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Accounting and Strategizing: The Role and Identity of the Strategic Actor

A Case Study from a Strategy-as-practice Perspective in the Private Equity Industry

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Abstract

In this thesis, we examine how, and by whom, accounting is used in the strategizing process. By drawing upon a single case study in a private equity context, we provide a more comprehensive view of the role of multiple strategic actors in the strategizing process. Building upon Whittington's strategy-as-practice theory, we find that strategizing occurs at all hierarchical levels. More specifically, we identify an important strategic role of ownership, which has largely been neglected in the accounting and strategizing literature. We find that one ownership model is not confined to one mode of controlling. Contrarily, we show how the case company transits from one mode to another. In parallel, we identify how the strategizing capability of middle- and front line managers increased. We argue that this is due to a shift in the perception of accounting. When accounting is enacted as a learning machine, managers get more discrepancy to propose and execute strategic initiatives and we distinguish a 'reversed accountability'. Lastly, we demonstrate that the sharing of similar strategy practices between different actors can help to overcome organizational tensions. In the case organization, we distinguish how a shared educational- and professional background facilitate collaboration.

Keywords: Accounting and strategizing, strategy-as-practice, performance measurement, ownership

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1. Introduction

"Vision, strategy and financial targets are based on a gut feeling of 'this should be possible', and thereafter there will be multiple turns back and forth during that process." **- Managing Partner, PE-Com**

The quote illustrates a vibrant and evolving relationship between accounting and strategizing. In contrast to this dynamic view, practitioners and academia long portrayed the relationship between strategy and accounting as a static phenomenon where strategy formulation and implementation were viewed as deliberate and linear (Nixon & Burns, 2012). Furthermore, accounting has long been perceived as subordinate to strategy, where strategic management accounting (SMA) tools and techniques simply act as benchmarks to evaluate strategic success. However, there is a growing consensus among scholars and practitioners that management accounting can also take a more active role in shaping corporate strategy (Cadez & Guilding, 2008; Nixon & Burns 2012; Nyamori et al. 2001). As an example, Tillmann & Goddard (2008) define SMA as 'the use of management accounting systems in supporting strategic decision-making' (p.80). There is an emerging body of management accounting literature (see for ex. Ahrens & Chapman, 2007; Skaerbaek & Tryggestad, 2010; Jørgensen & Messner, 2010; Cugansesan et al. 2012, Tillmann & Goddard, 2008) that draws upon *strategy-as-practice* theories[1]. Previous studies in the field have identified that accounting plays an active role in framing (Skaerbaek & Tryggestad, 2010), shaping (Cuganesan et al, 2012; Jørgensen & Messner, 2010) and making sense of strategic activity (Tillmann & Goddard, 2008) on a daily basis. This body of literature will henceforth be referred to as accounting and strategizing.

However**,** despite significant developments and more studies answering calls for further research on the interconnectedness of accounting and strategizing, gaps in the literature still persist. Firstly, there is a lack of empirical studies that take a more comprehensive view of the role of multiple actors in the strategizing process. Previous studies have predominantly focused on the role of middle managers (Ahrens & Chapman, 2007; Skaerbaek & Tryggestad, 2010; Jørgensen & Messner, 2010), whereas little attention has been paid to the role of ownership and other extra-organizational actors. Secondly, multiple studies have encountered difficulties with a commonly chosen theoretical lens, namely Schatski's (2002) site ontology (Ahrens & Chapman, 2007; Jørgensen & Messner, 2010, Nama & Lowe, 2014). Despite its delicacy, it is

[1] The strategy-as-practice perspective emphasises the need to study the organizational practices through which strategy is enacted (Whittington 2003, 2006; Jarzabkowski et al, 2007).

difficult to empirically distinguish between different elements in the framework, implying that it fails to provide enough practical guidance for the researcher. Hence, considering that these gaps still prevail, we can conclude that the role of accounting in the strategizing process is not yet fully understood. This lack of understanding has not only important theoretical implications, but potentially also practical implications. Practice is closely linked to daily managerial work and a greater understanding of the link between these concepts can facilitate more informed strategizing work. Moreover, more focus on the role of practitioners is a prerequisite to fully grasp the dynamics of the strategizing process. It is the practitioners that reproduce, transfer and innovate strategy practices (Whittington, 2006) where they often use accounting to mobilize strategic change (Cuganesan et al, 2012) .

Considering the above, there is a need to further problematize the role of accounting in the strategizing process and to illuminate what strategy is, how, and by whom, it is formulated and implemented. The research question we aim to study is: *How, and by whom, is accounting used in the strategizing process?*

To guide the empirical inquiry into practice we adopt Whittington's strategy-as-practice framework comprising *practitioners*, *practices* and *praxis*. Whittington advocates a processual view of strategy, defining strategy as "the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations" (Johnson et al, 2005, p.3). To address the research question, an in-depth case study on the strategizing process between a Nordic private equity (PE) company and a recently acquired portfolio company was conducted. The PE setting presents a new empirical context to the field and allows for a more explicit study of the role of ownership and other influential actors. To further illuminate the role of ownership, we also draw upon findings in the accounting and PE literature where ownership has been thoroughly studied.

The aim of the thesis is to contribute to the accounting and strategizing domain by addressing two identified gaps. Firstly, we aim to more thoroughly study the role of multiple strategic actors in the strategizing process, thereby exploring the previously neglected role of ownership. Secondly, we adopt a new theoretical lens from the strategic management (SM) field that more clearly guides the empirical inquiry into practice. We also aim to make a secondary contribution to the accounting and PE domain.

The remainder of the thesis is structured as follows: Section 2 presents the theoretical development, covering a review of the literature in accounting and strategizing, the selection of an appropriate method theory and the theoretical framework. Section 3 outlines the research methodology, while section 4 presents the empirical material according to the theoretical framework. Section 5 discusses the case findings and presents a conceptual comparison to previous studies. Lastly, section 6 provides the conclusions and suggestions for further research.

2. Theoretical Development

In this section, the development of relevant areas in accounting and strategy are outlined. Section 2.1 reviews previous literature in accounting and strategizing. Section 2.2 identifies an appropriate method theory from the strategy-as-practice literature, while section 2.3 presents the conceptual framework that will guide the empirical inquiry. Lastly, the contribution to previous literature is presented in section 4.

2.1 Accounting and Strategizing: A Review of the Literature

2.1.1 The Development of Traditional Strategic Management Accounting

SMA has by many researchers been portrayed as an ambiguous term that lacks distinctive boundaries. Numerous literature reviews have tried to disentangle and appropriately categorize the development of SMA (see for ex. Chapman, 2005; Chenhall, 2005; Langfield-Smith, 2008; Nixon and Burns, 2012; Nyamori et al, 2001). This prevailing ambiguity might explain why SMA techniques have not been widely adopted in practice (Langfield-Smith, 2008; Nixon and Burns, 2012).

The large body of literature has been developed in multiple sequences since the 1980s when Simmonds (1981) first coined the term ‘SMA’. The early studies focused on financial controls and tools. During the 1990s important developments were made by Bromwich (1990), Dermer (1990) and Dent (1990) who all contributed to more dynamic studies on the relationship between strategy and accounting. In the 2000s, the traditional notion of SMA as simply a ‘collection of techniques’ was again challenged by scholars (see for ex. Guildings et al, 2000; Tillmann & Goddard, 2008).

2.1.2 Accounting and Strategizing

The evolution of the SM literature has presented new ways of studying the relationship between accounting and strategy (see for ex. Whittington, 2006; Jarzabkowski, 2004). The emergent strategy-as-practice approach in SM has only to a limited extent been explored in accounting studies. Several scholars have highlighted the insufficient attention to practices (Bhimani & Langfield-Smith, 2007; Cadez & Guilding, 2008; Nixon & Burns, 2012), calling for further empirical research to explore the link between accounting and strategy. As an example, Nixon & Burns (2012) call for future research to "strengthen the links among SMA, SM, practice, cognate areas and SMA techniques which requires interdisciplinary research" (Nixon & Burns, 2012, p.241).

There is a small, but growing, body of literature that draws upon practice-based theories, referred to as accounting and strategizing. A number of papers have been published, empirical studies as well as conceptual developments, both within public and private sector organizations (see for ex. Ahrens & Chapman, 2007; Skaerbaek & Tryggestad, 2010; Jørgensen & Messner, 2010; Cuganesan et al. 2012; Modell, 2008). Multiple roles of accounting in the strategizing process have been identified: accounting concepts such as "profit" and "cost" can be mobilized to craft strategy (Chua, 2007), accounting facilitates sense-making of strategic alternatives (Tillmann & Goddard, 2008), accounting can act both as a rule and as a general understanding to shape strategy (Jørgensen & Messner, 2010), accounting help to intertwine intended and unintended strategies and mediate between strategic conflicts (Modell, 2012).

One of the earliest empirical contributions in the field was made by Ahrens & Chapman (2007) who studied a large British fast food chain from a practice perspective. In their seminal paper, they identify the strategic potential of accounting, specifically focusing on the day-to-day use of management control systems (MCS) in local units and in the HQ. They argue that the strategizing process of menu design is carried out by middle managers who combine their understanding of customer needs and the HQ strategy, "the implementation of standards in an actual restaurant required the continuous reconciliation of central expectations with the local situation" (Ahrens & Chapman, 2007, p.113). Furthermore, they question that previous research has predominantly focused on problems arising from local resistance rather than the potential spurring from local-central interaction. They emphasize the role of middle managers for the mobilization of strategy.

Ahrens & Chapman (2007) as well as Jørgensen & Messner (2010) use Schatzki's site ontology as a theoretical lens to guide the empirical inquiry into practice. The framework comprises practical understandings, rules, teleoaffective structures and general understandings.[2] Both studies found it difficult to distinguish between general understandings and teleoaffective structures, suggesting that the ontology is difficult to apply. Furthermore, the framework only comprises different sorts of rules, principles and values and does not cover the role of the strategic actor to any large extent.

Other scholars have questioned the limited and subordinated role of accounting relatively strategy and the previous notion of accounting as a means to only implement or control strategy (Hansen & Mouritsen, 2005; Skaerbaek & Tryggestad, 2010). On the contrary, accounting is considered an integral part of framing strategy, where accounting tools and techniques have a strategic role in (re)formulating strategic rationales (Skaerbaek & Tryggestad, 2010). Furthermore, the available accounting information frames the repertoire of strategic actions that the organizational actors can draw upon (ibid). In other words, "the strict distinction between strategy formulation and implementation can be whittled away by the active contribution of the accountants and their accountings" (Skaerbaek & Tryggestad, 2010, p.122). Similarly, Hansen & Mouritsen (2005) argue that organizational action exists before strategy development and implementation. In their study, they refer to the implementation of a Balanced Scorecard arguing that strategy is only one out of many operations in organizations. Furthermore, they reason that a shared interpretation of corporate value affects the "strategic conceptualization in management accounting" (Hansen & Mouritsen, 2005, p.126). Thus, accounting and strategy are intertwined within the organizational operations and have no static roles.

Jørgensen & Messner (2010) and Cuganesan et al (2012) contribute with important studies of how accounting, embedded in a firm's organizational practices, acts to shape the strategizing process. In their empirical study of a R&D intensive company, Jørgensen & Messner (2010) explore the relationship between accounting and strategizing under high strategic uncertainty. They demonstrate that the strategizing process may act as a complement to the reliance of

[2] *Practical understandings* relate to the knowledge of how to do something whereas *rules* concern the formulations and principles that direct action. *General understandings* are elements of practice that are tied to the site of which the practice is a part, such as farming practices or business practices. *Teleoaffective structure* is "a range of normative and hierarchically ordered ends, projects and tasks to varying degrees allied with normative emotions and even moods" (Schatzki 2002, p.80).

accounting information. Cuganesan et al (2012) build upon the work of Jørgensen & Messner (2010) and answer the call for further research on the role of accounting to mediate between competing strategic demands.

Both studies identify that accounting in the form of shared general understandings, such as the importance of profitability or organization specific values, can mediate between diverse strategic interests. This implies that accounting not only shapes the strategizing process, but can also in itself be strategic when it is mobilized as general understandings or rules in the organizational practices of the firm (Jørgensen & Messner, 2010; Cuganesan et al, 2012). However, the studies differ regarding how the shared understandings occurred. Jørgensen & Messner (2010) found that it occurred through a continuous process of strategizing with multiple actors involved. Contrarily, Cuganesan et al (2012) observe how certain strategic concerns, embedded in accounting tools, were mobilized into new processes and towards new actors. More concretely, the management team mobilized accounting to bring forth their concerns about resource allocation in the financial planning process and sent it to the board of directors. Thus, strategizing occurred through the planning processes with the board, where the board strategized through prioritization compromisation of different alternatives (more specifically, the avoidance of organizational threats and reaching targets). However, the top management team could affect this planning process by the mobilization of accounting. Hence, accounting, in the form of general understandings, can either be used in a continuous strategizing process or be mobilized to achieve strategic change.

Yet another theme in the accounting and strategizing field is the role and identity of the strategic actor (Carlsson-Wall el al, 2015; Skaerbaek & Tryggestad, 2010). In a case study of a Danish ferry division undergoing a crisis, Skaerbaek & Tryggestad (2010) elaborate on the identity of the strategic actor. They argue that strategic actors are not confined to top management, contrarily multiple key strategic actors are located outside the formal boundaries in the organizational periphery. The strategic center is not static, rather it is evolving and constantly changing. The change is sometimes driven by unexpected actors, such as ordinary employees or accounting tools, who are referred to as “accountants in the wild” (Skaerbaek & Tryggestad, 2010). In their comparison of traditional SMA and accounting and strategizing, Carlsson-Wall et al (2015) identify different strategic actors, who they refer to as preparers and receivers of accounting information. In the accounting and strategizing studies, the recipients can be both top management and local managers as well as other actors, whereas in traditional SMA the only recipients are the top management. As for the preparers, both management accountants and other employees, such as project managers, were identified in the accounting and strategizing studies, but only management accountants in traditional SMA. Other studies have identified the strategic role of institutional actors such as the government (Modell, 2012) and customers and/or suppliers (Carlsson-Wall et al, 2015). Thus, the role of middle managers and other actors in the organizational periphery have been thoroughly studied (Carlsson-Wall et al, 2015; Skaerbaek & Tryggestad, 2010).

2.1.3 Identified Gaps in the Accounting and Strategizing Literature

The review of previous literature reveals a considerable development during the last decade with more and more scholars answering calls for practice-oriented studies (Ahrens & Chapman 2007; Hansen & Mouritsen 2005; Skaerbaek & Tryggestad 2010). However, there is a need to further problematize the role of accounting in the strategizing process and to illuminate what strategy is, how, and by whom, it is formulated and implemented.

Firstly, contemporary research in accounting and strategizing has almost exclusively focused on the role of middle managers and to some extent on strategic actors in the organizational periphery (Carlsson-Wall et al. 2015; Skaerbaek & Tryggestad 2010). The role of ownership has largely been neglected with an important exception of Cuganesan et al (2012) who touch upon the role of the board as one out of many elements in the strategizing process. Their study primarily concerns the role of a planning process, where the board is an integrated part, rather than the role of a specific actor. Thus, there is a lack of empirical studies taking a more comprehensive view of the role of multiple actors in the strategizing process. In this study, we aim to address this empirical gap by studying the role of ownership in more depth as well as other actors within and outside the organization.

Secondly, despite the growing body of literature taking a practice perspective, there is still a need for further development and problematization. As an example, Nixon & Burns (2012) call for further research to strengthen the links between accounting, practice and SM through inter-disciplinary research. The review of previous literature discloses that there are certain issues with one of the most commonly used theoretical approaches. Multiple practice-oriented studies (Ahrens & Chapman, 2007: Jørgensen, & Messner 2010; Nama & Lowe, 2014) have drawn upon the work of Schatzki (2002) and found it difficult to apply. We have identified two major drawbacks of Schatzki’s framework: 1) the role of the strategic actor is completely ignored, implying that the researcher is left alone to determine whether a specific actor is worthwhile studying. 2) The framework is, despite its delicacy, too complex and vague to provide necessary guidance to the researcher. Previous studies have not been able to distinguish between different elements in the framework. Paradoxically, the framework aims to guide studies into practice, but fails itself to be practically applicable. Thus, there is also a theoretical gap in previous literature, which contributes to the lack of comprehensive studies in the field.

Thus, our thesis aims to answer calls for more empirical studies on the strategizing process and to contribute to the renewal of accounting and strategy as "contingent, lived verbs rather than abstract nouns" (Chua 2007, p.493). Hence, we aim to contribute to the domain of accounting and strategizing by providing a more comprehensive view of the role and identity of the strategic actor and more clearly distinguish how they use accounting information in the strategizing process. A secondary contribution will also be made to the accounting and private equity domain.

2.2 The Strategy-as-practice Perspective

Despite the fact that all practice research shares a common concern with practice, there is a wide variety of different theoretical approaches; and a practice approach ultimately relies on the empirical inquiry into practice. The empirical inquiry is, in turn, guided by and theorized on the conceptual vocabulary of the theoretical framework (Jørgensen & Messner 2010). There is a plentitude of theoretical lenses in the strategy-as-practice literature that has not been widely adopted in accounting. These have the potential to further illuminate the role of accounting in the strategizing process. One of these is Whittington's strategy framework (2006) that consists of strategy *praxis*, strategy *practices* and strategy *practitioners*. The framework has been further developed by Jarzabkowski et al (2007). Since the aim of the study is to provide a more comprehensive view of how accounting is used by multiple strategic actors in the strategizing process, Whittington's (2006) framework is a relevant theoretical lens.

2.2.1 Whittington's Practice Theory

In his framework, Whittington elaborates on the interconnectedness and fluidity of strategizing praxis and the capability of practitioners to introduce new practitioners and practices to an organization. In addition, Whittington distinguishes himself from other scholars by addressing both the *intra-organizational* and the aggregated *extra-organizational*[3] level of strategizing. These have previously only been dealt with separately (see for ex. Johnson et al, 2003; Sama-Fredricks, 2003; Ghemawat, 2002). Scholars argue that intra-organizational phenomena must be understood in a wider social context, as actors are affected by the social institutions they act within (Jarzabkowski et al, 2007).

Practices refers to "shared routines of behaviour, including traditions, norms and procedures of thinking acting and using things" (Whittington, 2006, p.619). These can be organization specific, embedded in routines, operating procedures and cultures and norms, thereby shaping the local mode of strategizing (Whittington, 2006). However, practices can also derive from larger social fields or systems in which the organization acts. Spender (1989) found that industry can determine norms of appropriate strategic behaviour (ibid). Practices can therefore comprise both locally generated routines and practices originating from the outside. Hence, practices provide the routinized patterns of behavioural, cognitive, procedural and physical resources actors use when performing collective activities (Jarzabkowski et al, 2007).

Praxis is defined as "what these practitioners actually do in praxis – all the various activities involved in the deliberate formulation and implementation of strategy" (Whittington 2006, p.619). Hendry & Seidl (2003) describe praxis as the work required to formulate and implement strategy, such as board meetings, management retreats, consulting interventions, team briefings, presentations, projects and simple talk. Jarzabkowski (2004) describes praxis as an embedded concept that can be operationalized at different social levels to achieve interactions, from institutions to industries and organizations.

Practitioners "are seen as the critical connection between intra-organizational praxis and the organizational and extra-organizational practices that they rely on in their praxis" (Whittington, 2006, p.620). Practitioners are thus intertwined with practices and praxis. They draw upon the

[3] Intra-organizational strategizing refers to "people's strategy activity (within organizations) in all its intimate detail" (Whittington, 2006, p.613), whereas extra-organizational strategizing concerns "the aggregation of all this (strategy) activity into a bigger phenomenon that has powerful and pervasive effects on society at large" (p.613). At the extra-organizational level, industries or societies produce strategies and practices that shape the society. The concepts bear similarities with the, in accounting, more commonly applied terminology *intra*- and *inter*-organizational levels. The major difference is that extra-organizational refers to the prevailing practices in a broader context, such as industries, societies, nations, whereas inter-organizational refers to the interactions between different organizations. We have chosen to draw upon the distinction between intra- and extra-organizational strategizing in line with Whittington. Furthermore, we are interested in practices, i.e norms, traditions and routines, and these can be influenced by the society as a whole.

practices, i.e. the ways of behaving, thinking, knowing and acting, that prevails in society and adapt them to their needs to act within their specific organizational context (Jarzabkowski et al, 2007). In addition to top management, middle managers also engage in strategy work, primarily through the middle-top-down process of information gathering, agenda seeking and strategy implementation (Whittington, 2006).

Thus, Whittington (2006) joins praxis, practices and practitioners within an interlinked framework of strategy processes. A schematic picture of the framework is presented in figure 1. As depicted in the figure, the strategizing process often occurs as distinct episodes of praxis, such as formal board meetings, projects or informal conversations (see episode i, ii, iii). In this process, practitioners build upon the available intra- and extra organizational practices which have been accepted as legitimate practices in a given organization.

Worth noting is that practices are not fixed over time. As practitioners draw on practices, they reproduce and amend them, which will change the practices available for the next episode of strategizing praxis. "Practitioners are able to change the ingredients of their praxis by drawing on their experience and adapt existing practices, they can exploit plurality… by taking advantage of openness, they may be able to introduce new practitioners and new practices altogether" (Whittington 2006, p.620). New practitioners such as external consultants, researchers or new team members, can be introduced to the strategizing process (see practitioner D), which in turn can alter available organizational practices (see practice 4).

However, not all strategizing processes succeed. Hodgkinson & Whright (2002) studied a failed strategy workshop where the wrong practitioners (academic researchers instead of traditional consultants) built upon non-accepted practices (scenario analysis and long-term strategic vision instead of managerial 'quick-fix'). Thus, their study highlights the delicacy of the strategizing process.

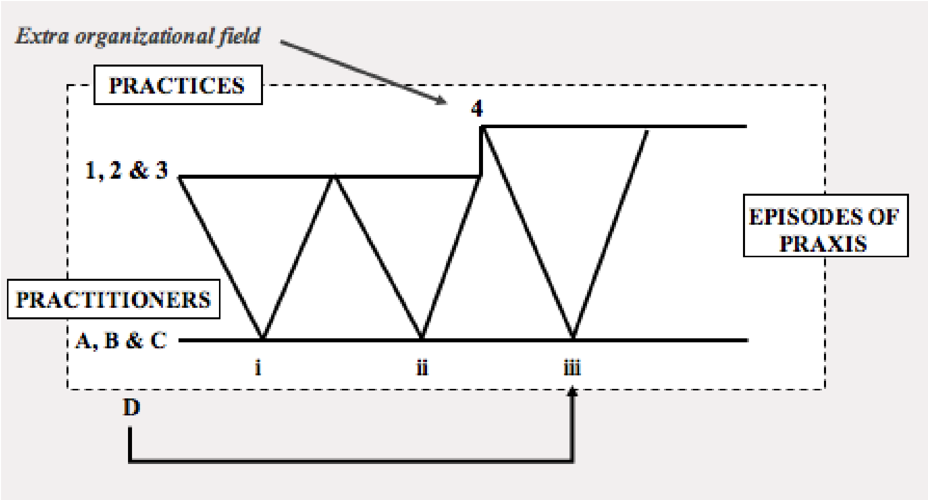

Figure 1: an illustration of Whittington's (2006) strategy practice framework

2.2.2 The Role of Ownership

Whittington's framework distinguishes itself from many other practice theories as it provides a theoretical lens to explicitly study the role of strategic actors in the strategizing process. The drawbacks of previously applied frameworks, such as Schatzki (2002), are a possible explanation for why many studies in accounting and strategizing have neglected other practitioners than top management, middle managers or actors in the organizational periphery. As previously established, most studies have failed to provide a comprehensive view of multiple strategic actors, including the role of ownership as well as other extra organizational actors.

However, another stream of literature, referred to as accounting and private equity, has studied multiple strategic actors which has not been widely elaborated upon in the accounting and strategizing domain (Jones 1985, 1992; Bruining et al 2004; Heinzelmann, 2016; Nama & Lowe, 2014). One of the strategic actors that has received considerable attention in this field is the owners. The majority of these studies have focused on the role of ownership (management buyout, private equity and venture capital) and the development of accounting and control, whilst the strategizing process predominately has been neglected. Even though these studies have not explicitly focused on strategizing, they are helpful to further guide the empirical inquiry into practice. Thus, by drawing upon previous findings in the accounting and private equity field, we can provide a more comprehensive view of the identity of the strategic actor and its usage of accounting information. Three major findings will be elaborated upon.

Firstly, scholars have found that ownership reformulations stimulate the introduction of formal, diagnostic controls, i.e. profit reporting and budgeting (Jones 1985, 1992; Bruining et al 2004) and decentralized responsibilities (Bruining et al 2004).

Secondly, the owners and their core values influence the prevailing performance measurement system (PMS) in an organization (Heinzelmann, 2016). In a comparative study of two PE firms, Heinzelmann (2016) identified two contrasting modes of control; venture A used an *actor-centric*, holistic PMS where accounting was used as a *learning machine* (Burchell et al 1980), whereas venture B drew upon *analytical* PMS where accounting took the role as an answer machine or *tool of computation* (Burchell et al 1980). Actor-centric PMS is characterized by the integration of values and beliefs, the closeness between owners and management, focus on operational KPIs and the coaching role of investors (Heinzelmann, 2016). Contrastingly, analytical PMS draws upon standardized operating procedures, analytical models and limited interaction between owners and portfolio companies (ibid).

Thirdly, scholars have identified that PE firms are characterized by clear accounting practices (Nama & Lowe, 2014; Heinzelmann, 2016). As an example, Nama & Lowe (2014) found that PE firms commonly engage in cost-cutting programs, reorganizations of incentive systems and alterations of the top management team. Furthermore, they identify that "the general understanding imbuing the PE site is joy, the intrinsic reward and motivation of earning performance fees or "carried interest"" (p. 301).

2.3 Theoretical Framework

In this section, we develop a theoretical framework that integrates Whittington's (2006) strategy framework, comprising practices, praxis and practitioners, with previous research on ownership reformulations from the accounting and private equity literature. The preceding discussion has established that during the strategizing process, practitioners build upon legitimate organizational practices when performing an episode of praxis. When practitioners draw upon these practices, they can change the portfolio of practices available in the future. This implies that they might be able to introduce new practices and practitioners to an organization and thereby also change its praxis. However, as exemplified by Hodgkinson & Whright (2002), not all strategizing processes succeed, the delicate process requires that the right practitioners with the right practices are introduced at a certain time.

The PE setting provides an interesting empirical context for more comprehensive studies of the identity of multiple strategic actors and their usage of accounting information in the strategizing process. PE is a specific form of ownership where the decision-making power is concentrated to a few strategic actors, this feature facilitates the study of ownership. Furthermore, it is an appropriate setting for studying the ability of firms to introduce new practitioners, practices and praxis to an organization. Consequently, we have leveraged previous research in accounting and private equity to further understand the interconnectedness between multiple practitioners, their respective practices and the usage of accounting.

Previous research has generally focused on one aspect of strategy, ownership or control in isolation, where the concept of strategy mostly has been 'black-boxed'. Nevertheless, this body of literature has in tandem, without explicitly stating so, addressed all components of Whittington's (2006) strategizing framework. Firstly, some scholars have elaborated upon the role of practitioners. As an example, Heinzelmann (2016) concludes that the board, where PE owners are represented, can act either as a strategic coach or as a financial backboard. The reformulation of ownership will ultimately introduce new practitioners to the organization. These practitioners differ significantly in their roles, responsibilities and cultural backgrounds (Heinzelmann, 2016; Bruining et al, 2004).

Secondly, multiple researchers have studied the underlying rationales and ideals of control that prevail in PE firms (Heinzelmann, 2016; Nama & Lowe, 2014). These studies have, without explicitly stating so, found practices in the organizations under study. As an example, Nama & Lowe (2014) argue that PE firms are driven and guided by the motivation to earn performance fees. Moreover, Heinzelmann (2016) identifies two different ideals of control; actor-centric control and analytical control.

Lastly, some researchers have studied the iterative process of accounting and its role as a mediator between ownership and control. Bruining et al (2004) found that ownership reformulations stimulate more diagnostic controls, increased frequency of reporting and increased participative budgeting. On the other hand, Heinzelmann (2016) observes different roles of accounting as either a learning machine (Burchell et al, 1980) or as a tool of computation. These different roles of accounting are closely linked to both the praxis and practices of a PE firm and indirectly to the praxis and practices of its portfolio companies. In firms where accounting is enacted as a learning machine, the daily praxis is characterized by closeness and informal interactions between the owner and the portfolio company. They continuously talk and adjust KPIs. An important underlying assumption in this view, i.e. an established business practice, is that financial measures and risk parameters lag behind operations. KPIs must therefore be thoroughly discussed and complemented by operational measures. Contrastingly, if accounting is enacted as a tool of computation, daily praxis draws upon standardized operating procedures, analytical models and limited interactions. These types of firms strongly believe in financial controls to minimize risk.

To conclude, accounting serves both as an organizational practice and praxis. More specifically, the perception of accounting (learning machine vs. tool of computation) is an intra-organizational practice that guides the daily operations of a firm. As exemplified by Heinzelmann (2016), some firms consider accounting numbers to be an accurate reflection of performance, whereas others view it as a springboard for further discussion. However, accounting also serves as an organizational praxis. Accounting can be an integral part in formal and informal discussions where KPIs are discussed and adjusted. Furthermore, accounting can also be used by strategic actors in organizational projects to achieve desired outcomes.

Figure 2 presents the proposed theoretical framework. A change in ownership results in a new set of practitioners, practices and praxis being introduced to an organization's established strategizing process, where accounting is an integral part of both organizational practices and praxis. A change in ownership is not confined to PE acquisitions, it can also be a result from being listed or delisted from the stock exchange or simply by the introduction of a new board of directors. The distinguishing characteristic of this type of change, is that a large group of new practitioners are introduced to an organization simultaneously. Such an introduction could potentially cause considerable tensions with the legitimate organizational practices. The theoretical framework will guide the empirical inquiry of accounting practices and praxis in the firm's strategizing process and ultimately help us answer the research question: *How, and by whom, is accounting used in the strategizing process?*

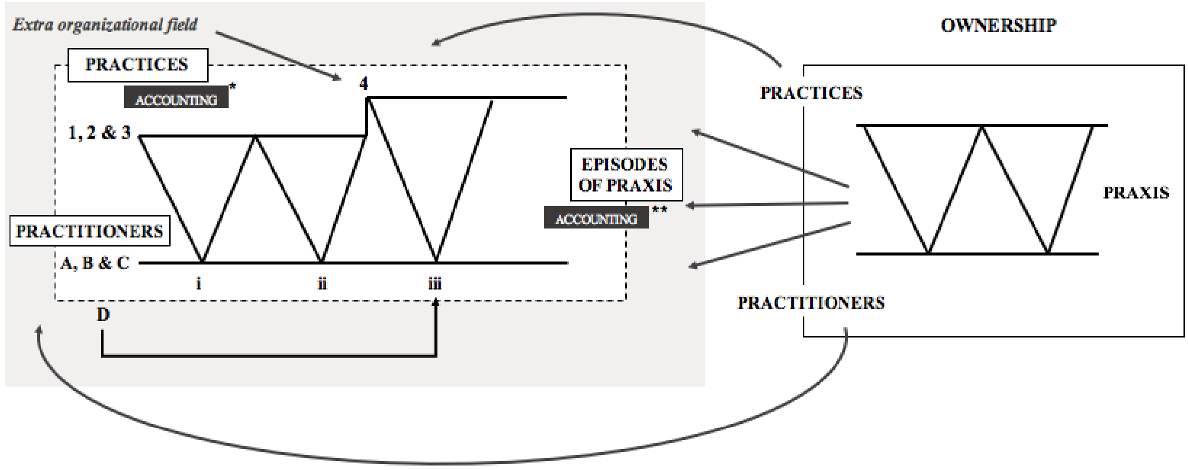

Figure 2: The theoretical framework adapted from Whittington (2006)[4]

3. Research Methodology

In this section, the applied research methodology is described. Section 3.1 presents and motivates the choice of research design whereas section 3.2 reflects on the suitability of the case organization. Thereafter, section 3.3 and 3.4 outline the procedure of data collection and data analysis. Finally, section 3.5 discusses the quality of research.

3.1 Research Design: The Single Case Study

To ensure research quality, internal consistency between research design, research question and theoretical contribution is central. Hence, the concept of methodological fit was considered to ensure alignment between method and theory (Edmondson & McManus, 2007). To capture the processual nature of strategizing, an in-depth single case study was considered the most suitable research method. A case study enables the careful investigation of the dynamic interactions between accounting and strategy over time (Langfield-Smith, 1997). Moreover, in contrast to the multiple case study, the single case better captures the delicate and nonlinear nature of the strategizing process by carefully observing the subtle intricacies inherent in such a process. "Although such (multiple) case studies can provide certain flashes of insight and can raise important issues and questions, they tend to neglect the more tacit and less obvious aspects of the setting under investigation" (Dyer and Wilkins 1991, p.615). There are several proponents of single case studies (see for ex. Dyer and Wilkins 1991; Ahrens and Dent 1998; Dubois and Gadde 2002). Dyer & Wilkins (1991) are strong advocates of classical theory

- [4]Accounting as a practice: how accounting is perceived and its attached role in the organization
- Accounting as a praxis: how accounting is applied in daily strategizing

generation that builds upon the single case study, arguing that "the careful study of a single case leads researchers to see new theoretical relationships and question old ones." (p.614). Since the primary purpose of our study is to understand the deep and contextual structures embedded in accounting and strategizing, a single case study was deemed suitable. Thirdly, previous empirical research in accounting and strategizing have favoured the single case study (see for ex. Ahrens & Chapman, 2007; Jørgensen & Messner, 2010; Skaerbaek & Tryggestad, 2010; Cuganesan et al, 2012). To improve comparability to previous empirical studies, the choice of a similar design was considered appropriate. Comparability was further enhanced by the choice of interview subjects. In line with previous research, the study will further explore the role of middle managers as well as other strategic actors.

3.2 Selection of Research Setting

The selection of the research setting was based on several factors. Firstly, the PE setting introduces a new empirical context to the accounting and strategizing literature. Previous studies have primarily focused on service organizations (Ahrens & Chapman, 2007; Modell, 2012, Skaerbaek & Tryggestad, 2010, Cuganesan et al, 2012) or R&D intensive settings (Jørgensen & Messner, 2010).

Secondly, the chosen context is suitable for studying the role of ownership. The PE scenery allows for the explicit study of how the strategizing process in an acquired company is altered by the imposition of a new set of practitioners, practices and praxis from the extra-organizational field. Scholars have previously stressed the delicacy of this process by stating that the introduction of new practices by extra-organizational practitioners easily fails (see for ex. Whittington 2006; Hodgkinson & Whright 2002). As established in previous sections, the introduction of new practices by new practitioners could either be incorporated successfully into the portfolio of legitimate organizational practices, or cause tensions. Furthermore, there are multiple influential practitioners in a PE firm and in its portfolio company. Some examples are the PE investors, the board, the top management team, the middle managers and external consultants. Thus, by placing the study in a PE setting, we can provide further insights into the role of ownership and other strategic actors in the strategizing process.

Thirdly, the PE context is considered an interesting setting as the MCS predominately is based on financial accounting and a plenitude of KPIs. Furthermore, PE firms rely heavily on financially based PMS systems to deal with uncertainty (Heinzelmann, 2016). We therefore expect that accounting will constitute an important role in the strategizing process and in the control of the firm. Hence, the inherent financial focus allows for a more thorough study of the role of accounting.

Several criteria guided the selection of the case organization. To be considered a potential candidate, key requirements included: 1) HQ should be located in the Nordics, preferably in Sweden, 2) the case company should be of significant size to ensure that established processes and accounting systems are in place, 3) have multiple hierarchical levels and clearly distinguishable roles of the management team 4) the portfolio company should have been held long enough to be able to observe organizational change 5) the granting of access to the top management, middle management and lower level managers. All the above criteria were fulfilled which made the case organization a suitable choice.

3.3 Data Collection

To explore the strategizing process in more depth, semi-structured interviews were perceived as the most appropriate data collection method. Multiple scholars have identified that case study research seldom follows a linear course (Langely, 1999) and the researcher therefore benefits from flexible collection methods. The semi-structured approach gave us flexibility and adaptability to explore areas of interest that arose during the interview process. Two introductory interviews with the founder and the responsible partner of the PE firm were conducted in the beginning of February. These interviews were explorative and the gathered data was used to scope and guide the theoretical development. We elaborated on themes such as the role of ownership, the development of strategy and important strategic decisions. After these two introductory interviews, a first theoretical framework was developed which guided the interviews in the second round. To better identify, explore and revise relevant topics that appeared along the way, the following five interviews with representatives of the top management team at the portfolio company were also more explorative. When key themes and topics of interest had been identified, the following interviews were designed to further explore these specific themes.

3.3.1 Primary Data

In total 17 semi-structured interviews were held in the period January to April. The interviews lasted for approximately one hour, were tape recorded and subsequently transcribed. A few interviewees did not consent to tape recording, in these instances more detailed notes were taken. Interviewees were informed of their anonymity prior to the interviews to ensure a more open, inclusive and relaxed discussion. The interviews were held in Swedish and subsequently translated to English. Both researchers were present in the majority of the interviews. The interviews are presented in appendix A.

Interviewing employees from different hierarchical levels were essential as the strategist might be a top manager, a board- or owner representative or an employee in the organizational periphery. Furthermore, the interviewees represented different functions in the case organization. Some interviewees were interviewed multiple times, which is common in an abductive research approach. As the development of theory and empirics occurs in parallel, important themes were continuously discovered which requested new interviews for further elaborations. The interviews commenced with an introduction by the interviewee, where he or she clarified current role and responsibilities as well as previous professional positions. After the introduction, we posed more specific questions related to the strategy process and the role of accounting. Lastly, interviewees were asked to elaborate on any other relevant experiences. As the interviews focused on realized and reformulated strategies the interviewees had to reflect on past experiences. When making reflections of the past there is always a risk of the memories being distorted or a risk of romanticizing the past. To mitigate these risks, we asked multiple interviewees about their experiences of the same event. The risk of all respondents to misremember is considered low.

In addition to semi-structured interviews, we have also collected observational data. It was possible to conduct informal observations both at the PE firm and at the portfolio company. We visited both the HQ of the portfolio company and made a field visit to one of their largest Swedish sites. During the field visit we were able to observe their work, reflect about the environment and listen to informal talk. However, no observations during formal meetings were granted due to the sensitive state of the organization.

3.3.2 Secondary Data

Secondary data primarily constituted of annual reports, organizational charts and internal documents provided by the case organization. These documents helped us to get an understanding of the strategizing process and to which degree the PE firm had a generic strategy when acquiring a new firm. The documents also served as support to guide the empirical inquiry.

3.4 Data Analysis

The analysis of the collected data followed an abductive research approach where data collection, analysis and theoretical development emerged iteratively (Dubois & Gadde, 2002, Lukka, 2014; Lukka & Modell, 2010). Stated differently, "abduction is about developing ("inventing") theoretically informed explanations to new, and often surprising, empirical observations" (Lukka & Modell, 2010, p.467). Both inductive and deductive research approaches assume a linear process and were therefore deemed inappropriate. Furthermore, most previous studies in accounting and strategizing have followed an abductive research approach (see for ex. Ahrens & Chapman, 2007; Jørgensen, & Messner, 2010; Carlsson-Wall et al, 2016). In their seminal paper, Jørgensen & Messner (2010) reflect on the role of the researcher: "the main task of the researcher is to inquire into a field of practices and to make sense of his or her observations by abductive reasoning, i.e. moving back and forth between data and theory" (p.189).

The empirical data was manually coded and analysed in excel through the lens of the theoretical framework. Interview transcripts were organized thematically, and common themes were analysed to understand areas of agreements and disagreements in the case organization. Examples of analysed themes are: 1) formal episodes of praxis, 2) informal episodes of praxis, 3) the use of accounting, 4) tensions in the strategizing process, 5) PE practices, 6) Alfa practices, 7) different practitioners. After each interview, the material was immediately discussed to capture initial impressions, thoughts and non-verbal expressions. Findings were continuously contrasted, i.e. matched, to the theoretical framework. A central challenge during the process was, as identified by multiple scholars (Dyer & Wilkins, 1991; Dubois & Gadde, 2014), to select and describe only essential strategic processes from the large empirical material. What constitutes a strategic decision is primarily an empirical matter, thus the empirical inquiry must be guided by a theoretical definition of the subject. As previously established, we build on Johnson et al's (2005) definition of strategy.

During the data analysis process, we followed the recommendation by Whittington (2006) and first identified the formal strategizing processes. He argues that starting with the formal aspects is preferable due to "the relative ease with which we can trace it (the formal work) empirically" (p.119). Hence, we first identified formal practices before we proceeded to identify informal strategizing processes and the role of various practitioners.

3.5 Quality of Research

In academia, the established evaluation criteria, i.e. validity, reliability and generalizability, were originally developed for quantitative research (Dubois & Gadde, 2014). There is, however, a growing body of literature concerning the quality and validity of qualitative abductive research (Lincon & Guba, 1985, 2000; Ahrens & Chapman, 2006; Lukka & Modell, 2010, Lukka, 2014). As an example, Lukka & Modell (2010) accentuate two core evaluation: 1) authenticity, i.e. trustworthiness, and 2) plausibility.

Authenticity refers to whether the researcher succeeded in describing the empirical case genuinely and trustworthily such that the reader is assured that the researcher has "been there" (Lukka & Modell, 2010). Authenticity is primarily derived from the richness of the field description. Elaborating on multiple perspectives can enhance authenticity as it diminishes suspicion that the researcher only provides a partial view (Lincoln & Guba, 2000; Lukka & Modell, 2010). Similarly, giving voice to inconsistencies, tensions, paradoxes and irrationalities have the potential of adding to the trustworthiness (Lukka & Modell, 2010). We have followed these guidelines and thoroughly developed 'rich' empirical accounts as well as provided a comprehensive view of sometimes contradicting practices.

Plausibility denotes "whether an explanation 'makes sense' and whether it can be inter-subjectively accepted as likely one" (Lukka & Modell, 2010, p. 469). To establish plausibility, the number of possible explanations to a phenomenon must convincingly be condensed. One way of achieving this is to draw upon abductive reasoning in the data gathering and analysis phases. In our study, we have followed the abductive approach and have clearly described the data analysis process.

4. Empirical Findings

In this section the empirical findings are presented according to the conceptual framework. In section 4.1 the empirical background is introduced. Section 4.2 presents examples of identified strategy praxis. Section 4.3 identifies the strategic practitioners, while section 4.4 depicts the prevailing organizational practices both within the PE firm and in the portfolio company.

4.1 Empirical Background

The organization under study is a Nordic PE firm, henceforth referred to as PE-Com, and its acquired portfolio company, Alfa. PE-Com makes diversified investments primarily in mid-sized firms. Prior to the acquisition, the portfolio company was described as a 'margin case' where PE-com had identified significant potential to improve bottom line. In this initial phase, standardized procedures and analytical models were widely used. Alfa is a business to business services company with over 25 000 employees worldwide that provides a full range of services, however the core business constitutes 90% of total sales. The organization has previously been decentralised with dispersed autonomous regions. Prior to the acquisition, Alfa was listed on the stock exchange and had experienced a couple of rough years with inferior financial performance and stagnating growth.

The portfolio company Alfa has been owned for a period long enough for strategic changes to have started to become realized. At the time of the study, two major strategic agendas have been up and running for a period of time. The first strategic agenda is a large cost-cutting program, where redundant overheads were identified in a systematic manner in the initial phase. As of today, ⅔ of identified costs have been realized. The second strategic agenda is a large-scale reorganization which serves two purposes. Firstly, it aims to standardize and homogenise certain functions and spur better collaboration between different regional units, i.e. to achieve 'One Alfa'. Secondly, the new organization is more clearly structured around the customers. The new structure allows for more deliberate focus on customer satisfaction and closer integration between Alfa and its customers. In addition to the two strategic agendas, there has also been a significant change in the PMS and KPI structure. After the acquisition, KPIs have been reduced and the measuring horizon has been extended.

4.2 Strategy Praxis

Strategy praxis are the actions and activities involved in the formulation and implementation of strategy on a daily basis. During the interviews as well as during the field visit at site A, multiple episodes of praxis were identified, both between representatives of PE-com and in Alfa.

4.2.1 Episodes of Strategizing Praxis Between PE-com and Alfa

The interactions between representatives of PE-com and Alfa's top management team is seldom a linear process. Despite PE-com having a clear strategic agenda in mind, alternative paths along the way are often necessary.

"If you are in Germany and want to travel to Rome, you first must manage all roads in Germany, avoid car crashes or traffic jam. The same thing goes for strategy, you must always be prepared for new manoeuvres. You might end up travelling through Austria to get to Rome." **- Chairman, Alfa**

When representatives of PE-com were asked to elaborate upon the meaning of strategy, they consistently referred to it as a firm's external competitive position. Consequently, a strategic action is something that can alter that position. However, they also elaborated upon the short term detailed plan of what, how and when strategy should be realized.

What's most important is the short term strategic plan, what do we need to invest in, e.g. new recruitments… And it is up to top management to take ownership of that plan." **- Partner, PE-com**

The short term strategic plan is developed in tandem between PE-com and Alfa. The top management team at Alfa, the chairman at Alfa and the responsible director and analysts from PE-com work closely together with almost daily interactions. During this process, PE-com sets the strategic agenda and helps the management team to prioritize between different strategic actions. This close collaboration has developed successively over time.

It is very difficult to follow up on strategy work, that's why we must find a way to help the CEO and the team. Did we achieve the intended effect? Why or why not?" **- Partner, PE-com**

Furthermore, KPIs are frequently discussed in a strategic setting and evaluated on a longer time horizon than previously. Top management ventilates the development of operational and financial KPIs with PE-com during the weekly financial meetings (see appendix B). If a ratio deviates, possible actions to recover the performance are discussed in tandem.

"If a KPI isn't good, we talk about it and reason why that could be the case. When we have identified the root cause we discuss potential action plans going forward." **- Analyst, PE-com**

The dynamic interaction between PE-com and Alfa was illustrated when the top management at Alfa and representatives from PE-com elaborated upon their work with the cost-cutting program. The program was initiated by PE-com, but the top management team has formulated the detailed plan of how the cost savings should be realized. The more specific plan was then discussed together with PE-com, both during board meetings and TROIKA meetings (biweekly meetings between the partner at PE-com, the chairman and the CEO, see appendix B). Furthermore, PE-com has allocated external resources, Consult-Com, to help the CEO and COO to identify areas of improvement. Together they discussed the feasibility of the cost-cutting plan and PE-com gave their approval. Progress is continuously discussed and sometimes strategic plans are revised, both in formal and informal meetings.

"I would say that PE-com is very active in between the meetings, all discussions aren't held in the board, but rather through an evolving process." **- Strategy Development Director, Alfa**

The management team initiated a bottom-up validation process to verify the cost program:

"*We want to improve bottom line with X million, initially we applied ratios, it was very top-down. Then we validated that number bottom-up and after our first exercise we had validated ⅔."* **- CEO, Alfa**

However, the cost-cutting program has not been implemented as initially planned. Rather, new strategic initiatives spurring from the organizational periphery appear to have altered the initial strategic agenda. More specifically, instead of rationalizing costs according to the pre-specified plan, a more long-term cost conscious approach has sprung up on a local level, where higher spending can be allowed in the short term. More focus has also been allocated to employee retention, which in the long term is believed to reduce costs. Employee retention has not been communicated as a primary concern by PE-com. This will be elaborated upon in the next section.

4.2.2 Episodes of Strategizing Praxis within Alfa

Multiple episodes of strategizing praxis were identified within Alfa. Most episodes related to the strategic reorganization and the quest to become more client centric. However, the cost-cutting program has deviated more from the initial strategic agenda. The organizational transformation was initiated to achieve better customer centricity through the centralization and effectivization of multiple functions. The global spread of Alfa and a long prevailing 'silo culture' had resulted in inefficient processes and many best practice examples were lost on local levels. To overcome this, the COO launched a project for identifying internal best practice processes to be standardized and implemented throughout the organization.

"We have identified 40 processes in 10 areas that we want to harmonize. We know that a high-quality process yields good results, so that's what we are doing, identifying best practices." **- COO, Alfa**

Standardization and centralization have been a top priority of PE-com and the top management at Alfa, while middle- and lower level managers have focused on employee retention and customer satisfaction. Within these two areas, multiple examples of how middle managers are involved in strategizing work were identified. Two distinct examples are 1) a middle manager's introduction of a new scheduling system to reduce retention, 2) a frontline manager's creation of a KPI-file on customer dissatisfaction.

The middle manager in question had long been concerned with employee retention at his site since this caused low 'employee ROI' (the return excluding the initial investment spent on a new hire, such as training) and reduced employee learning potential. To get a better understanding of the situation he initiated new reference forums where he discussed working conditions with front-line managers and employees. During these forums, he realized that there were three main issues all related to the employee schedule: firstly, the schedule was too short only covering 14 days at a time, secondly scheduling was based on the individual rather than the group level, thirdly few employees were granted full time employments. These conditions prevailed due to the ambition to achieve the best possible schedule efficiency, i.e. low costs, the task of an offshore unit. This resulted in poor working conditions, causing low employee retention. After gathering these insights in excel, he quantified the associated costs, i.e. the costs of a new hire, and compared this with the costs associated with slightly lower schedule efficiency. Based on these figures, he presented a case with improved scheduling conditions to the offshore unit and got a trial period approved. In the short term, the total costs increased while the retention rose. Such initiatives had previously been turned down. Hence, the initiative indicates that the initial cost-cutting program partly developed into a more long-term cost consciousness, where improved retention is perceived to reduce costs in a longer time horizon. The manager elaborated on the potential to achieve change and his concerns:

"It's completely different today, I, who run the site have the possibility to do stuff which I couldn't before. As long as you have the numbers in place, go for it. My key concern right now is retention." - **Middle Manager A, Alfa**

The initiative has been a great success with employee retention rising almost 10% units at site A over a couple of months. The client manager, i.e. the superior of the middle manager, will organize a conference were initiatives such as this will be discussed. It is part of the earlier mentioned process of identifying best practices in the firm and to create 'One Alfa'.

"We will have a workshop in my team to discuss where they can make important changes, and where they can learn from each other." **- Middle Manager B, Alfa**

The second initiative refers to the creation of a customer dissatisfaction KPI-file. Improving satisfaction is a key concern clearly communicated in the organization. Multiple data on customer satisfaction have always been gathered in Alfa, however the data have not been well structured and thus have not been widely used. A front-line manager realized this and decided to create a KPI-file where she gathered all the worst ratings and feedback from dissatisfied customers. She also managed to convince the customers to share some new information with Alfa, thus further improving the data. Every week she shared the file with the affected front-line managers who used it to track performance, to discuss with employees and to register appropriate actions. The faster and more coherent actions ultimately resulted in improved customer satisfaction and better internal education.

*"We have always had these data, the problem was that we weren't using it. I knew we needed to improve satisfaction and so I gave it a try. It has been a great success so far."***- Frontline Manager A, Alfa**

Both above examples of strategizing praxis reveal a change in the accountability of managers. All interviewees expressed more freedom to suggest and execute strategic initiatives. This change in accountability is in turn linked to the usage of accounting, which has changed considerably since the acquisition. Operational KPIs, such as employee retention, and financial KPIs, such as profit margin, are more frequently discussed in formal and informal meetings between lower-level managers and their superiors. KPIs are also evaluated on a longer time horizon.

4.3 Strategy Practitioners

A multitude of practitioners have been identified to have an influential role in the strategizing process at Alfa. These have been categorized into four groups.

4.3.1 PE-com and the Board of Directors

Prior to and in the early stages of the acquisition, few interactions occurred between PE-com and the management team at Alfa. As previously mentioned, generic templates and models were commonly applied to evaluate the organization and the potential to extract value. However, over time PE-com and the board have gained a more guiding role in which they help to guide and prioritize between the large number of strategic actions.

”*It (the strategy) is like a flower, you must take care of it. Our role is to try to focus, to say 'this is what is important', to keep up a sense of urgency and constantly push forward."* – **Chairman, Alfa**

In their guiding and prioritizing role, PE-com works closely with the top management team at Alfa. The strategizing process is never as straight forward as initially planned. As previously elaborated upon, the chairman referred to the process as a travel to Rome that could take multiple turns in Europe before reaching the end destination. As an example, PE-com set the strategic agenda (cost cutting), the agenda was thereafter altered by local strategic initiatives at Alfa, however PE-com carried through their guiding role via continuous updates with top management. Thus, PE-com works closely with the management team by providing regular support and guidance in a multitude of strategic, but also operational, concerns.

Several representatives of both PE-com and Alfa described PE-com as a 'catalyser'. The role of the catalyser is to accelerate the transformation and establish a sense of urgency throughout the organization. PE-com have the final decision-making power, where they have the last say in most strategic initiatives raised by the management.

"As long as we feel that they are moving in the right direction they can run quite freely, but if we feel like they do not move in the right direction or not fast enough, we can take on the role as the 'bad cop', and if that doesn't work out then we can always replace them." - **Analyst, PE-com**

4.3.2 The Top Management Team

The top management takes full responsibility for the operations and are responsible for developing and realising the strategic agenda together with middle- and local level management. More concretely, the top management is responsible for identifying redundant costs in the cost-cutting program and to spur strategic initiatives from the local level.

"They (initiatives) come from both the top and the bottom, it's difficult to say what comes from where... But there are initiatives from the bottom as they are the ones that meet and get requests from customers. It's important to keep an ear to the ground." ***- Strategy Development Director, Alfa***

"It's like all strategy work, you must approach it little by little. You can't go from A to Z directly. You must have the plan and the road map in place to keep the 'eye on the prize' and to know what the end state is. Then there are some turns back and forth." ***- COO, Alfa***

As one representative of PE-com delicately expressed it, the management team has the sector specific competence and is closer to both the organizational members and the customers. The top management, especially the CEO, has been an integral part in drafting the new strategic agendas. When assuming his role, the CEO customized the initial strategy to better adapt it to the culture and the way of working at Alfa. This was exemplified when the CEO elaborated upon on his contribution to the cost-cutting program, he described how he developed it from being a pure number-focused program to also include a people dimension.

"We develop the strategy and the three-year plan together. But the detailed plan on how to reach those goals and what should be done in the coming year must come from the CEO and his team. We are the ones that then usually okays it." **- Partner, PE-com**

"At least they have given me the illusion that I call the shots. Maybe they are very smart who make me think I take the decisions… But, I feel that I have a lot of decision making autonomy." **– CEO, Alfa**

Another recurring theme was the importance of managerial buy-in. Following the acquisition, many members of the team were replaced. Both the CEO and CFO were recruited externally. These replacements were done to ensure that the new management team was fully on-board with the new strategic agenda.

"He (the CEO) buys into the plan. This was a part of the recruitment, he had the right competences but his impressions and ideas were also similar to ours." **- Partner, PE-com**

Thus, PE-com places great emphasis on assembling the right team that has full buy-in on the initial investment case and the capacity to quickly execute strategic actions. The internally recruited COO elaborated on the importance of recruiting external members:

"This professionalization of Alfa has been given more attention. Alfa in all respect, but there are many who have worked for very long, which is great, but I also think that when you embark on a change journey it is healthy that new people come in with a new and fresh perspective." **- COO, Alfa**

The management team is encouraged to suggest and execute strategic actions that they consider suitable, as long as they are in line with the agreed strategic agenda and prioritized goals of PE-com.

"The best is when the CEO takes the initiative. We will never have the specific competences to crack every code. Our role is to create an inspiring environment and a clear vision and make sure they are equipped with the right tools. Then it is up to them to pull the strings." **- Partner, PE-com**

4.3.3 Middle Managers and Front-Line Managers

The middle managers are responsible for the daily operations and for executing strategic actions at the regional and local level. However, strategic initiatives also travel bottom-up. Middle managers must therefore be attentive to initiatives raised by front-line employees, i.e. 'keep an ear' to the customer.

"Middle managers shoulder the role as a recipient of ideas from employees, to listen and snap up this and that. This is important to be able to keep an ear to the needs of the customers." – **COO, Alfa**

All middle- and front-line managers interviewed begun their careers at Alfa. This reflects the overall tendency in Alfa, where the large majority of managers are recruited internally. A widespread consensus was that decision-making autonomy had increased successively and that the room to propose strategic initiatives had expanded over the last decade. However, this had further accelerated since the acquisition. To become more client centric, hierarchical layers have been cut and new managerial roles have been introduced. One example is the new client manager that has full responsibility for a customer account.

"This might sound contradictory, but even though we have centralised and standardized operations we have tried to push down mandate and accountability in the organization. When I entered, everything was more top-down driven and few decisions were taken out in operations." **- COO, Alfa**

A middle manager elaborated on how he had gained more autonomy, responsibility and trust in his role. He described how he recently had pursued a self-initiated project to improve employee retention at his site. As previously elaborated upon, the scheduling of employees had been entirely financially driven, where focus lay on reaching a high schedule efficiency. By launching a new scheduling initiative, retention increased and employee satisfaction rose.

Initiatives such as this was crucial both for achieving increased customer centricity and in reformulating the initial cost-cutting plan to become more long-term cost conscious. The middle manager also described how he felt more listened to when he initially raised the idea with his superordinate.

"The mentality is completely different today, people have gained more autonomy to present initiatives as long as you have the numbers to support your idea." **- Middle Manager A, Alfa**

This increased autonomy is further portrayed by a front-line manager. She described how she, without anchoring it with her subordinate, developed and implemented an internal KPI file where daily data on customer dissatisfaction were collected and sorted. The document now serves as a springboard for discussions on how to boost the customer satisfaction KPI.

"I think we have a more collective focus and responsibility for the customer satisfaction now. I had an idea on how to improve customer dissatisfaction, so I created this file" **– Frontline Manager A, Alfa**

Thus, strategic roles were found at several hierarchical levels, where both middle- and lower level managers have the autonomy to propose and execute strategic initiatives.

4.3.4 External Strategy Advisors

The role of a strategy consultant, Consult-com, in Alfa's transformation journey was repeatedly brought to our attention. Consult-com has been part of several transformation projects at Alfa prior to the acquisition, however it has successively gained a more significant role. Consult-com is not only portrayed to have an influential role in the formulation and execution of strategy, but also as an invaluable resource in the daily operations. One manager at Alfa stretched as far as to describe Consult-com as an 'extended arm' of the operations. A similar view was shared by the partner at PE-com:

"It was important that they (Consult-com) were included from the start to ensure a clear link to the analysis work. Also, as we currently are building managerial- and change capacity in Alfa, to have access to Consult-com as a resource 'on tap' is extremely valuable." **- Partner, E-com**

Overall, Consult-com plays an important analytical role by collecting data and by compiling accounting figures to steer directions and point at areas of improvement. Consult-com is described as a 'challenger of established truths' that provides a more external and holistic perspective.

"Consult-com have done a lot of the strategy work, especially in the cost-saving program. They have been a great resource to find stuff. They step in and questions why we do things in a certain way, for ex. 'in this location you have 5 full time employees but you only need 3'." **- COO, Alfa**

4.4 Strategy Practices

Strategy practices are the shared routines of behaviour such as traditions, norms and specific procedures. Multiple practices were identified both within PE-com and within Alfa.

4.4.1 Identified Practices in PE-com

An explicit 'PE-com strategy' permeates all portfolio companies and relates to how PE-com approach investment cases. This was made evident when studying internal documents provided by PE-com. As an example, PE-com has a PowerPoint template referred to as the 'PE-com way' where generic strategies for investment cases are described. The interviewees repeatedly referred to generic procedures in the evaluation of investment potential and, after an acquisition, the structuring of processes and procedures.

"The processes have become much more structured over the years. Today, PE-com has a certain way of reviewing the potential and how you discuss around an investment-case." **- Chairman, Alfa**

The CEO at Alfa reasoned in a similar manner:

"PE-com has a good template that I like to call 'the PE-com way' of managing portfolio companies. You get a pretty good idea of what needs to be done and we are trying to adopt that." **- CEO, Alfa**

Moreover, certain investment philosophies at PE-com persist. Investments are perceived as either 'margin cases', where focus lays on improving bottom line by streamlining operations and cutting costs, or 'growth cases' where emphasis is on scaling the business and improving top line. Alfa is described as a margin case. However, the specifics in the strategic agenda diverge depending on industry and company specific circumstances.

"We believe in certain investment philosophies. You always adapt them a little depending on the industry and the company, there is no 'recipe' but there is an initial thought." **- Partner, PE-com**

Besides the initial investment philosophies, PE-com typically adopts a 'blueprint perspective' on new investments to evaluate how organizational value can be extracted.

"In the margin case it's about thinking in terms of a blank sheet of paper, how would we have done if we could build the company from scratch and how does that differ from status quo. To do that you must have an outside-in perspective." **– Analyst, PE-com**

Furthermore, the importance of adopting an external perspective to evaluate performance and identify areas of improvement were brought forward by the interviewees. External benchmarking is considered essential, where KPIs must be comparable to competitors. This approach stands in contrast to Alfa that is portrayed to have had a more internal focus prior to the acquisition. This will be further elaborated upon in the following section.

"Benchmarking is very important, i.e. what does the best-in-class do, the competitors, and from there try to become better than them." **– Chairman, Alfa**

Another distinct practice is the pursuit to earn performance fees on an investment, i.e. to 'reach the margin' and generate positive returns. For example, in a margin case such as Alfa, emphasis must also be on growth for valuation multiples to grow.

"The whole case is in the margin, that's where you generate the return. The commercial side must however not be forgotten, it is hard to sell a company that doesn't grow." **– Analyst, PE-com**

PE-com assumes an active ownership model. As previously established, PE-com has a relatively fixed idea on the strategic agenda it wants to pursue and subsequently formulates, in consultation with the management teams, the detailed short term strategic plan. The active ownership model is not specific for Alfa, rather it is apparent in all its portfolio companies. PE-com assumes the role as an accelerator of transformation processes by establishing a sense of urgency. For example, processes are fast-tracked by compiling a suitable management team that has the right drive and ability to execute strategic agendas.

"It doesn't get better than the team. We always try to assemble the best team. You can have the world's best plan, but if you don't have a team that understands 'sense of urgency' and is prepared to go forward with the plan, i.e. that can take out the bar at 2.20m and not 1.65m, you will not succeed." **– Chairman, Alfa**

Furthermore, an 'internal vocabulary' in PE-com became apparent in the interviews. The vocabulary is a key practice as it reveals shared norms and believes in how PE-com interprets investment cases. For example, cutting 'extra fat' was a commonly used word to describe the potential to streamline operations. Other similar words include 'cutting layers' and 'realising levers'. The vocabulary discloses a distinctive mind-set that permeates strategy processes.

"For example, in Alfa, we have certain short-term agendas that we want to achieve, where we think that there is too much fat, i.e. where we are not effective enough." **– Chairman, Alfa**

The pervasiveness of the internal vocabulary is partly due to the fact that all interviewees in PE-com share a similar background in either investment banking or strategy management consulting. This contributes to similar conceptualisations of strategy and control. Multiple key actors in the top management team, such as the CEO and the Strategy Development Director, shared a similar professional background.

”You are equipped with a toolbox (refers to consulting and banking) that is good to have with you, a certain way of thinking that makes it easier to understand each other.” **– Director, PE-com**

“We talk the same language. We understand each other.” **– CEO, Alfa**

Lastly, another core philosophy in PE-com is to establish clearer accountability in portfolio companies by trickling down P&L responsibility as far as possible in the organization.

“It must be a very distributed model for responsibility, with P&L accountability as close to the teams as possible. Layers must be cut to shorten distances between those that own the customer contact and those that perform the service. You will find this in many of our companies.” **– Partner, PE-com**

4.4.2 Identified Practices in Alfa

In Alfa, the decentralised and regional autonomy have given rise to a distinct silo culture of ‘small kingdoms’. This is manifested as an unfailing focus on the local needs before the needs of the global organization. As the CEO of Alfa delicately expressed it:

“We always talk about one Alfa, but in reality it was me and then Alfa.” – **CEO, Alfa**

”Alfa consisted of small kingdoms where you first and foremost focused on your own site’s profitability and didn’t take the optimal decision for Alfa.” **– Strategy Development Director, Alfa**

This prevailing regional focus has resulted in inefficient internal processes and an incoherent client offering, where Alfa has been perceived by clients to be non-agile and slow.

*“When I started, I visited our big clients and asked ‘what is your perception of Alfa’. I was told that Alfa is good, but it’s slow, inconsistent and regional so we never get the same services.”***- CEO, Alfa**

Prior to the acquisition, Alfa was financially oriented and permeated by a persistent KPI culture. There was an abundant number of internal financial and operational KPIs, where everything that could be tracked was tracked on a site basis. The relentless reliance on exhaustive reporting systems resulted in an infinite amount of unstructured and non-standardized data that have not been widely used.

"If there is something that we do in our business it is reporting. We report on everything, we measure everything. The number of KPIs, the number of measurement points, it's so many." **– COO, Alfa**

The dependency on financial measures is portrayed to have created a false sense of security.

"Alfa is a data driven business. They measure everything. That can give you a false sense of security that you are in control. We have spent time trying to understand what matters." – **Partner, PE-com**

When PE-com acquired Alfa, major areas of improvement in the PMS were identified. The previous system was not optimal for the two strategic agendas, i.e. cost-cutting and customer centricity. Consequently, PE-com has altered the PMS to better fit the strategy. Primarily, there has been a transition towards fewer KPIs and a shift from measuring per site to per customer. This transition was confirmed both by PE-com and Alfa.

"We identified improvement potential in their control system, before it was very financially oriented and everything was measured on a site basis which isn't relevant. It is the customer who generates the cash and we have therefore shifted focus to customer-based KPIs." **- Analyst, PE-com**

"We were not where PE-com wanted us to be, we have changed the reporting system and the output report to meet its (PE-com) demands." **- Strategy Development Director, Alfa**

Since the acquisition, PE-com has standardized and externalised KPIs throughout the various sites in the quest to create a more global and client centric culture with more focused and customer driven KPIs. This refocus has been pursued by the top management at Alfa prior to the acquisition but has been accelerated by PE-com.

"It was not possible to compare with other firms because we didn't have the data, so we decided to change the data to achieve comparability and identify areas of improvements." **- Partner, PE-com**

The KPIs are not only fewer and more customer oriented, they are also more frequently discussed. Prior to the acquisition, KPIs needed to be continuously 'delivered' to fulfil the quarterly reports for the stock market. This behaviour also lead to a rather short-term horizon.

"Previously, we were quite focused on the short-term, which is a natural consequence of being listed. After the acquisition, we have managed to establish a longer time horizon which I think is great." **- Strategy Development Director, Alfa**

When asked to further elaborate on the culture in Alfa, several representatives articulated an entrepreneurial spirit and a non-hierarchical leadership. Managers at all hierarchical levels emphasised the necessity of being ‘quick-to-fail’ and ‘challenge established truths’. Lower level employees are encouraged to discuss around new ideas and established procedures. Most of these discussions have been taking place at site level. Representatives of Alfa also take a great pride in the fact that most managers are hired internally, which is believed to contribute to the high inclusivity in Alfa.

“We are very non-hierarchical and informal without an authoritative leadership. Many of us, including me, have worked further down in the organization. We are good at being quick-to-fail and are not afraid to speak up and challenge initial thoughts. At least this is our wish.” **– COO, Alfa**

This perception was also verified by employees on lower managerial positions, where expressions such as ‘open mindedness’, ‘transparency’ and ‘honesty’ were commonly used. The entrepreneurial spirit is described to have been inherited from the previous majority owner, who encouraged informality and openness.

”The entrepreneurial spirit from our previous owner still remains, we are a plant school. We are good at taking care of talents and most managers are recruited internally.” ***– Middle Manager A, Alfa***

The transition from being office managed to client account driven highlights the journey towards becoming ‘One Alfa’. The concept of ‘One Alfa’ was originally coined by PE-com and encapsulates the ambition to become more global, customer centric and less site oriented. During the interviews with middle- and front-line managers, it was made evident that the concept has become a well-established and commonly used phrase throughout the sites.

“When I started, focus was on productivity and employees were measured on efficiency. Now, we have started to focus on other stuff too such as customers and quality.” **– Frontline Manager B, Alfa**

As depicted in the quote, middle- and front-line managers have articulated a shift towards a less cost driven focus. The former culture with an almost compulsive reliance on financial KPIs appears to have been replaced by a more balanced and ‘business smart’ cost-conscious approach. More room is given to soft and qualitative measures. The COO has played an integral role in amending these practices.

“We are still cost driven, but today we can invest money on things that actually contribute. I’d say we have gone from being stupidly stingy to consciously cost driven.” **– Middle Manager A, Alfa**

“*There is still a cost focus but in a better way. You think one step further than a day, a more holistic approach. I believe this to be partly due to the reorganization.”* – **Frontline Manager A, Alfa**

5. Discussion

In this section, the case findings are analysed. In section 5.1 we contrast our findings with previous literature in accounting and strategizing. In section 5.2 the new identified strategic actors are analysed. Section 5.3 elaborates on the linkage between the perception of accounting and the strategizing potential of managers. Finally, section 5.4 analyses the role of shared practices to overcome organizational tensions.

5.1 Praxis: Strategic Concerns are Mobilized in Accounting Tools

There is a consensus in the accounting and strategizing field that accounting and strategy are intertwined in the organizational practices of a firm (Ahrens & Chapman, 2007; Hansen & Mouritsen, 2005; Skaerbaek & Tryggestad, 2010; Jørgensen & Messner, 2010; Cuganesan et al, 2012). It has also been established that accounting can, in itself, have a strategic role when used as a rule (such as a minimum required ROI) or a general understanding (achieving a target margin) (Jørgensen & Messner, 2010; Cuganesan et al, 2012). However, previous studies differ in how the accounting information is used. Jørgensen & Messner (2010) argue that strategizing is a continuous process with multiple actors involved, whereas Cuganesan et al (2012) argue that accounting is mobilized into new practices and towards new actors.

The strategizing process in Alfa and in PE-com bear similar traits with the one identified by Cuganesan et al (2012). Multiple examples of how strategic concerns were mobilised into accounting tools were identified at all hierarchical levels. One prominent example was middle manager A, who embedded the strategic concern of increasing customer satisfaction into a quantitative case. He mobilized his case, which is an accounting tool (excel-file), against an offshore unit to improve the employee scheduling process. He delicately expressed the process as “as long as you have the numbers in place, go for it”. By mobilizing strategic concerns through an accounting tool, he managed to transfer the strategic decision-making power from the offshore unit to his local unit. Thus, there are no static key strategic actors, rather, as identified by Skaerbaek & Tryggestad (2010), the strategic centra is often reconfigured by unexpected ‘accountants in the wild’. This process is a telling example of how practitioners at lower hierarchical levels can alter the top-down driven strategic agenda. It was not intentionally done, but this unexpected actor contributed to the renewal of the initial cost-cutting program to a more long-term cost-conscious approach.

A similar pattern was also identified in the strategizing process between PE-com and Alfa as well as between Consult-com and Alfa. Strategic concerns (such as cost-cutting and customer satisfaction) were mobilised in accounting tools (such as externally and internally benchmarked KPIs and industry best practices) to achieve change. This process was very dynamic, PE-com mobilized against the top management at Alfa, and Alfa mobilised against PE-com. Their relationship is influenced by the established accounting practice of extensive P&L accountability. PE-com gathered and compiled accounting data, which was mobilized towards the top management team to communicate the importance of the new strategic agendas. As an example, the director and analysts of PE-com gathered external industry data on different cost items and benchmarked against Alfa's cost structure. The data were used to legitimize the cost-cutting program, to establish a sense of urgency and to foster strategic initiatives. Simultaneously, the top management team, who has ownership of the strategic agendas, mobilized accounting numbers to get approval for initiatives from PE-com. As an example, the COO has identified and condensed several internal best practices, quantified the effect of these and subsequently presented them to PE-com. Thus, by mobilising accounting tools, he succeeded to gain approval for strategic initiatives that were initially formed at local sites. Nevertheless, the choice of the CEO is in itself a strategic decision. The newly recruited CEO was partly chosen because he bought into the strategic agenda. This observation is in line with findings in mainstream SMA (see for ex. Simmonds, 1981, Bromwich, 1990).

5.2 Practitioners: New Identified Strategic Actors

Previous literature in accounting and strategizing has mainly focused on the strategizing potential of middle managers and, to some extent, actors in the organizational periphery (Ahrens & Chapman, 2007; Carlsson-Wall el al, 2015; Skaerbaek & Tryggestad, 2010). As established in the previous section, we confirm the importance of middle managers. However, two other important strategic actors were also identified, namely the owners and strategy advisors. Neither of these have been widely elaborated upon in previous literature.

In their study, Cuganesan et al (2012) partly address the role of ownership in the strategizing process. They identify how strategizing occurred through the planning process with the board. The owners, which are represented by the board, engaged in strategizing through the prioritization of different actions (Cuganesan et al, 2012). In comparison, we have identified a larger and more influential strategic role of the owners. In addition to prioritizing between strategic actions, PE-com also undertakes an important role as a 'catalyser' that accelerates transformation by establishing a sense of urgency throughout the organization.

However, the role and mode of PE-com's ownership has not been static. Prior to the acquisition and during the initial phase, PE-com deployed an *analytical mode of control* (Heinzelmann, 2016). During this phase, PE-com conceptualised Alfa as a margin case and relied heavily on standardized procedures, processes and actions. Some examples are the replacement of the top management team, the process of identifying redundant costs and the ambition to benchmark performance against external actors. However, the mode of control successively transited towards an *actor-centric mode* (Heinzelmann, 2016) with closer interactions between representatives of PE-com and the top management at Alfa. At the time of the study, PE-com commonly provides guidance on strategic as well as operational matters and focus has shifted from only calculating the potential investment margin to focusing on both financial and operational KPIs. This was exemplified by the development of the cost-cutting program. From initially focusing on reducing identified costs in the short-term, local level managers are allowed to deviate from the original program, even though it may result in higher up-front costs. A telling example is the scheduling initiative launched by middle manager A. Correspondingly, PE-com has put more emphasis on operational KPIs such as employee retention. The increased operational focus was also manifested in the customer centricity initiatives. These were driven by both the top management team, PE-com and local level managers. One concrete example is the customer dissatisfaction KPI-file created by front-line manager A. The owners who first served as a financial backboard had become a strategic coach (Heinzelmann, 2016). This observation implies that an ownership model (such as PE or publicly listed) is not confined to one way of controlling. PE-com deployed two different modes of control, however the ownership model remained the same. Thus, the way of controlling an organization is not necessarily linked to the ownership model. Rather, the owners can assume different roles during different periods. These roles are closely linked to the usage of accounting and ultimately affect the strategizing potential of management. This will be further discussed in the following section.

The other identified strategic actor is the external strategy advisor Consult-com. Previous literature has predominantly neglected the role of these advisors, nonetheless, it fulfils an important role in the strategizing process at Alfa. Consult-com is highly involved in drafting the strategic direction and works closely together with both PE-com and managers at all hierarchical levels. By collecting data and compiling accounting figures, Consult-com highlights areas of improvement and engages both in operational and strategic actions. The collaboration between Consult-com, PE-com and Alfa is described as well functioning, where the partner at PE-com described Consult-com as a 'resource on tap'. This collaboration emphasises the importance of selecting an external party with a similar culture, i.e. practices, and way of working, i.e. praxis.

5.3 Practices: The Perception of Accounting and the Potential for Strategizing

Following the ownership reformulation, a substantial transition has taken place in Alfa, both in terms of the mode of control and in the perception and application of accounting. As elaborated upon in the prior section, PE-com has successively transited from an analytical mode of control towards an actor-centric mode of control (Heinzelmann, 2016). In parallel, the perception of accounting has shifted from a *tool of computatio*n to a *learning machine* (Burchell et al, 1980).

Prior to the acquisition, PE-com applied generic procedures in the evaluation of investment potential and in the structuring of processes. At this initial stage, interactions with the management team at Alfa were less frequent. Accounting information mostly served as input to analytical models and was considered to reduce risks associated with the investment. Thus, accounting was primarily used as a tool of computation. The same usage of accounting also prevailed in Alfa prior to the acquisition. Alfa was characterised by a financial focus with an abundant number of daily tracked financial and operational KPIs. Multiple interviewees described how "everything that could be measured, was measured" and that all ratios were internal, site-based and short-term focused. Hence, similarly to PE-com, Alfa used accounting as a tool of computation.

However, over the past year, there has been a successive transition towards a more client-centric focus with more condensed measures and longer time horizons. From simply acting as a means of control and a 'receipt' on financial performance, accounting numbers are now frequently discussed in various formal and informal forums. KPIs are regularly followed up and discussed between PE-com and the top management. If a KPI deviates from expectations, an appropriate response is discussed in tandem. However, these discussions do not only occur at the highest level, but also between hierarchical levels in the local sites. One example is middle manager A who discusses how to improve the employee retention KPI at his site with front-line managers and employees. Hence, the prevailing perception of accounting and how it is applied has been profoundly altered. The increased emphasis on more frequent and informal discussions, coupled with a greater focus on operational KPIs, clearly indicates that accounting now serves as a learning machine.

In parallel to the changed perception of accounting, the strategizing capability of middle and lower level managers has increased. As exemplified by middle manager A, middle manager B and front-line manager A, managers have larger room to initiate and execute strategic initiatives if mobilizing accounting correctly. As operational KPIs are more prioritized, practitioners closer to the customers have gained a more influential role, since they have first-hand access to operational knowledge. Hence, the strategizing capability of these actors has increased. This is possible due to the imposition of a new practice by PE-com. Namely, the trickling down of P&L responsibility and a more extensive mandate for managers to use their accountability to set requirements on other organizational members. Since the acquisition, lower level managers are more empowered to pose strategic initiatives and can leverage their accountability to put pressure on superiors to act on their suggestions. Thus, we also distinguish a ‘reversed accountability’.

Moreover, the increased strategizing role of middle managers emerged due to the deliberate intention of the owners to leverage the potential that spurs from local-central integration. This stands in contrast to Ahrens & Chapman (2007) who portray the local-central integration of restaurant managers as a ‘necessary evil’. The restaurant managers in their study must achieve a certain food margin but must simultaneously please the customers. Thus, they have no choice but to try to achieve a local-central integration. Contrarily, the strategizing role of the middle- and front line managers at Alfa emerged due to the owners’ deliberate intention to change the perception of accounting.

Conclusively, the mode of control is interlinked with the perception of accounting, which in turn affect the strategizing capability of managers. When accounting is enacted as a learning machine the decision-making power of middle managers ultimately increases.

5.4 The Role of Shared Practices to Overcome Organizational Tensions

Despite an extensive cost-cutting program, a large-scale reorganization and PE-com's simplified perception of Alfa as a margin case with 'extra fat', little resistance was revealed in Alfa. This seemed to hold true for all hierarchical levels. When further studying the underlying rationale behind this, two plausible reasons were identified.

Firstly, the new set of practitioners, practices and praxis imposed by the new owners occurred at the right time and in a suitable manner. Scholars (Whittington, 2006; Hodgkinson & Wright, 2002) have stressed the delicacy of the strategizing process, arguing that the introduction of new practices by extra-organizational practitioners easily fails. In Alfa, the new practices introduced by the external practitioner PE-com have been successfully incorporated into the portfolio of legitimate organizational practices. Several facilitating factors played an important role. Prior to the acquisition, Alfa was in a downward spiral with plummeting financial performance, staggering growth and no clear leadership. Consequently, a willingness to change prevailed where organizational members in Alfa were receptive to change. Moreover, the new practices corresponded well to the entrepreneurial and autonomous culture in Alfa. The practice of increased accountability and inclusivity of middle managers was well received. Managers at all hierarchical levels were engaged in strategizing work from early on, contributing to the blending of external and internal practices.

Secondly, the smooth execution of the strategic agendas was also largely dependent upon a well-functioning relationship between PE-com and several members of the top management team. Despite having different roles and responsibilities in the strategizing process, their inherent practices did not appear to collide. This tensionless interaction partly stems from a shared professional background, in either strategy consulting or investment banking. They share a similar business mind-set, an understanding of the role of accounting and a faith in certain strategy practices. The CEO at Alfa delicately conveyed it as "we talk the same language, we understand each other". More explicitly, the newly recruited top management team and representatives of PE-com share a similar understanding of how accounting should be mobilized in the strategizing process. Namely, as a tool for external benchmarking and to prioritize between strategic actions. Also, a shared perception of what strategy is, contributes to their mutual understanding and helps to overcome organizational tensions. Thus, the sharing of similar practices between different (intra- and extra organizational) practitioners, can facilitate to overcome tensions in organizational change processes.

At the same time, more tensions were found in the vertical strategizing process within Alfa. Thus, strategy practices appeared to deviate more on an intra-organizational level than on the extra-organizational level. This deviance is partly due to the silo culture in Alfa, where employees are anchored in local practices. Therefore, best practices were not commonly nor systematically shared between sites, “we always talked about one Alfa, but in reality it was me and then Alfa”. This resulted in a slow response to customer needs, an inconsistent client offering and staggering financial performance. Furthermore, most middle- and lower level managers are recruited internally with limited educational and professional background. Hence, there are large discrepancies between the top management and lower level managers in how accounting and strategy are perceived. This has contributed to intra-organizational tensions.

In conclusion, table 1 below presents a conceptual comparison of our study and the previous literature in accounting and strategizing. The framework of Whittington (2006) has guided the classification and synthetization of contemporary research.

Table 1: A conceptual comparison with the accounting and strategizing literature

	Accounting & Strategizing (Ahrens & Chapman, 2007; Skaerbaek & Tryggestad, 2010; Jørgensen, & Messner, 2010; Cuganesan et al, 2012; Modell, 2012; Carlsson-Wall et al, 2015; Tillmann & Goddard, 2008)	**Accounting & Strategizing through practices, praxis and practitioners** (Lind & Mellquist Lindwall, 2018)
Praxis	Accounting praxis: 1) accounting fulfils a strategic role when it is used as a general understanding or a rule (Jørgensen & Messner, 2010; Cuganesan et al, 2012), 2) the strategic role of accounting occurs through an iterative process with multiple actors involved (Jørgensen, & Messner, 2010), 3) accounting can be mobilised to achieve strategic change (Cuganesan et al, 2012), 4) strategizing praxis occur through the local-central integration of financial targets and operational demands (Ahrens & Chapman, 2007), 5) accounting consciously and unconsciously facilitates sense-making during the strategizing process (Tillmann & Goddard, 2008).	Accounting praxis: 1) the mobilization of accounting to achieve strategic change is apparent at and between all hierarchical levels, 2) accounting facilitates the prioritization of actions both on an ownership level and on lower managerial levels (both operational and strategic actions), 3) accounting can, when enacted as a 'learning machine', increase the strategizing potential of management.
Practitioners	1) Top management sets the strategic direction based on accounting information provided by accountants and lower level management (e.g. Ahrens & Chapman, 2007)[5], 2) middle managers and other members in the organizational periphery assumes a strategizing role through their usage of accounting information to achieve change (Ahrens & Chapman, 2007; Jørgensen, & Messner, 2010; Cuganesan et al, 2012), 3) the strategic centra is not static, rather it is dynamic and can be altered by accountants in the wild (Skaerbaek & Tryggestad, 2010), 4) customers and/or suppliers play an active role in the strategic decision making process (Carlsson-Wall et al, 2015), 5) the government communicates the strategic agenda in publicly owned firms (Modell, 2012).	Ownership through 1) prioritization and guidance of strategic actions, 2) change in organizational practices which steers strategic agendas and the strategizing potential of management at all hierarchical levels, and 3) the strategic choice of CEO. The strategizing role of top management, middle managers and external actors such as strategy advisors was also identified.
Practices	Identified practices: 1) the desire to achieve commercial success or a certain target margin (Ahrens & Chapman, 2007), 2) the overall concern with profitability (Jørgensen, & Messner, 2010), 3) organization specific values, such as culture, the corporate identity or formal processes (Cuganesan et al, 2012), 4) the amount of provided accounting information frames the repertoire of strategic actions possible (Skaerbaek & Tryggestad, 2010).	Ownership practices: 1) the perception and use of accounting affect the strategizing potential of managers, 2) shared practices through for example a similar professional background, help overcome organizational tensions, 3) the desire to earn performance fees, 4) the use of an internal vocabulary ('extra fat') and the perception of an organization as a 'margin case' or 'growth case' Ownership practices are not always static, can transition from an 'analytical' to an 'actor-centric' mode of control.

[5] Top management was the main concern in mainstream SMA. The assumption that the top management is the only strategic actor has been problematized by researchers in the domain of accounting and strategizing.

6. Conclusion

The aim of our study is to contribute to a more comprehensive understanding of the role and identity of the strategic actor and to further examine how these actors use accounting information in the strategizing process. By drawing upon a strategy-as-practice framework that emphasizes the importance of the strategic actor and that more clearly guides the empirical inquiry, we have provided new insights to our research question: *How, and by whom, is accounting used in the strategizing process?* Thus, in contrast to some of the previous practice oriented studies in accounting (Ahrens & Chapman, 2007; Skaerbaek & Tryggestad, 2010) who encountered difficulties with the applied theoretical lens, we have managed to empirically distinguish between different elements of practice. Our findings confirm the strategizing role of middle managers (Ahrens & Chapman, 2007; Skaerbaek & Tryggestad, 2010; Jørgensen, & Messner, 2010; Carlsson-Wall et al, 2015). We also confirm how strategic concerns were mobilised into accounting tools towards new actors (Cuganesan et al, 2012). Furthermore, in line with Skaerbaek & Tryggestad (2010), we illustrate that the strategic centra is not static, contrarily it can be altered by new and unexpected strategic actors. However, more importantly, we contribute to the accounting and strategizing literature with three new major findings.

Firstly, our study provides a more comprehensive understanding of the role and identity of multiple strategic actors and explicitly recognizes an important role of ownership. The owners assume an important role in the strategizing process, both by prioritizing between conflicting strategic actions, which partly has been addressed by Cuganesan et al (2012), and by acting as a 'catalyser' that accelerates change. Furthermore, the empirical findings indicate that the role of the owners can change over time. PE-com successively transitioned from deploying an analytical mode of control towards an actor-centric mode of control. Thus, one model of ownership is not confined to one way of controlling a firm. Additionally, external strategy advisors were also found to have a large influence in the strategizing process. Secondly, we contribute to the field by identifying how accounting, when enacted as a learning machine, can increase the strategizing capability of middle- and front-line managers. The new perception of accounting was together with the trickling down of P&L responsibility, crucial for managers in Alfa to propose and execute strategic initiatives. Managers are empowered to leverage their accountability to put pressure on superiors and other organizational members. Hence, we distinguish a reversed accountability. This increased strategizing capability was deliberately intended by the owners. The finding stands in contrast to Ahrens & Chapman (2007) who portrayed the local-central integration as a welcomed but unintended outcome. Thirdly, the study provides insights into the role of shared practices to overcome tensions in organizational processes. Many members of the top management team and representatives of PE-com shared a similar professional background, providing them with similar practices. More specifically, they shared a similar understanding of the role of accounting in the strategizing process. Additionally, the extra organizational practitioner PE-com entered in the right way at the right time. PE-com managed to draw upon the right accounting practices that were successfully incorporated into the portfolio of legitimate practices in Alfa. The importance of such delicate timing has been stressed by multiple scholars (Whittington, 2006; Hodgkinson & Wright, 2002).

Moreover, a secondary contribution is made to the accounting and private equity domain (Jones 1985, 1992; Bruining et al, 2004; Heinzelmann, 2016; Nama & Lowe, 2014). Firstly, in contrast to Heinzelmann (2016) who argues that a PE-firm can deploy two different modes of control, the analytical or the actor-centric, we identify how a firm can transit from one mode to another. Secondly, in contrast to previous findings (Bruining et al, 2004), we identify less diagnostic controls after the ownership reformulation. Rather, a more comprehensive and long-term PMS with more operational and qualitative KPIs prevailed after the acquisition. Thirdly, previous studies have focused on accounting, strategy and control in isolation where strategy mostly has been black boxed. Contrarily, our study indicates that these concepts are intertwined and that accounting plays a crucial role for both controlling and for strategizing.

These findings are subject to certain contextual factors which implies that they might not hold true in other empirical settings. As an example, the study concerns a rather specific form of ownership and some of the findings might not be fully applicable in other contexts. Furthermore, since the study only lasted for four months it is possible that more organizational tensions would have been revealed if a longer study had been conducted. Finally, it should be noted that PE-com has been successful with its previous investments. Likewise, site A has been the most successful of the Nordic sites. Thus, their positive view of the changes in accountability might be dependent on their high performance.

The previously addressed findings also yield important practical implications. Since the owners can transit from one mode of controlling to another, more effort should be placed on adapting the mode of ownership to the current challenges that face an organization. Moreover, as strategy consultants are commonly used and highly engaged in strategy work, they should not only be chosen based on competence, but also on their practices, such as its culture, and its praxis, i.e. its way of working. Finally, organizational tensions can be overcome through a shared professional background between strategic actors. However, this homogeneity narrows down the variety of potential solutions and ideas and an awareness of this phenomenon might help managers to broaden their minds.

We recommend future research to further examine the role of ownership and to study our findings in different empirical contexts. Furthermore, we encourage more studies on the importance and implications of a shared professional background. It would be valuable to enhance our findings by studying this specific phenomenon in more depth. Finally, future research should continue to study the strategizing potential of accounting. It would be favourable to do so my drawing upon a strategy-as-practice framework that adequately guides the empirical inquiry.

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8. APPENDIX

APPENDIX A: A List of Conducted Interviews

	Interviewee title	Number of interviews	Interview length	Interview date
1	Owner PE-com	1	45 minutes	12th January
2	Partner PE-com	2	50 minutes 35 minutes	13th of February 16th of March
3	Analyst PE-com	2	60 minutes 30 minutes	16th of March 13th of April
4	Director PE-com	1	55 minutes	22nd of March
5	CEO Alfa	1	55 minutes	15th of March
6	COO Alfa	2	55 minutes 35 minutes	27th of March 11th of April
7	Strategy development director Alfa	1	60 minutes	15th of March
8	Chairman, Alfa	1	40 minutes	26th of March
9	Middle Manager A Alfa	2	35 minutes 40 minutes	10th of April
10	Middle Manager B Alfa	1	45 minutes	27th of March
11	Frontline manager A Alfa	1	45 minutes	10th of April
12	Frontline manager B Alfa	1	50 minutes	10th of April
13	Frontline manager C	1	55 minutes	10th of April
	Total interviews	**17**		

APPENDIX B: Identified episodes of strategy praxis in PE-com and Alfa

Strategizing episode	Participants	Purpose
Board meeting, once a month	Chairman, Partner, Director and Analyst at PE-com, CEO, CFO	Long-term strategic visions
TROIKA, twice a month	Partner PE-com, Chairman, CEO, sometimes representatives of Consult-com	Operational and strategic updates, short term focus
Financial meeting, twice a month	Analyst PE-com & CFO	Financial updates, discuss budget and KPIs, discuss actions
The “One-Alfa”-conference	PE-com, top management team, regional management team	Create sense of urgency, communication of new strategy
Formal meetings, monthly and weekly	Between all hierarchical levels at Alfa & Consult-com	Information updates, discussions of strategic initiatives, customer demands
Informal meetings	Between all hierarchical levels at Alfa	Information updates, new agreements, personal reflections
“Small talk”	In the office between all employees	Discussing alternative solutions and customer satisfaction