concerning logic accepted and behaviour, confirmed usage of market mechanisms. The starting point was analysis of charges for similar programmes at competing HE institutions and other fee-charging programmes at AlphaPU. Next, market price was adjusted reflecting the university's position, competition and observed/expected student applications. Calculations here were made by managers quite informally. Even if pricing was done in a fragmented way, the general strategy was coherent, oriented towards revenue maximisation. After pricing, managers adjusted programme content and calculated planned costs. The final stage was the key ceremonial calculation related to balancing numbers, substantively so that cost equalled revenue. Given variable costs' share of costs, balancing was easiest by manipulating student numbers.

A high similarity in non-degree postgraduate programme fees was observed across programmes, apparently reflecting internal isomorphism in manager decisions. Our experience from participation in committees assessing programmes suggested that, when managers decided to set fees similar to fees of other offerings, this facilitated programme acceptance/initiation. All stakeholders engaged in programme creation were convinced that numbers in calculations at that stage would not *actually* be achieved. From our research, calculations required formally at programme initiation were never subsequently used.

The similar calculation expected when non-degree postgraduate programmes started each year/semester were an opportunity to change fees chosen at programme initiation. This calculation's ceremonial character was partly evidenced in its being prepared pre-enrolment. Costs had to be determined by managers when actual student numbers were unknown. The calculation could only confirm and authorise programme fee changes. From our observations, each year programme managers tended to provide the same calculations modified slightly by expected student numbers. Modification was needed to balance cost and revenue, the first condition for launching programmes. Actual data were not monitored during the year. Cost calculations were corrected at year end when balancing had to occur. Programme settlement required a zero balance: small surpluses were transferrable to next programme runs; with deficits, overheads were lowered.

Turning from non-degree postgraduate programmes, a similar approach was used to legitimise part-time degree fees. An additional obstacle (or opportunity) in preparing calculations for these programmes related to major teaching costs being shared between full-time (free) and part-time (fee-charging) programmes. Calculations were thereby more complicated and even more detached from actual manager decisions. Flexibility in balancing revenue and cost was aided by overhead rate manipulation.

The common and persistent challenge in all programme calculations explored was to demonstrate that planned costs confirmed fee levels. Following decoupling in internal information systems, responsibilities for calculations were assigned to administrators. In general, programme and faculty managers did not input into these cost reports, being convinced by, or not challenging, the ceremonial. Reports were here not to exhibit attention-directing controversial information but to balance the figures and satisfy the accounting department. Only secondly were they to reflect programme manager plans.

Participant observation illuminated further evidence of ceremonial calculation. This arose in meetings concerning introducing new charges for additional items like student course repetitions. Meetings were devoted to calculations prepared by each faculty, each free to determine fees and only needing to clarify expected costs. After faculty representative presentations, it seemed charges for exactly the same component (e.g. one ECTS, one hour) were significantly different (by as much as a factor of 10). Efforts to explain differences yielded arguments about differing faculty financial situations. There were also arguments about the scope of costs considered/specified in calculations: the faculty submitting the lowest charge only took marginal cost into consideration; the faculty with the highest considered costs expansively. Interestingly, after debate lacking reference to pro-effective calculation, the chairperson decided that discrepancies must be reduced: faculties were advised to utilise new charges congruous with the most commonly submitted charges and then prepare calculations. If in practice costs were diverse, all faculty charges thus converged (to almost the same in some faculties).

Identified standardised cost and fee calculations were consistent with creation of a legitimacy façade via introducing symbols (reports) confirming expected congruence between fees and costs. In AlphaPU, widening management accounting, involving additional ceremonial calculations, reflected coercive institutional pressure. And it was difficult to accomplish. Calculations helped legitimise fees given expressed readiness internally to meet expectations regarding their compatibility with cost. Methods applied reflected preparedness in relation to risks of attracting critical attention from external constituencies (e.g. monitoring agencies). In interactions with its environment, the university sought lower illegitimacy risk, reflected in absence of disclosures of detailed content in cost reports that might draw external stakeholder attention. The internal legitimacy façade constructed was related to management accounting yet paradoxically protected against illegitimacy risk arising mainly externally. Noteworthy is that ceremonial calculations followed an isomorphism in the determining of study charges. Intentional manipulation of numbers covered for actual aims of aligning costs with charges facilitating avoidance of internal and external controversies.

We can summarise the above aspects of our case by clarifying the construct ceremonial calculation and succinctly elaborating its implication for management accounting. Ceremonial calculation here equated to using management accounting methods to construct a legitimacy façade (Boxenbaum and Jonsson, 2008). Our findings support prior research (Fernandez-Revuelta Perez and Robson, 1999; Rautiainen, 2010; Moll and Hoque, 2011) in suggesting that the legitimacy gap can be compensated for by strategic usage of management accounting. Ceremonial calculations served defensively against possible external or internal questioning of the organization's fee-charging in the context of contradictory logics.

Ceremonial calculations engendered particular effects in terms of accounting's pro-effectiveness. It reduced transparency of actual decision-making criteria used in developing teaching offerings. It especially detached these criteria from activities' costs. It facilitated kinds of 'intuitive' and collectively-negotiated decision-making (substantively detached from costs and revenues) at various levels of the university in fees-setting. Decisions then made did impact on actual study costs. These processes translated into short-term orientation of managers escaping more substantive and future-oriented financial discipline. Relatedly, the possibility of formally using other financial analyses, especially strategic, e.g. when creating new offerings, was obstructed. The conviction of most staff (academic and administrative) was strengthened of the dominant externally shaped accounting role and accounting's relatively limited serving of pro-effectiveness.

Legitimacy labelling

The second identified tactic for legitimising fees was usage of ceremonial *labels* as substitutes for more pro-effective accounting terms/categories. This was creative, involving usage of labels describing information content: terms like profit/margin/revenue were replaced with other labels suggesting formal reference to the more legitimate 'cost'. This rhetoric was not restricted to ceremonial instruments of calculations confirming fee levels. It was more pervasive. Manoeuvres were deployed regarding legal regulations concerning authorised allocation of different state budget grants to different programmes. Cost rhetoric used continued earlier cost rhetoric dominant prior to market-oriented reform (Łada, 2015). Legal regulations introducing the 'cost' formula of financing helped legitimise such practice.

Earlier in our focal period, AlphaPU fees were articulated by the basic formula revenue equals direct cost extended by overheads. Formal calculations made no reference to profit/margin. Study programmes were not to be taken as sources of surplus/deficit. There was officially no expected possibility of difference between revenue and cost. Observation of calculative practice indicated that overheads were *de facto* depositories of programme margins. Such margins engendered tension between headquarters, faculty and in relation to non-degree post-graduate programmes, also programme managers. The indirect cost labelling used provided very serviceable 'coating' covering actual organizational ways of allocating surpluses/deficits.

An apparently more realistic costing/charging method was introduced in a changed report form in the last year of our focal period. The new form started with direct extended by indirect cost by a set percentage (not a range of possibilities) to give 'net cost', raised by any value added tax and a profit element (a percentage of a direct costs component of internal services costs). The method was internally understood but yielded a figure likely understating profit/margin, with amounts disappearing in indirect costs, hidden on the form. Revenue was here explicit but equated to 'gross cost' (the form's earlier version contained no explicit heading 'revenue' as 'gross cost' represented revenue). The approach functioned as a mechanism of dual façade in cost labelling. The label 'indirect cost' covered programme margin. 'Gross cost' equated to revenue and hid profit.

The calculation approach used in ceremonial planning reports was used in the forms presenting actual programme results. 'Monitoring' reports (focused on actual results) were prepared at the calendar year end (three months after the academic year began), accompanied by duly corrected plans for the next year. Subsequent reporting was at the programme cycle end. Calculations (of actuals) then had to align revenues with costs. Programmes had to be settled with zero balance. Observations indicated that manoeuvres thus next allocated surplus or deficit. One practice was transferring surplus to the next programme run, if the scope of this was constrained by informal internal regulations. Compatibility of programme revenue and cost was achieved by regularly correcting plans when reporting actual results.

The accounting tools used were seen by staff as 'natural' and 'safe' solutions: linked to the accounting department's practices; consistent with management reports. They served to confirm that calculations, formally, were correctly prepared. The accountings were thus seen to permit 'fair' charges and demonstrate that actual charges covered costs. The search to unify pro-effective and symbolic in one coherent accounting system required *compromise*. The first set of proposed new calculations, displacing 'revenue' by using 'gross cost' (*supra*), met protests from staff responsible for calculations who felt the information confusing and inadequate. Subsequently, the report included the revenue heading. Yet revenue still equalled gross cost and was scarcely highlighted.

Another example of legitimacy labelling was usage of indicators differentiating levels of state budget grants covering costs of full-time (free) programmes, which suggested certain programmes had higher costs than others. However, analysis of recent years' programme costs, charges for added elements and fees paid by part-time students strongly suggested that this differentiation constituted a 'rationalised myth' (Meyer and Rowan, 1977; Van Bommel, 2014). The myth was created by the Polish Ministry for HE, seeking to justify differing grant levels to various programmes. AlphaPU transmitted this rhetoric to internal management accounting. Cost-absorption indicators helped allocate budget grants among faculties and were connected neither with actual nor planned costs. In the focal period, direct costs of various programmes were diverse but not so much as the indicators (1.5-3.0) suggested. All programmes had the same or very similar requirements as to ECTS numbers, contact hours per ECTS, staff remuneration rates, and even expected student numbers per lecturer. The only substantive source of direct cost diversity was average student group size, affected by recruitment/enrolment success and common group size arrangements. Another factor engendering similarity in operation costs was the slightness of differences in charges for selected elements of full-time and part-time studies. Analysis confirmed that cost-absorption was a term used figuratively (symbolically) to legitimise diversity in financing from budget funds. Yet, given financing methods, faculties with higher revenues from state budget grants did allocate their monies: they could justify a higher figure for total cost per student.

Observations at management meetings and through our active participation in reporting processes indicated that legitimising usage of ceremonial cost labels affected communication, creating barriers (in both examples, if more marked in the second case). Avoiding terms like revenue/margin/profit, and their replacement or substitution by various cost terms/categories, engendered misunderstandings. The situation permitted/encouraged freedom in usage of the notions/concepts linked to rhetorical objectives, evident in many discussions conducted at AlphaPU meetings where there were debates on fee levels, planned and actual revenue, margin distribution, programme effectiveness, and even programme quality. E.g., a disputant discussing quality improvement argued that programmes with higher cost-absorption indicators offered better 'quality', and programmes with low indicators were of relatively poor 'quality': implying that the university, if seeking a better ranking, should not invest in programmes with lower cost-absorption. At one meeting a manager argued that increasing cost automatically led to obtaining higher budget funds and thus quality improvement, so that increasing programme costs should be regarded as the main aim of all university managers!

Observation suggested that the manifest practices were accepted relatively smoothly where participants in meetings were relatively experienced as well as proficient: acceptance of the hypocrisy here related to ceremonial accounting usage. Questioning the practices usually was negatively received. There was even an often expressed willingness to *reject* challenges, characterised as ‘from intruders’. Concurrently, in unofficial discussions outside formal meetings, some committee members opined that ‘inadequate’ ceremonial accounting notions should be supressed and pro-effective language employed more, if alongside the symbolic/ceremonial given the latter’s ‘acceptability’ in on-going processes.

Legitimacy labelling facilitated apparent congruence of costs and revenues, displacing controversial questions about possible surpluses/deficits of selected programmes. In the ceremonial ways articulated, legitimacy of charges as ‘appropriate’ was buttressed. Cover for differences in programmes’ effectiveness was secured. Translation of a rhetoric of legitimacy to accounting methods/concepts was seen as how to diminish illegitimacy risk. Usage of ceremonial accounting-type descriptions in reports legitimised these reports as reflecting compatibility with generally accepted accounting principles. The tactic reflected the influence of rhetoric of university supervision agencies and met official institutional expectations. The legitimacy manoeuvres negatively impacted pro-effective behaviour and information that might foster the latter. E.g., the limited accountability in practice of particular university segments (e.g. non-degree post-graduate programmes) engendered decision-making problems. Organizational hypocrisy was fostered. Development of further monitoring mechanisms to enable protection and consolidation of internal legitimacy for the constructed façade was subsequently required.

Summarising, legitimacy labelling reflects how the rhetoric of an institutional logic, here the cost logic, can be transmitted to the ostensibly functional accounting/management reports. This exemplifies manipulation of activity *descriptions* (Ogden and Clarke, 2005) through choice/application of accounting methods (Covaleski and Dirsmith, 1991). Altering labels referring to general accounting terms/categories to other labels constrained to converge with the cost logic constituted manoeuvres to protect legitimacy. Cost labelling is a convenient coating for surplus/deficit shifting observed in universities (Moll and Hoque, 2011) and other publicly financed organizations (McGowan and Vendrzyk, 2002).

Manipulation through labelling in reports and transferring a cost-oriented rhetoric to management discussions constructed communication barriers hampering effective control of programmes, especially since typically academic managers had limited knowledge and experience in management accounting. At the planning stage, managers scarcely attended to the financial information, with financial plans being subject to later adjustments to increase their feasibility. This hampered concern to ensure that managers account for financial effects of their decisions and segments’ analysis: it was also a convenient façade for concealing shortfalls/surpluses of individual segments.

Blackboxing

The next tactic identified in AlphaPU’s management accounting we term blackboxing. It consisted in usage of such complicated methods as to make it almost impossible to assess the fairness of calculation formulas and trustworthiness of accrued data.[15] Blackboxing was substantively used for calculations and settlements of first- to third-cycles of studies with a common cost termed direct cost. Direct cost could be based on teaching hours and be thus allocated to full-time and part-time programmes. Concurrently, teaching costs more generally were the subject of complex individual and summary intra-faculty settlements. Another area lacking in transparency was the state budget funds allocation algorithm. As with the cost-absorption indicators, the university worked with a complex Ministry-shaped formula received

[15] To those working with the system, these aspects of the system are rendered a ‘blackbox’.

from the Ministry that was meant to direct allocation. The money was allocated within the university in a complex way.

In AlphaPU's case, blackboxing is well illustrated by usage of a special Excel spreadsheet to calculate costs of first- and second-cycle studies. The spreadsheet contained several pages with cells to be filled by inputting data from other reports along with other data, yielding output data through applying spreadsheet formulas. The latter ostensibly and formally aimed at calculating costs per student per each study type and for each programme. The tool was designed by a consultancy employed by the university. Users, in discussion, could not explain how teaching cost was actually calculated. Even for those proficient in conventional management accounting practice, the forms were very hard to unravel. First, they were not transparent regarding cell formulas: cells with calculations were blocked; descriptions were empty; there were multiple and iterative links to other files; cells containing assumptions and outcomes were indistinct. Difficulties were exacerbated by information overload. If some data outputs were synthetic and approximated, outcomes reflected a complexity of calculations and assumptions. Information overload connected to a chaos of juxtapositions effectively limited possibilities to understand calculations. User 'information blindness' was achieved particularly through very detailed and intricate presentation of input data (mostly quantitative), repeated usage of the same data in different contexts (along with usage of different types of data in varied settings), usage of numerous variables with similar names or denoted in similar terms, apparently random mixing of fully articulated labels with abbreviated labels, and mixing of planned, actual and normative data. Readability was negatively impacted by using various colours in the spreadsheet for no clear reason.

Informal talks with persons dealing with this lack of transparency revealed that the situation offered possibilities of creativity in producing final results. Analysis of usage of spreadsheet pages confirmed that by changing a few indicators one could significantly influence final programme cost. Understanding the algorithms was here unnecessary. Users saw a reason for the approach as facilitating justification of teaching costs. To provocative allegations raised by the researchers that this tool was incorrectly constructed or not useful for managers, responses mainly could be summarised as 'it must be correct'. Common arguments backing this were that the tool had been approved by the Rector, used by other universities, prepared by study cost calculation experts, used by all university units and, finally, had been used previously without anyone questioning the calculations. Questioning engendered distrust, closing lines of inquiry.

Another area where the tactic of deploying complicated management accounting methods was applied was in internal financial settlements. At the university there were various algorithms of cost and benefit allocation. Besides overheads as a percentage of direct cost (*supra*), all units had to insert supplementary costs. Some of these arose from compulsory internal intra-unit cooperation, comprising space exploitation costs based on each faculty's usable area, fixed costs of participation in compulsory parts of programmes per student, costs of implementing new IT systems and costs linked to intellectual property. Other internal settlement costs arose from voluntary intra-unit cooperation. These were, e.g., teaching costs of part-time programmes recalculated per student (or student group) and charges for leasing teaching rooms per hour/week. Another aspect settled at the university level was revenue. Calculations varied (see table 3), from applying fixed amounts in total or per student to complex budget allocation algorithms that were unknown (to those interacting with the system).

Table 3 Some internal settlement formulas

Allocation item	**Formula**

Courses for full-time programmes from other faculties	Complicated central algorithm for revenue allocation
Courses for part-time programmes from other faculties	Share in the programme revenues based on algorithm
Participation in courses by Erasmus students from other faculties	Unknown
Joint university-level courses	Unknown, said to be central algorithm
Language courses	Cost allocation, standard rate per teaching hours
Diplomas	Fixed rate per diploma
Cost of lecture rooms for groups from other faculties	Unknown

Analysis of methods used indicated that compulsory charges were usually at maximum rates. They constituted additional revenue sources for AlphaPU faculties and were especially key for in-deficit units. The situation fostered continual pressure to increase the number of additional charges. Voluntary charge-setting was less strictly controlled. Internal costs and revenues were partly allocated to direct costs and revenues, and partly to indirect costs, mostly faculty's overheads. Discussion with managers confirmed that the many approaches and modes of settlement also increased difficulties in terms of verification, planning and managerial usage.

The most expansive and significant internal settlement system in the university's management accounting was the algorithm allocating teaching budget grants. During our research, this algorithm reflected the Ministry's allocation formula. Each faculty gained a grant reflecting input 'earned for the University'. Blackboxing consisted in introducing to the formula a complicated mechanism for unit revenue settlements with a parallel hiding of data used in calculation. Given these rules, state budget funds were allocated via individual study tracks of over several thousands of students in numerous internal units. The settlement basis was through data transmitted by the units to a special university committee. Due to the breadth of the data sets, verification difficulties arose and managers were ignorant of actual numbers used in calculations. A similar situation was observed with elements of the algorithm. According to internal rules, settlements had to be officially sanctioned by the Rector. In practice, this rendered it difficult to assess the rationality of internal cooperation and its influence on results. Further, lack of knowledge about rules establishing allocation indexes and issues of their trustworthiness were discussed at many meetings. It was indicated that this factor sometimes discouraged faculties from engagement in new projects. However, the researchers observed that there were no official arguments against the amount of revenue allocated to units.

From a legitimacy perspective, observed 'blackboxing' influenced individual assessments, rendering them very difficult. This displaced challenges to legitimacy from individuals, who were also seeing that the information was being used. Assessing methods' accuracy, fairness and effectiveness was seriously constrained making it difficult to verify the trustworthiness of accounting representations and the system more generally. From the perspective of report creators, the situation offered a façade for data manipulation. Further, the complexity and meticulousness of formula used conveyed an aura of practice being advanced and sophisticated (Gallhofer and Haslam, 1991). This was effectively a legitimacy source for both ceremonial and pro-effective accounting methods. Constraints upon individual-level assessments generated a source of legitimacy at the collective level. In the unit researched, the main arguments legitimising usage of specific accounting methods observed referred to important social actors (the Rector, experts), usage by other external and internal units and the length of time of usage.

Such phenomena impacted upon internal acceptance of methods which were seen as advanced and refined irrespective of pro-effectiveness. Despite methods' detailed make-up, output data was quite crudely aggregated, hampering pro-effective assessment of plans and related decision-making.

Summarising, blackboxing is further manifestation of manipulations linked to reception of the organization's activities (Oliver, 1991). We uncovered that introducing complex calculation formulas together with other techniques of obfuscation in calculations and what they engendered in turn gave rise to a blackbox from the perspective of an addressee or observer. The absence of possibilities to verify information at the individual recipient level facilitates the internal legitimacy façade and diminishes risk of its perception (Suddaby *et al.*, 2017). Together with legitimacy labelling, this tactic enabled the joint functioning of accounting solutions related to contending institutional logics.

Deliberate complication of both formulas and data presentation rendered it difficult or near impossible for managers to appreciate any substantive cause-and-effect relations between decisions, actions and settlements and in the case reduced confidence in financial information. It created another reason for limiting in practice the scope of formal management accounting. Application of constructed methods contributed to a significant aggregation of data on the revenues and costs of didactic activity, limited the possibility of settlement to the level of internal units and obstructed development of methods for monitoring university activity in other cross-sections of the data (e.g. study types). The situation especially hindered implementation of central or inter-faculty initiatives, particularly when expected financial effects were difficult to estimate and uncover in relation to individual participants. This lack of control over substantive cause-effect relationships partially removed managers' responsibility for subordinate segment results, so pro-effective actions were in practice deemed of low import and beyond assessment. In turn, perceived need and demand for reliable and detailed management analyses was reduced.

Shadow management accounting

A further finding from our analysis of institutional pressures and their impact was the development of informal pro-effective methods of assessment here termed shadow management accounting, integral to individually and unofficially developed sets of analyses supporting effectiveness.[16] Due to illegitimacy risk, this accounting was not formally demonstrated, staying in the shadow of official solutions. Observation of management practices indicated that ceremonial usage of some measurement methods encouraged managers to limit the scope of the official information system and leave reporting in highly aggregated form. Development of informal internal settlements and communications somewhat at variance from official patterns was fostered. Analyses indicating divergence of revenue and cost for particular programmes were not visible in official reports but mobilised by managers using their own sources. Results of such analyses functioned apart from official circulations as shadow components of management accounting. Officially, internal accounting records provided faculty financial results, while in practice they served accounting staff responsible for a reporting constrained to external expectations and requirements of university authorities.

Observing discussions by managers about information scope, a particular paradox was identified. Managers often complained about lack of properly segmented information,

[16] Usage of 'shadow' here parallels usage in 'shadow accounting' (Tregidga, 2017) in some ways but not others. It refers to a practice that is an alternative to the officially endorsed, but here one that is also internal to the organization and applied in supporting conventional economic functionality rather than tenets of a more wide-ranging CSR: our usage indicates the complexity of 'shadow accounting' considered as a more generic construct.

rendering decision-making on programmes 'blind'. Yet, managers shared the principle that the official system was to be aggregated as much as possible. The latter hindered insights in terms of pro-effectiveness and obstructed verification of complex calculations. But it diminished the risk of negative perception by various internal and external stakeholders. Paradoxically, the meticulous and elaborate possibilities of the settlement practices translated into provision of very aggregated and synthetic information. Derived allocations to segments served partly functional aims of splitting costs/benefits to responsibility centres and partly concerns to support legitimacy.

Accounting representations/reports partly reflected expectations of the institutional milieu, the logic that costs legitimised fees. When managers in practice pursued aims divergent from this template, they made informal and unofficial settlements supported by separate records or arrangements. These were kept secret, only accessible to interested staff. Financial effects of such actions influenced segment results while formal requirements were met. Additional informal calculation methods were also used for managerial purposes at faculty level.

Our observations and discussions indicated that managers seeking pro-effective improvements individually prepared informal analyses of actual or planned programme profitability. In most cases we explored, the numbers differed somewhat from those in official reports, being based on a pro-effective logic, i.e. on aspirations for revenue increases while controlling costs over time. Typically, methods used were less complicated. Shadow management accounting methods identified were selectively presented to a narrow group of decision-makers. They were neither debated in larger fora nor archived, invisible in official informings.

The major users of the internal information system were managers and accounting staff. When analysing circulation of formal and informal information, we discovered a tendency: the more ceremonial the method, the more the *accounting* staff engaged in its usage. However, the greater the pro-effective importance of a particular method, the greater the involvement of *management* staff: in some cases, this was so great as to entail individual, independent search for data and the creation of informal assemblages. Analysis of practice indicated a quest for balancing formal and informal.

The parallel existence of two contending logics fostered decoupling in management accounting. The *formal* part of the system was oriented towards legitimacy-seeking. It enriched the intricacy of reports delivered but restricted insight into university activities. Institutional pressures left management staff informally solving problems arising from incompatibility of operational actions with official logic. Owing to the need to supplement information deficiencies engendered by the officially implemented approach, informal management accountings were required. Illegitimacy risk thus fostered secrecy and independent implementation of calculative practices and management accountings by individual managers. Structural decoupling accompanied information decoupling. Accounting specialists were substantially involved in the formal system. The informal was the managers' domain. Decoupling observed was not complete, both in informational and structural strata. Between the strata there was minimal interaction.

Summarising, shadow management accounting was a symptom of decoupling where one layer was informal and hidden. We reveal that this tactic reflected internal efforts to develop management accounting pro-effectiveness while concurrently supporting legitimacy. It could in part be seen as a form of comprise (Carlsson-Wall *et al.*, 2013; Chenhall *et al.*, 2013). The logic seeking to reduce illegitimacy risk helped to constitute a formal information system, whilst the logic shaping perceived management needs was reflected in informal reports and shadow management accounting.

Informal analyses helped supplement and compensate for deficiencies in formal management accounting. Due to limited access to reliable detailed information, these methods were very simple and mainly supported short-term operational decisions. Owing to the illegitimacy risk, conventional management accounting methods like market analyses of tuition fees, analyses of programme margins or decision analysis regarding programme organization were used by managers informally, remaining outside the official circulation of information. The scope of their usage was very diverse and depended upon individual managerial decision contexts. Aspirations to develop cooperation between units and to improve internal resource allocation engendered a process enhancing the usefulness of informal internal settlements. The lack of formalization led to another factor reducing transparency of university segments and inhibiting open discussion about their pro-effectiveness. The reduction in transparency was associated with placing preparation and usage of information in management's hands, while concurrently shifting to administrative (accounting) staff the responsibility for official, especially ceremonial, accountings.

To help clarify the nature and significance of the tactics it is helpful to more explicitly explore their interactions. We now turn to this.

Decoupling and counter-coupling

Our case articulates more of the complexity involved when contending institutional logics engender illegitimacy risk and management accounting responses.

Contradictory logics impacted not only management accounting in terms of serving the internal legitimacy façade but also the nature of how management accounting was mobilised to continue its pro-effective role. Thus, decoupling of management accounting manifested. Pro-effective and symbolic layers were linked intricately so that inconsistencies were hidden or displaced from attention.

While ceremonial calculation seeks to construct the internal façade, shadow management accounting seeks to maintain pro-effectiveness. Ceremonial calculation is in part a hiding/displacement internally that is a contribution to or preparedness for a hiding/displacement externally, to accrue a silent, effective acceptance. Since shadow management accounting helps with pro-effectiveness it makes feasible and thus supports strategy to protect against illegitimacy risk. Paradoxically, the symbolic, which comes to disguise a failing to realise the cost approach in practice, is promoted as the formal, while the pro-effective is put into the background, the realm of the informal and shadow management accounting, an unusual practice of legitimising reflecting the divergent institutional pressures. Managers assumed the greater role in preparing and using shadow management accounting while accounting staff remained tied to formal and official accounting practices that were mainly ceremonial.

That the symbolic layer is created through formal application of ceremonial methods confirms and adds to insights of Meyer and Rowan (1977) and Boxenbaum and Johnson (2008) and further supports Fernandez-Revuelta Perez and Robson (1999) and Rautiainen (2010): management accounting methods are used ceremonially to construct a legitimacy façade. The pro-effective layer is formed by shadow management accounting (consistent with Brunsson, 1986).

Legitimacy labelling and blackboxing reinforced each other and intermingled in relation to binding the symbolic and pro-effective layers of the management accounting system and maintaining organizational functioning and legitimacy. Legitimacy labelling encompasses dual meaning. On the one hand its figures, as presented, act as symbols, while for those better appreciating the system they constitute pro-effective information. And legitimacy labelling enables transfer of symbolic meaning to pro-effective informative elements of accountings. It further supports the strategy to protect the organization from illegitimacy risk. Blackboxing makes it difficult for duality in management accountings to be appreciated internally and externally. It helps in effect to legitimise ceremonial calculation, mixing with legitimacy labelling. Blackboxing brings complexity and apparent sophistication which serves the strategy. Thus, these tactics construct specific types of link between the two layers that helps maintain some control.

Observed usage of legitimacy labelling builds on insights into manipulation of activity descriptions in accounting reports (Covaleski and Dirsmith, 1991; Ogden and Clarke, 2005), while findings of blackboxing build on insights of Oliver (1991) and Suddaby *et al*. (2017) concerning the significance of limited possibilities of information verification at recipient level.

Given clearly contradictory institutional logics, not only was there search for compromise and decoupling (Carlsson-Wall *et al*., 2016), there was also search for information solutions that particularly indicate Brunsson's (1986) notion of counter-coupling, *within* 'talks' (i.e. management accounting). This constituted a component in protecting from illegitimacy risk. Counter-coupling is a phenomenon scarcely explicitly uncovered in management accounting research but uncovered here through the detailed analysis and the focused 'fragmentary' approach to legitimacy, here concentrating on particular dual logics (see Modell, 2003; Ogden and Clarke, 2005).

As noted, the four tactics highlighted permitted and facilitated the combining of contradictory layers. From a pro-effective perspective, such protection hinders the transparency and accountability of organizational segments. There was shift of effort from developing management accounting knowledge (e.g. respecting financial consequences of decisions/activities) to maintaining the existing façade and organizational hypocrisy. It encouraged a view of accounting as detached from university activities. And additional skills of accounting system participants, who had to move smoothly between the layers, were demanded.

Impact on management accounting

We end this section by summarising key observed impacts on management accounting. Ceremonial calculations reduced transparency of actual decision-making criteria used in developing teaching offerings. These criteria became detached from activities' costs. Often decision-making was short-termist. Ceremonial calculations helped convince most staff that accounting had a constrained role regarding pro-effective decision-making and control and was rather geared to an externally-shaped legitimacy role. Legitimacy labelling transferred cost rhetoric to management discussions, limiting management accounting's pro-effectiveness. Managers substantially ignored financial information at the planning stage, especially since plans were known to be subject to later adjustment. Management accounting became a façade hiding segment shortfalls/surpluses. Blackboxing rendered it extremely difficult for managers to see substantive relationships in operating processes. It lowered the level of confidence in management accounting and again in practice constrained it.

Management accountings were highly aggregated and of limited use for operational decisions, holding up initiatives. Managers were effectively encouraged to scarcely attend to pro-effectiveness. Perceived needs and demands for pro-effective accounting were reduced. Shadow management accounting, used by managers informally and unofficially, compensated for some deficiencies in formal management accounting. Its scope was diverse and depended upon the particular decision contexts of individual managers. There were even efforts to improve the working of internal settlements informally to render these more useful for internal resource allocation. But another impact of shadow management accounting was that the continued lack of formalization in effect facilitated reduction in the transparency of university segments and constrained discussion about pro-effectiveness.

Research conclusions

In concluding, we emphasise our study's contributions and acknowledge its limitations.

We sought to clarify and further explore intricacies of the relationship between illegitimacy risk engendered by contradictory institutional logics and management accounting. In our case study of a Polish university we highlighted four adaptation tactics implicating internal accountings deployed as responses in legitimacy struggle. Reflecting the content and context of these tactics, we named them ceremonial calculations, legitimacy labelling, blackboxing and shadow management accounting. We elaborated upon these tactics in relation to the internal legitimacy façade, decoupling and how, together, they constituted a counter-coupling of the management accounting system**.**

Our findings address and extend theoretical considerations on management accounting as tool and product of organizational legitimacy. Firstly, they illustrate how tensions in institutional milieu and corresponding organizational reactions intent on maintaining legitimacy impact management accounting. We further support the proposition that multiple contradictory logics impact on different dimensions of internal information systems (Townley, 2002; Rautiainen, 2010; Ezzamel *et al.*, 2012): the methods, structures and rhetoric used. Prior research (Moll and Hoque, 2011) indicates that in pursuing legitimacy, HE institutions modify and adapt management accountings. Noteworthy in our research is the influence of the type of pressure generated by the institutional environment (Bitektine and Haack, 2015). When the need to simply maintain legitimacy is seen as the response to take vis-à-vis perceived illegitimacy risk, the impact on management accounting can differ from when external pressure is seen to offer opportunities for the more positive improvement of social support. In our study, illegitimacy risk hindered the accuracy, transparency and formalization of management accounting. The internal information system acted not only as pro-effective tool but also as tool for protecting against illegitimacy risk.

Secondly, our results indicate how contending logics impact in terms of decoupling management accounting. In calculative practices, besides the relatively easily seen layer of the façade whereby formal methods are symbolically used, there are also two other layers: informal informing (shadow management accounting) and the layer created by the joining of phenomena adjusted due to the conflicting logics (blackboxing and legitimacy labelling). Our findings confirm that, in pursuit of maintaining legitimacy, organizations construct internal façades (Fernandez-Revuelta Perez and Robson, 1999) using similar manoeuvres as when they disclose information externally (Elsbach, 1994; Ogden and Clarke, 2005; Cho *et al.*, 2015a): intensifying legitimacy rhetoric; manipulating situational images; hiding that incompatible with expectations. Our study indicated that creation of the legitimacy façade impacted on various management accounting dimensions: methods used; formation and usage of information within structures; level of formalization of procedures and reports; application of particular calculation formulas; selection and presentation of data; precision and significance of constructed images; labels used to present and describe numbers and particular financial values/figures registered in reports.

Manoeuvres identified are good examples of 'organized hypocrisy' (Brunsson, 1986), at the level of 'talks', in circumstances where the university wants to act as it sees fit while meeting strong pressures arising from external institutional contradictions. Indeed, given the clearly contradictory logics (with little scope to compromise), a third conclusion here is that we found practices indicative of Brunsson's (1986) notion of counter-coupling. Our study adds to Cho *et al*. (2015a) but reflecting focus on the internal organizational context. We found contradictory orientations within management accounting, within 'talks', consistent with 'counter-coupling', facilitating the effort to protect the organization from the illegitimacy risk arising from the contradictory logics.

A further conclusion here concerns the *peculiarity* of HE institutions' management accounting. Our study, consistent with prior research focused on other countries (Modell, 2003; Moll and Hoque, 2011), indicates the influence of state agencies as representatives of legislators and funders. To impact, these agencies transmit to academic centres specific logic-confirming and/or logic-creating frameworks for HE. Contradictions in this field affect the rhetoric of legal regulations forming a façade at the level of the whole system transmitted to that of the universities, and to university management accounting particularly. In the public institution, there is a strong non-profit logic, which diverges from management accounting's dominant and conventional profit-orientation. Our case demonstrates that, besides the tendency to hide margins/profits as indicated in previous research (Moll and Hoque, 2011), the logic of the public institution fosters usage of cost rhetoric in reporting. The pervasive naming of accounting categories/terms with cost labels is a type of ceremonial demonstration of non-profit performance.

We can reflect here on implications for management accounting. The study contributes to a better understanding of management accounting's functioning in organizations, suggesting implications for systems design (e.g. in terms of preserving pro-effectiveness while maintaining, hopefully meaningful, notions of legitimacy) and also for openness about the character of management accounting practice and more generally for any sensitive forming of regulatory approaches (reflecting contextual appreciation).

Our research has some limitations related to its approach. Further analyses of the influence of legitimacy processes on management accounting could add greater validation to and extend our conclusions. Especially intriguing for further research are issues concerning management accounting's complex role in relation to organisational hypocrisy more generally, as adhesive connecting talks, decisions and actions in the context of contending logics of an unstable institutional milieu.

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