Aalto University
School of Business

# Moving beyond potential: Management accounting as activity and structure

Accounting

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Max Uusitalo

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Department of Accounting
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Max Uusitalo
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Aalto University, P.O. BOX 11000, 00076 AALTO
www.aalto.fi

**Abstract of master's thesis**

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**Author** Max Uusitalo

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**Abstract**

The thesis at hand is a qualitative study in management accounting research, building on Schatzki's (2005) practice theory. I will propose that the management accounting practice is constructed through organized activity. Consequently, the emphasis of my analysis lies in the examination of arrays of activity, that might compose the management accounting practice in a real organizational setting. However, the constitution of practices, and consequently of the entire social site, is a complex one; accounting practices do not form a discernible field, but constantly interlace with other fields of practice. By illustrating and partly elaborating on claims and suggestions provided by management accounting applications of Schatzki's practice theory, most notably Ahrens and Chapman (2007) as well as Jorgensen and Messner (2009), I will propose, that accounting does not necessarily manifest itself as an independent practice, but also as a structure, framing and directing other practices. From a practice theory perspective, management accounting does not primarily present itself in terms of resistance or programmatic and political potential, but rather as structures, material arrangements and activity.

**Keywords** Management accounting, practice theory, activity, structure

**Aalto-yliopisto**
**Kauppakorkeakoulu**

**Aalto-yliopisto, PL 11000, 00076 AALTO**
**www.aalto.fi**

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Kyseessä oleva Pro Gradu –tutkielma on kvalitatiivinen tutkimus johdon laskentatoimen osa-alueelta. Teoreettisessa viitekehyksessäni nojaudun Schatzkin (2005) käytäntö teoriaan. Tulen esittämään, että käytäntö nimeltään johdon laskentatoimi rakentuu strukturoidusta toiminnasta. Tämän teoreettisen lähtökohdan seurauksena analyysini tulee keskittymään henkilöiden toimintaan, sekä sitä jäsenteleviin rakenteisiin ja mekanismeihin. Käytäntöjen rakenne, sekä koostumus, organisaatioissa on kuitenkin monimutkaista; laskentatoimen käytännöt eivät aina esiinny erillisenä käytäntöjen kenttänä, vaan jatkuvasti sekoittuvat muiden käytäntöjen ja rakenteiden kanssa. Tarkoitukseni on valaista, ja hieman myös laajentaa, Schatzkin käytäntö teorian soveltamista johdon laskentatoimen tutkimukseen. Tulen osittain rakentamaan argumenttini aikaisempien käytäntö teorian sovelluksien varaan, merkittävimpinä Ahrens ja Chapman (2007) sekä Jorgensen ja Messner (2009). Aikaisempien käytäntö teorian sovellusten laajennuksena tulen esittämään väitteen, että johdon laskentatoimi sosiaalisena ilmiönä usein näyttäytyy muita käytäntöjä ja toimintoja ohjaavana rakenteena tai struktuurina. Lisäksi, käytäntö teorian näkökulmasta, johdon laskentatoimi ei ensisijaisesti näyttäydy vastarinnan tai poliittisen potentiaalin muodossa, vaan rakenteina, toimintana, sekä fyysisten elementtien järjestyksenä.

**Avainsanat** Johdon laskentatoimi, käytäntö teoria, toiminta, struktuuri

## Table of Contents


1 Introduction ..... 1

2 Management accounting research: Moving from potential to action ..... 3

2.1 Visibility, evaluation and control; claimed historical origins ..... 6

2.2 Discourse, organizational change and culture ..... 8

2.3 The strategic potential of management accounting ..... 11

2.4 Management accounting as a practice ..... 20

3 Methodology ..... 33

4 The case description ..... 37

4.1 The story of Industrial Technologies Corporation ..... 37

4.2 The change process: Accounting for the customer and the investor ..... 39

4.3 The dynamics of practices; At the crossroads of “new” and “old” ..... 43

4.4 The constitution of practices ..... 46

4.4.1 The change-agents’ view ..... 47

4.4.2 The sales people’s point of view ..... 52

5 Discussion ..... 60

6 Conclusions, implications, limitations and directions for further research ..... 67

6.1 The theoretical position of the thesis ..... 67

6.2 Managerial implications ..... 71

6.3 Limitations and directions for further research ..... 72

References ..... 75

# 1 Introduction

My Master's Thesis will be a qualitative study, attempting to contribute to the understanding of the management accounting phenomenon. In that pursuit, the thesis aims to shed some further light on how management accounting works and functions in a real organization as a part of the social site (Schatzki, 2005). Not making a claim of creating generalizable theory, the study will focus on understanding accounting in the context it operates, by mainly illustrating and applying existing theory, as well as potentially highlighting some emerging themes (Hopwood, 1987; Vaivio, 2008; Langfield-Smith, 1997). The goal will not be to examine accounting practices as isolated phenomena, but rather to appreciate their interdependence with other organizational and social practices and phenomena (Hopwood, 1987).

Vaivio (2004) illustrates that the intrusive and provocative nature of non-financial measurement creates a space for discussion and debate within the organization, since the claims made by the measurement cannot be marginalized. In those arenas of discussion, the locally embedded expertise of sales managers is being contested by formalized, controlling measures. Precisely, in these debates local insights of the business are uncovered and shared, and thus made explicit. Vaivio (2004) portrays the provoked specialist reaction as something meaningful; the uncovered specialist knowledge proves influential, shaping how the organization sees its customers and makes sense of the business as well as of the organization itself. To put it shortly, management control systems reveal their strategic as well as conflictual potential in the narrative of the paper. Many scholars from the domain of interpretive management accounting research have put a strong emphasis on the programmatic and strategic potential of accounting practices, as well as on the resulting social consequences of accounting's interference with individuals or local contingencies in general. A group's resistance to imposed practices has often been portrayed in a homogenizing way, leaving much of the multifaceted processes of practices and individuals in the dark (Ahrens and Chapman, 2007; Whittington, 2006). As a result, there seems to be some space for management accounting research, that tackles the action and talk of individuals when faced with, and engaging in, management accounting practices. Secondly, there seems to be a lack of research addressing the reasons, for instance, understandings, motives and desires, behind individuals' actions.

The underlying motivation of this study is to understand the actions, or the descriptions of action, of individuals as they are faced with various forms of management accounting practice, and in turn respond to, and constitute those practices through action. As we will learn, the skillful action of individuals, and the motives behind it, are not necessarily connected to resistance nor to grand strategic or societal programs, but are often tied to much more complex elements of the social site (Schatzki, 2005; Whittington, 2006; Ahrens and Chapman, 2007).

I will attempt to outline a theoretically grounded argument, which builds on management accounting as manifolds of organized activity, organizing structures as well as material arrangements. As such I will make a claim, that this phenomenon should be examined from a non-political, non-programmatic and non-resistance perspective, focusing rather on actions, that are framed by practices and ordering structures, but at the same time also constitute them. In order to study organizations and social phenomena at large, one must avoid from averting into an analysis of grand social and political systems, and rather focus on practices and material arrangements, as they essentially construct the entity we call organization, and the social site in general (Schatzki, 2005).

Along with its attempt to illustrate, and perhaps refine, the body of knowledge in management accounting (Keating, 1997), this paper also seeks to provide some managerial implications; in the spirit of Mintzberg (1990) I presume that managers need to get out of their offices, and engage with operational people and customers, in order to truly understand the forces managerial concepts are facing in everyday action and talk (Mintzberg, 1990; Whittington, 2006; Bernstein, 2012). At the same time, I want to emphasize that managerial agency does have a great role in steering the organization into a certain commercial or strategic direction; planned strategies rarely play out in the same significance as intended, but managers have the power to frame and contextualize the space of possible actions taken by employees (Schatzki, 2005; Ahrens and Chapman, 2007; Jorgensen and Messner, 2009; Vaivio, 2004; Mouritsen, 1999; Bernstein, 2012).

In the next section I will first present the broader underpinnings of my thesis, in order to find some theoretical inspiration for the formulation of my starting point. An overview of some distinguished papers of the interpretive research tradition in management accounting makes the reader familiar with my thinking, introducing him or her how question settings and theoretical inquiry have evolved. In this sense, I will go to a short journey, and underline some of the developments in interpretive management accounting research, and how my interpretations of those emergent themes have contributed to the theoretical starting point I have chosen. In the later parts of the literature commentary I will go deeper into the concrete theoretical body of this thesis.

After presenting the backgrounds of my thinking, interpretations of the studied literature as well as the constructed theoretical starting point, I will go on to tackle some methodological issues concerning my research approach, as well as practical choices concerning this thesis. In the fourth section I am going to introduce the empirical setting and highlight my findings. The paper will be concluded by a discussion part, followed by theoretical conclusions, managerial implications as well as limitations and suggestions for further research.

# 2 Management accounting research: Moving from potential to action

In this paper I will partially adopt the criticism issued by Ahrens and Chapman (2007), concerning the typical arguments and pit-falls of interpretive management accounting research conducted in the past four to five decades. This is not to mean, that the interpretive genre has not done a great service to management accounting research; it has successfully freed us from the assumption that management accounting is something inherently functionalist, that should be studied only as an intentional technology (Hopwood, 1972; Hopwood, 1987; Baxter and Chua, 2003; Ahrens and Chapman, 2007; Vaivio, 2008). In a sense, the interpretive school has shown us the “bigger picture” in which the use of management accounting systems, and management accounting practice in a broader sense, become embedded in the organizational social reality, which contains different kinds of cultures, resistance and conflict, political and commercial aspirations, game-playing and so forth (Dent, 1991; Hopwood, 1987; Mouritsen, 1999; Vaivio, 2004). The interpretive school has thought us, that management accounting practice in organizations is far from being an objective or ideal technology, but a phenomenon which is rather subject to multiple uses and interpretations (Hopwood, 1972; Ahrens and Chapman, 2004; Busco and Scapens, 2011). Vaivio (2008) merits the interpretive genre, which often attempts to uncover emerging concepts of social order through close engagement with organizational contexts, with rescuing research from the functionalism, idealizations and simplifications portrayed by text-books, economists and consultants.

On the other hand, functionalism should not be forgotten altogether; management accounting practice still is (perhaps more so than ever) linked with the pursuit of commercial success and managerial intention. Accounting should not merely be studied in terms of potential, conflict and resistance, because interest and conflict are not given (Ahrens and Chapman, 2007). Top management *does* have more agency and power in implementing organizational agendas through management accounting systems, and most employees *do* participate, in a way or another, in pursuing shared organizational goals or objectives and sub-objectives.

Ahrens and Chapman (2007) draw on the practice theory of Schatzki (2005), in order to delve deeper into the unfolding and manifestation of management accounting in organizations. Schatzki (2005) suggests, that social order is constructed through individuals’ engagement in practices, which are comprised through arrays of activity. Those arrays of activity are guided, and made meaningful, through understandings how to do things, rules and teleoaffective structures (Schatzki, 2005). Rules can be understood as more or less articulated instructions or prescriptions to do this and that whereas teleoaffective structures are bundles of goals, targets, projects, desires or even sentiments that are acceptable or required for actors engaging in a certain practice (Schatzki, 2005). Ahrens & Chapman (2007) credibly translate Schatzki's practice theory into an understandable application for management accounting research. In the coming sections I may refer to rules, understandings and teleoaffective structures, the elements that frame activities and behavior within practices, simply as structures, frames, mental frames or guiding elements.

My intention is to lean on Schatzki's philosophical theory, as well as on its more accounting related interpretations, most notably through Ahrens & Chapman (2007) and Jorgensen and Messner (2009), in order to illustrate how and why organizational members may become implicated with management accounting systems, and engage in management accounting related practices through complex manifolds of activity. Without succumbing to functionalist representations of management accounting practice (Vaivio, 2008), I attempt also to demonstrate that actors quite willingly and skillfully engage in practices through meaningfully ordered activities, in order to achieve certain ends, which are often motivated by commercial targets and other shared organizational understandings and motives (Schatzki, 2005; Ahrens and Chapman, 2007; Whittington, 2006). Management accounting practice deserves to be further studied in terms of *resources for action*, not only in terms of unintentionality and conflict or political and programmatic potential (Ahrens & Chapman, 2007).

In a slight contrast to Ahrens and Chapman (2007), I do think that it is also necessary to describe and present some of the achievements of interpretive management accounting research in more detail; they do open up various potentials of the management accounting phenomenon, and serve as a foundation to understand in what a multitude of ways the phenomenon might manifest itself in organizations, and what the origins of that might be. Interpretive research has outlined a multitude of *social spaces*, where sociologically informed researchers might encounter manifestations of the phenomenon. Having that said, I will next discuss some important papers, that concentrate mainly on the potential, as well as on the historical and political origins, of the management accounting practice, and then move on to more specific literature, ending with the practice theory itself, which depicts the engagement into meaningfully ordered activity as the real construct of the social site (Schatzki, 2005).

The to be presented papers have several things in common. Firstly, they possess an interpretive approach to the study of accounting, meaning that they illuminate the stories and histories around claimed manifestations of accounting. Secondly, they aim to probe deep into the constitution and unfolding of accounting within the social field, while being careful with broad generalizations, as well as avoiding to simply assign certain forms and uses of accounting to certain contingencies. Most importantly, the interpretive genre has demonstrated its ability to introduce *emerging themes* into the field of discussion and further examination. One can argue, that for example survey studies as well as text-book and consulting-natured depictions of the accounting phenomenon have often lacked the open-mindedness, independency and sensitivity to resist trendy simplifications or to *perceive* emerging themes (Langfield-Smith, 1997; Vaivio, 2008).

## 2.1 Visibility, evaluation and control; claimed historical origins

The nature of the accounting phenomenon has been intensely studied in the past decades. It seems, that in today's academic and managerial debate accounting has been freed from its previous technical chains. Accounting is increasingly understood as a social phenomenon, at the same time being a result of the social and constituting the social (Hopwood, 1987). For instance, Burchell et al. (1985) discuss how new forms of accounting emerge through the interaction of various stakeholders and their claims, and in the end construct new relations and visibilities. The core argument is, that accounting cannot be separated from the contexts it operates in (see also Hopwood, 1987). Miller and O'leary (1987) examine *the origins* of the modern management accounting phenomenon. The paper proposes, that much of the development in the field can be traced back to bigger societal agendas emerging within the western world in the early parts of the 20$^{th}$ century, and that those agendas often were linked to the pursuit of efficiency. Further, building on the writings of the French philosopher Michel Foucault, Miller and O'leary (1987) suggest that the genealogy of management accounting can be studied, for example, in reference to the emergence of the modern disciplinary apparatus in the 18$^{th}$ and 19$^{th}$ centuries. Regimes shifted from purely exercising cruelty to the utilization of *normalizing practices* when disciplining prisoners (and the citizens at large). Miller and O'Leary analogically claim, that as modern facilities of production emerged, so did the subordination of the worker to an apparatus of calculation and normalization. The study depicts how methods of normal sciences were introduced into organizations, with the objective of establishing visibility, measurability and controllability. Methods of measurement and normalization helped to preserve existing social order, or alternatively to create new social orders, and ultimately became part of the order itself.

Also, for example, Hopper and Macintosh (1993) present a possible genealogy of the modern management accounting phenomenon, by highlighting its resemblance and relation to other regimes of controlling the social through apparatuses of calculation and normalization. It is important to note, that the presented papers attempt to show through historical accounts, how the potential of calculative practices was introduced into the social context, and eventually was made operable in organizations, creating controllability, accountability and unprecedented visibility. In regard to this thesis it is noteworthy, that these papers leave widely untouched *how exactly, and in what ways* the social participants became part of these calculative practices. The presented papers seem to presume a politically aggregated origin of management accounting; workers were oppressed by the owners of production, and normalizing practices of calculation were enforced onto them, which resulted in even more oppression and control. This argumentation surely underlines the widely accepted claim, that accounting was and is actively involved in constituting its own context (Hopwood, 1987), but it still leaves the curious observer wondering if the processes were that one-sided after all. Today societies are more democratic and organizations are much more empowering than in the beginning of the 20$^{th}$ century, while at the same time calculative practices have penetrated almost every aspect of organized life in one way or another. There is significant space for suspicion, whether the Foucauldian narratives of the origins of the management accounting practice give a balanced and credible picture of accounting's role in the social context after all; people in modern organizations quite deliberately seem to engage into practices of control and steering, being also active shapers, developers and constituters of those practices through skillful every-day activity (Bernstein, 2012; Ahrens & Chapman, 2007; Whittington, 2006).

Despite of the politicized nature of Foucauldian and Marxist narratives, they do open up plausible explanations and reasons about why calculative practices started to drift into productive and commercial enterprises. The birth of management accounting was inflicted in the pursuit of effectiveness, productivity and minimization of waste, and at the same time further strengthened those ambitions (Miller and O'leary, 1987; Hopper and Macintosh, 1993). These underlying notions still hold true.

## 2.2 Discourse, organizational change and culture

In the earlier section I discussed and problematized some aspects of the claimed political and programmatic origin of management accounting practices. I will now turn my attention to papers theorizing about the *potential* of management accounting through more focused case studies. Many of them share an interest in accounting's capacity to strongly interfere with organizational reality deep into the detail, as well as its potential to shape individual and collective identity. They also often portray accounting practices and systems as unrealistic representations and simplifications, that usually fail to capture the richness of the social site, and are therefore doomed to produce unintentional consequences (Ahrens & Chapman, 2007; Hopwood, 1987; Vaivio, 2004; Vaivio, 2008). A majority of them, however, settles to highlight accounting's constitutive potential (Hopwood, 1987), introducing concepts like strategy and organizational change. Yet, only a few go further to illustrate some of the activities individuals engage in on an everyday-basis when they participate in proposed practices. Both, accounting's unintentionality and intentionality need to be involved in sound and balanced theorizing.

Dent (1991) describes how discourses around accounting concepts, such as profitability and growth, interfered with the old way of perceiving the organization and the environment, eventually changing the "railroad" culture into a "business culture", illustrating the discursive change potential of management accounting. While Dent does not engage in a detailed account about how and in what ways organizational participants exactly engaged in activities producing those discourses, he does open up new avenues for inquiry by pointing towards accounting discourse's interfering capacity, and its role in cultural change (Dent, 1991). Management accounting is never isolated from organizational culture and identity, but part of them. However, whether discursive elements really preceded action in constructing the social site at EuroRail can be further problematized and questioned (Schatzki, 2005).

According to Schatzki (2005), all social sites are in the end composed by bundles of organized activity (practices) and material arrangement.

Whereas Dent (1991) focused on the discursive-cultural potential of the management accounting phenomenon, leaving widely untouched how exactly those elements of discourse might be infused into organizational reality, Alvesson and Kärreman (2004) point out that there has historically been a tendency in management accounting research to focus on either technical or cultural aspects of management control, resulting in the negligence of the one or the other. Alvesson and Kärreman remark that in dynamic organizational settings it might be counter-productive to assume the existence of one dominating form of control, or form of management accounting, over the other.

According to Alvesson and Kärreman (2004) management accounting research has extensively described management control in technocratic terms, exercised either through output control (e.g. performance measures like profit, sales or received complaints), or through behavioral control (such as direct supervision, rules, standard operating procedures and business policies). The writers argue that this kind of approach has neglected the insight, that management control does not solely target behavior or output, but also consciousness.

In this sense, Alvesson and Kärreman (2004) emphasize, that it is not necessarily only the formal practice nor visible system, which determine management control's working and functioning in shaping the social site at organizations; often it is the invisible expectation or meaning which is *infused* into the visible systems of management control, that actually determine how *it is felt* by organizational participants (Alvesson and Kärreman, 2004). This notion of coercive and enabling utilization of management control systems is also brought to the fore, e.g. by Langfield-Smith (1997), Ahrens and Chapman (2004) and Simons (1991). Without drawing on Schatzki's practice theory, Alvesson and Kärreman's (2004) argument of socio-cultural expectations and meanings can be compared to Schatzki's teleoaffective structures, consisting of ends, acceptable emotions etc., that organize arrays of human activity within a practice (Schatzki, 2005).

Alvesson and Kärreman's (2004) depiction of the management accounting practices at a renowned global consulting firm move us beyond accounting's evaluative capabilities and discursive power, towards perceiving the practices that constitute the management accounting phenomenon in organizations. The most important interpretive contribution of the paper is, that in the portrayed context formal systems (e.g. explicit forms of employee evaluation) do not even intend to be perfectly designed; they act as signs, artefacts and reminders of the underlying ideology and culture of the company. So called socio-ideological or informal controls are deeply embedded in the technocratic, formal systems. The informal controls complement and support the other systems, and in some cases when the technocratic systems yield seemingly unintended consequences, socio-ideological (informal) management controls take upper hand by defining the appropriate mindset for employees. In that sense, even if behavioral and output oriented controls are incomplete on the surface, the informal aspects create a clear framework for acceptable behavior and action, in an indirect fashion. Socio-ideological controls are targeting the self and the subjectivity of employees (Alvesson and Kärreman, 2004). Socio-ideological controls create mental frames for action and behavior.

Management accounting practice cannot be comprehensively understood merely in terms of unintentionality, potential or discursive power; one has to dig deeper in order to uncover shared meanings and expectations, which actors associate with management control. In order to succeed, one has to tackle the every-day activities that actors engage in (Ahrens and Chapman, 2007; Schatzki, 2005). To further theorize with the case study depicted by Alvesson and Kärreman (2004), one could argue that the nature of the management control practices investigated in the consulting firm are not at all that oppressive as claimed by the authors; surely the owners (partners) of the company have initiated the meanings and expectations embedded in the formal modes of control, but the employees are not mere mirrors reflecting those ideas, but also skillful manipulators and participants, who engage in practices through meaningful activity, and consequently shape and reproduce those practices by seeking various ends and goals (Whittington, 2006; Ahrens and Chapman, 2007; Schatzki, 2005).

## 2.3 The strategic potential of management accounting

Above I have introduced and problematized literature that has focused on some potentials of the management accounting practice. It has largely concentrated on broad analysis of the emergence of practices related measurement, evaluation and control. The studies I have discussed also put an emphasis on top-down and political histories and natures of those practices. In the center of analysis have been society at large, the examination of structures of power as well as discourses related to power (Miller and O'leary, 1987; Dent, 1991; Alvesson and Kärreman, 2004). Widely neglected have been the actual practices that constitute the management accounting phenomenon, as well as the intentional side of the accounting practice. The focus on practice, as the elemental piece of the social site, might give a richer account of the actual events and developments that play out within it, compared to broad societal, historical, political or discursive analysis and aggregates (Ahrens and Chapman, 2007; Schatzki, 2005). The study of practices also brings theory closer to the practical implications of the phenomenon; people tend to internalize commercial agendas and engage in activities that relate to those agendas. Conflict should not be a given component of the phenomenon, nor a prerequisite for research (Ahrens and Chapman, 2007).

In the following I will review theory that examines the management accounting phenomenon, usually taking the form of management control, in more detail; the potential of management accounting systems is often portrayed by describing the interplay between certain material arrangements and diverse practices (Ahrens and Chapman, 2007). The potential and implications of accounting are being illustrated on the level of organizational action or reaction. Commercial and other managerial agendas receive more attention.

As already suggested, for instance Vaivio (2004) proposes that novel forms of management accounting practice in organizations have the potential to provoke meaningful conflict between participants, which in turn is fostered into knowledge sharing, coordination and learning. Without explicitly drawing on Schatzki's practice theory, Vaivio (2004) discusses how organizational participants engage, and are engaged, in activities framed by systems of non-financial measurement. The systems of non-financial measurement (or any form of management system in that respect) are made out of practices as well as material arrangements (Ahrens and Chapman, 2007; Schatzki, 2005). In this sense Vaivio (2004) describes the emergence of a new system, which involves computers, physical and financial flows as well as meaningfully organized activity transpiring through those arrangements, and eventually creating visibilities in previously untouched areas of operations, such as sales. Even though the paper conveys a certain preconception of accounting's conflictual nature as well as its abstract potential, it still makes a valuable contribution to research by pointing out possible arenas and locales of accounting's manifestation.

Vaivio (2004) suggests that the learning aspects of non-financial measurement can be associated with Simons´ (1990) notion of interactive management controls. In that sense management control does not only serve for diagnostic and alignment purposes, but also in respect to outlining emergent agendas and strategies.

According to Simons (1990) managers can use management control systems interactively, by evoking discussions and debate about strategic uncertainties through a specific use of control systems. In that sense, management control systems do not only help in target setting and performance evaluation, but also provide arenas for sharing knowledge, and thus promote organizational learning as well as strategy formulation and reformulation. In Mintzberg's (1990) spirit learning occurs when target setting, evaluation and action occur simultaneously, in a balanced manner.

As discussed, Vaivio (2004) and Simons (1990) open up the practical potential of accounting systems by focusing on the different uses of them; by doing so, light is also shed on the actual activities people engage in when they constitute the practices, and in the end also the systems at hand. However, the writers do not go into detail, when analyzing the participants' actions within the practices; concrete depictions of action and motivation are withheld from the reader. As a result the presented accounts remain to an extent in the realm of accounting's claimed potential.

Nevertheless, as suggested through the previously presented papers, interpretive management accounting research has begun tackling more concrete problems in the management domain, resulting in both theoretical and practical implications. As the concept of strategy has emerged as a primary area of discussion in the past few decades, also the research of management accounting has shifted towards that direction. Although still mostly emphasizing accounting's potential, e.g. in strategy formulation and implementation, and without digging into the detail of activities that constitute the phenomenon, some important contributions have been made in the field. For instance, from the practitioners' point of view, accounting's claimed potential to direct attention as well as to convey important targets via intricate systems of measurement have surely been enriching. On the other hand, the interference of the interpretive genre into strategy oriented research has protected the domain from succumbing to "best practice" –thinking and the consultancy view in general (Vaivio, 2008). Best selling papers like Kaplan and Norton's (1992) introduction of the Balanced Score Card have been problematized, since accounting cannot be seen solely as an intentional and functional tool or technology (Ahrens and Chapman, 2007; Vaivio, 2008). The field of practice, that *is* management accounting has both intentional and unintentional characteristics (Schatzki, 2005).

Since accounting, more precisely management control research, has intertwined with general business studies and strategy research, it is of importance to take a look into that domain. Strategy research can illuminate some areas of interest, that managers and employees in contemporary business organizations associate with management control, e.g. the introduction of new measurement, which is supposed to signal change in the way things are done or perceived in an organization.

For instance, Mintzberg (1990) calls out for a holistic perception of the strategy process, in both practice and theory. The strategy formation–implementation dichotomy is at the heart of his critique; the author insists that those two processes cannot, nor should they, be separated thoroughly. Using other words, thought and action should ideally happen simultaneously, setting the fundaments for organizational learning. In that sense strategies cannot be *thought out* to the point where they are complete, without testing and elaborating them in practice, simply because the future, in all its richness, is too complex to be predicted out of an executive's office.

As stated above, at the center of the paper is Mintzberg's questioning of the separation of thinking and doing, which according to him is a pseudo-rationality, that underlies western thinking in general. This believed dichotomy has its origin in the structure of hierarchical organizations, which are governed by "machine bureaucracies" (Mintzberg, 1990). In "machine bureaucracies" the few on the top do the thinking, and the vast majority implements the ideas communicated to them.

Mintzberg (1990) notes that the design school of strategy, that builds on the separation of strategy formulation and implementation, fails to consider the possibility of resistance, as well as other complexities, that implementation processes may involve. Resistance may emerge from the environment, the implementing organization or the strategy itself. Also the fact, that in the design school's ideal model formulators are few and implementers are many causes severe constraints; a centrally thought out strategy cannot capture nor understand all levels and places, each with particular contingencies and eventualities. Mintzberg remarks, that intended (formulated) strategies exist, but *realized* strategies have emergent as well as deliberate characteristics (Mintzberg, 1990).

The path Mintzberg (1990) is pursuing can also be observed in management accounting research; papers such as Vaivio (2004), Simons (1990), Jorgensen and Messner (2009) and Langfield-Smith (1997) have all demonstrated that management accounting cannot be strictly divided into planning and implementation. Accounting shapes, and is shaped by the context it operates in (Hopwood, 1987), and this context is not restricted to executive team meetings. The concept of learning, and the interplay between formulation and implementation are themes highlighted in business and other social studies in general (Whittington, 2006).

Compared to popular works in the strategy research domain, such as Porter (1985), Mintzberg (1990) shares a concern for social reflection with the interpretive genre in management accounting research. Organizations are social sites, where interests, agendas, positions, backgrounds and emotions collide. In that sense, Mintzberg (1990) also invites critical interpretations from the practice theory perspective, as he focuses our attention to the processes, in which managerial decisions on one side, and action performed on lower organizational levels on the other, might interact. Top management does possess more agency than others in formulating and communicating strategies, but the processes through which strategy work is conducted is complex (Ahrens and Chapman, 2007; Whittington, 2006; Schatzki, 2005). As in the case of management accounting practice, the strategy practice can be seen as a shared resource, from which organizational members draw when contextualizing and framing their daily actions and endeavors (Ahrens and Chapman, 2007). As such intended strategies cannot drift “untouched” through organizational layers, because the rules, shared understandings and teleoaffective structures organizing the activities are multidimensional, always tied to other fields of practice and knowledge, as well as molded through ongoing interpretation and application (Mintzberg, 1990; Whittington, 2006; Schatzki, 2005; Ahrens and Chapman, 2007). In Schatzki’s sense, management accounting and strategy practice are both situated within the larger field of business practices and social practices in general.

On the other hand, Mintzberg’s (1990) sensitivity towards the various contextual and local forces, that might prove to be obstacles against managerial strategy implementation are also his theoretical weakness; organizational members do have a tendency to act, behave and think within the mental frame or structure set out by senior management (Ahrens and Chapman, 2007; Schatzki, 2005). By communicating strategies and plans, or by simply showing and enacting the hierarchical structure of the organization, top managers build a space for possible action, behavior and thought for employees. On the other hand, communicated strategies and official hierarchies belong to the web of practice-arrangement bundles that span all across the organization. In that sense, an employee never is as free of managerial intention as Mintzberg (1990) lets us belief; as long as he or she is a member of the organization, all actions and thoughts regarding that organization are somewhat contextualized by structures, practices as well as arrangements (Ahrens and Chapman, 2005; Schatzki, 2005). Ahrens and Chapman (2007) also voice out a critique against Mintzberg’s (1990) thinking, by calling it a school of emergent strategies. Management accounting research, without succumbing to functionalist consultancy, must remain open to both, social complexity resulting in unintended and emerging social orders, as well as the superior role of top organizational members to shape the social context.

In this sense, critique has to be voiced also against claims arguing that management systems, and management intentionality in general, are solely idealistic projections and simplifications, as claimed by some scholars, who tend to lean against the popularization of management research (Ahrens and Chapman, 2007). Top managers do have the potential do exercise significant power over the organization and employees, as they have at least more agency to initiate new practices, anchor some agendas to existing practices or to influence the organization's position within the context of larger fields of practice and arrangements, e.g. choosing the location of operations (Schatzki, 2005). While Mintzberg (1990) identifies the obvious shortcomings of past popular management research he at the same time undermines the importance and significance of management; even if resistance against imposed management agendas may emerge, is this resistance still voiced out or enacted in *relation* to the imposed agendas.

Whittington (2006) provides a practice perspective into the research of strategy, of which clear analogies into management accounting research can be drawn. He reminds scholars, consultants and top management, meaning those who are seen to be strategy formulators, *strategists*, in the first place, that strategy practices are constantly challenged by organizational members, who are skillful manipulators of imposed practices. This manipulation is not necessarily a reaction, or otherwise related to broad organizational or societal agendas, but rather a result of the interactions within the everyday contexts in which the person operates, as well as of her or his personal motivations, knowledge and background. In that sense action and talk, the *praxis*, necessarily shapes and over time transforms completely the practices that it has drawn upon. The same can be applied to management accounting practices (Whittington, 2006). Management accounting practices are shaped, challenged, replaced and transformed as individuals engage in praxis. This claim should affirm our position, that management practices cannot be understood nor improved if merely the planning stage is in the focus, with implementation being only secondary, or vice versa. One must dig deep into everyday action and talk in order to really understand how practices work and are worked upon (Whittington, 2006). On the other hand, management accounting practices, as do all other practices, also exhibit a sense of *stability*, which is constructed through human action and mental structures (Hopwood, 1987; Schatzki, 2005; Ahrens and Chapman, 2007). Stability and transformation go hand in hand.

As Mintzberg (1990) attempted to overcome the dichotomy of strategic planning and implementation in research and practice, so is the practice theory approach striving to build a bridge between opposing philosophical schools of thought; individualism and societism (Whittington, 2006; Schatzki, 2005). Practice theory is tied to the assumption that social sites are neither constructed by grand social forces independent of individuals (societism), nor are they determined by an aggregate of individuals' decisions independent of society (individualism). The social site evolves around practices, which are in some relation to other fields of practice (society), but at the same time practices are shaped and transformed also by individuals' actions (Schatzki, 2005; Whittington, 2006). This is an important insight, in order to understand the role and relevance of practices in business organizations, both for the researcher and and the practitioner. The reality in which business organizations operate is not shaped by either large social developments, trends or individual decisions. It is shaped by all of them (Ahrens and Chapman, 2007). In this sense my thesis attempts to promote a balanced picture, where individual decisions and larger developments meet in practice.

In recent decades the notions of visibility and transparency have developed into large themes, that concern both scholars and practitioners. Quite rightly its has been claimed that these notions transcend organizational, societal and cultural boundaries and shape the business environment as a whole. In that sense societists could argue, that the observability and the resulting evaluation and normalization of the employee is a grand social structure and trend, that is independent from individuals. Bernstein (2012) however demonstrates, that as large concepts and trends shape social reality in organizations, they do not remain uncontested nor unchanged. Noteworthy is Bernstein's insight, that the contesting on behalf of the employees is not to be confused necessarily with outright ideological resistance. It can be rather of practical nature, in which imposed concepts and practices are simply molded through activity (Bernstein, 2012).

Popular management research has during the past decades continuously suggested that transparency has positive effects on organizational learning and performance. According to some scholars, transparency enables knowledge sharing within the organization (e.g. see Vaivio, 2004), however, Bernstein (2012) argues that transparency introduced through visibility can be counterproductive in some settings, and that skillful actors have the ability to influence how transparency is being played out in practice. The author traces back the rise of visible transparency –thinking to popular management philosophies like LEAN and Total Quality Management (TQM); actual visibility has been seen as an essential mean of managerial control, in order to prevent counterproductive activities, such as "tweaking" and hiding of knowledge (Bernstein, 2012). Conformity has been seen as essential. As such, visibility and observability have been thought to increase management's access to real-time data. The underlying rationality of this trend seems to be; in order to improve you must see.

Bernstein (2012) engages in an on-site experiment in order to theorize further about the notions of transparency, control and learning. He isolates few production-lines from the rest of the factory with a curtain. By doing so he aims to study the effects of decreased visibility by establishing zones of privacy. As the curtain constructs boundaries to visibility the need for encryption (skillful hiding activities that persist even in conditions of high visibility) also diminishes. In this sense transparency is not lost with the lack visibility, as it is upheld *stronger* within the curtained production line; the best and quickest ways of working are openly shared by the operators, because managers' visibility, and consequently their ability to directly disallow informal ways of knowledge-sharing, has decreased. As Bernstein points out, the loss of visibility does not necessarily mean a loss of control; in contrast, one could even argue that the creation of visible privacy increases management's ability to control; by monitoring results via real-time systems managers are constantly informed about the operators' performance and can consequently discipline and correct unacceptable performance. Most importantly, the loss of visible control makes the organization more efficient and able to strive towards the objectives set by the management. By not imposing transparency through visibility, and so to speak "visually missing" the actual experimentation and innovation occurring on the shop floor, they spare themselves from getting a false understanding of the organization (Bernstein, 2012).

The main suggestion of this paper seems to be that transparency should be understood more broadly than suggested by popular operations research. Imposing transparency though public visibility can actually reduce transparency, and introduce costly forms of privacy through intricate boundaries of encryption. On the other hand, visible privacy can reduce the need for encryption and thus increase transparency within the spheres of visible privacy. As a result, zones of privacy can provide avenues for the intertwined web of knowledge sharing, meaningful control and better performance. (Bernstein, 2012)

Does Bernstein (2012) contribute to our understanding of practices in organizations? By isolating operators from the visual transparency exercised by managers, he uncovers the intricate arrays of activity playing out on the shop floor. Imposed managerial instructions are not openly fought against, but they collide with different shared understandings that guide the activities of the operators (Schatzki, 2005). Practices followed, and at the same time were shaped through the actions of skillful individuals (Whittington, 2006). It seems, that those understandings of how to work on the shop floor can be so persistent and strong, that even exercising visibility on the activities cannot prevent them from unfolding, because the actions become encrypted other wise (Bernstein, 2012).

Bernstein's (2012) narrative invites for further interpretations from a practice theory perspective; the emerged social order on the factory floor could be described as a mixture of broad transcending ideas (e.g. management philosophies emphasizing transparency through visibility), local management's efforts, the factory itself, the employees as well as the action occurring within this setup. The shop floor practices under study are to a big extent shaped and framed by broad managerial ideas as well as more concrete efforts by factory managers, but they are also composed through the manifolds of organized activity that the operators carry out. Ideas, society and managerial intent define the space for possible action to some extent, but at the same time this very space is being constructed through action. As a result, the operators in Bernstein's (2012) narrative are far from subordinated parts of the system, but neither are they evoking only unintended consequences; the operators' actions are parts and composers at the same time (Schatzki, 2005). Ironically one could also argue, that through the autonomous and self-generated ways to work, the workers actually better achieve the managerial ideals of efficiency and productivity.

As suggested, the practice approach, whether it is explicitly outlined as the guiding theory or not, is a balanced view, where primacy is given neither to the powerful agency of management nor to the resistance of employees. In most organizations management does have the power in a way or another to define and set the frames for possible actions, but at the same time other organizational participants possess some freedom in shaping their work by simply engaging into practical activity (Ahrens and Chapman, 2007; Whittington, 2006). In that sense, the practice approach is also quite optimistic; management and employees can co-exist in a productive manner without submitting to each other (Bernstein, 2012).

I have now discussed and problematized some developments and contributions of interpretive management accounting research, as well as control and management research more broadly, from the angle of practice theory, as I think it allows the most detailed and holistic description of the social site (Schatzki, 2005; Whittington, 2006). In the following section I will go deeper into practice theory, investigating claims made about accounting's construction and manifestation through practice. By doing this, I will also clarify and refine my own theoretical argument, before introducing my empirical site as well as the findings.

### 2.4 Management accounting as a practice

Before moving into the center of my theoretical inquiry, which consists of Schatzki (2005) and Ahrens and Chapman (2007), as well as Jorgensen and Messner (2009), I will comment on papers that either explicitly or implicitly, as Mouritsen (1999), apply aspects of the practice theory. The papers also point to the possibility of how aspects of management accounting might be constituted through engagement in activity, that is at the same time, or even primarily, situated in other fields of practice. In this sense, they show how accounting becomes implicated with other bodies of organizational knowledge, but contrary to the likes of Hopwood (1987) or Vaivio (2004) they focus more on resources for action than potential (Ahrens and Chapman, 2007).

Mouritsen (1999) argues that the selection of different management control systems can be a highly ideological competition between different organizational participants, stakeholders and groups. Arguments about flexibility, innovation and productivity are being mobilized, in order to transform the very perception of the firm and its entity. According to Mouritsen (1999), the rather rhetorical terms become organizationally sedimented when they are being executed and translated into management control systems.

In the case company illustrated by Mouritsen (1999) two competing ideas about the use and nature of management control systems emerge. The owner-CEO proposes the "paper" version of management control. The agenda is propelled by his desire to transform the big and unmanageable pool of indirect costs into variable costs. However, this apparently simple desire to render indirect costs manageable is part of the CEO's larger attempt to make the whole business more visible and prone to management intervention. According to him, the firm needs to be understood as a platform for different processes, which span all the way from subcontractors to the customer. The spaces and flows need to be managed. This requires among others a redefinition of production, technology and the customer. The change in perception is enabled and supported by the establishment of a "virtual company", created through information technology, and serving as the practical focal point of management controls. In the CEO's version management at a distance is created, transforming workflows, costs, the customer and workers into manageable units. (Mouritsen, 1999)

The factory manager, who is employed by the company, proposes an opposing version of management control. He envisages a more hands-on version of control, where production forms the center of the company. The discourse promoted by the factory manager does not evolve from the problem concerning indirect costs but rather from the emphasis on flexibility. He argues that the workflows of production, and most importantly the workers, cannot be managed at distance but require physical presence and sensitive leadership. They cannot be marginalized into processes, spaces and flows illustrated only through numbers. The factory manager sees the firm's competitive edge evolving around flexibility that needs to be managed locally. (Mouritsen, 1999)

Even though Mouritsen's (1999) theorizing is somewhat still tied to investigating accounting's potential as well as representational power, and not entirely free of notions of organizational politics, he succeeds to demonstrate how different means and motivations connected to accounting practices and techniques might be rooted in individuals' varying engagement with other practice, knowledge and background. This idea is best exemplified through the factory manager; his usual engagement with practices, such as production practices, product development practices as well as human resource practices, partly predetermine and guide his action and talk when engaging in the practice of management accounting. The understandings and teleologies (e.g. desires, feelings and motives) ordering and constituting those other practices also affect and shape the possible action and structuring elements situated in the management accounting practice (Schatzki, 2005). At the same time, Mouritsen (1999) does not seem to portray simply unintended consequences of the accounting phenomenon; the CEO does exercise some significant power by newly framing possible actions, attitudes and behavior within several fields of practice. He does so for example, by increasing the importance of computers (software tracks virtual workflows) as well as customers. By exercising influence, for example, on those material arrangements, he also defines the possible actions of others (Schatzki, 2005; Foucault, 1982). Intentionality in management accounting practice and research is not merely an idealization (Ahrens and Chapman, 2007; Hopwood, 1987; Jorgensen and Messner, 2009; Mouritsen, 1999).

Ahrens (1997) takes a more explicit practice theory approach to the functioning of accounting in organizations. He illustrates how the accounting knowledge becomes intertwined with other bodies of organizational knowledge, through talk. This is not to be mixed with Dent's (1991) discourse oriented analysis, which aims to capture the power of accounting from afar. For Ahrens (1997) talk is activity, which is situated within the site of practices (Schatzki, 2005). Consequently, he attempts to demonstrate how this talk shapes and is shaped by social orders in the organization. In the paper Ahrens discusses, how differently various bodies of knowledge can be mobilized in order to enact different kinds of organizational (social) orders (Hopwood, 1987). This kind of taking resembles the later research conducted by Ahrens, where the role of action is shifted to the center of the investigation and analysis.

The studied settings of Ahrens (1997) are British and German breweries. In the British brewery accounting talk is combined with the knowledge of operational management. Accounting becomes closely situated within the intimate understanding of the business itself. As a result, functional demarcation lines become at times blurred, as different functional participants attempt to "do business" together (Ahrens, 1997). The Germans, on the other hand, have a tendency to combine accounting talk with objective administrative practices, where functional divisions, hierarchies and roles become emphasized. The paper attempts to create an understanding, in what various ways accounting related activities can become situated within the larger fields of organizational practice (Schatzki, 2005). Unlike, for example, Vaivio (2004) and Simons (1990), this particular paper renders more concretely visible the nature of this *other knowledge,* and how it shapes the actors' perception *of,* and engagement *in,* accounting practices. This insight also points to the variety of reasons and explanations, about why organizational participants might draw differently on available accountings. Management accounting is to be understood as a shared resource, which allows different uses and interpretations, depending on the individuals' engagement with other knowledge and practices (Ahrens and Chapman, 2007; Ahrens (1997); Hopwood, 1987).

Noteworthy is also the observation, that in Ahrens' (1997) depiction management accounting practice presents itself not primarily in terms of political or programmatic agendas; organizational participants are not portrayed as mere reflectors or opponents of managerial agendas, developments and trends, but as active members who engage in given practices through skillful activity (Whittington, 2006). In this sense, concepts like strategy or accounting are also subordinated to the level of practice, which is constituted through arrays of activity, and which is always intertwined with other bodies of knowledge and fields of practice (Whittington, 2006). Ahrens (1997) proposes that management accounting at the same time defines and frames action, as well as becomes constituted through action.

Jorgensen and Messner (2009) apply explicitly Schatzki's practice theory approach to the study of organizations. In particular, they investigate accounting's role in various practices concerning a New Product Development (NPD) project. The writers describe how the negotiation between strategic trade-offs, so called "strategizing", happens at the grass-root level through engagement in every-day activity, within the frames of this particular project. Deciding over strategic trade-offs, in every-day action, usually takes the shape of operational and mundane negotiation; however, in the peoples' minds operational detail becomes often structured and framed by strategic targets or sub-targets. The authors' special interest is focused on how accounting becomes involved in these processes of strategizing. The theoretical contribution of the paper can be summarized in three interrelated categories; firstly, the study emphasizes the importance of viewing strategy as something dynamic, evolving and clarifying on different levels (see Mintzberg, 1990), as apart from its traditionally claimed static and programmatic nature. Secondly, the paper reminds us that accounting must not always be seen from an active and deeply interfering point of view (Vaivio, 2004); accounting can also simply become manifested as general understandings, desires or motives (Schatzki, 2005), which introduce order and meaning into mundane arrays of activity, and thus might also remind participants of certain conceptualizations, such as profit. Thirdly, while strategy has emergent characteristics, it also is always defined by a certain degree of intentionality. Further, while accounting is not guaranteeing that activities are carried out in alignment with set strategies or agendas, it certainly can help in evaluating the *appropriateness* of action, behavior or emotion. Jorgensen and Messner (2009) show us the “un-totalitarian” nature of management accounting, which empowers local actors to become strategy makers and implementers in their daily work. When inquiry is focused into the detail of every-day action, management accounting practice presents itself as an enabling concept allowing for a multitude of uses and interpretations by creating spaces for a variety of action (Hopwood, 1987; Schatzki, 2005; Ahrens and Chapman, 2007).

In the narrative presented by Jorgensen and Messner (2009) the initial decision to introduce the NPD project was not based on explicit numbers. The decision was rather motivated by *the idea* of growth. Numbers could not resolve the uncertainty, but on the other hand they also left some space for the decision to occur. As the New Product Development project was transferred into its initiation phase there did not seem to be any formal control system, which would steer action, and practitioners’ efforts and opinions, into an optimal direction. However, there seemed to be a mutual willingness *to find an appropriate solution*. Organizational participants shared a general understanding of the company’s strategic objectives, or rather of the *rationales behind these proclaimed objectives*. On the other hand, as participants engaged in a multitude of negotiations, their quest for an “appropriate solution” was challenged and constrained by differences in understandings, motives and desires (mental structures), as well as other fields of practice, such as marketing or engineering. This is not to say that this constraint should become a defining one, prohibiting the development of the project; rather the multitude of practical understandings served as a starting point to seek for common motives, understandings and desires. Accounting, or the awareness of profitability, functioned as a mediator, overarching and tying together different practices and knowledge.

As “strategizing” evolved on the operational level, the discussion was not anymore concerned with the question of modularity (the decision to introduce modular product features) per se, as it was a generally approved agenda, but rather with “smaller” practical solutions, which in the end would affect the balance between sub-targets and objectives. Accounting had a distinct relationship to the strategizing practice, as the debate usually circulated around costs and benefits related to different designs, attributes or choices, or, for example, marketing and customer segmentation.

The NPD project vent through multiple stages, in which it was scrutinized by the board. The specific points of revision and approval were called “gates” (Jorgensen and Messner, 2009). At these gates the accountable team, in particular the assigned project manager, was tested on their *general understanding* concerning the development and direction of the project. This general understanding could be described as a sensitivity or awareness towards the various and interwoven practices, and most importantly the drivers of these practices, at play in the NPD project. Through pin-point questioning the executive board attempted to draw a picture of the NPD project as a whole. The accountable project managers, usually assigned to manage the project through a designated stage, were the ones who were responsible for providing a convincing account of the general direction. Accounting numbers were used as reference point, signaling important criteria of the NPD’s viability. However, they did not function in isolation; more important for the board were the project managers’ understanding of the multiple practices and their relation, and the confirmation that targets and goals associated with different practices were working towards same ends. As such, accounting numbers could be seen in this setting as a reminder of the ultimate importance of efficiency and profitability, concepts that were rationalizing the entire project. While project participants were granted relative autonomy in “strategizing” between different sub-targets related to features and designs, it was ultimately the concept of profitability and efficiency, which pressured action to occur in a coordinated manner, and which ultimately controlled the entire NPD process.

Accounting, or control through numbers, did not emerge as the only or even primary source, through which participants evaluated the course of action in the practices they participated in. Rather accounting helped to bring some clarity into the debate about trade-offs between contradicting sub-targets and courses of action. As such, while arguments were mobilized through, and within, the specialist practices in which engineers and others were engaging in, accounting did intervene in the form of evaluating and comparing the arguments, most notably through reminding of the importance of profitability. Even though accounting's representational limitations were widely accepted, the concepts of cost and benefit were translated into the specialist practices, not least due to exactly this representational framework and rationalization of thinking.

Further, accounting's significance was most elevated in the gate-system, seemingly representing the only formal management control system in place, serving as review points before the development project was handed over to the next phase and project team. The presence of this kind of review process at the critical control points enabled, on the other hand, un-totalitarian coordination at the lower levels where the project was actually carried out; specialists engaged in the weighing of objectives and means with great autonomy, yet subjected to a general understanding (Schatzki, 2005), drawing the limits to their strategizing activities.

In regard to this thesis, Jorgensen and Messner (2009) provide an interesting narrative of how accounting becomes interwoven with other specialist practices, strategic sense-making (strategizing) and general understandings. Strategizing, in this context, is to be seen as something different than planning and implementing broad enterprise wide directions. Rather it is to be seen as something bound to the practical level, where individuals actively engage in routines (Whittington, 2006). In these routines, or practices, participants simultaneous alter the targets and the means to achieve them. Exactly within these strategizing processes accounting creates spaces and boundaries for a multitude of actions, that could take place. In that sense, accounting is far from being tied to static, programmatic or strategic, agendas. Firstly, in this specific case, apart from a mere vision, the strategic contribution of the NPD project has not been said out loud; there is confidence that strategic nuances will clarify as the projects goes along. Secondly, there is strong consensus, that while numbers can bring some order into activity, thinking and behavior, they should not be relied upon too heavily since they only provide imperfect and aggregate snap-shots of the reality.

As outlined above, Jorgensen and Messner (2009) illustrate how in real organizations a variety of practices and fields of knowledge are at play at the same time. However, Schatzki's (2005) practice theory creates some order into this complexity; management accounting might manifest itself, for example, as shared understandings, guiding the activities that are *situated within other practices*, for example the practice of strategizing or marketing. In this sense, management accounting is not to be seen necessarily always as operating within its own discernible practice, but also informing activities belonging in the first place to other practices (Schatzki, 2005). In Jorgensen and Messner's theorization (2009) management accounting, in the form of revenues, margins and profits, inherently became part of most activity as an organizing element, at the same time constraining and enabling organizational participants in their negotiation of targets and trade-offs. Without even attempting to dictate the practice of strategizing itself, the top management in the case company sought to frame the space of possible actions (and thus the practice) via management accounting. Concepts like costs and profits became part of the shared understandings, rules and teleoaffective structures, that organized most practices in the case organization (Jorgensen and Messner, 2009; Schatzki, 2005).

At the core of this thesis is the interpretation that management accounting, as well as other social phenomena, primarily exist through the doings and not-doings of people (Schatzki, 2005; Whittington, 2006). From this perspective, Jorgensen and Messner's (2009) practical version of management accounting paths the way for more philosophically grounded analysis. Schatzki (2005) is to be seen as the philosophical corner-stone of this paper; in contrast to both broad political societism as well as simplified managerialism, Schatzki enables a microscopic view into the mundane construction of the phenomenon we call management accounting, and what this means for the people involved in this practice. For Schatzki social reality is constructed through practices, or more precisely through nexuses (bundles) of practices and material arrangements (Schatzki, 2005). There is no social realm that underlies or precedes these nexuses, thus it is the level of practice, on which one has to investigate the management accounting phenomenon.

Most fundamentally, according to the practice theory, all social activity happens within practices. At the same time practices are constructed through activity, which is ordered and made meaningful (structured) through shared understandings, rules and teleoaffective structures (Schatzki, 2005). People act within the frames set by various practices, e.g. accounting practices, yet at the same time these practices come into being and exist *only* through this precise activity. Through their actions, organizational participants carry out practices (Schatzki, 2005; Ahrens and Chapman, 2007). Consequently, one can argue that at the center of analysis, if for example management accounting change is investigated, need to be the every-day activities of actors, instead of simply attributing change to larger societal discourses (Dent, 1991).

A particular activity is tied to a particular practice, yet at the same time the character and nature of this particular practice is tied to this and other events of activity that compose the practice (Schatzki, 2005). This kind of perspective on social life gives great prominence to practice and the actor himself, who is captured within the context of this practice, yet at the same time is an able composer and shaper of the practice; for instance, target setting as an accounting practice imposes a certain context or frame for organizational participants to act in, but at the same time target setting is defined by an array of activity that occurs within it, e.g. utilization of certain forecasting models. Rebellion or resistance against certain management agendas can be voiced out, but they are not to be confused with a resistance against the practice itself (Ahrens and Chapman, 2007). As practices present the context in which participants operate, they cannot usually be denied, but only changed and altered over time. According to Schatzki (2005) meaningful activity always happens within a site, the practice, of which it is inherently part of.

As underlined, according to Schatzki (2005) any practice is composed through a manifold of actions organized by rules, understandings and teleoaffecttive structures. Applying his theory, one could suggest that the management accounting practice might be made out of actions organized by understandings, e.g. such as negotiating budgets, evaluating performance or how to use proprietary software and rules, e.g. such as handing in forecasts on time, having mandatory development meetings with subordinates or the seating order in management team meetings as well teleoaffective structures, e.g. such as desiring promotions, the hope to be at the top of performance charts or resisting budget cuts (Schatzki, 2005). We situate these actions within the site that we call the management accounting practice, but in fact these actions, or more precisely arrays or combinations of these actions, compose the phenomenon we call management accounting only in the *first place*. A practice is born because rules, understandings and teleoaffective structures arrange *similarity* into the possible actions; as such action is not completely independent, but in a way constrained by the organizing elements that *also* compose the practice. Consequently, activities form practices through the power of organizing elements and structures (Schatzki, 2005).

In order to investigate social phenomena in organizations one has to consider a further attribute, through which human co-existence transpires; the social site is constructed through bundles of practices and material arrangements (Schatzki, 2005). Material arrangements contain for example things, artefacts, organisms as well as other people. Practices are carried out using, but also depending on material arrangements. In an organizational context the net of material arrangements consists of offices, conference rooms, customers, inventories, hallways, computers, telephones etc. The role of material arrangements has received relatively little attention in recent management accounting research. This is surprising, given that material arrangements might offer a plausible explanation for the origination and perpetuation of social practices (Schatzki, 2005).

Practices in organizations never occur within a vacuum; they are always tied to a broader network of practice-arrangements, through space and time (Schatzki, 2005). For instance, management accounting practices are never completely unique or new when a new business venture is formed. Firstly, existing practices are already carried by the founders and first employees, constituted by ordered activity, such as using spread-sheets, making forecasts or deeming a positive attitude towards wealth-maximization an acceptable emotion. Secondly, a newly found organization is situated within a network of material arrangements, such as computers, offices, international airports or globally spread enterprise resource planning software. Thirdly, the social phenomenon we call management accounting becomes intertwined with other practice-arrangement bundles within this hypothetic new business organization; lines between practices become blurred as, for example, the human resource officer is at the same time engaged in activities within hiring practices and setting performance targets for employees, which could be deemed as a sub-practice within the larger field of management accounting practice. Practices also compete, cohere and interact through a shared web of material arrangements (Schatzki, 2005).

To sum up, Schatzki (2005) strongly encourages researchers to delve on the details of action, instead of averting to a theory of systems. According to him, comprehending an organization requires one to identify the manifold of actions that compose it, and further to locate the practice-arrangement bundles, which these arrays of action compose, and of which they are inherently part of (Schatzki, 2005). Having this said, I also make the claim that in order to shed light on phenomena such as management accounting change, one has to delve deep into the sphere of action, and to identify chains of action that connect several fields of practice. In this sense, change may come about through the fact, that activities located in some practice, and carried out through distinct material layouts, become part of the *organizing elements* in other arrays of activity. Those organizing elements could be shared understandings, rules and teleoaffective structures, ordering activities to compose a practice. An example of change in management accounting practice could be, for instance, the emergence of rationales and desires situated within the sales practice in the first place, coming to shape and structure also the management accounting practice, or vice versa. Change comes by through the interconnected web of practice-arrangement bundles, that also constitutes the organization and the entire social field (Schatzki, 2005).

As mentioned, Ahrens and Chapman (2007) serves as the bridge between Schatzki's philosophical approach, to the more concrete study of management accounting. However, it is important to understand that the precise focus on management accounting does not add to the practice theory itself, because *all* human coexistence transpires as part of practices and material arrangements (Schatzki, 2005). In this sense, the focus on management accounting serves just as a window, allowing a quick sight of the social. In their description of management accounting practices in a restaurant chain, Ahrens and Chapman (2007) investigate the manifolds of action that constitute the phenomenon of interest. By doing so they suggest, that the means and ends, organizing certain activities, are part of a larger set of organizational elements. Management accounting manifests itself as every day activity, which is situated within a web of practice-arrangement bundles. The authors define management *accounting systems* as bundles of management accounting practices and material arrangements, through and via which organized action is being carried out.

Action that we might first allocate to the management accounting practice is carried out also as part of other practices. Material arrangements function as enablers of organized activity, as well as bridges between different practices (Schatzki, 2005); for instance, the menu design in the described case company involves activities such as anticipating the taste customers might have now and in the future, calculating discounts for bulk orders or setting target prices for the items on the menu (Ahrens and Chapman, 2007). These concrete activities can be situated within at least three practices; marketing practices, purchasing practices and management accounting practices. Central to the argument of the authors is, that practices in real organizations are interwoven, as activities become components of several practices at the same time, connected also through a web of shared material arrangements (Ahrens and Chapman, 2007). According to Schatzki (2005), practices can also interlace in a manner, that activities belonging to one set of practice, come to shape and build the understandings and teleologies ordering other practices. For example, budget consciousness can guide activities belonging in the first place to marketing practices, such as outlining tempting menu designs or television campaigns (Hopwood, 1972). All in all, Ahrens and Chapman (2007) concretize in a fitting fashion how exactly management accounting intertwines with other bodies of knowledge, and together build and re-build different social orders (Hopwood, 1987; Vaivio, 2004; Ahrens, 1997; Jorgensen and Messner, 2009; Mouritsen, 1999).

Finally, Ahrens and Chapman's (2007) claim related to the intentionality and power of accounting practices deserve some attention, as their view informs my interpretations and theoretical argumentation. The interpretive genre of management accounting research has steered us into the right directions, for example, into investigating the social origins and consequences of the phenomenon. It has reminded us that management accounting is not a blank technology, but rather a practice linked to power, strategy, as well as programmatic ambitions (Miller, 2001). Also the idea of accounting's embededness into the social context where it operates has widened our perception of the phenomenon (Hopwood, 1987); for instance, the close examination of the context in which accounting operates has thought us, that the space of possible organizational objectives is determined also by possible accountings

(Hopwood, 1987; Ahrens and Chapman, 2007). Resistance is also a recurrent theme in sociologically informed papers; accounting's interventionism and imperialism is fought against as subordinated employees attempt to lean against the practices imposed on them by management or the society as a whole (Miller and O'leary, 1987; Hopper and Macintosh, 1993; Vaivio, 2004). The struggle for power as well as conflict have often been deemed as constituents and results of management accounting practices (Miller, 2001; Hopper and Macintosh, 1993; Vaivio, 2004).

Despite of the good openings provided by this school of research, a shortage of attention has been given to *managerial intention* as well as *commercial agendas* (Ahrens and Chapman, 2007). Theoretical inquiry needs to be open to both, as they seem to shape most organizations and influence the lives of millions of people; while resistance and conflict are always a possibility, not a given characteristic, most people do engage voluntarily in the pursuit of shared organizational objectives and sub-objectives (Ahrens and Chapman, 2007; Jorgensen and Messner, 2009). As suggested before, without succumbing to simplified functionalism, Ahrens and Chapman (2007) insist that accounting does fulfill certain intended functions in organizations. Actions or attitudes of resistance towards certain elements of the practice can occur, but they are not to be confused with resistance against the practice itself, as practice is constituted also *by these actions*. Actions, even denying actions, are carried out within a certain context, meaning the practice. As such managers do have some power to frame the following chains of action by initiating practices, picking a set of preferred material arrangements or building certain mental structures (Schatzki, 2005; Ahrens and Chapman, 2007). Consequently, managers do exercise more power than other organizational participants, and their intent and will are to some extent incorporated into the rules, understandings and teleoaffective structures constituting the practices. Foucault (1982) implies that power can be described as a person's possibility to structure other people's possible action through his or her own actions. I want to incorporate this notion into the interpretation of my empirical findings.

In the previous sections I have presented the theoretical foundation, on which this thesis relies. The problematizations and interpretations I have made on the basis of this rich literature, provide me the necessary lenses, to organize the masses of empirical evidence collected at a real site (Vaivio, 2008). My theoretical inquiry will be guided the most by Schatzki (2005) and his theory of practices; I attempt to illustrate how the phenomenon we call management accounting frames, but at the same time is constituted by individuals' actions. Ahrens and Chapman (2007), as a direct application of Schatzki's practice approach, as well as Jorgensen and Messner (2009), build an important part of my theoretical foundation; they present management accounting as a set of organized activity, which is constantly evolving through the interaction with other practices and material arrangements. They also build on intentionality rather than conflict (Ahrens and Chapman, 2007; Jorgensen and Messner, 2009; Schatzki, 2005). As noted, the other commented literature is not presented solely for the sake of criticism, but also for points of reference; it provides plausible narratives of the origins of the management accounting phenomenon, opens up its potential, as well as informs us of the developments in related fields of practice, such as the strategy practice.

In the following section I will discuss some methodological issues related to the case study approach, as well as some practical choices I have made. Even though this paper is constrained by the same shortage of resources as master's theses in general, I will attempt to delve deep into the every-day experience of the interviewed persons. In the end, all social orders are constructed through every-day life (Schatzki, 2005).

# 3 Methodology

The thesis will be conducted in the form of a qualitative case study. Even though, not allowing broad generalization, the qualitative research tradition enables an appreciation of management accounting as a phenomenon, which is deeply intertwined with other organizational and social phenomena (Hopwood, 1987; Vaivio, 2008). The pursuit of numerical and statistical objectivity can be counterproductive in the search of emergent themes, that require a certain subjectivity, proximity and engagement. Subjectivity, in this sense, should not stand for unscientific (Ahrens, 2008; Langfield-Smith, 1997).

Langfield-Smith (1997) points out that results of contingency based research have been somewhat superficial, although some important patterns have been made visible; for instance, behavioral controls, including tight cost monitoring and high degree of formalization, are more often associated with a defender-type strategy and cost-leadership positioning. As contingency research has aspired to match concepts like strategy to different forms and uses of management control, it has at the same time depicted control systems solely as supportive technologies. In doing so contingency research has failed to capture some of the anticipated complexity and dynamics in a social setting and particular management controls (Langfield-Smith, 1997). Contingency research has not been able to demonstrate the constitutive power and social meaning of management accounting (Hopwood, 1987).

The presented literature and the theoretical interpretations based on it, are supposed be a sort of guide, helping through the abundance of real-life evidence. A theoretically informed conception of the problem under study is necessary in order to come up with an interpretation that has theoretical value. This is not to say a theoretical framework should be forced on the evidence, but some starting point is needed in order to contribute to the building of theory, for example by evaluating its adequateness to a specific context (Vaivio, 2008).

The benefits of a qualitative case study lie in its appreciation for the contextual nature of the phenomenon. Consequently, the researcher might gain some insight that goes beyond the homogenized and standardized representation of consultancy and contingency based research approaches (Vavio, 2008). The interpretive case study method has been superior, for example in investigating the constitutive capability of accounting, accounting change, as well as the rhetorical and discursive use of accounting terminology, and its consequences. Through this close engagement into the contexts where accounting operates, the narratives built through interpretive case studies have opened our perception to accounting's role in establishing different social orders, and becoming inseparable parts of them (Hopwood, 1987; Vaivio, 2008; Dent, 1991; Ahrens and Chapman, 2007). The construction and deconstruction of social orders, so it seems, cannot be aggregated from afar but only observed from close (Schatzki, 2005). This delving into the detail has been a strength of the case study approach. In the spirit of Hopwood (1987) and Vaivio (2008), one could argue that a qualitative case study is also superior in providing informed managerial recommendations, since it at least attempts to capture a "snapshot" of the real world, where a plurality of cultural, practical, social and economic forces is at play, and which is far from static or ideal.

Ahrens and Chapman (2007) continue in favor of the interpretive case study approach by arguing, that while contingency research has contributed to the knowledge of management control systems it is severely limited in its ability to shed light on concepts such as flexibility in the use of control systems. To put it short, the active role of control systems has been neglected by contingency research. On the other hand, Ahrens and Chapman (2007) argue that at the heart of qualitative research lies the need to construct a multifaceted understanding of the social site, in order to identify the theoretical concern of the "infused action" of accounting practices.

Hopwood (1987) makes a call to probe deeper into the organizational and social dynamics that underlie the accounting phenomenon. According to Hopwood, critical and unorthodox questions need to be asked in the field. Further, he encourages to examine the actual mechanism of change, rather than treating the idealization and rhetoric separately of actual practices and consequences of the accounting craft. A qualitative approach seems to be superior in its ability to catch at least *something* of the fluid and unstable nature of social life, of which accounting is part and constitutive of.

Smircich and Stubbart (1985) claim that the interpretive approach is not only useful for understanding the complexity of social life from an academic point of view; it has also managerial value. The authors encourage managers to go beyond the role of mere analysts, planners, implementers and controllers. The interpretive process opens up possibilities for managing and influencing meanings. Further, the approach puts weight on managerial analysis, not environmental analysis. This resembles with Schatzki (2005) who encourages researchers and practitioners alike to not avert into environmental or systems analysis; what we deem as the objective environment, in contrast to the organization, does not exist. What exist, are webs of practice-arrangement bundles, connecting people, departments and organizations to larger entities and sites (Schatzki, 2005).

Further, Schatzki (2005) implies that learning the practices of the organization one is to study seems to be the only way to understand the organization. Manifolds of activity together with motivations and understandings compose, and are part of the practices. Practices and material arrangement, on the other hand, construct the entire organization. Large, untied social phenomena do not exist, only webs of practice-arrangement bundles that start in details, in the actions (Schatzki, 2005). Consequently, the interpretive case study approach seems likely to be the correct choice also from this perspective.

Since the thesis aims to build on a solid theoretical foundation, yet at the same time suffering from time constraints prohibiting a more ambitious approach, its main objective is to provide minor theory refinement, in the form of illustration or specification (Keating, 1995). This is not to mean that the given theory is blindly accepted and applied to the findings. There must always be room for some emerging constructs (Keating, 1995). Keating (1995) notes, that theory refinement has received relatively little attention in comparison to theory discovery and theory refutation. According to him, theory refinement is conducted at the stage, where existing theory is evaluated in practice through continuous interaction with data, resulting in redefinitions, elaborations and modifications.

The empirical part of the study is conducted in the form of semi-structured interviews; themes were outlined prior to each interview, but the flow of conversation was not steered in a strict sense. In doing so, room was given to themes and topics to arise (Keating, 1995; Vaivio, 2008). To draw a wider picture of the organization, practices and the involved people, also off-topic discussions were welcomed. For instance, the educational background as well as professional history were often broadly discussed. The interview-themes also slightly evolved from interview to interview, as the information collected at previous interviews, together with my theoretical background and iteration, opened up diverging paths of questions and discussions.

Ten interviews were conducted altogether, each lasting from 45 minutes up to 90 minutes. The interviews were recorded and afterwards transcribed. Necessary triangulation, was provided through my personal involvement in a research project for the case company. Consequently, I was already faintly familiar with some of the practices at the organization, as well as it general atmosphere. Business press releases about the company were also attentively followed.

In the following section I will introduce the case company, after which I will proceed to the actual empirical findings.

# 4 The case description

## 4.1 The story of Industrial Technologies Corporation

Industrial Technologies Corporation (ITC) has gone through several transformations in the past decades. Its roots are in the quickly industrializing period of the early 20$^{th}$ century in Finland. It has a long tradition of engineering and technological excellence. As one of the interviewees put it: *"We have an over 100-year tradition (in this respective industry)."* Engineers were eager and proud to provide industries the best solutions and technologies. The resemblances with Dent's (1991) account of EuroRail, in that respect, are evident in the historical unfolding at ITC and its former parent company; as time goes by and the competitive environment thoroughly changes, the deeply rooted dominant culture becomes contested and challenged by a rhetoric and practices, with ties to a new competitive reality. Many of the accounting practices are still situated within this transitional context.

ITC's former parent company (Parent) was very long in state control. The state of Finland still owns a significant stake in the company. One of the interviewees referred to the Parent as "a state owned institution", which might have quite accurately described the public's, and also the workers', perception of the organization. ITC was until its sale to outside investors, and subsequent listing to the stock market, the Parent's department of technology and innovation. It was responsible for productizing and commercializing intricate technologies and services for the Parent's core operations.

Heading towards the interviews, I was interested how the practice of management accounting might manifest itself in this specific context, and more precisely through which kind of organized activity it might be constituted. Building in the first place on Schatzki (2005) and Ahrens and Chapman (2007) I did not presume conflict nor grand strategic battles as the main consequence and constituters of management accounting's interference. Nevertheless, I was sensitive towards the various actions, means and motivations, as well as material arrangements that span across several fields of practice, and presumably had the ability to change and alter initiated practices (Schatzki, 2005). My target was to concentrate on descriptions of action, instead of actively searching for accounting's intrusive and conflictual potential (Ahrens and Chapman, 2007; Vaivio, 2004; Hopper and Macintosh, 1993).

On a more concrete level, I aimed to develop some understanding, in which ways and how, accounting practices, as well as means and motives normally associated with accounting practices, were involved in structuring and guiding sales work, as well as the organization around sales. Vaivio's (2004) notion of non-financial measurement functioned as one of the guides, by pointing out, that the interaction between practices of management accounting and sales has the possibility to raise intriguing settings; without presuming conflict, both practices take on new forms as elements of each start constituting and shaping the other.

ITC is currently experiencing a drastic downturn in its business; its customers have sharply decreased investing due to the decline in raw material prices, making a massive cut to the revenues. The firm's profit in the last financial year was practically zero, and without the good margins from service sales it would have been most likely negative. To put it short, ITC has endured a sharp drop from the high flying early years of the current decade, and has struggled to cope with the situation. Consequently, there are enormous pressures to catch the escaping business, and an urgent need to organize the company accordingly. There is an evident pursuit of change. However, the company is going through a more fundamental, long-term change process as well; the current CEO has initiated an attempt to free the company and its employees from the institution-like and technology centered culture, and steer them towards a competitive and market-oriented mindset: A modern business enterprise has been constructed.

In the following I will provide a short history of the change processes at ITC, and describe how some management accounting practices are situated in, and constitutive of these change processes, that evolve via practice-arrangement bundles in space and time, making up the organization as well as its "environment" (Schatzki, 2005). After that I will concentrate more on the ambiguous composition of practice, that is action and talk. I will also attempt to outline how interlacing actions, motives and understandings are framed by management agendas, but at the same time also shape and configure these agendas into local actions and interpretations. This inquiry will take place at the the intriguing intersection of measurement, formalization and sales.

## 4.2 The change process: Accounting for the customer and the investor

The pressure to change started years before the current downturn of ITC's business. It could be traced at least to the spin-off of the Parent in the last decade, when ITC first started to search for its identity as a global, market based, corporation. The company's agenda became the more evident when it hired an executive board member from Finland's most successful global company to serve as its CEO. It is noteworthy that the new CEO had a background elsewhere than in ITC's respective industry. Also to be noted is the board's setup; it is a quite versatile team of business professionals from various sectors. As one interviewee put it: "They (The Board) are very strong business professionals (in contrast to being merely industry specialists)."

As such, one could argue that the concrete organizational change was, among other events, triggered or initiated by, at first sight, symbolic appointments. On the other hand, the events at ITC are anything but special or unique; the globalized era, beginning from the fall of communism, has opened the doors for businesses in general to operate globally, as a distinction from the geographical focus of the passed decades. In that sense, the "modernization" at ITC is to be seen in a far larger context; one which is created and shaped by practice-arrangement bundles spanning across space and time (Schatzki, 2005).

At the time the CEO started at ITC, the company was, according to some of the interviewees, not truly a global organization.

> *"The group consisted of (independent) registered entities in several locations. Managers were not seeing ITC as a whole. There was lots of sub-optimizing, meaning that the respective managers sought to optimize results of the country based subsidiaries, rather than being accountable for the success of the group as a whole (ITC PLC)." (Director of Rewarding and Human Capital)"*

The Head of Key Account Management and Sales Development was on the same track:

> *"I have the impression that before the CEO came into the house ITC PLC was purely a holding company. We had 40 profit centers who had their own way of doing things, people were sub-optimizing, but no-one was optimizing the whole company…these changes (among other things modern sales and performance management) would have been difficult to bring into that reality."*

There was a strong consensus among the interviewees that the only thing that mattered now was the company listed on the stock market, ITC PLC.

2010 marked the year when ITC officially adopted a "modern" structure; a matrix organization was set up. The company was essentially molded into a structure consisting of business areas, meaning the organization(s) holding the expertise in productizing and commercializing the various industrial solutions and products, and the regional organizations, organized according to geographical location, and serving as the focal points on the customer and sales interface. The sales process involved both types of organization; leads were sourced, mapped and processed by the regional organization, after which the opportunities were handed over to the business areas, which identified the actual case and application, as well as prepared quotations.

When this structure was put into place, the registered local entities (country based subsidiaries) stopped playing any significance, as the matrix cut across the old organizational lines shifting the accountability to the business areas and regions. A key rationale was to enter the modern era, by emphasizing shareholder value. The means to do so was to create a structure where only the quoted company as a legal entity played significance. The business areas' and regions' performance could be controlled better on a global level, thus allowing the group to optimize as a whole. Besides the financial markets, a fundamental reason for the new structure was the claimed transparency towards the customer. As such, the customer and the investor were both introduced as main characters in peoples' talk, behavior and action.

The director of sales development gave an interesting perspective into the intended benefits of the structural change:

> *"I think the regional model is basically good. I did a consulting project for K (a leading Finnish company) ten years ago. There we introduced the regional model to complement the business-area model. As a result, we could calculate the Profit & Loss for both structures. Now this has happened here as well. This is a way of introducing the customer into the structure."*

The above quote seems to strengthen the suspicion that the re-organization of the corporate structure supposed to introduce a new kind of transparency. Not only was a new kind of visibility declared, but it also had been given a name in managerial talk; *the customer*. The business was unified and streamlined to better serve the customer, but it could also be better calculated and measured, in the name of the customer. In this sense business units, and even individual persons, could be made, at least on a theoretical level, accountable from several angles and perspectives with a claimed justification. The new structure and the calculative practice were making each other possible.

The director of sales development further built on the notion of the customer, giving it a new kind of meaning by describing it as an asset, and requiring this from others as well.

> *"We have to choose the right customer portfolio in order to maximize our margins. I see it that way, that the firm's value is determined by the value of its customers, you have to invest into the right customers…they need to be thought as assets of the firm."*

The sales development director continues to search for a suitable description of ITC's attempt to problematize the "old way" and to present the new customer focused mentality as the right one:

*"The modern language has always been hard for traditional Finnish firms to understand. We need to turn this into a more customer focused perspective, we need to emphasize, not what the machine is, but rather what it does to increase the customer's efficiency, what monetary gain do they get from us? And I have understood that most of our sales people do not yet speak that kind of language. I think management is crucial in implementing this new culture. If the mantra is repeated often enough it will finally break through."*

As noted, the pressure to change was not only a self-generated agenda to become a modern organization, but it was also complemented and driven by a sentiment of concrete external demands. The external pressure to change was underlined by the head of the market area (a regional organization) Europe and North Africa:

*"The pressure is coming from the stock markets. You need to know the business. You need to know which cases you get."*

This illustrates fittingly the pressures at play in listed corporations, where relentless stakeholders (investors, analysts and media among others) need to be fed with information constantly.

The customer and the investor became objects of shared organizational interest and desire, and consequently drivers and rationales for the necessity and purpose of change. The new calculative practices seemingly followed the changes in the organization's structure (most notably the introduction of the matrix organization), yet at the same time this new organizational structure followed possible accountings (Hopwood, 1987; Ahrens and Chapman, 2007). In this sense, the calculative practice is not only enabled by the agenda, but also composes the agenda itself. As opposed to Dent (1991), the organizational reality did not change primarily via broad discursive elements, but evolved via a web of practice-arrangement bundles. This web is constructed through material arrangements such as the stock market, former employers, other firms in general, CRM and other software, the organizational structure and hierarchy, business schools, the state of Finland etc., as well as practices such as accounting practices, human resource practices, valuation practices, public relations practices, IT practices, communication practices, sales practices etc. Although, not everyone welcomed this gradual change, the management (the CEO) influenced the context in which people operated. Practices, and the change in general, were also tied to explicit decisions and intention.

## 4.3 The dynamics of practices; At the crossroads of "new" and "old"

Most of the interviewed persons come from the complexly organized sales function at ITC. Additionally, I interviewed professionals from the finance and control function, human resources as well as key account management and business (sales) development. What is notable, is the fact, that most of the interviewees came outside the domain of accounting, having no or little formal education in the discipline. A majority of them were engineers by training, and held senior positions at ITC. The sales-directors were people with extensive profit and loss responsibilities. Thus, a good platform existed to examine if and how the management accounting practice has become implicated with other fields of practice, as combinations of action, understandings and motives were played out.

One sales-director, working as a market area head for a regional organization, coupled the new demands put on sales people with the wider structural changes recounted above:

> *"In the pre-(current) CEO era nobody talked about accounting or finance, it was very technology minded."*

He continues by suggesting how the work of sales people, including his own, is being shaped and also contributes to this new reality, in which accounting and finance are no longer marginalized phenomena:

> *"The CEO relies on us to deliver the accurate numbers…If we deliver the wrong numbers they will go to somebody who knows their business…You need to know the business."*

"They" is referring to the investors. The above quote illustrates in a good fashion how "delivering the accurate numbers" is not only an abstract theme mobilized to sell corporate-wide change agendas, but an understanding which is connected to “knowing the business”. The investors seem to be very present in the daily work of the involved people, underlining the new importance and meaning of “knowing the numbers”. Activities carried out through the numbers together with arrangements, such as the stock market and the organizational hierarchy, constituted a certain kind of reporting practice. At the same time the stock market and the CEO dictate certain frames for the participants to operate in.

However, although accounting had lost its marginalized status, becoming an important part of the organization, it had yet to convincingly penetrate all layers of the organization. A practice does not drift through the organization in the initiated form, because not all people carry the same understandings, motives and means within them. The process is a complex and dynamic one, as put by the same sales-director:

> *“Technology is still seen as the most important thing here. The legacy (from the old era) is still there… Sales and business competence is still not that appreciated. As soon as it gets more complex the technical guys take over the case…”*

With this statement, although an engineer himself, the director draws a fine line between his like, whom he sees firstly as business professionals, and the old-school-type of engineers, who most likely work for the technology oriented business areas. He continues on the same notion, further emphasizing the difference between “old” and “new”, tying the ability to adapt as an in-build and necessary characteristic of the new business oriented sales person:

> *“Some (old engineers) are bad sales people…They are fragments from the past who only believe in the claimed technological superiority…how do you coach such people? You need people who can adapt.”*

To somewhat contradict his above statement, or at least to soften it, he notes:

> *“Sales at ITC require more intricate technological knowledge (than most other businesses). The project cycles are up to 25 years here…different ways of selling are needed.”*

The sales-director refuses to completely deny the competencies of the old-school engineers, admitting that their experience and technical expertise still matter a lot for ITC. Yet, at the same time he sees them unfitting for the new reality where the customer and the investor have been introduced into daily work. What remains unclear, is whether the diverging understandings and motives between “business minded” people and the “old school type” alter the practice of management accounting through different orderings of activity. Most likely they do; understandings, motives and motivations connected to activities such as developing product attributes, research and development as well as product design necessarily become part of the social site alongside activities such as sales forecasting, performance management etc. Those activities, as well as their different mental structures, necessarily influence each other and shape the social site as a whole. Consequently, management accounting composes, and is part of this dynamic social site (Schatzki, 2005). The sales director seems to acknowledge, and incorporate, the influence of the “old school engineers” by stating their influence.

This somewhat schizophrenic notion is being supported by the director from sales development, who has been hired, in the first place, to infuse a sense of customer-orientation into the sales organization(s). To the question about the characteristics of a desired sales-person-type he replies:

> *“For example, at some point we could hire people from completely different industries, for example IBM. That means we should go to a direction where we could hire sales professionals into sales, and not primarily industry specialists.”*

It is noteworthy, and yet not surprising, that the sales development director as a business oriented modernizer, as well as a relatively new member to the company, voices out such an opinion; he is more familiar with business practices, such as accounting and sales management. However, the understandings and teleologies composing the practices, that product engineers and industry specialists are engaged in, are less familiar to him. Organizations are bundles of practices and material arrangements, but individual organizational members might only partially learn the rules, understandings and teleoaffective structures organizing some practices (Schatzki, 2005).

The introduction of the customer and the investor as objects of meaning and desire have framed and structured most people's possible actions, as for example, providing accurate business information through numbers or calculating profitability for business areas and market organizations. At the same time practices have been initiated and altered. The competence in accounting (e.g. providing the numbers), as well as a certain business consciousness, have also started to structure other fields of practice, such as sales and hiring. For some sales people the competence in accounting marks understandings and motives, that structure also their actions when engaging in sales related practices. However, those mental structures are not shared by all organizational participants.

In the following I attempt to describe in more detail, how people came to constitute certain kinds of management accounting practices, and how this was linked to other fields of practice, the constitution of social orders as well as the wider processes of change in the organization.

## 4.4 The constitution of practices

In the previous sections I described the bigger changes at play at ITC, as well as some of the new practices framed by the bigger change agendas. I also raised the possibility of colliding understandings, motives and motivations. In this section I am going to depict in more detail how some understandings and teleologies, that were used as frames in top management's initiative, ordered and at the same time were shaped by a multitude of activities. As we will see, the frames proved to be loose and spacious in the sense, that they allowed a variety of activity and and even competing understandings to arise within them. Activities and ordering structures primarily situated within a certain field of practice, e.g. the management accounting practice, constantly intermingle and interlace with other fields of practice (Schatzki, 2005).

### 4.4.1 The change-agents' view

The Head of Key Account Management and Sales Development provides us an account of the change processes in the sales organizations, which purpose is to make the sales function more manageable and receptive for measurement practices:

> *"Of course a wider change was needed (referring to the establishment of the matrix organization and the Key Account Management function), but top management commitment is crucial for any change process. Sometimes softer methods are required and sometimes force is needed. However, force rarely works, but at a certain point you need to stop "selling" change to the organization and just communicate the message; this is the way we are going to do it. If the message is the same from all (senior management) sides, people actually start believing the necessity of change."*

The statement provides an interesting starting point before further examining how the declared change has unfolded in the minds and work of other organizational members, meaning those whose possible space for action is being structured in the first place. According to her, change as well as the processes of change, are fundamentally dependent on managerial intention. The director then proceeds to the topic of "scripting". According to her scripting is a tool that facilitates sales. It is a mechanism to harmonize and normalize sales work, thus bringing it into a more controllable format. In essence, scripting meant providing sales people (primarily for those who work in regional organizations) a guide or handbook, which helped the person throughout the process; from the initial customer contact all the way to handing over the case to the technology specialists, by asking the right questions and helping to present tempting value-propositions. In this context, the act of scripting could be seen as an outcome or byproduct of the wider understandings and objects of desire, such as the customer and the investor, shared by most people in the organization:

> *"Our sales people need to have some kind of script, and somebody else needs to provide that script…and then, when the sales process continues (as a lead becomes more promising) the sales people hand the case over to technology*

*specialists. Technology specialists' time must not be wasted for searching the prospects."*

The pressure to formalize sales derived from the set management agendas. It was a consequence of the wider organizational aspirations; the agendas around the customer and the investor. The Head of Key Account Management and Sales Development had a firm believe in the power of scripting. Scripting was rationalized by the wider mental frames, yet the act of scripting only constituted a certain kind of management accounting practice together with other activities and understandings, for instance, such as evaluating leads, meeting customers, handing over cases, interdepartmental communication etc., as well as with a multitude of material arrangement such as a sales process guide-book, CRM software, spreadsheets etc. Activities such as crafting value propositions for customers constituted and became part of this particular mode of management accounting, or more precisely, management control practice;

*"The marketing message, or more precisely, the value propositions need to be standardized, of course they need to be modified, but now every sales person needs to do the draft from scratch."*

The director of sales development added from his part, contributing to the seeming optimism of the two change-agents in regard to the possibilities of management accounting and control technologies:

*"The way in which salespeople present value propositions to customers can actually be measured. A Finnish firm called X is providing such management tools. For example, if you use certain PowerPoint-slides in a meeting, that leaves a mark in the CRM."*

Management accounting and control were seen as a platform or entity, which extended to the delivery, control and management of even qualitative activities, such as crafting value propositions and handing over cases from sales to the product organization. Interestingly, even though the customer was a proclaimed cornerstone in ITC's attempt to become a modern market-driven organization, the talk about standardizing the presentation of value-propositions left little room for the customer. In a sense, the customer was also standardized into the mold of practical management. This is not to say, that the two change-agent directors would have been unaware of the individual characteristics and requirements of customers. Be that as it may, the customer did not become a significant factor in the debate concerning the scripting of the sales process, even though both directors emphasized that the new practices should direct attention to those areas deemed as important by the wider strategic change agenda. The possibilities of action within the practice of scripting seemed to leave the customer appear in a less significant light. The space of possible action thus shaped and influenced the ranking of the concepts and frames implemented by top management.

The director of sales development continues by describing the renewal of the sales process as meaningful:

> *"I think the old way of doing sales is coming to an end, now we have to be able to measure activities at the beginning of the sales process; have the value propositions been said out loud? Have they been quantified? Have sales spoken to the right people etc.? I think the message of top management has been consistent…We have this new project called "customer focused sales". The organizational changes have been purposeful, the KAM (Key Account Management) function has introduced the customer into the organizational texture, this has psychological meaning also."*

The two directors saw management accounting as a powerful tool to deliver managerial messages as well as infusing meaningful action. Even though, the mentioned standardization and lack of sensitivity towards customer demands presented an evident contradiction in the system itself, both seemed to express beliefs that management control could, in practice, be sensitive towards local requirements, and thus become a remedy for the emerging contradiction:

> *"The current version (of the sales process) is too engineering minded. I believe in a gate model…those gates are crucial control points where sales management assures that things have reached a certain quality level…We are a knowledge intensive specialist organization, meaning that freedom, how you actually conduct business, needs to be preserved to a certain degree, emphasizing the*

> *how. We must not micromanage, that's why I prefer this control point approach." (The Head of Key Account Management and Sales Development)*

The directors were in no illusion that the proposed model would be carried out as such in practice. They even presumed some alterations and adjustments, as the sales process is faced with various diverging actions and rationales in the sales departments. The gate model, or control point approach, contains a belief, that processes can be controlled while creating room for individuals to be creative. It standardizes and creates accountabilities, while at the same time enabling and promoting flexibility, for instance in respect to the customer. The "drifting" of practices, from initiated agendas all the way down to the local contexts of sales proved to be a highly complex one; as the paper version of scripting partially defied the concept of the customer, was the actual practice (or described practice) more in line with the set agendas, as flexibility was built in.

> *"How the current gate model functions: We have certain risk approval limits, which go from regional directors all the way up to the board…How the gate model should function; there should be a digital work flow, somebody initiates the gate approval process, then the right people just approve by clicking ok. That way the customer does not have to wait." (The director of sales development)*

The director of sales development then proceeds to outline a particular scoring-system, which would be embedded into an ideal sales process and its gate model:

> *"Well, we are planning to implement also some case barometers, which should indicate the approval process, e.g. example by asking the right questions. That way sales people could select the best leads. I have been writing (at a consulting company) about lean sales, meaning there needs to be an effort also in sales to minimize waste. One way to do it would be to pose 100 questions, which somehow correlate with winning, and then you select five questions to which you have answers. Then you get a score… (An American firm) has been going through thousands of sales cases and identified certain questions, which correlate with winning a case…I am convinced that these kinds of barometers are crucial, the score is not that important, but more so it functions as a checklist, it needs to be so simple that you can click it in the lobby before you meet a customer."*

Not only was the management control practice shaped through mental frames as well as various arrays of activity, but also through technical and material arrangements. The bundles of those components created, or at least were supposed to create, management accounting systems (Ahrens and Chapman, 2007). Consequently, the directors' power to further structure the context in which people operated, through things such as questionnaires and software-integrated barometers, was not be underestimated.

The introduction of new arrangements, as well as a set of declared agendas were intended to structure the sales process, without imposing to the letter how and which activities are to be performed. The practice of management accounting was thought to be rather enabling as opposed to coercive in nature (Ahrens and Chapman, 2007; Ahrens and Chapman, 2004). Creating control points (or a gate system) into the sales process somewhat softened the contradiction between rigid formalization of sales activities on one hand, and the knowledge-intensive nature of the work on the other, as they left some space for creativity and judgment on *how* work is to be done, while opening certain stages in the process for evaluation. In that sense, accounting practices are fabricating different kinds of spaces, and in the end measuring something they have been involved in creating in the first place (Hopwood, 1987).

The change-agents seemingly felt that meaningful measurement and control are logical extensions of wider agendas and cultural practices. Management accounting systems, and their careful application, has even the potential to correct some contradictions created by the implementation of these various aspirations in the place.

In the following sub-section, I aim to highlight some themes that emerged in conversations with other organizational members, in particular with people working in the complexly structured sales organization(s). As we will notice, management accounting as a practice, manifested in action and talk, is complex and dynamic, as it unfolds within the web other practice-arrangement bundles. Organizational members uncover their skilful ability to manipulate systems and practices, shaping them to fit their needs and motivations without necessarily leaning against the wider frames set out by top management (Ahrens and Chapman, 2004; Ahrens and Chapman, 2007; Whittington, 2006).

### 4.4.2 The sales people's point of view

In this section I will shed some light on the actual activities (or more precisely descriptions of activity) as organizational members draw on shared, and partly diverging understandings, and thus constitute a particular management accounting practice. As it turns out, peoples' reactions to structuring management agendas do not necessarily take on the form of open political or even strategic resistance; rather organizational members prove to be skilful manipulators of given concepts, norms and ways of thinking and doing, as they themselves are part of and constitute those practices (Whittington, 2006; Schatzki, 2005).

As the interviews went along, points of critique were nevertheless also voiced out. However, this critique was not openly, or even subtly, aimed at the current transformation in strategy or culture. A sales director, from one of the business areas, voices out the most critical thoughts regarding the *implementation* of some measures, systems and procedures.

> *"Measurement has not kept pace…We actually do have a formalized sales process, which is excellent on paper, but way too detailed and complicated in practice. Consequently, people cannot and will not follow the process…For instance the CRM as well as its current usage are bad. Top management utilizes it as a mere reporting tool, and as such it is then also seen by the employees…there is no actual management through the systems we have in place"*

The director seems to concretely point out one reason, why some management systems are on an inadequate level, failing to link with other prevailing understandings and practices. He soon came up with an explanation which puts, the at first sight technical shortcoming, into a wider and more significant context:

> *"There is a lack of leadership currently present in this organization…As a matter of fact we do have a very strong executive board. They sit down together for long hours and discuss the business in detail…Perhaps sometimes even too*

> *detailed…Sometimes they end up giving precise instructions (to the second highest ranks) about how to run the business…This can be perceived negatively in some cases. People should be free to define themselves the detail of their daily work and actions. There is an increased feeling of control…The business is being run through control."*

He continues;

> *"Top management does not manage through the CRM. People do not consider it as relevant for their work…If we do not simplify (the entire sales processes) and start to emphasize leadership we will flop this exercise as well (reference to the organizational restructuring) …We should start (thinking) through leadership instead of control."*

This depiction provided by the sales director opens up interesting avenues for investigating the constitution and complexity of practices; the agenda of streamlining the business in reference to the investor and customer did not structure all activities, not even the ones of the management board. Further, the sense of control, introduced by top management behavior and activity did not cohere with other important structuring elements, such as the notions of good and empowering leadership. Emerging practices revealed itself as a construct of partly contradicting elements, giving room to opinions like the ones voiced out by this sales director. Structure and action do not seem to cohere always at the first sight.

Not only seemed some of the systems in place (for instance the CRM and its use) detached from the agendas of change, but also top management's activities signaled diverging directions of action to the organization. Nevertheless, the critical director was still in the context of certain practices and arrangements; his familiarity with top management's actions as well as their guiding rationalities made the critique possible. Practices and arrangements (the systems) did set up platforms for discussion, where individual participants coupled their knowledge of the system with other practices and structuring elements (Vaivio, 2004).

On the other hand, this director seemed to suggest, that whereas a feeling of control is being infused through the actions and behavior of top management, they add up to little if supportive structures do not exist (e.g. leadership), to better justify and contextualize the taken actions as well as actions to be taken. In contrast to Ahrens and Chapman's (2007) narrative, where employees constructed a particular field of management accounting practices through coherent arrays of activity, framed by management agendas, this case seems to be suggestive of the possibility, that the formation of enduring practices might be disrupted, as informed participants react to the incoherent body of prior action and talk. There is no reason to cast this dynamic only in the light of conflict, because the participants still acted within a shared context through engaging in a multitude of practices, which were ordered by shared understandings, objects of mutual desire as well as general acceptance. For instance, despite the director's disagreement with some behavior and action of top management, he was still willing to engage in many ways into the pursuit of shared organizational objectives. "We should measure quality instead (of quantity)" was the answer to my question about how he would change the current mode of measurement. Despite some contradicting notions, the importance of measurement was widely accepted and tied to the wider processes of change at ITC. The understandings as well as the means, motives and desires (teleoaffective structures) tied to the act of measurement transpired through several fields of practice within ITC.

The sales director then continues to further list actions he would undertake:

> *"I would myself put more resources into proposal management than control, ensuring that we have the right tools to do the job."*

When it came to choosing between increasing the control of the sales process or contributing to the actual sales work, for instance through better proposal management, the director obviously chooses the latter. For him, it seems, management control and the actual tasks within the sales practice do not converge on all fronts.

The Head of the Key Account Management and Sales Development admits, that there might be some problems in the translation of agendas into concrete action via measurement systems.

> *"Yes, we measure and report the number of agenda meetings with clients to top management, we know it is a bad measure, but we currently do it because we do not have anything better…we are waiting for a new and better CRM system which allows us to create more meaningful measurements in that area, but (right now) we do not have anything else. A little bit over a year ago senior management wanted to start showing that these kind of activities are being*

*followed. When sales drop and the business starts to escape you people begin to question the own organization, that is why it is natural that in times like that top management wants to show and communicate to people that these kind of activities are being followed."*

Reporting the number of agenda meetings was part of, and partly constituted a particular practice of control in the case company. This activity was carried out through interaction with other people and arrangements such as the CRM and spreadsheets. What seemed to be characteristic of some control practices at ITC was their relatively loose coupling to sales practices. Even though most people seemed to accept the bigger structures (e.g. the importance of customers), giving some sort of order to almost all activities within the organization, the more concrete rationales of measurement and control seemed to translate at first sight badly into structuring elements of sales practices. This seemed to be acknowledged by the critical business area director and the Head of Key Account Management.

Even though the importance of "staying close to the customer" was incorporated into the structure of management accounting practices, the actual activities were guided by sub-understandings and rationales. As noted by the business area director, some prescribed activities failed to bring meaningful sense into the everyday working context of salesmen. A collision of understandings and other structuring elements occurs, creating a disrupted and uneven body of management accounting practice. The activities (e.g. reporting the number of agenda meetings with customers) that constitute a particular practice of control can undermine the practice it was *supposed be part of* and instead strengthen other practices and understandings. The emerging picture is complex and dynamic.

The head of the Americas Market Organization had also critical opinions of the haphazardly implemented measures. However, he put his ideas into a slightly different context, giving an account of how local practices have emerged due to the contradiction between initiated practices and local understandings.

*"People are eggless in Finnish organizations. In reality, agendas are forced through in organizations by showing how things should be done…e.g. we in the Americas have created a separate incentive system for the sales staff, which measures order intake and the margin or profitability all the way to the personal*

> *level…this system works independently of the sales process, but the incentive system motivates to use also the (official) sales process."*

While initiated management control practices badly connected with other knowledge and fields of practice, it allowed and supported the evolving of local sub-practices, and in a sense local organizations altogether. As the director above points out, the locally born practices attempt to mediate contradictions between official prescriptions and understandings that guided local business activities. These locally emerged arrays of activity seem to diverge from the initially prescribed activities (e.g. reporting customer visits), yet at the same time they are supportive of corporate wide systems such as the sales process, or the rationales behind the sales process.

The director seems to display a belief that corporate wide initiatives tend to materialize in complicated ways in practice. An able actor, so it seems, changes things locally, by force and example, without corporate politicizing, molding the agreed upon systems and practices by prescribing and framing diverging paths of action. It is important to note, that he does not attempt to undermine the intentions of top management; he is acting, and prescribing others to act, within the given frames of market and customer orientation. Consequently, one could argue that local initiatives and understandings, that created local sub-practices, actually *better* enforced and supported top-management's original intentions.

While some initiated, and centrally designed, practices of management control were not able to support the actions that constituted them, they did not rob the possibility to tailor practices locally. The freedom to exercise local power within a given context existed, but it seemed to be reliant on determinant action, which while accepting and acknowledging the underlying idea of central practices, did not take for granted *the means* by which these management ideas were brought to the operational level. The director's believe in locally structured action as a shaper and supporter of the wider context was exemplified in his response when asked about the measurement and tracking of customer profitability:

> *"Traditionally, and partly even today, customer profitability is in the heads of salesmen. In the past sales people were asked: does this customer exist? Does he pay? And either the salesman knows or he throws a dice, and even the "knowing" is based on intuition. Customer profitability is not (even today) known to us.*

*Basically, ITC sells everything to everyone…on the other hand the detailed calculation of customer profitability is not the most crucial part…established corporations in saturated industries do that. It is too heavy."*

This statement is descriptive of the director's way of thinking, when searching for management accounting's role and place within the context of business practices at large; he combines his understanding of the usefulness of management accounting with his knowledge of the local reality, *the salesman and the business*. Business apparently, does not always fit into the model of formalized control and measurement, but meaningful practices may still emerge locally, being loosely, but nevertheless, coupled with centrally formulated initiatives and agendas, or *frames* as I would put it. This can happen without articulated, or even hidden, programmatic resistance. Management accounting practice ceases to be a carefully coordinated phenomenon, rather becoming intended and emergent *at the same time* (Hopwood, 1987; Ahrens and Chapman, 2007).

He further underlines his point of view by stating;

*"Sales metrics should be part of the daily work; they should be motivating people to work towards the set objectives. On the other hand, the responsibility of top management is to reduce bureaucracy."*

Meaningful direction is being given through his slightly molded set of management control practices. As pointed out, a potentially significant niche for theoretical inquiry arises; can locally framed practices support broader agendas and structures better, by actually diverging from the initial prescriptions of activity? My impression was, that in the Americas Market Organization the *mental frames of the customer and the investor* were stronger integrated into the local frames (into the minds of people) and consequent actions than elsewhere.

A business area director, with a lot of experience from different tasks across the organization, on the other hand stated that "Measuring sales is the easiest part. You either have a deal or you don't" revealing in an ironic way the difficulties to actually manage through sales measurement. Notably, he had a very pragmatic perspective into the problem of meaningfully directing action and behavior through management control systems. Themes around leadership or strategy did not emerge explicitly.

> *"It's the responsibility of the sales management to direct action and to motivate."*

In contrast to the people from the sales development function he more openly emphasized the importance of technical know-how, even at times when sales-engineers were pressured to become business generalists.

> *"Its hard to learn the customer's business from scratch without any understanding of our complex product portfolio…some formal (technical) training is needed to help him to learn the customer's business. Sales master class, value sales training...What do you have? We need to turn technical competencies into customer competencies. But the problem is that technical knowledge is required, some initial technical introduction and competence are needed…something is needed though."*

This director quickly turned questions about measurement and the sales process into concerns related to competencies; competencies needed to be the area of focus and management. According to him, focusing on competencies means turning managerial attention to those spaces that actually need to be measured; the flow of action, knowledge and communication between participants, and between the different stages within the sales process. His particular notion of management control practice consisted of guiding and enhancing product and customer related knowledge.

A sales person cannot be a detached business generalist, but neither can she or he be a narrow technology expert. Flexibility is introduced by increasing the *awareness* of the firm's offerings. Awareness creates flexibility, by turning sales people not merely into customer relationship managers but as *presenters* of the complex products and services of the firm. The gap between sales leads and cases which require commitment, technical expertise and resources, is smoothly closed. Managing competencies, in this context, could be understood as *controlling or accounting for the spaces* between different stages in the sales process.

This director did by no means reject the broader frames and structures sponsored by senior management. Nevertheless, he did not see the precise actions prescribed by top management (e.g. reporting of meetings) as adequately supporting and driving the issues deemed the most important by sales management and the business in general. The various understandings related to specialist sales and competence management were for him the focal points which ordered, or should order, activity in the sales organizations at ITC.

Understandably, the business area director did not see sales management as such related to the management accounting phenomenon. Instead, when explicitly talking about accounting and controlling he voiced the following:

> *"Controllers operate just in the FICO (financial controlling) world, they deal mostly with OI (order intake) numbers and committed OI-forecasts. Other metrics are in the CRM. Controllers do not live in the CRM world. Otherwise controllers would need to deal with sales peoples' bullshit. The sales management needs to know the business, not the controllers."*

In the afore statement he draws the traditional demarcation line between what he thinks is controlling and operational business management. However, accounting, in the form of performance management and measurement, has crossed functional boundaries, disciplines and practices and become an essential part of the thinking and talking about the organization and the business. One could argue, that accounting had become an ordering element (or a structure), in the form of shared understandings, rules and teleoaffective structures within other fields of practice, and lost its explicit name in the process (Schatzki, 2005). For instance, the understanding or believe of how something might be translatable into income, cost or margin shaped action, behavior and thought considerably at ITC.  Interestingly however, the financial department itself had been denied, at least in the director's mind, access to the business.

Accounting does not manifest itself solely in an explicit manner in the name of "accounting". Rather, it has become a way to talk, behave and act for business professionals. In this sense, accounting must not be necessarily associated with strategic or programmatic agendas, as it often simply provides participants certain frames or mental structures, against which to evaluate and contextualize certain action, feeling, behavior or thought (Jorgensen and Messner, 2009; Schatzki, 2005). Intricate forms of management accounting are rarely marginalized, because they usually present a shared resource for organizational members to draw upon, even if individual prescriptions for action are resented and not carried on as such (Ahrens and Chapman, 2007; Vaivio, 2004). Management accounting seems to have become an inseparable phenomenon within the practice-arrangement bundles that make up an organization and also the social site in general (Schatzki, 2005). It functions both as a separate and particular practice, but also functions as a binding and overarching structural element, giving order and meaning to activities within other practices (Jorgensen and Messner, 2009). The meaning and order conveyed by management accounting practices might also be conflicting and contradictory in nature.

# 5 Discussion

I attempted to describe and illustrate a particular manifestation of the management accounting phenomenon in a specific case organization. I suggested that, management accounting is constructed through arrays of activity, structuring elements such as understandings and shared objectives, as well as material arrangements. In doing so, I to built on Schatzki's (2005) practice theory. Ahrens and Chapman (2007) served as a concrete analogy to the study of management accounting; my goals were firstly to illustrate Ahrens and Chapman's (2007) application of the practice theory to management accounting research, but secondly also to further refine and problematize this application and interpretation. Jorgensen and Messner (2009) also provided an important application of the practice theory to management accounting research.

The depicted empirical narrative is ambiguous and complex. Management accounting, and diverse conceptualizations of it, spanned from the rationalization of high level management agendas all the way down to supporting and mediating operational activity within the sales departments. A defining challenge proved to be discerning the boundaries between the management accounting practice and other practices that constituted ITC as an organization; modern knowledge-intensive organizations are complex and fluid bundles of practices and arrangements, as opposed to more traditional business enterprises, which had more clear cut lines between management, administration and production. The practices and arrangements that make up an organization simply tend nowadays to be more ambiguous and intertwined than before.

In order to draw a picture about how management accounting practice at the same time *became constructed by,* as well as *constructed* other fields of practice, through continuous interaction with elements that form a social site, I decided to rely on rather broad descriptions of activity, thought, behavior and even feelings of organizational participants. In this sense, my approach to the interpretation of the empirical mass was extensively guided my Hopwood's (1987) claim, that accounting's manifestation in real social contexts can only be meaningfully observed in relation and connection to other bodies of knowledge. Through this relation and connection accounting *only becomes* interesting from a sociological perspective. What Hopwood (1987) might have meant with other bodies of knowledge, I want to label in reference to Schatzki's (2005) practice theory, as other practices, material arrangements as well as elements that order the manifolds of actions, meaning understandings, rules and teleoaffective structures (Schatzki, 2005).

An important notion that arose through my delving in the descriptions and comments given by the interviewees, as well as through my own observations during my project work at ITC, was management accounting's rare manifestation as a discernible practice, that participants would enter and then exit. Management accounting at ITC rather worked and materialized as a fragmented phenomenon, that often emerged within other practices as structuring and ordering elements, such as understandings and objects of desire. Further, the arrays of activity and ordering mental structures that composed a hardly identifiable practice of management accounting, were usually in a "messy" relationship with each other; prescribed actions (e.g. reporting the number of meetings) justified by declared corporate agendas evoked a sense of contradiction within the minds of participants, but at the same time this contradiction infused alternative activity and behavior, structured by sub-understandings and motives. This kind of dynamics could be witnessed, for instance, between the rigid practices initiated by top management and the “softened” gate-model approach suggested by the two Sales Development directors.

It can be argued, that one of the major advantages and strengths of the practice approach lie in its ability to resist all-embracing social theories as well as managerial and political trends in research. The practice approach digs deep into social contexts, of which actors necessarily become part of when they engage in activity or internalize an ordering structure, for instance an organization’s hierarchy. Conflict and resistance may arise for a reason or another, but in contrast to action or mental structure they are not given elements of the social site; human coexistence inherently transpires as part of practices (Schatzki, 2005; Ahrens and Chapman, 2007).

The narrative, and my interpretations of it, widely support the notion of intentionality raised especially by Ahrens and Chapman (2007). The authors ague that management accounting should be studied free from assumptions of in-built programmatic or political conflict, because conflict and interest are not given (Ahrens and Chapman, 2007). Partly for the above recounted reasons, meaning practice theory’s preoccupancy with action, structures and material arrangements, some of the current developments in business enterprises can be observed without falling into the traps of managerial functionalism (Vaivio, 2008; Ahrens and Chapman, 2007). One of those observations must be the potency and power of leaders and top managers.

Ahrens and Chapman (2007) emphasized the power of the executive board in shaping the depicted events at Restaurant Chain. By outlining various focus areas and communicating them as objectives to other organizational members, they decisively also shaped the context and allowed space for later action to occur. Those outlined agendas were not meticulously forced onto others, but they simply set a frame, within which later decisions can be sought and are also expected. As a result, corporate planners as well as restaurant managers engaged in a variety of activity, that was ordered by a multitude of different elements. Individuals proved to be skillful actors as they drew on their knowledge of the business. They seemed to have internalized the frames set by the executive board as they collectively tackled tasks ranging from designing a menu all the way to planning an ideal seating order for the restaurant guests. Their actions were situated within the frames initiated and implemented by the executive board, yet at the same time, the same actions also seemed to amplify, constitute and shape the set frames. What should be note noted is the observation, that actions are not only ordered by the internalization of management agendas; the management accounting practice (or any practice) at Restaurant Division consisted also of structuring elements that escaped management's initial intention. For instance, knowledgeable restaurant managers combined their knowledge about how to portion dishes with abstract corporate objectives, and they did so, based on their own understanding. This all happened without noteworthy collisions or conflict, because organizational participants acted, and sub-understandings emerged, *within* the context that top management intentionally framed. As Ahrens and Chapman (2007) noted, the notion of intentionality must not be marginalized as functionalist in management accounting research, because it simply appears that top managers usually indeed do have the capabilities of influencing the direction of an organization, and that management accounting has a role to play in that pursuit.

At ITC, the events took a similar path, which calls for further theorizing and scrutinizing. In comparison to the events depicted at Ahrens and Chapman's (2007) Restaurant Division, the storyline at ITC, however, contained a stronger notion of organizational change. I suggested in the empirical part, that the origins of the ongoing change process can be traced back all the way to ITC's spin-off from the Parent. A state of stability (if there ever is such a state at a social site) has not been entered, as structural changes have followed each other, not to speak of the pressure to change driven by the markets. In this sense, the bigger and smaller change processes provided a certain context, through which the constitution and intertwining of some practices could be observed. While acknowledging these processes of change, at the same time one must not avert into analyzing the environment's role in *imposing* change on an organization, that is seen as a mere recipient. Intentionality, that is the role and power of top management, should be in the center of analysis, when investigating the affects that change has on mental structures, practices and material arrangements (Smircich and Stubbart, 1985; Schatzki, 2005; Ahrens and Chapman, 2007). According to Schatzki (2005), change drifts through the web of practice-arrangement bundles in space and time. At ITC, the top management's (especially the CEO's) influence in setting up new material layouts, for instance, creating the matrix organization, and tying those to proclaimed imperatives, such as the investor and the customer, should not be overseen. In reference to Schatzki's view of change, one could also suggest that management's intentionality did not form in a vacuum, but instead was situated *in*, and constructive *of* wider practices and bundles. Those wider practices could be, for example, educational practices in business schools, corporate hiring practices, consultancy practices, management practices enabled through virtual representations of organization etc. To build on Ahrens and Chapman's (2007) notion of the situated functionality of accounting practices, one could call the above described as top management's situated functionality. Change at ITC had strong intentional elements, but this intention *also* emerged in a certain context.

The impact of the change processes on management accounting practices at ITC should not be underestimated; understandings and teleologies tied to the apparent necessity of organizational change also structured and rationalized activities constituting certain modes of management control practices, such as reporting the number of meetings, handing over cases at specified "gates" or calculating profit and loss for the two segments in the matrix organization. However, as discussed earlier, the incorporation of the change agendas into practices did not happen in a straight-forward fashion, as some activities, such as reporting the number of meetings, was felt as contradictory towards the original agendas themselves. Nevertheless, the rationalities (agendas) of change were rarely questioned, as individuals even sought to amplify them by, for instance, drawing on other practices and knowledge (e.g. sales). As the bigger agendas were coupled with local and field-specific understandings, more meaningfully ordered and structured activity of management control was identified, and supposedly, also engaged in. These identified activities were supposed to constitute a more empowering form of management accounting practice, that better supported, and further strengthened the concepts of the customer and the investor. In this sense, activities and mental structures are parts of a social site, while at the same time constituting this very site (Schatzki, 2005).

As recounted earlier, Ahrens and Chapman (2007) were rather liberal in their interpretation, of the activities that are part of, as well as constitutive of, particular management accounting practices. In essence, all activities that were conducted either in the restaurants, the regional organizations or the head quarters, were according to the depicted storyline, structured by organizational objectives outlined by the executive board. In doing so Ahrens and Chapman (2007) did not attempt to specifically address other fields of practice, and sub-understandings, that sometimes overarch with, or help constitute, various forms of practice. I will construct an argument, claiming that in order to better understand management accounting as a practice, we must become more appreciative of other fields of practice; at ITC, for instance, management accounting was often not a discernible manifold of ordered activity, but rather an *ordering element itself*, being involved in the constitution and structuring of other practices. This was the case, for example, with activities that were concerned with enhancing a sales person's competence. A training activity, to improve a person's competence, is primarily situated within the sales practice. Yet at the same time, the understanding of making things more measurable, or increasing efficiency by cross-training, as well as the very desire of commercial success ordered training activities within the sales practice. Consequently, management accounting might not always manifest itself as an array of activity, but rather as understandings, rules and teleoaffective structures (Schatzki, 2005).

Jorgensen and Messner's (2009) application of Schatzki's practice theory seems more appreciative of management accounting's possible manifestation as a mental frame or structuring element. In their narrative, the organizational context is strongly shaped by the awareness of growth and profitability. In fact, these accounting conceptualizations become shared mental structures of most organizational participants, as they define the possible space for actions to occur. Consequently, it can be argued that concepts of management accounting influence all practices that constitute the organization, by contextualizing and structuring activities occurring within them. From this point of view, accounting's functioning as a discernible practice might not always be the most sensitive representation of organizational reality.

Jorgensen and Messner (2009) give considerable room in their theorization to the notion of strategizing. Strategizing is to be seen as an encompassing practice, that included various decision-making activities; in the depicted narrative organizational participants discuss product attributes, collect market information, compare technical specifications, source components etc. Management accounting or controlling were not discernible as separate practices, but rather functioned *within* the practice of strategizing (deciding between different trade-offs), for instance, by structuring and guiding conversations concerned with, for example, product attributes, through pointers such as sales margin, life cycle costs, overheads etc. The shared awareness of growth and profitability translated as structuring elements into the practice of strategizing, through understandings and desires related to concepts such as costs and margins (Jorgensen and Messner, 2007). Structuring elements, or shared mentalities, act on various levels, usually slightly altered (Schatzki, 2005). Accounting's involvement as a structure or shared mentality, rather than as a separate field of practice, is a plausible application and interpretation of the practice theory.

In regard to the above presented interpretation of accounting's role, one should also issue a warning to future research. In contemporary business enterprises accounting can usually be linked with teleoaffective structures, such as the desire for commercial success. There is a danger, that one starts to perceive all practices as reflections of one all-encompassing structuring element. This, however, would be against the spirit of practice theory, which leans against this kind of homogenizing theorization, by encouraging researchers to delve deep into social contexts by focusing on action (Schatzki, 2005). Social life inherently transpires through practice-arrangement bundles, and these bundles are *not only* vertically linked to the agenda or purpose of one commercial enterprise.

In this section I have picked up a few themes and claims, that emerged from my empirical findings. In doing so I attempted to illustrate their anchoring to Schatzki's practice theory, while also developing some suggestions to refine the theory's application for management accounting studies. In the following I will conclude this paper, by positioning its contributions, as well as limitations, in the wider field of qualitative management accounting research. I will also outline some managerial implications and possible directions for further research.

# 6 Conclusions, implications, limitations and directions for further research

## 6.1 The theoretical position of the thesis

In the past four to five decades, management accounting research has established itself as a discipline within the field of social studies. Overall, academic business research has become an area of sociologically as well as philosophically informed thinking (Whittington, 2006; Vaivio, 2008). This development has to be welcomed, as businesses more than ever shape our lives throughout the world (Vaivio, 2008). Not only has sociologically informed management accounting research educated us about themes arising through the study of contemporary business organizations, but also raised our awareness of accounting's possible involvement in the creation of social orders, that bind together historical developments and present reality (Hopper and Macintosh, 1993; Foucault, 1982; Miller and O'leary, 1987).

Sociologically informed management accounting research has proved valuable, contributing to our understanding of organized human interaction. It has reminded us that organized human endeavor can rarely be reduced to technical representations or a set of calculation, without them becoming part of the social context in which they operate (Hopwood, 1987). This particular branch of research has often used management accounting as a sort of window, allowing a quick view into the building and re-building of various social orders. Not to emphasize accounting's role and significance in these processes over other disciplines and fields, one can still argue that certain attributes of accounting, such as modes of measurement, quantification and formalization, usually seem to be present in the establishment of social orders (Miller and O'leary, 1987; Hopwood, 1987; Dent, 1991; Vaivio, 2004; Ahrens and Chapman, 2007).

Vaivio (2008) makes a strong case for the importance of case-study based, sociologically informed management accounting research (in this thesis synonymous with interpretive research). According to Vaivio, this particular genre has the ability to protect us from functionalist simplifications of the accounting phenomenon, as well as against grand social theories that seek to explain everything (Vaivio, 2008). A great deal of subjective engagement, and participant observation, from behalf of researchers is required in order to resist these notions (Ahrens, 2008; Vaivio, 2008; Schatzki, 2005). Despite of the good efforts and open-minded spirit of the interpretive branch, some ideas or intellectual movements have received an unjustifiable amount of our attention. Those overly discussed notions are the sense of conflict, resistance as well as programmatic and political aspects of the management accounting practice (Ahrens and Chapman, 2007). In order to stay true to the intellectual and critical origins of the sociologically informed school of thinking, we must not avert into the analysis of grand and tempting meta-theories of the social, such as, for instance, Marxist modes of production (Schatzki, 2005).

As the consequences of accounting's involvement in the social sphere have come under the microscope, so must also some "conventional" explanations and theories; discussions about the subordination of the ordinary individual through novel forms of formalization, measurement and evaluation have often formed starting points of theoretical inquiry (Hopwood, 1987; Miller and O'leary, 1987; Hopper and Macintosh, 1993; Mouritsen, 1999; Miller, 2001; Vaivio, 2004). In this sense, even if not explicitly labeled as such, a sense of political power-play has often been tied to the apparatus of calculation and its working in social settings. As a logical extension to the politics of power has emerged the interest towards unintended consequences; accounting, so it has been claimed, cannot produce but resistance, because it attempts to impose simplified abstractions upon individuals (Hopwood, 1987; Vaivio, 2004; Ahrens and Chapman, 2007). In this sense, accounting was deemed as too unrealistic to be unfolded as intended in real organizations (Ahrens and Chapman, 2007).

Interpretive management accounting research must start moving beyond conflict, resistance as well as programmatic and political agendas. A rigorous methodological and intellectual approach has been identified, but new challenging perspectives need to be searched; Schatzki's (2005) practice theory provides exactly that. While being appreciative of the above outlined *potentials* of accounting, it attempts to dive into the fabric of the social without any ideological preconceptions.

The thesis at hand is a management accounting oriented application of Schatzki's practice theory. I have followed on the path paved by prior sociological investigations by looking closely for spaces, where accounting might be implicated in the establishment of social orders. Those spaces of implication were, for instance, the inscription of implicit sales related knowledge, justifications for changes in the organization's layout (structural changes) as well as the interference of central initiatives into local contingencies (Vaivio, 2008; Vaivio, 2004; Mouritsen, 1999; Jorgensen and Messner, 2009; Hopwood, 1987; Hopper and Macintosh, 1993). However, while doing so, I attempted to go beyond simply theorizing on the potential of accounting, its origins and consequences, moving rather into an examination of the constitution, and the nature of the practice itself (Schatzki, 2005; Ahrens and Chapman, 2007).

Schatzki's (2005) practice theory approach provides a solid fundament for management accounting research. Without giving any room for ideological predetermination, it presents actions, more specifically arrays of action, as elemental building-blocks of social coexistence. Arrays of action, meaning practices, together with material arrangements make up an organization, and in fact everything, through which human coexistence transpires. Practice theory is not an all-embracing social theory, as it is open-minded in nature; it merely makes a suggestion for the *layout* of the social, not its content. Schatzki (2005) claims, that practice theory is appreciative of both, societism and individualism, as it fundamentally incorporates the importance of individuals, their agency and intentionality, as well as of the society as a whole, which goes beyond the aggregation of individuals' decisions (Schatzki, 2005). Practice theory is marked by the analogy, that while individuals' actions constitute the practice, is the constructed practice always something greater than the individual parts (actions) that compose it (Schatzki, 2005).

I believe this is a description, also fitting the study of management accounting, because it gives room for accounting's unintentional as well as intentional characteristics to emerge; individuals are not only reflectors of a bigger system, but active and skillful shapers of their context (Whittington, 2006). Yet at the same time, the constructed practice always gives some frames (or context) for the actions that can occur within it (Schatzki, 2005). In the spirit of Ahrens and Chapman (2007), I have incorporated notions of intentionality into my analysis of management accounting practices. We cannot deem accounting's intentionality straight away as functionalist *dreaming* (Ahrens and Chapman, 2007). Accounting is structured by intentionality, while the emerging accounting *practices rarely seem to be as intended*. At ITC, the top management agendas did produce outcomes and developments that were intended; the concepts of the customer and the investor shaped the perception of organizational participants, motivating them to incorporate the concepts into their thinking, feeling and doing. At the same time, the formed practices were *not only* framed and guided by these top management agendas, but by a multitude of sub-understandings, motives and motivations, desires as well as other fields of practice. While top management significantly shaped the context in which practices emerged, it did not control the formation of practices per se.

Interpretive management accounting research must start investigating more rigorously the activities that constitute the management accounting practice; while doing so, research cannot avert into counting everything that is in the slightest relation to control or formalization as parts of the management accounting practice. In this thesis I have attempted to illustrate how the boundaries between practices, and entire fields of practice, become blurred as they interlace and interact. At ITC the boundaries between, for instance, sales and management control practices could not be meaningfully identified, nor should they. Practices, in reality, escape all labels, categorizations and descriptions (Schatzki, 2005; Ahrens and Chapman, 2007). Arrays of activity might be organized by different, even contradicting, understandings and teleologies at the same time. As suggested already by Jorgensen and Messner (2009), accounting might not manifest itself as discernible arrays of activity, but rather as shared understandings, mentalities, motives and desires that help constitute another practice. For example, at ITC understandings and desires related to concepts such as margins, assets and financial markets structured and directed the sales practice.

I hope my theorization stands the test of critical review. While appreciating the roots of the interpretive school in management accounting research, I choose to illustrate Schatzki's (2005) practice theory in my description of the social site. As such, my thesis is a management accounting oriented application of the practice theory, illustrating and partly elaborating themes touched by prior accounting based interpretations of Schatzki's theory, most importantly the ones of Ahrens and Chapman (2007) as well as Jorgensen and Messner (2009).

## 6.2 Managerial implications

We live in an era of business consultants. In fact, we have for some time now. Publications such as the Harvard Business Review, as well as global consulting companies such as McKinsey & Company and the Boston Consulting Group have an immense effect on thousands of companies, practitioners and scholars world wide. For instance, Kaplan and Norton's 1992 article, *The Balance Scorecard – Measures that Drive Performance* (initially published in the Harvard Business Review), has been hugely successful, and its influence can still be felt, over two decades later. To exaggerate a bit, one could say that the article effectively introduced the accountant and controller as a strategic actor. Accounting has since then not been a marginal area of specialization, focusing only on numbers, but part of the actual management.

Kaplan and Norton (1992) is just one example of how popular trends, spread mainly by consultants and *gurus,* have shaped our perception of concepts like strategy, management accounting or the organization in general (Whittington, 2006). Those trends have swept across organizations, managers and business schools on a global level. Managers, scholars and business students form a global community, and this is not the least due to the harmonization of practice, talk and thinking partly enabled by influential management trends. However, this has has come with a price; we are facing a potential homogenization of managerial thinking. As Vaivio (2008) put it, Best Practices and formulas sold by the management consulting industry endanger our ability to produce novel ideas, innovations and self-generated strategy.

My interpretation and application of Schatzki's (2005) practice theory in management accounting are supportive of novel, self-generated management agendas. Practice theory encourages scholars to move away from aggregation and systems-thinking, and instead engaging into the analysis of action, mental frames as well as material arrangements. This should apply also to practitioners; managers must delve deep into the fabric of their organizations, in order to truly discover the richness of knowledge and motivations at play (Mintzberg, 1990).

A practice oriented mindset might be empowering for both, employees and top managers. A manager, who wants to be sensitive towards the skillful unfolding of action, might do well by not attempting to prescribe the possible space for action in too detail, as employees often find good practical solutions that are in line with the agendas (or frames) set by management. On the other hand, practice theory does not picture top management as powerless in the face of organizational and environmental contingencies; managerial intention and agency do matter, as the executive often possesses the ability to set loose mental frames and structures for directing the activities of other organizational participants. In this respect, practice theory puts more weight on management's possibilities and capabilities, compared to, for example, the notion of emergent strategy, that was suggested by Minztberg (1990).

Managers must become more aware of the powers that lie within their organizations. Yet at the same time, they must not underestimate their own ability to structure the social setting, and possibly to nurture self-generated innovativeness, or even *enacting* the so called environment (Smircich and Stubbart, 1985). There are examples of companies that have enjoyed significant success by relying on unorthodox strategies and processes, such as IKEA, Lidl, Ferrero and Inditex, just to name a few. The global business landscape must cherish its diversity.

## 6.3 Limitations and directions for further research

Ahrens and Chapman (2007) warned us, that the richness of practice cannot be fully captured through textual or verbal description. This will also be a major limitation and concern in the current thesis. I have only minimally been able to gather first hand participant observation, partly due to the shortage of resources and access. As a result, I have mostly relied on participants' verbal descriptions of practices and activities they and their colleagues are supposed to be engaging in, as well as on my own subsequent textual descriptions of the recorded accounts. Consequently, my contribution can be suggestive at best, as the quality of my empirics leave much to wish for.

As suggested in the earlier sections, my theoretical interpretations and conclusions need to be critically reviewed and assessed. I proposed, that accounting might not manifest itself always as a discernible practice, but as an ordering structure, implicated in the constitution of other practices, such as sales. In the sense of Schatzki's practice theory, ordering structures related to accounting could be, for example, understandings of concepts such as profitability and costs, as well as teleologies such as the desire for commercial success. Accounting thus frames and directs action, thought and emotion in organizations.

This kind of thinking, however, has its limitations and dangers. The fear is, that the structures of accounting are allowed to become all-encompassing concepts in the organizational sense-making of researchers; contemporary business organizations (and to a big extent any type of organization) are governed by profitability and the desire of commercial success. These essentially drive organizations, or at least dictate their possibilities to survive. Yet, for a sociologically informed management accounting researcher it is not advisable to get dazzled by the apparent omnipotence of mental structures related to accounting; the social site is too rich in activities, understandings, rules, teleoaffective structures and material arrangements as to be subordinated simply to the pursuit of commercial success. The social site is constructed through practice-arrangement bundles, and these bundles carry various mental structures (Schatzki, 2005). An organization is not only framed vertically by commercial structures, but also horizontally, as practice-arrangement bundles connect it with a larger social site on every level.

Future research needs to scrutinize in more detail the claimed effects of accounting-structures. Accounting might very well still serve as a "window" for sociologically interested management scholars in their attempt to capture a view of the reality at play in contemporary organizations. However, one must not be limited to view the social *only in terms* of accounting, or attributing undiscernible activity as belonging necessarily into the field of accounting practices (Ahrens and Chapman, 2007). Interpretive management accounting research needs to pride itself as a critical observant of the phenomenon, by pointing also to the limits of its significance.

An alternative avenue for future research could be the examination of management accounting's history by building on Schatzki's practice theory. Prominent papers in that field, for example Miller and O'leary (1987) or Hopper and Macintosh (1993), have mainly relied on Foucauldian analysis, drawing top-down histories of the management accounting phenomenon (Ahrens and Chapman, 2007). However, it would be interesting to review and discuss a possible history, that is driven by practice-arrangement bundles, spanning through space and time.

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