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Untapped Potential

How the use of sensemaking can enrich our understanding of Management Accounting Change

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Abstract

This thesis investigates the organizational sensemaking process underlying a management accounting change (MAC) at Brewcorp, a small-scale brewery with three key individual actors (KIA) transitioning to a new management accounting system (MAS). Despite MAC being a vastly researched domain, the literature still offers the opportunity to explore how KIAs perceive and make sense of these processes. Addressing this research gap, our study utilizes a new theoretical model named the "Lagerwik Model" to combine the concept of situated rationalities in MAC and the perspective of sensemaking. We build on the idea of KIAs utilizing generalized practices through experience rationalities to change situated rationalities and bring about MAC. In doing so, we mainly make four contributions. Firstly, we show that KIAs require mentally susceptible employees for this process to be successful. Secondly, we demonstrate how conflict, and a new concept called "nostalgic rationality" can lead to institutional change. Thirdly, we show that in the absence of rules and routines, MAS is a viable tool for professionalizing a firm. Finally, we answer why MASs are hard to change.

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Keywords: Management Accounting Change, Sensemaking, Situated Rationalities, Experience Rationalities, Rules and Routines

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1. Introduction

Can we do without a management accounting system? Should we change it? Do we need a new one? In the domain of management accounting change, how to end up at these questions, how to answer them, and the consequences of those answers, have all been debated and researched extensively since the domain was conceptualized by Burns and Scapens in the early 21st century. Papers presenting new theories, extensions of old ones and even critiques of established ones, have been plenty. Yet, the domain itself has changed little.

The findings provided have, while being thorough and accurate, all tended to avoid the perspective and importance of the key individual actor (KIA). Recent research on situated rationalities by Bertz and Quinn (2021) has therefore addressed this issue by drawing attention to the potency of such actors in bringing about management accounting change. Yet, there remains an opportunity to add to this perspective by more fine-grained investigation of how these individuals understand and act on these processes. Such a contribution holds the untapped potential to add further nuance to management accounting change. Through this perspective, this paper offers a deep, personal angle necessary for understanding the tensions present before, during and after a management accounting change.

In the search for alternative explanatory models, the theories on organizational sensemaking immediately seemed relevant, since, as Maitlis and Christianson put it "*sensemaking is triggered by cues—such as issues, events, or situations—for which the meaning is ambiguous and/or outcomes uncertain*" (Maitlis and Christianson, 2014, P. 760). In other words, the exact conditions under which management accounting systems change. Thus, it is noteworthy that management accounting change, an otherwise broad research topic, has, to the best of our knowledge, not been integrated with sensemaking to study this phenomenon in its whole. Consequently, the need for a conceptualization of how individual actors fundamentally make sense of these complex, but nonetheless increasingly common MAC processes is crucial for the advancement of the domain. Thus, our study focuses on one pivotal research question, namely: *How do key individual actors make sense of management accounting change?*

In the following paper, this question is answered by employing a qualitative research approach, leveraging in-depth interviews and organizational observations, to develop the perspective of "situated rationalities" using sensemaking theory, and establish its use within this domain. This research gap is proven important to fill since management accounting change processes can, as exemplified by the case study, be characterized by ambiguous drivers, complex situations, and epistemologically controversial consequences, resulting in tensions that sensemaking is apt to explain. Hence, the research question is explored on two planes. Firstly, through a first-order analysis of the situated rationalities that existed at the case firm (a microbrewery, henceforth referred to as “Brewcorp”) before, during, and after a MAC process. And secondly, through a parallel second-order analysis of the sensemaking that occurred simultaneously.

By focusing on this specific process, we contribute to the existing literature of management accounting change, by answering to the calls made by Bertz and Quinn (2021) first demanding that “*situated rationalities need to be considered in more fine grained detail in empirical studies*” (Bertz and Quinn, 2021, p.97) and secondly encouraging further focus “*on key actors and their experience rationalities in the processes of management control change*” (Bertz and Quinn, 2021, p.97). These incremental contributions are accomplished by demonstrating how key individual actors make sense of MAC, not just respond to, and implement it.

2. Literature and Theory

2.1 Domain: Management Accounting Change

As the aim of this paper is to examine how key individual actors make sense of management accounting change, we will in this section explore the body of research related to this domain and to sensemaking. Beginning with management accounting change, the attention to this domain stems mainly from the fact that the case firm initially resisted change. The resistance to change in accounting systems relative to other business systems has been discussed in literature before as per a call made by Granlund (2001) “*One of the most interesting issues to study is change in other administrative systems vis-à-vis accounting systems*.” (Granlund 2001, p.163). In this sense, accounting systems (and in extension management accounting systems (MAS)) become even more interesting to analyze in the setting of change. There exists an extensive body of literature on the process of such change, and we will review three main themes. We will begin by reviewing articles that discuss influence of institutions on MAC (Burns and Scapens, 2000; Bogt and Scapens, 2019). Then, we will turn to the impact that rules and routines have on MAC (Feldman and Pentland, 2003; Pentland and Feldman, 2005; Pentland and Feldman, 2008; Quinn, 2011; Quinn, 2014; Lukka, 2007; van der Steen, 2011; Beaubien, 2012). Finally, we turn to the influence that individuals may have on MAC through situated rationalities (Bertz and Quinn, 2021).

2.1.1 Institutions and Management Accounting Change

In their article published in 2000, Burns and Scapens conceptualized a framework for MAC. In their article, internal (intra-organizational) institutions are emphasized as playing a major role in MAC, both when it comes to stability and change. The main components of their framework are institutions, routines, rules, and actions. Institutions are "*the taken-for-granted assumptions which inform and shape the actions of individual actors*" (Burns and Scapens, 2000, p. 8). Routines are "*the way things are done*" (Burns and Scapens, 2000, p.5), which can be contrasted with their rules, which are "*the ways things should be done*" (Burns and Scapens, 2000, p. 6). In their framework, there is a clear distinction between institutions and actions which are linked by rules and routines. The rules and routines encode the institutions, which are then enacted through actions. In turn, these actions follow and reproduce the rules and routines which over time may lead to changes in rules and routines which, eventually may be institutionalized. While this framework mainly describes slow evolutionary change, Burns and Scapens (2000) also recognize that revolutionary change may occur as "*a result of major external change, e.g. take-over, economic recession, market collapse, and so on*" (Burns and Scapens, 2000, p.13).

Following its publication, there have been articles critiquing the theory, claiming that it does not recognize power, agency, and the influence of broader institutions (Bogt and Scapens, 2019). As such Bogt and Scapens (2019) broadened the framework, by three contributions in their "*extended framework*" (2019, p.1). The first is the addition and influence of inter-organizational "*broader institutions*" (Bogt and Scapens, 2019, p.12). These broader institutions serve the same purpose as the local institutions, as they help form rules and routines within the organization while also acknowledging the impact of the world outside. The second, is situated rationalities which are "*the taken-for-granted ways of thinking which actors adopt when taking actions in specific situations*" (Bogt and Scapens, 2019, p.4). These situated rationalities give further explanation to how rules and routines develop and respond to change. The third, is that of generalized practices (archetypes) which mainly affect rules but also routines as "*people inside the organization seek to mimic the routines they see in other organizations*" (Bogt and Scapens, 2019, p.14). Summarizing, Bogt and Scapens (2019) reinforced the influence of institutions and the breadth of them while also opening up for discussions related to the power and agency of the individual.

2.1.2 Rules, Routines and Situated Rationalities

After the conceptualization of MAC by Burns and Scapens (2000), several articles were written about rules and routines applying the concept in a wide variety of contexts developing the concept further. Firstly, Pentland and Feldman (2003; 2008) separated routines into two different categories: ostensive and performative routines. The ostensive aspect being how the actors understand the routine rather than the routine itself, while the performative aspect refers to the specific actions taken while engaging in the routine (van der Steen, 2011). Later, Quinn (2011; 2014) composed these ideas into a comprehensive framework based on Burns and Scapens (2000) wherein he "'*unbundles' rules and routines as separable concepts*." (Quinn, 2014, p.9).

Secondly, related to Quinn's (2011; 2014) contribution of separating rules from routines, this topic was also analyzed by Lukka (2007) and Beaubien (2012). Both these authors analyzed how routines were utilized by employees to either resist change or to combat incomplete systems. Lukka (2007) observed, by employing the concept of loosely coupled systems, that "*Flexible and sufficiently well functioning management accounting routines offer intra-firm legitimation for the problematic formal rule system relieving pressures to change it.*" (Lukka, 2007, p.78). Similarly, Beaubien (2012) took on a temporal perspective to analyze MAC and made observations which pointed at something termed "*invisible work*" (Beaubien, 2012, p.59). This finding, like Lukka's, showed that a system appeared to function as results were achieved. However, the way in which these results were achieved was not analyzed and could be far from what was intended (Beaubien, 2012). What both of these authors show is the impact of the individuals on management accounting change and their capability to patch together suboptimal systems, so they appear to be functioning.

Finally, in an article by Bertz and Quinn (2021) they made an incremental but important contribution to the earlier-mentioned extended framework (Bogt and Scapens, 2019) as they saw that this previous framework focused more on situated rationalities of various groups rather than that of individuals. As such, to highlight the role of key individual actors they introduced the concept of "*experience rationalities*" (Bertz and Quinn, 2021, p.94) which describe individual's rationalities that stem from past experiences. In turn, they argued that these experience rationalities may be competing with the situated rationalities present within an organization and may be used to "*bring about a new situated rationality*" (Bertz and Quinn, 2021, p.94). In their case they saw that this new situated rationality was established by a key individual actor who drew on generalized practices. Therefore, they argued that there should be a direct linkage established between generalized practices and situated rationalities in the extended framework, referred to by us as the "Appended Framework" (see Figure 1).

2.1.3 Research Gap

As highlighted in the review above, the domain of MAC still presents the opportunity to research further the role of the individual herself. The exceptions being Bogt and Scapens (2019) and Bertz and Quinn (2021) who highlighted how the taken-for-granted rationale and experience of individuals is important in MAC. Although significant contributions, the novelty of their conceptual developments still offers the opportunity for further exploration. At the end of Bertz's and Quinn's (2021) article they argue that "*a focus on key actors and their experience rationalities in the processes of management control change is likely to yield fruitful insights*." (2021, p.97). Furthermore, they state that "*situated rationalities need to be considered in more fine-grained detail in empirical studies.*" (Bertz and Quinn, 2021, p.97). Therefore, this article utilizes the perspective of sensemaking to provide this necessary level of detail.

2.2 Theory: Sensemaking

"*Sensemaking helps us to examine the adopter's mental processes, providing a lower-level view of adoption. Whereas other approaches focus on the adoption decision and its antecedents and consequences, sensemaking focuses on the adopter herself, i.e., her mental frameworks, and the antecedents and products of those frameworks. The sensemaking perspective provides a look under the hood, if you will, of the adopter's mental engine. It is meant to complement, not replace these other perspectives on adoption, just as an understanding of how an automobile engine works is complimentary to an understanding of how to drive.*" (Seligman, 2006, p. 110).

To understand the nature of the management accounting change process at Brewcorp, we wish to establish the role of organizational sensemaking in management accounting change. While sensemaking theory is known in previous research related to MAC, it has to the best of our knowledge not been explored specifically related to situated and experience rationalities. This perspective will therefore help us understand our empirical findings and allow us to "look under the hood" at the mental processes of Brewcorp's employees as they cope with the MAC process. Rather than overshadowing our initial analysis, sensemaking therefore enriches it and adds depth and detail to our understanding of it. While our theory originates from Weick's (1995) seven step take on the sensemaking concept, we complement it with sensemaking for technology adoption (Seligman, 2006), a theory on how sensemaking occurs in response to leaders (Maitlis, 2005), and the concept of Sensebreaking and Sensegiving (Maitlis and Christianson, 2014). Additionally, we guide our research and strengthen our explanatory power, by using a new theoretical model called the "Lagerwik Model". This model extends the appended framework of Bogt and Scapens (2019), by providing a temporal and "fine-grained" view of how KIAs make sense of MAC.

2.2.1 Sensemaking

This article mainly uses Weick's (1995) description of sensemaking as a starting point, as the lens of sensemaking becomes useful, through his categorization of the seven properties "*identity, retrospect, enactment, social contact, ongoing events, cues and plausibility*" (Weick, 1995, P. 3). The reason for this is that his straightforward method of dividing sensemaking into seven aspects, allows one to produce an analysis of MAC beneficial for future researchers, while being neither "*simplistic nor patronizing*" (Czarniawska, 1997 P. 115). Additionally, Weick's take on sensemaking becomes especially relevant in regard to the anarchic nature of the case organization, since it has been observed that "*interestingly enough, organized anarchies are the ones which excel at creating commitment, as there is in them a continuous need for sensemaking, unrelieved by routines, standard operating procedures or organizational memories.*" (Czarniawska, 1997 P. 115).

However, one issue with the Weickian model is its age, and consequently its lack of concern for the technology that emerged after 1995. It is therefore fortunate that Larry Seligman explored Weick's seven properties of sensemaking in regard to the context of technology adoption eleven years later (Seligman, 2006). In this article, Seligman illustrates how technology adoption impacts individuals' self-identity, how past experiences shape attitudes towards adoption, and how the user's enactment towards technology influences adoption success. Furthermore, Seligman discusses how users extract cues from technology systems and highlights the role of social dynamics in adoption decisions. Lastly, he emphasizes how individuals' sense of plausibility guides adoption decisions, even if based on incomplete information, and the ongoing nature of sensemaking in technology adoption.

For the purposes of this paper, we will therefore use Seligman's definition of sensemaking "*as the cyclical process of taking action, extracting information from stimuli resulting from that action, and incorporating information and stimuli from that action into the mental frameworks* *that guide further action*" (Seligman, 2006. P. 109). While his theory is not directly linked to management accounting change, Seligman's ideas on sensemaking and technology remain relevant due to the highly digital aspect of the MAC process at Brewcorp.

2.2.2 Organizational Sensemaking and Sensegiving

While the concept of sensemaking has been widely discussed across different organizational fields, it has received comparatively less attention in the accounting literature. Instead, it has historically been examined in relation to strategic management (Steinthorsson and Söderholm, 2002), strategic change (Ericson, 2001; Gioia and Chittipeddi, 1991), coordination under uncertainty (Goretzki and Messner, 2016), management accounting change acting as an amplifier for leadership disputes (Bassani, Pfister, and Cattaneo's, 2021), organizational becoming (Tsoukas and Chia, 2002), post-acquisition integration of MCSs (Moilanen, 2016), and various other management and accounting related issues. But no article has to the best of our knowledge specifically researched MAC in its whole, using sensemaking and concepts related to it. Whenever the two concepts have met, it has often been because sensemaking has been used to analyze some kind of aspect, or consequence of MAC, but never the phenomenon itself. However, it is worth mentioning, that this tendency in the existing literature to overlook MAC, is in no way a critique, but rather a demonstration of how well the use of sensemaking could be used in yet another business-related field.

For example, one sensemaking paper that offers valuable tools that informs our case study, is Maitlis (2005) who outlined four distinct modes of organizational sensemaking, three of which are relevant to our study. In "guided" sensemaking, leaders actively construct and advocate interpretations of events, while stakeholders instead play an important role in shaping beliefs about specific issues (Maitlis, 2005). Additionally, "fragmented" sensemaking emerges when stakeholders independently raise concerns and propose solutions in a context where leaders refrain from imposing direction (Maitlis, 2005). Finally, "minimal" sensemaking occurs when both leaders and stakeholders passively await external cues (Maitlis, 2005).

Another set of useful concepts have been established by Maitlis and Christianson, in their 2014 review of sensemaking research. They argue that "*sensemaking by organizational members occurs in response to leaders' sensebreaking (as they challenge the viability of the status quo) and their sensegiving*" (Maitlis and Christianson, 2014, P. 76). This can be useful in the study of how change agents and other parts of an organization make sense of a management accounting change process in their respective situated rationalities. Especially since the same article describes that their theory can be useful for studying strategic change (Maitlis and Christianson, 2014). Additionally, their paper explains that several studies find that "*when leaders are successful in influencing the sensemaking of organizational members, these individuals are motivated to make changes in their own roles and practices; they are also able to help others by explaining the vision and co-constructing ways of working that are consistent with it*" (Maitlis and Christianson, 2014, P. 89). However, they also argue that the failure of sensemaking or sensegiving can lead to the failure of a change initiative (Maitlis and Christianson, 2014).

While the literature on sensemaking is not necessarily incomplete, it is unfortunate that the theories mentioned, have never been used in the study of MAC on the micro level (situated and experience rationalities), given that the understanding of micro processes underlying macro phenomena is fundamental (Brown, Colville, and Pye, 2014). We therefore aim to introduce a new perspective to the phenomenon of MAC, through a new theoretical model.

2.2.3 Theoretical Framework

This thesis establishes a new theoretical model called the "Lagerwik Model" (shown in Figure 2) to explain how sensemaking can develop the use of situated and experienced rationalities in the study of management accounting change. Specifically, referring to the "appended framework" provided by the Bertz's and Quinn's (2021) article, the model focuses on that which occurs between the institutional realm and the realm of action, as this is where sensemaking occurs (shown in Figure 1).

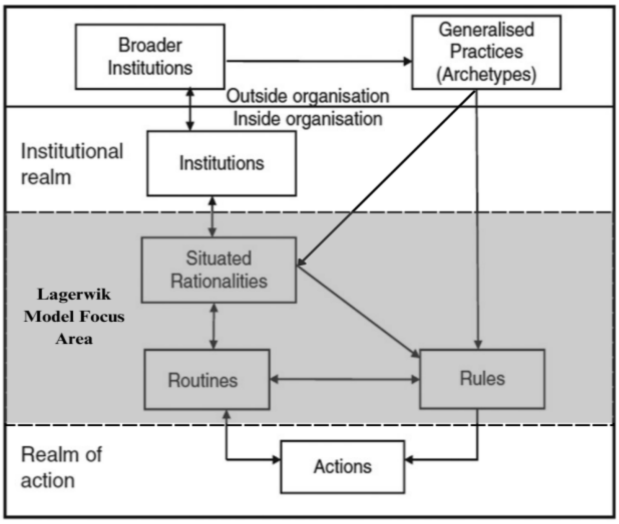

Figure 1 ("Appended Framework", Bogt and Scapens, 2019, p.1810)

As such the model formalizes the change process developed by Bertz and Quinn (2021) by dividing it into three distinct steps. The first one is "Situated Rationalities I", the historical situated rationalities which existed before the MAC. This is the taken-for-granted way of conducting management accounting at the firm. The second step is labeled the "Changing Rationalities"; it is during this step that one or several change agent(s) employ experience rationalities to establish new rules and routines drawing on generalized practices. This leads to the third step where the new rules and routines lead to the establishment of "Situated Rationality II", the new situated rationalities. The main difference from Bertz's and Quinn's (2021) article being the implementation of sensemaking, which provides a richer description of these three phases, by describing what occurs at each step on a sensemaking plane. This in turn provides clues to what initiates the next step, ultimately revealing why the process repeats itself, as Situated Rationalities II becomes Situated Rationalities I in relation to a new management accounting change process. While the model guides our research, it is important to note that it does not question the fundamentals of the appended framework, and that it also offers others the possibility to improve upon it.

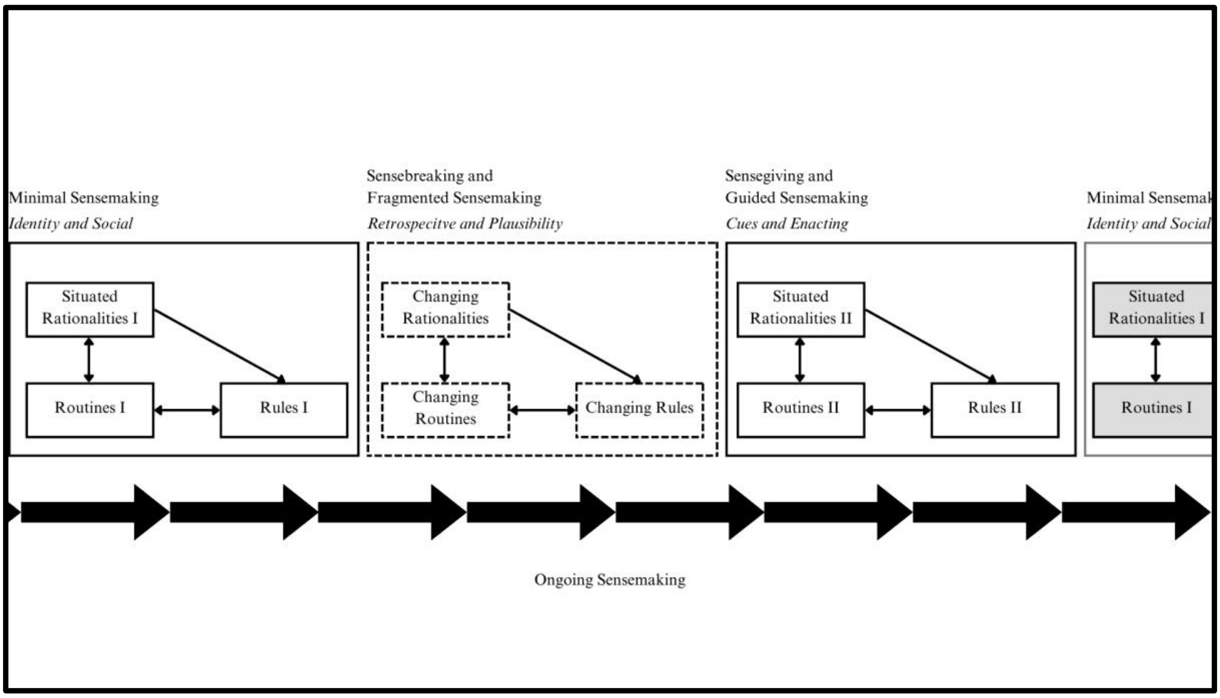

Figure 2 (The "Lagerwik Model")

3. Method

3.1 Research Approach

The objective of this article is to expand the theoretical concept of MAC using sensemaking. As motivated in previous sections this is an area which still offers an opportunity for further exploration and as such leaves several potentially rewarding insights to be discovered. Additionally, with continuing expanding digitalization and increasing numbers of software as a service (SaaS) providers, a better understanding of the change as per this paper will become increasingly relevant (Statista, 2024). Through deeper knowledge of this area, we hope to bring to the fore the importance of the individual and her sensemaking process in bringing about change. Specifically, we aim to answer: *How do key individual actors make sense of management accounting change?* To be able to answer this question we use a qualitative single case study employing two primary data collection techniques: in-depth interviews and observation. Both the observations, and the interviews were held at the premises of Brewcorp, the case firm. As has been noted, Brewcorp is a small Swedish company, with distribution in over 40 countries, with 30 employees and close to 60 million SEK in annual revenue (hitta.se, 2024).

The motivation behind utilizing a qualitative research method is that these methods are "*most suitable when the objectives of the study demand in-depth insights into a phenomenon*" (Ghauri and Gronhaug, 2005, p.112). This is particularly important for our case which aims at uncovering peoples' sensemaking and experience during a developing change process. In turn, the reason for conducting an in-depth case study is that case studies are "*particularly well-suited to new research areas or research areas for which existing theory seems inadequate*." (Eisenhardt, 1989, pp.549-549). Furthermore, this article aims to answer the "how" and for answering questions about "how" and "why" case studies are a preferred approach (Yin, 1994). Finally, as the case firm meets all conditions necessary to extend the theory, a single case study approach is selected (Ghauri and Gronhaug, 2005).

When choosing a case organization, the following criteria had to be met: (i) the organization must allow for interviews with actors in different positions in the organization, and (ii) be in a process of management accounting change. Beyond these criteria, the case organization was chosen as it became evident that the small size of the firm, and the unique nature of their product, led to both managers and subordinates being passionate about the MAC process, which in turn led to a strong activation of mental processes. Additionally, and most importantly, the MAC process was championed by three key actors that had been recently hired at the case organization. This was imperative to the study as it allows us to analyze both how key individual actors make sense of management accounting change, and how they utilize their experience rationalities and generalized practices to do so.

3.2 Data Collection

The chosen interview approach is semi-structured interviews "*the most common of all qualitative research methods*" (Alvesson and Deetz, 2000, p. 194). This method is chosen as: "*Often it is the most effective and convenient means of gathering information*" (Kvale and Brinkmann, 2014 as cited by Dumay and Qu, 2011). This interview method also allows for probing, i.e. asking immediate follow up questions when interesting topics arise (Dumay and Qu, 2011). Inherent in probing is the possibility to modify the interview as it progresses to evoke the fullest response of the interviewee (Dumay and Qu, 2011).

In total, seven semi-structured interviews lasting 29-50 minutes each were conducted during the spring of 2024. Managers as well as subordinates, in various roles were interviewed. As the company is relatively small, all employees were affected by the state of the management accounting structure situation and were therefore rationalized to be fitting interviewees. The questions asked were based on literature covering management accounting change and sensemaking. Initially, a general interview guide approach was adopted with several open-ended questions on the information systems and change, e.g. "how do you perceive the existing management accounting practices here?". Additional questions were subsequently asked when new issues were raised or when initial responses needed further exploration, e.g. "can you recall specific instances or signals that highlighted the necessity for change in how you manage financial or accounting tasks?" (see the interview guide in Appendix 1). The sampling method we chose was snowball sampling which has issues which "*might have an impact on what the study is investigating.*" (Emerson, 2015, p.166). Specifically in this case, interviewees could for example have referred the researchers only to people with similar beliefs to themselves, which may give a biased view of what we were trying to investigate. However, for this paper we have utilized snowball sampling to identify all people directly involved and affected by the change process. Thus, partly remedying this potential issue.

All interviews were held in person, face-to-face, on the premises of Brewcorp. Previous research has found the differences between telephone interviews and face-to-face interviews to be insignificant as verbal cues were able to stand-in for visual cues and probing was still able to be conducted despite interviews being held through telephone (Sturges and Hanrahan, 2004). However, Sturges and Hanrahan (2004) also noted that the strength of telephone interviews as a potential substitute to face-to-face interviews is largely dependent on how important "*immersion in the environment*" (Sturges and Hanrahan, 2004, p.116) is for the study. For our study we found it important to immerse ourselves in the environment of the case firm to get a better understanding of the process of MAC. Lastly, when investigating sensitive topics telephone interviews have been found to increase the sense of anonymity (Greenfield et al., 2000). Yet, our research question is deemed to be less sensitive and therefore not enough reason to turn to such a mode of interviewing.

Prior to all interviews, written approval was obtained from the interviewees. We did this by employing consent forms which informed the interviewees about the research and that they were being researched (Punch, 1986). Also, before each interview we told each interviewee about their rights "*including the fact they may withdraw their consent at any time or may refuse to answer any particular questions*." (Dumay and Qu, 2011, p.253). Furthermore, all identities and data collected were held securely in anonymized form (Bulmer, 1982). As the study focuses on individuals, each employee received pseudonyms to help distinguish them (see Appendix 2 for interview table). This anonymity was emphasized before all interviews as well. Moreover, all interviews were recorded with the consent of the interviewee and transcribed in the subsequent days.

Additionally, observations were conducted through non-participant observation (Liu and Maitlis, 2010). This was done in complement to the interviews as it allowed us to observe how interviewees acted in relation to each other and to the information given in their interviews. The observations took place during three so-called "Tuesday meetings" which were specifically held to discuss change in the management accounting structure. As stated by Yin (1994) any finding or conclusion in a case study is likely to be "*much more convincing and accurate if it is based on several different sources of information following a corroborative mode*." (Yin, 1994, p.92). These meetings ranged in duration between 15-30 minutes and were held by Lager, Hops, Märzen and Ale. They allowed us to "*collect first-hand information in a natural setting*"

(Ghauri and Gronhaug, 2005, p.121). Furthermore, these meetings contributed data that would have not been found otherwise (Dubois and Gadde, 2002).

3.3 Data Analysis

We utilized an abductive approach wherein we continuously integrated data collection and analysis in an iterative process (Lukka and Modell, 2010). By proceeding in this manner and ongoingly updating theory as new data was presented, we managed to do what we set out to: contributing to the literature of MAC by studying how key individual actors make sense of management accounting change. Naturally, this also affected how interviews proceeded. As new information was presented to the authors subsequent interviews were influenced and updated to help us reach a deeper understanding of our research.

As all interviews were held in Swedish (except for one which was held in English) the process of transcribing involved extensive manual coding to make sure that the information was successfully translated to capture the Swedish meanings in English. Furthermore, at least one quote from each interview and observation has been quoted in the following text to ensure accuracy. All interviews were held in the native language of the interviewee as their ability to give answers were deemed to be potentially impeded by having to answer in a second language.

Also, when analyzing our data we grouped it into themes utilizing a thematic approach. In line with Braun and Clarke (2006) the thematic approach is a "*method for identifying, analysing and reporting patterns (themes) within data. It minimally organizes and describes your data set in (rich) detail.*" (Braun and Clarke, 2006, p.79). In turn, a theme is something that "*captures something important about the data in relation to the research question, and represents some level of patterned response or meaning within the data set*." (Braun and Clarke, 2006, p.82). As such the themes adopted were the three steps from the Lagerwik model. This was done extensively in our research and allowed us to identify different patterns across our dataset. Consequently, this helped us evaluate and compare different types of information that related to similar themes, which in turn enabled us to identify differences and similarities. Ultimately, this improved the report and contributed greatly to the quality of our analysis. In the next section these themes are utilized as the foundation of our empirical analysis.

4. Empirical Findings

4.1 Background and Context

Brewcorp is a brewery founded in 2010 and owned by three different parties, two of which founded the company, and the third being a large PE firm henceforth referred to as “Big Apple Investments”. In 2020, Brewcorp initiated a move from foreign contract brewing across the European continent to brewing in Sweden, after having established their first independent brewery and taproom/bar “Tap and Brew” in Stockholm in 2019. In the spring of 2023, the last part of the move was complete, as they relocated their warehousing operations from Central Europe to Sweden. However, during this relocation, several issues arose. Establishing Tap and Brew had been costly, and with the broader institutional effect of the outbreak of Covid-19, overall demand for craft beer plummeted on a global scale. This in turn led to the firm's profit margins eroding, which revealed several issues with the organization's accounting system structure serving as a catalyst for change.

As of the winter of 2023/2024 Brewcorp struggled with a fragmented accounting infrastructure, employing four different management accounting systems for various aspects of its business. For bookkeeping and financial administration “Eldorado” was used. For warehousing and inventory management three different warehouses and corresponding inventory systems were used, a separation mainly rationalized through the need to meet three distinctly different customers. “Monsite” was used to attend to Systembolaget (the Swedish monopoly for the sale of alcohol), “Expsite” was used to attend to export customers and “Krogsite” was used to attend to HoReCa (Hotel, Restaurant and Catering) customers. These systems and corresponding warehouses operated independently from each other. To handle anything and everything that occurred between these systems a combination of free-to-use spreadsheets and inhouse programs was therefore employed. The decentralized nature of national production in Stockholm, tapping in a suburb to Stockholm, and management accounting systems, through Eldorado, Krogsite, Expsite, Monsite and various spreadsheets led to complications which involved extensive and laborious manual information transfers between the operations, sales, and finance teams. A consequence of this approach was large ambiguity surrounding inventory information, e.g. how much of a particular product existed and where that product currently resided as well as if it already had or had not been sold to a customer. Furthermore, due to the physically decentralized setup with several warehouses located in different locations, otherwise unnecessary transfers costs were incurred as transport expenses arose from the digital, and physical movement of goods between production, tapping locations, and various warehouses. Furthermore, due to this setup Brewcorp lacked the means to analyze margins, plan production and forecast sales.

The accumulation of these issues, in combination with the financial difficulties that struck Brewcorp after Covid-19, led Big Apple Investments to put pressure on Brewcorp to hire new employees which could initiate change. Consequently, parts of the workforce were replaced and mainly three newly hired executives (Hops, Lager and Märzen) were appointed to champion a change project. During the spring of 2024, these employees presented a standardization initiative that, if successful, would "revolutionize" the way that Brewcorp conducted management accounting. By consolidating the digital warehousing systems, centralizing some of the physical warehouses, introducing a forecasting function as well as the ability to analyze margin, a more improved MAS setup was implemented. This management accounting change process was initiated in the middle of January 2024 and "finalized" in May 2024. At the organizational level the change initiative was then deemed a success. However, at the individual level it was discovered that the change initiative was in fact, controversial. In the coming sections, we will delve into this discrepancy, its causes, and its significance.

4.2 Change in Situated Rationalities

4.2.1 Situated Rationalities I

Founded in 2010, Brewcorp was still a relatively young firm in 2024. The firm had been growing organically during these years, recruiting people based more on their affinity towards the firm, and beer, rather than their professional expertise and competence running a globally exporting brewery. As such management accounting was not specifically routinized. This situation was explained by the CSO/Vice CEO Lager who said:

Earlier, there was organic growth, where people were recruited based on whether they liked the brand, enjoyed brewing beer, or had worked at the bar. And they were fantastically skilled employees. However, they probably didn't have the vision where they could help the company take the next step.

Growing organically and recruiting employees in this manner led to a complex accounting structure developing. This structure was a loosely coupled system (Lukka, 2007) that had been implemented based on what was needed at the moment, rather than what would ultimately be best for the company in the long run. As such the internal institution at Brewcorp could be described as myopic and non-holistic, being reflected in similar situated rationalities. When asked about how problems relating to the management accounting systems emerged, the Founder and CEO Ale described the evolution in the following way:

The organization was narrower. We had sales, creativity, but no proper administration. Complexity increased as each year went by. It was like sitting in a cold bathtub and not noticing the temperature rising. Suddenly, it became very complex, and we started seeing signals of it, like wasting beer, things going wrong, and so on. When we opened Tap and Brew, it became extremely clear how chaotic it was.

Prior to the opening of Tap and Brew, Brewcorp was profitable with a profit margin of around 15%. Therefore, it should be emphasized that while many of the early business decisions made regarding the MAS might have seemed short-sighted later on in the process, they made sense to employees at the time. Even further, due to the ruling institution and historical situated rationalities, if someone had noticed this myopic way of thinking it would have been hard to question it. As described by Lager:

I believe that there have certainly been people who have wanted to see change earlier, but I don't think they have felt they had the right to do anything. One must not forget that Brewcorp has been an extremely successful company for many years.

Due to this way of thinking, several different accounting practices that only can be loosely referred to as routines, developed through the historical situated rationalities, as the best practice was to patch up things quickly where it was needed. During the interviews several examples of this kind of behavior were identified. The first example was given by the operational employee Porter:

Honestly, guys, it was an absolute fucking shit fight when I started. Like, there were so many problems in production, and no one knew what was going where, and no one even knew what was in the warehouse. I used to, like, weekly just count all the stock in the warehouse and email it to everyone planning shipping so that they wouldn't have the wrong count and stuff.

What is described by Porter is a clear example of "invisible work" (Beaubien, 2012), employed as a reaction to lack of formalized routines. Although this method was sustainable at the time it would never hold if the company were to grow. This situated rationality was also seen in how the predecessor of Hops "Stout" conducted his day-to-day work. As described by the head of operations Hops:

I would say that I'm the one who needs the change process the most, and that's probably because the person who had my job before (Stout). I worked with him for a week before he left. He was sitting in spreadsheets, inputting sales data from Eldorado every Monday. He entered production data to see what we should brew. He had some calculations. There was a lot of manual work he did. I quickly realized that this is horrible. It feels so damn old-fashioned and there's a lot of risk for things to go wrong, and for you to have incorrect data. I took on the responsibility to fix this. But initially it wasn't to help the company. It was to help myself, make my job smoother and easier.

Stout, like Porter, through the lack of any functioning MAS to handle such procedures had to manually do their work for the business to function. As briefly mentioned in the quote by Hops, who had worked at another larger brewery, these routines, from his experience rationality, were seen as outdated and with large probabilities of error. However, from the perspective of the ones already working at Brewcorp, these procedures were not considered as problematic but standard, perhaps somewhat annoying, part of their daily work. As described by Lager when he explained the difference between new and old staff's attitude towards the accounting systems:

If someone comes from larger companies and perhaps has years of experience, they might feel that these tasks are not part of their role. However, there may be personnel who don't even question doing the same task in four different (accounting) systems and have never considered that it might be inefficient.

Another consequence of Stout's routine each Monday was that complex spreadsheets were constructed which were hard to translate to other departments at Brewcorp, leading to a "silo" of information being created. As recalled by Porter:

He (Stout) was so good at his job, but he had really old school ways of tracking stuff that didn't really match well with other parts of the company. So, he'd have these, like, spreadsheets that kind of only he could read.

With this quote Porter describes the other characteristic of the first set of situated rationalities, namely that information was often trapped in silos at the company. In other words, certain individuals within different departments could have important information that they unintentionally failed to share with the rest of the firm. This in turn had two primary consequences. Firstly, it led to a lot of stress for the employees regarding, e.g. which products could be sold, which had been sold and which were in stock. Secondly, it prevented employees from adopting a holistic and collaborative approach that expanded beyond the immediate needs of their own department. As described by Hops:

I also believe that stress plays a role in why there are multiple opportunities for something to go wrong. A salesperson might sell more than what's available, or two salespeople might sell the same product simultaneously, forcing us to choose which customer will receive the product. So yes, there's a lot of stress and more work because we have different systems and different storage locations.

Another expression of this “silo thinking” could also be seen in the routine of the sales department which operated during the previous period. Before any change was introduced the sales team were given a product they were supposed to sell based on what the creative department wanted to make. The strategy could be seen as “product-push” instead of “customer-pull”. This routine resulted in a lot of stress for the employees which had no possibility of planning for the future and simply had to adapt to this information. Hops explains the change in the following way:

The biggest difference is that we have a clear launch plan now. When I started, it was more like Ale had ideas and came into the office saying, “I want to make this kind of beer.” And then the next week, “I want to make this kind of beer.” And we just did it. Lager puts it nicely by saying that the company was production-driven. Production made a beer based on what Ale wanted, and then it was the sales team's job to try to sell it. Now it's market-driven; it's the sales team that comes up with a plan. We need these products during this period. And then Ale creates concepts and recipes for those products that production then produces. It's completely the opposite. Instead of us building first and then trying to sell and be reactive, it's sales that are proactive, and production produces based on sales' requests. As it should be.

The lack of forecasting described was a clear embodiment of the myopic, non-holistic institution that ruled at the company before any change process was initiated. Again, as with why no changes were made prior to 2023 there was some logic to why the company had not adopted the generalized practice of forecasting before. This was mainly because the industry was more fast moving before meaning that trends could come and go in a span of weeks, and also that customers contacted Brewcorp to buy their product, rather than the other way around. As explained by Ale:

We've had a privileged position where customers historically came to us to buy our product. In the first few years, we were order takers. We didn't sell anything. So, we became a bit lazy in how we related to customers. They would come to us anyway. Unfortunately, that's not the case today. Now we're measured against other producers.

In other words, the industry had changed, and other qualities were demanded of Brewcorp to stay competitive. However, while the main component of meeting those demands was to build a rigid foundation and professional workflow, facilitated by a more sophisticated MAS, it came first after Tap and Brew was constructed. Finishing construction at the end 2019 right before Covid-19 some of the more doubtful decisions made during the project were more exposed than they might have necessarily been in a “normal” year. As demand shrunk due to broader institutional effect of Covid-19 restrictions, margins eroded, and it became clear that money had been invested in areas where they might not have been best utilized. As explained by Lager:

However, when we decided to build a brewery, we were very careful to buy high-quality equipment. But I think nobody really did the work around how the flow of information should look like. The work before and after the brewery had to become what the market wanted to offer based on a silo mindset where different people representing different parts of the business had to make the decision. It's reliable in terms of operation, but incredibly inefficient.

In other words, the pandemic in combination with the construction of Tap and Brew became a catalyst for change and made the owners realize that some kind of change needed to take place, and that a crack team who could champion it, had to be employed.

4.2.2 Changing Rationalities

It's an A-team that has come in and actually done it before.

The “A-team” that Ale refers to were Hops, Lager and Märzen. They all joined Brewcorp between 2020 and 2023 and had all previously worked at other larger beverage firms, i.e. institutions outside Brewcorp. They were hired as executives with the specific intention of bringing about the necessary changes needed to facilitate further growth of the organization, as the firm now had grown both complex and inefficient. From the A-team’s experience rationalities, several of the taken-for-granted accounting practices at Brewcorp were confusing and hence questioned which slowly dismantled the first situated rationalities. The first new initiative as part of the change was taken by Märzen. She felt frustrated that she could not analyze any margins of products sold, and thus not distinguish which products were profitable, or if anything was out of the ordinary. She explained this introduction of a generalized practice, by saying:

When I started here, the inventory was in a spreadsheet file. You couldn't select a batch in Eldorado. You just entered a lump sum. Then you entered what you had sold in a spreadsheet file. You couldn't analyze margin or anything. I can do that now and see if there's anything that looks strange. So that was actually the first thing I did when I started here.

And, that:

That allows you to see inventory values and analyze margins. See what you're making money on, which customers you're making money on. Much easier. I was in a spreadsheet file, and it did not completely align with the accounting. So, there were a lot of problems with that.

In other words, this frustration was mainly rationalized as she saw the situation through the lens of her past experiences. This is what helped her distinguish that this generalized practice needed to be implemented and routinized. In her own words:

We were going to start manufacturing then. That might have been partly why I was hired. Because I have worked at [past employer] before and worked with manufacturing companies. So, I set up a very simple version of what we had at [past employer].

Similarly, when other changes in the accounting system were implemented by Lager and Hops they also drew on experiences from their previous employer and the situated rationalities there. Beginning with Lager the first thing that he noticed was the previously mentioned lack of a forecasting function. Without such a function sales and operations had to be reactive rather than proactive which led to a lot of stress in their work. As explained by Hops, when describing that his day-to-day work became much less stressful:

There's a lot less stress. I think the biggest impact has been that it's easier for me to plan raw material purchases. Of course, it's also less stressful that I can clearly see sales history so that I can try to have enough inventory to sell. But I think for me, it's been a lot less stressful. It's less work, more enjoyable work, and less stress when you have a good system.

This generalized practice of forecasting was, like with Märzen, rationalized through how Lager had worked at previous employers. Both Märzen's and Lager's changes were important in helping create a management accounting structure that reduced ambiguity and uncertainty by increasing transparency and the flow of information. As mentioned in the article by Bertz and Quinn (2021) "*the new procedure made "life more predictable and thereby reduce ambiguity and anxiety (Schein, 2017, p. 198).*" (Bertz and Quinn, 2021, p.92). The final change, which is also most central to the MAS at Brewcorp, was made by Hops. During interviews the most frequently mentioned problem at the organizations was that of the warehousing. The main issues were related to the confusion that the decentralized accounting systems and warehouses led to. As all other parts of the organization were linked to this function of the company, it became apparent that if any change were to take place it would have to be done through changing the MAS.

To solve these issues Hops created "Brewcorp Power". This system collected data from all different warehouses and organized it in a manner which made it possible to both get detailed information of different batch performance and resource needs, while at the same time allowing for the possibility of getting a bird's eye view of each product's performance (see Appendix 3 and Appendix 4 for illustration). These three changes together led to the transformation of the previous situated rationalities at Brewcorp. In other words, "*'breaking the bubble' of the organization's taken for granted assumptions*." (Bertz and Quinn, 2021, p.79). After the implementation of each change initiative, the MAS produced a structure which both allowed for and demanded that the employees at Brewcorp considered the long-term and firm-level implications for each decision they made. In other words, paving the way for new situated rationalities.

4.2.3 Situated Rationalities II

As new situated rationalities were established, it became apparent how different they were from the previous ones. This was not necessarily because there were any conflicts between individuals who operated within the different rationalities, but rather because almost every employee interviewed reflected on how different it used to be before. The clash between these rationalities was made most clearly visible through accounts made of the new employees regarding how work was conducted by the old employees. For example, Märzen recounted how it was when she first started:

I think previously, there was frustration because everything was ad hoc. Because we didn't have anyone who could handle sales, and we didn't have anyone who could handle operations. Essentially, it was just people who liked beer working here. That's all. And they made purchases and things, but it didn't turn out well. If we talk about having tails (products close to their best-before-date) today, we had big heads before. And it was a lot. They made purchases that they thought were good but weren't. Because you simply didn't have the knowledge. Now we have the knowledge, now we can plan. So, my life is so much easier with that and the job I have to do. Of course, sometimes you jump in a bit everywhere when needed. But I think the planning we have today is much better than it has been before.

Additionally, Lager and Hops had a similar experience when they first started. For example, Hops realized that Brewcorp had a routine which involved employing a unique Stock Keeping Unit (SKU) for each batch of each product rather than having a designated SKU for each product. This was done in response to unpredictable quality issues which could arise in production which meant that they had to have per-batch information. Hops described that this was the way information had been stored in the systems through all the previous years, and his subordinate, Porter, confirmed this view when he said:

From quality control, we need to know. Like, there's things that go wrong batch to batch. So, if we don't know what batch it is, then we have no way of telling, like, what it was that went wrong. We have no way to backtrack, how it went and stuff, if that makes sense?

Thus, this routine made sense as quality had to be controlled. However, this was a patchwork solution typical of the previous situated rationalities, as it only remedied the actual problem of having volatile production quality, and a system that could not distinguish batches in a more appropriate way than by assigning individual per-batch SKUs. From the experience rationality of Hops, and the generalized practices of which he was familiar with, this was something that had to be improved upon immediately. He described it in the following way:

The whole idea that we have a new article number for each batch is both illogical and very logical. When I worked at [previous employer], we had one article for all batches of a product. So [previous employer's beer] had one article number, and absolutely all batches went into that article number in our accounting system. It makes it easier to get statistics and to see inventory and all that.

As mentioned earlier, this was one of the reasons for the construction of Brewcorp Power which had since its implementation, along with the changes made by Lager and Märzen, created a structure where new situated rationalities could be developed. These new situated rationalities permeated through the whole organization eventually constructing a new institution. This was noticed by both Porter in operations and the founder Ale, who had been with the company for long and felt like the new rules and routines facilitated by the new MAS improved their everyday work. When for example asked about how things had changed at the company since the A-team had arrived, Ale responded:

I have the opportunity, for example, in collaborations, to plan much more advanced projects involving ten different breweries for a single beer. It's fun, and it creates space for me to do things better and be more creative. I can test ingredients well in advance, and so on. I think that's a big improvement.

He continued by explaining that the implementation of a longer time-horizon has been a large change and allows for better preparation:

For me, it was also a very big difference when Lager came in because he started working with long horizons, for example. Now we're already in July, you know. I'm working with those concepts, you could say, and partly with what we have here, that we're going to release in Q1 2025, now, you know. We've never been this far ahead before. And of course, it provides the opportunity to sell and pre-sell, to present the products well in advance, and in that way, make a better estimation of how much that needs to be produced.

At the same time, Porter also described that planning had become better and that the company had now a clearer structure than it had before. He stated:

I think like, somehow, it obviously helps just being more organized, you know? I think these things also feed into things like stock control and all that. Because there's better tracking of what went where and when. It's not just different emails that you have to try to chase down.

Finally, during meeting observations, it also became apparent that these new situated rationalities were now rooted in the company's DNA. In other words, how interviewees have explained the change implementation and how it seemed to have been integrated were highly congruent. Discussions in the weekly management meetings were focused not on putting out fires in the MAS, but rather what the next step in the company's change process should be. Most importantly, these discussions revolved around how coming change processes would fit into and affect the MAS in place and as such the company as a whole. Although these testimonies confirmed that the company had indeed managed to successfully change its MAS and parallelly its situated rationalities, there were still several quotes that indicated inconsistencies in our analysis. Specifically, these inconsistencies lied in that the explanations given by the interviewees were much more nuanced and complex than what the framework of situated rationality allowed us to explore. While the overall picture was accurate, it therefore appeared as reductionist given what some of the interviewees had said. In line with Bertz and Quinn (2021) a more fine-grained analysis was therefore deemed necessary.

4.3 Change in Sensemaking

4.3.1 Situated Rationalities I

From the lens of sensemaking, the short-termism and silo thinking of the previous internal institution and situated rationalities can be labeled as minimal sensemaking. This was because no one in the historical situated rationality explicitly comprehended the root of the problems at the firm, namely the dysfunctional MAS. Instead of curing the disease, employees therefore treated the symptoms of it through short-term patchwork solutions. Consequently, frustrations grew from having to navigate these increasingly complex systems and routines which made it difficult to work and cooperate, harming both people's professional identities and social bonds. As explained by Lager:

Since one lacked project experience, it turned out to be a patchwork where each department of the operation contributed what was necessary for them. So, for me, when I came in a year or so ago, it was with a feeling that it was just a patchwork that did not hold together, which was inefficient, cost-driving, and built a lot of frustration.

This was a clear example of minimal sensemaking, since what occurred on an aggregate level, was that both leaders and stakeholders subconsciously passively awaited an external cue to turn from patchwork solutions to actual change (Maitlis, 2005). This external cue arrived with the employment of the A-team who made people understand that it was in fact the complexity of the MAS that was harming their identity and social sensemaking. As we continued interviewing Lager it became clear that the timing of this cue was important, as he concluded that it would have been impossible to conduct the MAC before, due to the minimal sensemaking and situated rationalities of the previous organization. When asked about what he believed initiated the whole MAC process, he answered:

I believe that when we decided to close [the old warehouse], it was an important decision. And in exactly the same way, I see that we now have three physical warehouse locations, so just by reducing to one, we have created conditions for future development in a digital business system based on the physical solution that is in place. I can't even imagine what it would mean to build a new business structure based on the conditions we had before.

A concrete example of the conditions Lager refers to were given by Ale who presented the historical situated rationality. When asked what the worst problem was, he answered that it was the discarding of beer, as opposed to the MAS that caused that problem. In other words, as mentioned, the previous institution, and therefore situated rationalities of the employees, focused more on the symptoms, rather than the disease within the firm. Specifically, he said:

It was that we threw away a lot of beer. It was like big stuff. We could throw away beer worth two million at the end of the year. They were in the wrong places. So, it was beer that was attractive in one place but completely unattractive in another place. We don't really have that problem, not to the same extent today, because Hops is good at planning, but also because the warehouses are a little closer to each other.

In contrast to this view, other individuals like for example Lager, claimed that the main issue was that the bookkeeping system (Eldorado) was utilized as a business system. Namely, the routine of utilizing the booking system spawned a fear of selling amounts of beer that did not correspond to actual inventory. This impeded the efficiency of the sales team as they avoided selling the full amount whenever stock was low, underselling to avoid overselling. He explained this issue in the following way:

Eldorado is indeed a retrospective accounting system, not as much a forward-looking software system. It lacks updated information. As soon as we get down to the last 5 percent (of available stock), we risk overselling or underselling. When you do something, there's extreme precision, so a forward-leaning sales organization probably hesitates a bit to sell because they are worried that it won't be correct.

Furthermore, subordinates in the sales team pointed out other issues with the state of the management accounting system setup. Pilsner, a sales employee, explained the following problem with the previous routines:

Well, I think the order processing is a bit too complicated because it has to be done in multiple solutions. One would want it to be like Krogsite for example. There, we allocate and build orders and invoice in Eldorado, which is fine, but then with Expsite we still have to create the orders for the warehouse separately, so it's not integrated. I feel that from a sales perspective. taking the goods from our warehouse to the customer's warehouse by creating orders this way is wrong. I don't think Eldorado is a functional environment at all, actually in my opinion. So, I think it's too administrative and there are too many steps. But I understand that we have to log orders somewhere, so in that sense, it works. I think we want to integrate everything somehow.

Additionally, it was not only the sales department that turned out to be inconvenienced with the MAS, after the arrival of the A-team. For example, Porter at operations also put emphasis on the need to change the digital management accounting systems. When asked to explain what he considered to be the largest problem at the firm, he said the following:

Today (before the change), it's always the worst thing in the world when a delivery or a pickup happens, you know? And so I think it's not enabling, the thing I always try to do is try to make sure that nothing ends, you know, in a shit fight, if that makes sense. Because then it's often just like, you know, we're going to do this thing, it's going to be great. And I often haven't thought through the logistics of it all. And then at the last minute, when I really don't have time or the energy to kind of sort something out, then it kind of lands on my table.

Similarly, Saison at the finance department was frustrated about all the “digital moving around” of stock that had to occur between the accounting systems. Specifically, she said:

But for me, it's more about it taking a lot of time. I feel the frustration seething. That it doesn't become enjoyable to work. That you don't have time to spend on what you should be doing. It feels like waste. That there's a lot of waste.

These quotes show that several employees shared the same ideas of what the main issue was at the firm, that the MAS was problematic and suboptimal. Furthermore, they show that their idea was fundamentally different from that of Ale and therefore the previous situated rationalities.

However, these quotes also show why they did not agree with the previous situated rationalities. Namely, because these employees had previous work experience which clashed with their experience at Brewcorp. As such, their professional identities developed from these previous experiences were conflicted as they did not have the means to perform their work as well as they used to. This mirrored what Lager described when he explained that people "*feel that these tasks are not part of their role*". A feeling which was especially true in the case of Pilsner who explained the ongoing struggle with continuing to identify as a good salesperson, while having to work with "bad" business systems. Specifically, he said:

I believe that if we get a good business system that doesn't take too much time and doesn't mess around with everything from [tax declaration] to everything else, then we will be able to spend more time on the right things. There are so many things happening all the time that I think... From my role as a salesperson, I think there's just too much of that sort of thing that you shouldn't have to deal with as a salesperson. Because it eats away at creativity, it consumes energy.

Thus, it became clear that there was at least one important component to the change occurring, namely issues related to identity. However, a second component also came to light. Because MAS at their core, are about transferring information, the lack of a well-functioning MAS greatly impeded social interaction at the firm due to inefficient communication and misunderstandings. In turn, this caused conflicts as people started blaming each other for mistakes related to this. This was explained by Lager when he was asked about how the previous state of the MAS influenced the work environment, as he stated:

There's a pride in being part of a team and helping out and contributing. But if there isn't a business system that provides support, it almost becomes the opposite. It creates divisions within the organization. You can't be mad at a system, so then you become mad at the people who represent the system.

Another similar account was given by Porter regarding the old system:

I think one of the initial really big problems was when the old logistics manager would talk transports, there was no notice. And so often he'd be like, hey, it's got to come in like half an hour. And then he'd be like, here's what we want to have on it. And then I'd start like manically kind of patch things up. But often his numbers were wrong as well, because there was like, the tracking wasn't so good back then. So, he'd be looking at what was in the book keeping system, *and often that wasn't correct as to what we actually had here. So like, yeah, like the consolidation of warehouses is a huge win. I think we are getting better by the year, but it was terrible when I first started here.*

Summarizing, there were mainly two reasons for why the situated rationalities changed. The first was that new employees felt that their professional identity was being harmed by the insufficient management accounting structure in place. The second was that social interactions were damaged because of the MAS not transferring information efficiently between parties. Both of these reasons culminated in that the employees transitioned from minimal sensemaking to becoming aware of the fact that the root of these problems was embedded in the dysfunctional MAS. Thus, when the A-team arrived and demanded change there was no resistance.

4.3.2 Changing Rationalities

As Hops came into the company right after the completion of Tap and Brew, the minimal sensemaking came to a halt. In other words, sensebreaking occurred as the A-team challenged the viability of the status quo (Maitlis and Christianson, 2014). This can also be referred to as the beginning of "fragmented" sensemaking, since the stakeholders involved independently raised concerns and proposed solutions (Maitlis, 2005). This was as Hops, Lager and Märzen needed to make sense of the company's structure, and hence its MAS. To make sense of it, they turned to their previous experiences at earlier employers, from which they derived and implemented new rules and routines based on generalized practices. In sensemaking terms, they initiated change based on their retrospective reflecting and belief that things plausibly could become better. This mindset became visible when Hops had his handover session on the first day at the job. Specifically, Hops explained the moment he began to question the MAS by stating:

Yes, I think I first noticed this when, it was like my first day at work, I thought "now I have to see how much we sell of this product or that product to be able to make a good forecast". And that was when I suddenly realized, oh, I can't just go into Eldorado and enter an article number to get statistics. It was a big shock, like a big red flag for me. My job is so damn dependent on me knowing what the sales look like and I can make a correct forecast based on that. That was what made it, never mind that we have several storage locations, that's a completely different thing. It was almost impossible to easily see sales statistics and that's why I built this Brewcorp Power that takes all batches of a product and shows it summarized.

Furthermore, it was apparent how Hops not only set up new rules and routines for himself to alleviate his work, but also that he immediately interacted with the operational employees and broke their habit of not raising concerns. During the interviews, it became clear that as the new management were not making sense of the accounting infrastructure, they also developed a common narrative for how inefficient the MAS was, and how well-functioning it could become. This in turn, led to subordinates like Porter, to make demands on how their work environment should improve as it now was at least plausible to have an improved MAS. In other words, sensemaking was no longer minimal as people started questioning the current situation instead of accepting it. When asked about why he suddenly wanted a change, he answered that:

End of summer last year, I think, I kind of said to him (Hops) if I'm going to stick around, I really want to do something worthwhile here. Because before, I was kind of just running around putting out fires, I guess, is the best way to display it, and just kind of doing bits and pieces. So, I don't think I could have taken on such a workload either, or I don't think I could continue to do such a workload without all these systems in place. So, it's definitely a huge advantage to be able to quickly find information and quickly make transport bookings with my manager and all that. I was able to learn it really quickly because of all these "how-tos" and programs and stuff that he had set up.

Put in another way, by opening discussions for how the MAS could improve employees also started to become aware of how the MAS had been. As exemplified by Lager who used the "unnecessarily" large size of their office as a symbol for the old institution and situated rationalities:

You've seen the office. It's a huge office that we are quite few in. Previously, there was a huge organization in an old system. That group was probably not willing to make the change. It has been an ownership decision to build a new type of competence. They bring in employees from [examples of large companies]. Then there is no resistance to innovating and developing. Instead, there's frustration that it can't go fast enough.

This in turn led to a narrative being created where the previous MAS was constantly being compared against and antagonized. It became a reference point for how far the company had come, and how much better the state of it was now. Another example of this thinking was given by Hops when asked how the accounting system had changed:

I would say that for sales, it has been that sales now must be more "in tune" with the market and what the customers' needs are. Now, as mentioned, it's the sales department saying that "we believe we need three stouts during this period", "we believe the market wants an Oktoberfest beer", and so on. Previously, it was just about sales pushing whatever product was available. This has changed how sales thinks. Within operations, the focus has also shifted. Instead of just doing, we in operations now have a responsibility not only to produce but to provide an estimate of the costs of the products, provide an estimation of volumes and plan resources based on what sales needs. My role has changed to needing to be more long-term and to plan better to reduce costs. I appreciate this. As head of operations, it was a nightmare to receive a new product every week that you had to quickly produce. Then you would not have time to look for the cheapest raw materials. You would not have time to plan resources. It was just about go, go, go, and then you would burn out.

In summary, this section demonstrated that the MAC at Brewcorp was dependent on sensebreaking, prompted by individuals with knowledge from broader institutions stemming from outside organizations, implementing generalized practices, exactly like in the case described by Bertz and Quinn (2021). It also showed that a part of initiating that sensebreaking was to convince stakeholders of the plausibility (rather than the accuracy) of improvement through such change. Additionally, to keep the change process ongoing people were reassured that the current situation was better than the previous one. In other words, the past was antagonized to motivate people to carry on with the MAC. In the case firm, this led to people questioning why the state of the MAS should be accepted, if change was suddenly considered possible. It also led to them repeatedly emphasizing the advantages of their own rules and routines compared to those of the previous organization. Consequently, a new institution and new situated rationalities developed. As the MAS was connected to the whole organization, employees had to interact with it continuously. Therefore, employees were both forced and allowed to consider the organization as a whole, not as several separate silos. Seeing the organization from the logic of the new MAS made people make sense of their work in new ways. As such the new MAS became a tool which gave sense to work.

4.3.3 Situated Rationalities II

As our interviews and observations were concluded, it became obvious that Brewcorp had transitioned to new situated rationalities as the new accounting structure affected how employees made sense of their daily work. As such, the new digital accounting systems had begun to provide what can be labeled “guided” sensemaking (Maitlis, 2005). The evidence of this was mainly gathered from observations of the meetings, which showed how employees discussed different topics. During these meetings, discussions continuingly circled around the MAC, both regarding what the next step in the process was going to be, and how that step would affect the next. Throughout these discussions, employees continuously referred to the new MAS as a reference point through which they could rationalize their opinions. This dependency on the new MAS, was made evident by Hops as he explained and showed how it worked, and how it was making his work easier. Specifically, he said:

So, what the new system does is that it takes data from Eldorado based on an article number. So, it's very important that I have it linked together. Because Brewcorp Power also reads this file. And then it matches this with the Eldorado information. And then I input Krogsite article numbers so that it can read Krogsite reports. I input Monsite article numbers so that it can read Monsite statistics. And then it takes Eldorado, Krogsite, and Monsite. And produce statistics. Or you can see it as a whole, barrels and cans with this name. So, it has been really great for us. I use it a lot to look at important statistics. (If) I get the question, for example, when customers need to know how much we produced in 2023, I can quickly look that up.

What is essentially described here, is that the conceptual world of Hops was being aided, and filtered through the new system. Thanks to the new set up, Hops (and other employees) could now reflect on aspects such as production schedules, sales statistics, and margins, together rather than as separate parts. Another important aspect of the sensegiving that emerged through the new MAS, was that of assigned roles and responsibilities which guided individuals in what to focus on, and in extension what to make sense of. When asked about the definitions of roles, Märzen stated the following:

Yes, it's much clearer what responsibilities one has. Also, who is in charge of whom. There was sort of no organization when I started. I mean, who... Yes, what one had. Who reported to whom. And the responsibility was a bit fuzzy too. So now we have clear job descriptions and such.

This cue guided employees' sensemaking and allowed them to depart from the previous situated rationalities, where roles and responsibilities were arbitrary. This was also made evident by Hops when asked about his responsibilities:

I believe that each department now has its own priorities. For me, operations sit a bit in the middle. My priority is that we solve all challenges related to production information. That we *have a better system to work in and that we have only one warehouse location or fewer warehouse locations.*

Finally, as recounted by Lager, the responsibility definition led not only to people getting a clear sense of what they were supposed to do, it also instituted an urgency and importance in what they did. As people felt that if they did not take care of their responsibility, no one else would, and as such their lack of performance would both be visible to- and impact the whole organization. This was a consequence of the interconnectedness provided by the new MAS. Lager described it in the following way:

I feel like we are now so skin and bone. There's no one who feels they have redundant tasks. Everyone who works here now probably feels that they are an important part, and responsible for an area.

Thus, in the second situated rationality people had become more ambitious in their work from the cues provided by the new system and the clear hierarchy connected to it. In other words, employees became enactive as opposed to previously when they were reactive. This was in line with Bertz and Quinn who wrote (2021, p. 91) "*what gets "accounted for" represents what is important (Burchell et al., 1980, p. 5)*." This was exemplified by Saison who explained her evidently enactive workflow:

When supplier invoices come in (now), I receive them, and they get interpreted. So, I sort of check them. Then I forward them in the flow I think is appropriate. Then I have to sit and wait for Hops to input the items into inventory. But before, I had to wait a lot for the person who had to do it. Because I need to pay suppliers on time. So, it had to go through all the approvers. And inventory items need to be entered into inventory, which might be a bit cumbersome. But we've arranged it so that everyone just makes a note of the item number now, and if there's anything special about it. So, I can take care of it. So then Hops can just make a note and click through. So that's really great.

However, even though the new MAS managed to provide sufficient cues to promote enactive sensemaking and consequently more professional situated rationalities at Brewcorp, there still existed concerns amongst some people. One such testimony came from Ale. Specifically, he explained the new MAS by saying:

It's fantastic, but it's not a process that promotes creativity. Sitting and filling out a sheet with an idea in a vacuum, I can't get it out. It takes three weeks instead of three days to get it done. It's not in me.

With this in mind, it became interesting to observe how the change agents responded to the critique. For example, Märzen provided a rather different view, when asked about potential issues with the new MAS:

I wouldn't say it causes any problems. For me, it has become much clearer. When I started, there was no structure at all here. I like structure and order. So, the forecasting implemented doesn't kill any creativity for me. It rather increases my motivation to be able to look forward.

In other words, the change agents could not necessarily see any issues with the new MAS setup, while employees like Ale thought that what they gained by the new system in the form of efficiency and clarity, also came with a loss in creativity and innovation. Another fear that Ale had was that the digital accounting system would be harmful for certain social aspects of work. For example, he explained that:

For me, it feels odd to sit in my own office and solve things on my own. It's just not the same thing. If I didn't communicate with colleagues on a more or less daily basis, there would be other problems. There's a need for me to interact outside the digital realm. If I'm at home, fine. But when I'm here, there's no point for me. I might as well get in the car and go home, if I'm not going to talk to people on site.

In general, it was therefore clear that while the old routines and systems (or lack thereof) caused issues related to professional identity, and tensions due to miscommunication, the new environment created similar issues. However, when asking Lager, it was obvious that these concerns were not shared amongst the change agents. Instead, there was a strong ambition to employ sensegiving to address these issues. Lager exemplified this by stating that:

The natural response is probably to say that all change is painful. Finding new ways of working is something people will always complain about. It's that in the short-term perspective new things are difficult and burdensome. (They say) "I don't understand it and I don't know it and so on". So, it's really about being prepared for that.

Although new professional situated rationalities and a new institution had been established, and many felt that their work life had improved, it was hard to ignore that new concerns had arisen.

This is because, on a sensemaking plane, the issues described by Ale were identical to those described by other employees before the change initiative. In other words, although there had been a change which addressed issues concerning identity and social interaction at Brewcorp, some felt that the pendulum had swung too far in the other direction. These employees drew not on experience rationalities which stem from outside the organization but rather on previous experiences within the same organization. This paper labels this new concept as "nostalgic" rationality.

5. Discussion

By utilizing the lens of sensemaking, we have answered our research question: *How do key individual actors make sense of management accounting change*? In doing so, our study contributes to the domain of management accounting change in four ways. Firstly, we explain why (not that) key actors drawing on their experience rationalities, and mentally susceptible employees are important for MAC. Secondly, we demonstrate how conflict can lead to institutional change. Thirdly, we show that in the absence of rules and routines, MAS is a viable tool for professionalizing a firm. Finally, we answer why MASs are generally hard to change. We will now discuss these contributions with the aim to evaluate our findings in relation to previous literature.

While several studies focus on situated rationalities within management accounting change (Bogt and Scapens, 2019; Bertz and Quinn, 2021) there remains the opportunity to explore further key actors and their experience rationalities in this setting. Looking back at extant research within the domain of MAC, our main contribution is to Bertz and Quinn (2021) who explored key actors and experienced rationality. In their study, the authors found that key actors may draw on generalized practices through experience rationalities to bring about a new situated rationality and management accounting change. Considering Bertz's and Quinn's (2021) call for further research to investigate "*key actors and their experience rationalities in the processes of management control change.*" (Bertz and Quinn, 2021, p.97), and their claim that "*situated rationalities need to be considered in more fine-grained detail in empirical studies.*" (Bertz and Quinn, 2021, p.97) our study supports their findings. Specifically, it illustrates that hiring someone with experience rationality is a necessary condition, but not a sufficient cause for MAC, as the need for change must already be recognized at the firm. We enrich this notion by describing how this recognition arises. Initially, at the company there must exist an incongruence between employees' professional identity and their identity at the firm as well as social tensions amongst colleagues caused by a dysfunctional management accounting system. Then, when a change agent arrives, they utilize their experience rationality to end minimal sensemaking by demonstrating the connection between these issues and the MAS. Additionally, during the subsequent steps in the process of change, i.e. changing the system and implementing new rules and routines, key actors were shown to draw on their experience rationalities and generalized practices repeatedly and extensively. By doing so, they could convince individuals how a new MAS should look, and which functions it should encompass, instituting the notion of the plausibility of a new better MAS. We explain this by referring to it as sensebreaking, leading to fragmented sensemaking. Finally, in the last step of the change we demonstrate how key actors solidify the change by providing cues and encouraging enactment in a form of sensegiving leading to guided sensemaking.

In a similar fashion, we also contribute to the research by Bogt and Scapens (2019). We accomplish this by exploring how and why in some cases of MAC "*contradictions create conflict and potentially lead to institutional change*" (Bogt and Scapens, 2019, p. 27). Namely, this is because MACs are not finite processes, but ongoing ones. As such there will always be those who once again feel that their identity and social sensemaking is being challenged by the new situated rationalities and institutions as the change process is over. In other words, a new MAC will not be initiated immediately, but most probably within the near future. If for example the creative identity and innovative social processes at Brewcorp becomes undermined to a certain point, and a new internal change agent manages to illuminate this through her own situated rationality, this may bring about another MAC. As such we have managed to provide an explanation for how contradictions can create conflict and potentially lead to institutional change. Namely, because an incumbent agent already working at the firm, like Ale, can in fact initiate another MAC (following a first one) by employing something that could be thought of as intra-firm experience rationalities, which we conceptualize as "nostalgic" rationality.

Furthermore, we contribute to the research of Quinn (2014). We specifically do this in relation to his call for research on "*why rules and/or routines may be relatively more important in the processes of management accounting change*". (Quinn, 2014, pp. 34-35). In the case, the company had almost no routines or rules prior to the MAC, rather unformalized routines were developed on an ad hoc basis to meet different needs as they emerged. After the MAC, Brewcorp became riddled with rules and routines such as repeated sales forecasting, margin analysis, consolidated stockkeeping, etc. As such, it can be concluded that in the absence of formalized rules and routines, the first step in professionalization is to develop a comprehensive MAS, as it facilitates the implementation of these practices. Therefore, rules and routines are more important in the process of MAC. However, which rules and routines become formalized and how, also matter. Namely, because, a failure in establishing the desired formalized routines through a new MAS can result in a failure in influencing the sensemaking of organizational members. This in turn can lead to the failure of the change initiative, as described by Maitlis and Christianson (2014). In other words, the implementation of systems that successfully guide sensemaking, can be the difference between the success or failure of a lasting MAC initiative.

And lastly, we complement the insight of Granlund (2001), regarding the fact that management accounting systems are often, for a multitude of reasons, relatively harder to change. This is because we, through sensemaking, can attribute some of that immunity to the fact that MASs structure people's thoughts and actions in ways that other systems do not. This is done through introducing new rules and routines which in turn affect people's taken-for-granted ways of thinking, in specific situations, and later on their overall taken-for-granted ways of thinking. In other words, MASs are more difficult to change as they are deeply hardwired to the mental processes of employees and changing them therefore requires people to reconsider how they make sense of their own work. Furthermore, our research suggests that nostalgic rationality could be a factor contributing to slowing down or re-initiating such change processes.

6. Conclusion

Due to the emerging supply of SaaS providers offering new and more accessible ways to change management accounting systems, the study of management accounting change, is relevant. This is because although the availability of solutions to change management accounting systems has increased, the process has not necessarily become easier. A large body of literature has researched this process from several different angels and theoretical perspectives. However, there is a call for further research on key actors and their experience rationalities in the process of management accounting change (Bertz and Quinn, 2021). In light of this research gap, our study showcases Brewcorp, a firm in the process of management accounting change driven by three key actors who draw on their experience rationalities. Based on seven in depth interviews and three meeting observations, our study illustrates how sensemaking can enrich our understanding of experience rationalities and key actors in the process of MAC. We build on the idea of situated rationality and MAC presented by the recent articles by Bertz and Quinn (2021) and Bogt and Scapens (2019). Our findings provide a new empirical setting for the study of situated and experienced rationalities, proving that they are useful concepts for comprehending MAC. It also shows that by complementing these concepts with the perspective of sensemaking, we can not only describe individuals' taken-for-granted ways of thinking, and how they change, but also understand the underlying mental processes that give rise to those taken-for-granted ways of thinking. This can be described by the fact that the transition from one set of situated rationalities to another, is in fact a transition from having minimal, to fragmented, to guided sensemaking, and finally minimal sensemaking again. Overall, our study contributes to the domain of management accounting change in four ways. Firstly, we explain why (not that) key actors drawing on their experience rationalities, and mentally susceptible employees are important for MAC. Secondly, we demonstrate how conflict and nostalgic rationality can lead to institutional change. Thirdly, we show that in the absence of rules and routines, MAS is a viable tool for professionalizing a firm. Finally, we answer why MASs are generally hard to change.

To conclude, our study is nevertheless not without limitations. First, our study was conducted on a small and young firm. Therefore, nearly the whole organization was directly affected by the MAC process and its consequences. Hence, we want to emphasize the opportunity still present in analyzing how employees that are in the periphery of a MAC make sense of it and their potential impact on it. Secondly, our study was conducted in a limited time frame which did not allow for analyzing a second MAC. Therefore, it would be interesting to study several subsequent MACs through the Lagerwik Model, both to investigate whether nostalgic rationality initiates (or prevents) a second MAC, and also to observe if there are differences in how they are made sense of. Thirdly, even though we utilized the concept of generalized practices, we mainly focused our study on the area between the institutional- and the action realm as we assumed that this was the most relevant area to apply a sensemaking perspective on. However, it might be interesting to investigate more directly the role of actions by following people in their daily work alternatively by focusing the study more on the importance of institutions and generalized practices. Finally, it is important to note that the MAC at Brewcorp was considered a successful transition. Therefore, it would be interesting to apply the Lagerwik Model on a MAC that failed to be adopted.

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8. Appendix

Appendix 1. Interview Guide

Introduction

How do you perceive the existing management accounting practices here? Are there elements you found particularly challenging or in need of improvement?

Can you recall specific instances or signals that highlighted the necessity for change in how you manage financial or accounting tasks?

Could you describe how the change was introduced to you? What were your initial reactions or feelings towards it?

Did you observe any variance in perceptions of the change among your colleagues compared to your own? How did you navigate these differences?

With the passage of time, how do you assess the impact of the changes on your work and the organization as a whole? From your perspective, what areas might still require adjustments or improvements?

Were there moments when the changes seemed illogical or particularly difficult to comprehend? How did you deal with these challenges?

How has your role within the team or organization transformed with the new system? Has this changed your self-perception within the company?

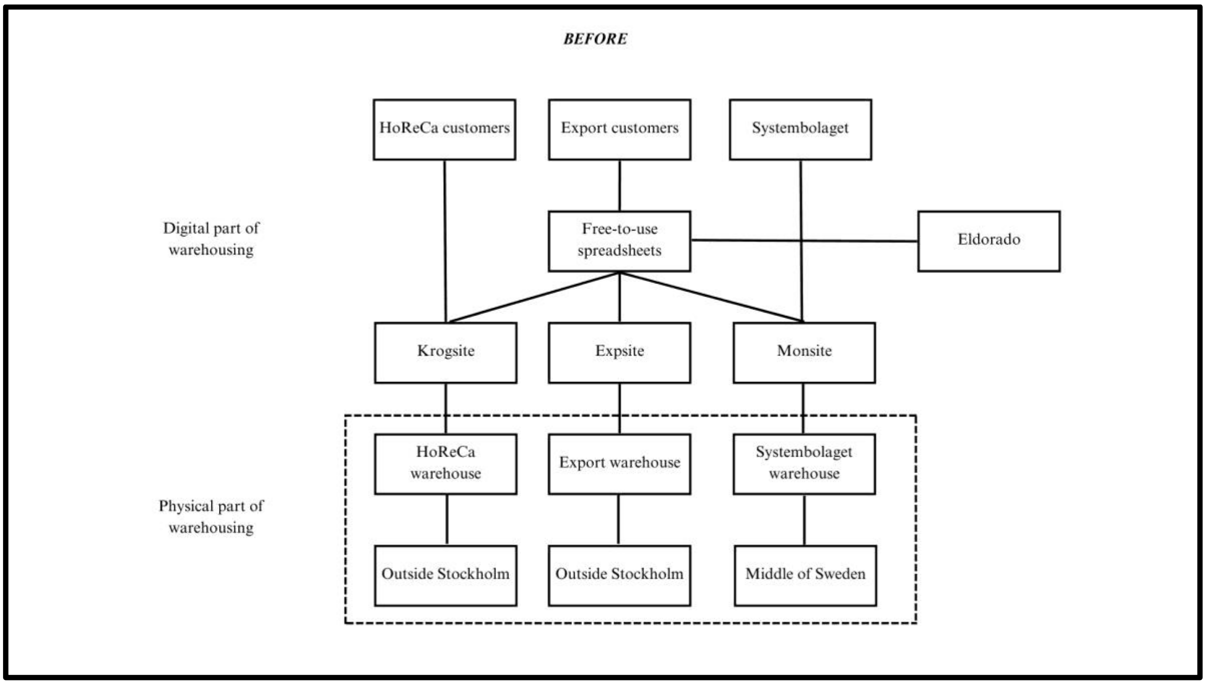
Conclude by thanking the participant for their time.

Appendix 2. Interview Table

Interviewees' pseudonymized information:

Title	**Pseudonym**	**Previous Employer**
Founder/CEO	Ale	National Bar/Pub Chain
CSO/Vice CEO	Lager	Swedish Macro Brewery
CFO	Märzen	Global FMCG Company
COO	Hops	Meso Brewery
Sales Employee	Pilsner	Spirits Importer
Operational Employee	Porter	Brewing Company
Financial Employee	Saison	Accounting Firm

Appendix 3. Management Accounting System before Change



Appendix 4. Management Accounting System after Change