

Control on Demand

**From Ostensive Recipes to the Performative Mobilization of
Management Controls in Financial Crises – Evidence from Interim
Managers**

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Abstract

Practice Theory suggests that there is a difference between the *ostensive* and the *performative* aspect of Management Controls, i.e., *what* controls managers prescribe and *how* managers eventually mobilize these controls in practice. Idiosyncratic financial crises are characterized by strongly deteriorating performance and liquidity, which jeopardize the organization's survival. Existing literature suggests that managers address such crises by introducing particularly tight controls that are focused on generating, evaluating, and acting upon financial information. However, crisis-related studies have mainly devoted their attention to the *ostensive* aspect of Management Controls. Institutional pressures, ambiguity, and resource scarcity in financial crises suggest that managers frequently have to deviate from the prescribed routine, which opens up a particularly large gap between *what* controls managers ostensibly prescribe and *how* managers performatively mobilize them in practice. By drawing on interviews with 26 interim managers specialized in taking over c-level positions in distressed organizations, we illuminate the performative aspect of Management Controls in financial crises. Our findings show that interim managers address financial crises through a much more differentiated, dynamic, and flexible pattern than current literature suggests. The ostensive recipe of tight financial controls is, in practice, flexibly and dynamically adjusted and re-interpreted to maximize the return on managerial attention and bridge the limitations of financial information. We further contribute to the literature on sensemaking, enabling versus coercive controls, and organizational talk, as these match the practices that interim managers undertake in order to render their controls operational.

Keywords:

Management Control, Practice Theory, Interim Manager, Financial Crisis, Turnaround

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Stockholm, 8th of December, 2025

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1. Introduction

“Let me put it this way: when I show up somewhere, hell has broken loose. I enter a company and start scratching the surface ... and suddenly, huge holes open up.” (Interim Manager U)

Idiosyncratic financial crises are a life-threatening yet fairly regular phenomenon that many organizations face at some point during their life cycle (Giacosa & Mazzoleni, 2012). Such crises are often the result of a combination of internal weaknesses and external pressures (O’Kane & Cunningham, 2014), which lead to deteriorating financial performance and negative cash flows, threatening the survival of the organization (Fredenberger et al., 1997; Giacosa & Mazzoleni, 2012; Weitzel & Jonsson, 1989). Thus, financial crises turn proven recipes for success, known routines, and tried-and-tested behavior upside down, and hence organizations at large. In order to reverse the declining situation and initiate the turnaround (Brege & Brandes, 1993), a multitude of strategic and operational measures is to be executed (Hofer, 1980; Pearce & Robbins, 1993; Pandit, 2000; Schendel et al., 1976; Trahms et al., 2013; Arogyaswamy et al., 1995).

Current literature suggests that managers address financial crises with particularly tight controls (Asel et al., 2011; Becker et al., 2016; Chenhall, 2003; Colignon & Covalleski, 1993; Czarniawska-Joerges, 1988 & 1989; Makrygiannakis & Jack, 2016; Passetti et al., 2021; Prechel, 1994) that mainly focus on generating, evaluating, and acting upon financial information (Asel et al., 2011; Bourmistrov & Kaarbøe, 2017; Giacosa & Mazzoleni, 2012; Haron et al., 2013; Jamaluddin et al., 2018; Passetti et al., 2021). Thereby, managers act as the “providers of the illusion of controllability” to legitimize their own position and demonstrate that they are capable of addressing the crisis (Czarniawska-Joerges, 1989, pp. 3-4).

Feldman & Pentland (2003) argue that organizational routines, such as Management Controls, entail both an *ostensive* and a *performative* aspect: The ostensive aspect thereby refers to “the ideal or schematic form [or] the abstract, generalized idea of the routine”, in other words the *what*, while the performative aspect refers to *how* users of a routine mobilize the general idealized design in their day-to-day practice, interpret prescribed procedures in their own way, deviate from the schema to make judgments calls, improvise due to missing information, and thereby derive context-specific variations of a routine (Feldman & Pentland, 2003). Strong institutional pressures, high ambiguity, and scarcity of resources suggest that in financial crises, a high degree of deviation, interpretation, and workarounds can be expected between the ostensive and the performative aspect. However, current studies have so far turned their attention mainly to the *ostensive* aspect, i.e. *what* Management Controls managers design to address the financial crisis. Therefore, we aim to illuminate the *performative* aspect of Management Controls in financial crises and investigate *how* managers mobilize Management Controls to initiate the turnaround, thereby rendering a more accurate account of the current literature.

As Su et al. (2015; 2017) note, situations of financial distress are hard to access for researchers, given their uncomfortable and confidential nature. Therefore, we turn to a promising proxy to still get rich access to a broad range of turnaround cases by interviewing 26 interim managers who are specialized in taking over c-level positions in distressed organizations. The consolidated case experience of these interim managers will allow us to immediately access a sufficient knowledge base characterized by deep expertise and specialization in our area of interest.

Therefore, we formulate the following research question:

How do interim managers mobilize Management Controls and render them operational in order to address financial crises and initiate the turnaround?

By investigating the performative mobilization of controls by interim managers, we aim to render a more accurate account of how Management Controls are used to address financial crises. Our findings show that interim managers address financial crises through a much more differentiated, dynamic, and flexible pattern than just tight financial controls, as the current literature suggests. Given the constraints of (i) limited managerial attention and (ii) natural limitations of financial information, the ostensive recipe of tight financial controls is, in practice, flexibly and dynamically adjusted and re-interpreted to effectively initiate the turnaround and ensure the organization's survival.

Furthermore, a contribution is made to the literature on performative aspects of Management Controls in related contexts, concerning how managers operationalized tight financial controls via sensemaking, incorporation of enabling design factors, and organizational talk in non-crisis contexts. Rich empirical material is provided and used to confirm many practices and demonstrate their importance in contexts of financial crises, while also uncovering entirely new ones.

This study also contributes to the literature stream on Management Controls and Management Accounting investigated through the lens of Practice Theory (Ahrens & Chapman, 2006; 2007; Jørgensen & Messner, 2010; Nama & Lowe, 2014) as well as the literature strand investigating differences between ostensive and performative aspects of organizational routines (Biesenthal et al., 2019; Boedker, 2010; Hansen, 2011; Iannacci & Hatzaras, 2012; Liljenberg & Nordholm, 2018; Mouritsen, 2006). As our interviewees possess specialized expertise and track records in managing financial crises, this study further promises to generate rich insights for practitioners as to how managers need to design and mobilize their Management Controls to address financial crises.

The remainder of this study is structured as follows: Chapter 2 will provide the theoretical background for this thesis, including a contextualization of financial crises and interim managers, a review of the existing literature as well as a conclusive development of our theoretical framework. Chapter 3 will elaborate on the research design for this study. In Chapter 4, we will present our empirical findings, structured around the four main practice groups identified in our interviews. Chapter 5 discusses our findings with the existing literature, and chapter 6 concludes the study by summarizing our findings as well as their theoretical and practical implications, critically appraising our work, and opening up avenues for future research.

2. Theoretical background

Chapter 2 provides the theoretical background for this thesis. In chapter 2.1, we introduce the fundamentals of financial crises and turnaround and the importance of interim managers in this context. In chapter 2.2, we first establish our main definitions and premises and subsequently provide the existing state of knowledge around Management Controls to address financial crises. We then elaborate on common pitfalls associated with Management Control designs in this context, incorporate practices on how new Management Controls in related contexts were successfully operationalized, and thereby derive the literature gap for this thesis. We close chapter 2 with our theoretical lens of Practice Theory.

2.1. Financial crisis and turnaround

2.1.1. Overcoming decline and crisis with turnaround

Giacosa and Mazzoleni (2012) point out that many companies and organizations, during their life cycle, fail to anticipate, recognize, and adapt to the pressures facing the firm and thus enter a critical crisis condition. It is important to look closer at the term *crisis* and define it along the term of *decline*, since many scholars in the turnaround literature have used those terms interchangeably (Tikici et al., 2011; Santana et al., 2017; Schweizer & Nienhaus, 2017; Tangpong et al., 2025; Scherrer, 2003). Organizational decline is, in principle, the switch from a positive into a negative situation, and more specifically, an organization's performance deterioration over a certain amount of time (Slatter, 1984; Trahms et al., 2013). It is objectively observable through performance indicators such as return on assets (Santana et al., 2017).

Situations of decline occur because of external effects, internal effects, or a combination of them (O'Kane & Cunningham, 2014). External factors represent dynamics that are not controllable by the firm under threat. This includes competitive forces, legal and political changes, technological advancements, as well as cultural and societal shifts. The entanglement of external effects is problematic because interacting effects can lead to secondary effects that may trigger chains of external effects that ultimately harm the firm (Scherrer, 2003). Internal factors generally describe the factors that the organization has power over. Overall, when organizations fail to align the firm with its resources and the environment it is bound to, even if the environment is stable and beneficent, the firm will suffer deteriorating performance and enter decline. This misalignment is usually triggered by decisions by top management, such as executing an acquisition that lacks synergistic positive effects (Trahms et al., 2013).

This study adopts the notion of financial crisis as a condition that a company represents after it suffers a high-intensity decline, as characterized by deteriorating financial performance and negative cash flows, which threatens the survival of the organization (Fredenberger et al., 1997; Giacosa & Mazzoleni, 2012; Weitzel & Jonsson, 1989). Therefore, organizational decline reflects the crisis preceding stage that gradually unfolds and eventually triggers a condition of threat and urgency to the organization.

The turnaround is a form of radical change that is applied when a company is in a state of crisis and decline. Brege & Brandes (1993) have defined turnaround as a process in which firms seek to

reverse the organizational decline and increase business performance. Giacosa and Mazzoleni (2012) distinguish turnaround further into the application of (i) during the decline but before a crisis situation and (ii) during a crisis situation after severe decline. As this study focuses on experiences that take place in companies that are in a life-threatening situation, we adopt this distinction and focus on turnaround during decline and crisis situations, as have other scholars (Balgobin & Pandit, 2001). Therefore, the turnaround process generally follows four stages: decline, crisis, stabilization, and recovery (Fredenberger et al., 1997).

To overcome the crisis and stabilize the company, ultimately returning it to prior or even superior performance, stakeholders, especially managers, need to recognize the severity of the situation. When this realization is set, a comprehensive situation analysis is necessary to assess whether the company has the resources or the access to them to be recovered (Burbank, 2005). To achieve the initial milestone of stopping the decline and stabilizing the company, turnaround strategies are required. The stabilization is successful if the company manages to recover positive cash flows that enable the management to look beyond the organization's sole survival (Fredenberger et al., 1997). Scholars have overall agreed on clustering turnaround strategies into "operational" and "strategic" (Pearce & Robbins, 1993; Pandit, 2000; Schendel et al., 1976; Trahms et al., 2013; Arogyaswamy et al., 1995). According to Tikici et al. (2011), operational turnaround strategies can be described as a "set of consequential, directive decisions and actions aiming to reverse a declining business as quickly as possible". As turnaround situations are often marked by cash flow problems, an immediate response is necessary. Operational measures are therefore noted as a popular first step in a turnaround because of their low need for resources and time to execute (Hofer, 1980). A critical part of operational measures is cost-cutting, also referred to as "fire-fighting" or "belt-tightening", which usually includes reducing inventory, trimming the organization, and retrenching low-performing assets, among other things (Arogyaswamy et al., 1995; Schweizer & Nienhaus, 2017; Tikici et al., 2011). Further, it includes reviewing and restructuring the firm's capital structure to relieve pressure on debt payments (Schoenberg et al., 2013). Despite the importance of pursuing cost-cutting, companies need to be careful to not erode the company's core and therefore harm its viability for the future (Sudarsanam & Lai, 2001). Further, internal changes to the organization are also considered part of operational measures. While those do not necessarily directly improve cash flows, they are necessary for the company because companies at risk require management that can handle crisis situations and provide the right stimulus (Tangpong et al., 2025). Strategic actions play a vital role in ensuring the respective organization repositions itself in such a way to achieve sustainable profits again. For example, acquisitions, new product introductions, market shifts, or strategic alliances (Schoenberg et al., 2013; Trahms et al., 2013).

2.1.2. Interim managers as newly appointed change agents in turnaround situations

When the organizational conditions and operations do not align during a crisis, a change of management has been observed to be an important measure. A change of leadership can be driven by several factors. For one, as the divergence of operating conditions and management grows, it becomes increasingly more difficult for the incumbent management to adjust its behavior and trigger drastic change (Sudarsanam & Lai, 2001; O'Kane & Cunningham, 2014). Such a strategic renewal was observed to be a vital success factor for a turnaround and was directly linked to the

respective CEO and their own personal approach to it (Schweizer & Nienhaus, 2017). Further, important stakeholders and their support are critical for the turnaround. For example, creditors and banks can impose the condition that continuous financial support only applies if the management team demonstrates the ability to turn the situation around (Trahms et al., 2013). A change of leadership is an important signal in this case (O’Kane & Cunningham, 2014). Given those drivers, a change of management is often mentioned as a precondition for successful turnarounds (Sudarsanam & Lai, 2001).

When organizations and their critical stakeholders decide to change leadership, they often turn to turnaround change agents or interim managers (Giacosa & Mazzoleni, 2012; Woods et al., 2020). Broadly, change agents are individuals or groups of individuals who aim to initiate and manage change within an organization (Lunenburg, 2010). In drastic change scenarios such as turnarounds, the change agent takes on the role of a prime mover, someone who creates change, as opposed to a change agent that merely redirects change (Weick & Quinn, 1999). They are brought in on short-term assignments to guide the organization at risk through the crisis by stabilizing cash flows, reassuring key stakeholders, and preventing harsh reputational damage (Rubin & Ohlsson, 2022; Woods et al., 2020). Interim managers are perceived as leaders because they are required to navigate and steer the organization through their pointed mandate and the specific period of change, make tough decisions, and execute radical actions (Caldwell, 2003; Fisher et al., 2024; Woods et al., 2020).

The challenges that interim managers face are two-fold. For one, they face the unique challenges that decline and crisis situations entail. Managers need to increase performance while organizational and environmental resources are scarce and vanishing. Stakeholder conflict appears because interests diverge, and the protection of those interests becomes tougher. Further, despite their dedicated decision-making power, interim managers face constraints to their managerial discretion as the boards intensify their supervisory and financial providers, such as banks and creditors, limit the room for action (Trahms et al., 2013). Secondly, interim managers further face distinctive challenges that hinder their effectiveness due to what Flatøy (2024) terms the *liability of outsidersness*: a combination of the liabilities of newness and temporariness. First, they must navigate how to communicate their contract status and duration, balancing transparency against the risk of reduced legitimacy. Second, they are expected to be “quick off the mark,” producing immediate results despite limited time for onboarding or relationship-building. Third, they struggle to attain authority, as subordinates often question the legitimacy of temporary leaders. These challenges are closely interrelated and stem from the interim manager’s outsider position, which constrains their ability to establish trust, exercise power, and deliver long-term impact.

2.2. Management Controls in financial crises

2.2.1. Definitions and core premises of Management Controls

According to Merchant & Otley (2006), Management Control Systems (MCS) are designed “to help an organization adapt to the environment in which it is set and to deliver the key results desired by stakeholder groups”. Over time, various conceptualizations of Management Controls and Management Control Systems have emerged (Malmi & Brown, 2008; Merchant & Otley, 2006; Merchant & Van der Stede, 2017; Simons, 1995; Strauß & Zecher, 2013). There are no

commonly accepted and contextually universal definitions of what the terms Management Controls and Management Control Systems exactly entail. We refrain from narrowing our conceptualization to specific aspects and characteristics and argue that in order to make our empirical research as useful as possible, we should employ a preferably broad and generalized definition and deemphasize minor differences in notions. Therefore, we aim to synthesize the aforementioned conceptualizations and specifically leverage the wording of Malmi & Brown (2008), Merchant & Otley (2006), and Simons (1995): We define Management Controls as:

All formal and informal devices, routines, and procedures managers deliberately use to maintain or alter patterns in organizational activities in a way that the objectives of its stakeholders are achieved.

Feldman & Pentland (2003) argue that organizational routines entail both an *ostensive* aspect and a *performative* aspect: the ostensive aspect relates to “the ideal or schematic form [or] the abstract, generalized idea of the routine” and the performative aspect relates to “specific actions, by specific people, in specific places and times [or] the routine in practice”. Using the metaphor of cooking (Schatzki, 2002; 2019), the ostensive aspect refers to the recipe to prepare a dish, while the performative aspect relates to how the chef actually prepares the dish, including variations and deviations from the recipe, improvisation due to lacking ingredients, and adjustment due to different tastes or food preferences. While the ostensive aspect of a routine “enables people to guide, account for, and refer to specific performances of a routine, the performative aspect creates, maintains, and modifies the ostensive aspect of a routine” (Feldman & Pentland, 2003). In the example of a hiring routine, the ostensive aspect would entail standard operating procedures about how to generate applications, pre-select applicants, and decide whom to choose. In contrast, the performative aspect would relate to the situated, oftentimes adjusted or even improvised judgments and interactions that people practically perform to examine the applications, interview candidates, and ultimately decide whom to hire in practice, which oftentimes implies deviations from formal ostensive procedures (Feldman & Pentland, 2003). Thereby, the performative aspect of a routine “generates a constant stream of variations and exceptions as the performers accommodate and innovate” (Feldman & Pentland, 2003). Various studies from different realms have demonstrated the importance of investigating how ostensive and performative aspects of organizational routines differ in order to render more accurate accounts of their contexts (Biesenthal et al., 2019; Boedker, 2010; Hansen, 2011; Iannacci & Hatzaras, 2012; Liljenberg & Nordholm, 2018; Mouritsen, 2006).

We adapt this lens and argue that Management Controls, as one type of organizational routines, also have an ostensive and a performative aspect: the ostensive aspect thereby relates to the schematic design of the Management Controls’ substance and form; the performative aspect relates to how the schematic design is then mobilized and enacted in organizational practice, including the situated variations, improvisations, and deviations through which managers continuously adapt, reinterpret, and shape their controls. The performative dimension, hence, also includes activities, interventions, and situated efforts, i.e., the groundwork and rework, undertaken by managers to render the schematic designs operational and “make them work”. For example, while the ostensive aspect of a KPI dashboard used to monitor performance relates to formal templates, guidelines, and reporting cycles as well as pre-defined schemas how to interpret certain corridors of performances, the performative aspect lies in how managers eventually enact these KPI dashboard routines in day-to-day practice, interpret prescribed procedures in their own way, deviate from the prescribed routines to make judgments calls, validate anomalies, chase down

missing figures, adjust assumptions, improvise reconciliations, and derive context-specific interpretations.

2.2.2. Design of Management Controls to address financial crises

Building on our established definition of Management Controls, in financial crises, managers leverage Management Controls to maintain healthy patterns and alter eroding patterns of organizational activities, thereby initiating the turnaround strategy, stabilizing the organization, addressing the root causes of the crisis, and re-establishing stakeholder trust and legitimacy. An established but still developing strand of literature has investigated the role and design of Management Controls in organizations facing financial crises. While our main focus in this thesis is on the domain of idiosyncratic financial crises, there are also some studies worth including that stem from the wider strand of research on global crises, like the immediate effects of the Global Financial Crisis in 2008, and their direct (financial) implications on organizations and hence their Management Controls.

Generally, situations of financial distress are associated with a high degree of uncertainty about organizational objectives and the means to achieve them (Bracci & Tallaki, 2021), triggering an increased demand for more timely and qualitatively richer information to enable quicker and more sophisticated decisions (Asel et al., 2011). Management Controls can be of paramount importance for organizations to cope with the crisis by enabling them to stabilize and comprehend the situation and rearrange organizational activities, which often entails both an adjustment in designs (e.g., Asel et al., 2011; Bourmistrov & Kaarbøe, 2017; Giacosa & Mazzoleni, 2012; Haron et al., 2013; Jamaluddin et al., 2018) as well as an evolvement of the role that specific Management Controls play in the course of the crisis (Ezzamel & Bourn, 1990; Jamaluddin et al., 2018). The main focus of the existing studies in this context lies in the specific designs of Management Controls taken by managers to address the financial crisis, where a distinction is to be made between the form design and the substance design of the Management Controls introduced and leveraged.

Form design of Management Controls to address financial crises

“A typical response of management to a decline situation is one of tightening control” (Czarniawska-Joerges, 1989, p. 3). This tightening is motivated by an attempt by managers, as the “providers of the illusion of controllability”, to demonstrate that they recognized the crisis, that they have it under control, and that they react to it, which is further described as almost an instinct to legitimize themselves (Czarniawska-Joerges, 1989, pp. 3 ff. & p. 132). The extent of tightening corresponds to the perceived severity of the decline, conceptualized as a control cycle in which more severe crises trigger further tightening of controls (Czarniawska-Joerges, 1988, 1989, pp. 4 ff.). Tightening thereby refers to the distance to the object of control, or the area of discretion that employees have left, ranging from influencing employees’ immediate environment (e.g., salaries and working conditions), to their ideas and representations (e.g., through corporate culture), to their behavior (by prescribing desired behavior), up to the total control of employees (e.g., through coercion and sanctions) (Czarniawska-Joerges, 1989, pp. 4 ff.).

In acute financial crises, the tightening of controls extends to the behavioral and total control of employees and appears in different operationalizations (Asel et al., 2011; Becker et al., 2016; Chenhall, 2003; Makrygiannakis & Jack, 2016; Passetti et al., 2021; Prechel, 1994). For example,

in companies coping with the financial effects of the Global Financial Crisis on their business, the tightening of Management Controls ranged from a higher frequency demanded for planning and forecasting, to increased minimum performance thresholds in investment decisions and tighter coupling of finance teams from different units, up to decreased spending authorizations and a strong operational involvement of top management in the decision of subordinates (Becker et al., 2016). The deep operational involvement of top management and the reduction of employee autonomy are often recognized in organizations coping with financial crises (Asel et al., 2011; Becker et al., 2016; Bourmistrov & Kaarbøe, 2017; Colignon & Covaeski, 1993; Janke et al., 2014; Makrygiannakis & Jack, 2016). Often due to demand from investors to improve short-term performance, managers step directly into operational processes, centralize authority, and narrow the professional autonomy of their subordinates (Asel et al., 2011; Bourmistrov & Kaarbøe, 2017). Tightening also entails formalizing controls. When organizations face decline, rules and procedures are formalized, i.e., explicitly expressed and officially arranged, to enable standardized decision-making and increase the predictability of outcomes through closer surveillance (Chenhall, 2003; Prechel, 1994).

Substance design of Management Controls to address financial crises

Given the nature of a financial crisis, characterized by deteriorating organizational performance and liquidity, it is not surprising that the literature overall reports an intensified use of and focus on devices, routines, and procedures that generate and evaluate financial information and embed them into diagnosis, oversight, and steering mechanisms to comprehend the crisis as well as its reasons and to eventually derive appropriate turnaround measures (Asel et al., 2011; Bourmistrov & Kaarbøe, 2017; Giacosa & Mazzoleni, 2012; Jamaluddin et al., 2018; Haron et al., 2013; Passetti et al., 2021). The internal rationales of a strong focus on financial controls are exacerbated by pressure from stakeholders, especially lenders, that fear a further deterioration of the situation which might lead to bankruptcy and the eventual loss of their capital, which is why they impose strict financial requirements on organizations (Bourmistrov & Kaarbøe, 2017). Therefore, firms intensify their use of Management Accounting information to make sense of financial performance and focus on financial oversight controls related to cost and liquidity management (Asel et al., 2011; Jamaluddin et al., 2018). The initiation of a turnaround necessarily includes the introduction of new Management Controls or drastic changes to existing Management Controls focusing on analytical accounting, budgeting, reporting, and variance analysis to quickly address plan deviations with appropriate interventions, often accompanied by the appointment of external specialists who dedicatedly work on the turnaround (Giacosa & Mazzoleni, 2012).

The factor of time is critical when coping with a financial crisis and initiating a turnaround (Giacosa & Mazzoleni, 2012). As established earlier, the organization is often generating negative cash flows, which gradually deteriorate its liquidity and hence, as liquidity runs out, so does the time for the organization to react. Correspondingly, managers in financial crises adjust their Management Controls to immediately focus on diagnosing and restoring the organization's cash position (Haron et al., 2013). Thus, zooming into the previously elaborated strong emphasis on financials in the Management Control design, the topic of liquidity and cashflow management is of paramount importance since it eventually decides over the solvency and hence survival of the organization (Asel et al., 2011; Becker et al., 2016; Bourmistrov & Kaarbøe, 2017; Haron et al., 2013). This leads to an intensified use of cash flow-related information, which is then leveraged

in frequent discussions around how to preserve the organization's liquidity (Janke et al., 2014). The manager's strong emphasis on Management Controls related to liquidity can then also serve as a signaling effect to the organization at large as well as its external stakeholders that the organization's short-term priority has shifted to "cash flow over income" (Janke et al., 2014) and that "control over finance is regained" (Haron et al., 2013). Not only liquidity is monitored and managed permanently, but managers also design their Management Controls so that they are able to continuously and dynamically understand, whether short-term performance is deviating from plan and hence how the turnaround is progressing, which can be referred to as "driving by sight" (Becker et al., 2016) or a "continuous use of Management Accounting" (Passeti et al., 2021).

Although quick responses to financial crises are often associated with short-term measures such as cost-cutting, layoffs, or budget restrictions, the literature, however, reports no contradiction between these short-term crisis responses and the maintenance of sustainable stakeholder relations (Asel et al., 2011; Bourmistrov & Kaarb e, 2017; Jamaluddin et al., 2018; Giacosa & Mazzoleni, 2012; Passeti et al., 2020). This is because stakeholders play a decisive role in facilitating the turnaround, and hence managers are motivated to keep them on board. Therefore, managers intensify communication and coordination with stakeholders in order to preserve relations and potentially share risks (Asel et al., 2011), which can even extend to the communication of the turnaround plan to external stakeholders to demonstrate transparency and regain legitimacy (Bourmistrov & Kaarb e, 2017). Situated in formal business recovery project settings, Management Controls and the financial information they produce even serve as a key communication device with internal and external stakeholders to report on the turnaround progress (Giacosa & Mazzoleni, 2012).

Employees play a decisive role in addressing financial crises, since it is not the managers themselves, but the employees, orchestrated through Management Controls, who ultimately execute the turnaround measures. Thus, to address financial crises, managers use their Management Controls in a very interactive manner via frequent participative discussions and interactions to enhance the information basis (Asel et al., 2011; Bracci & Tallaki, 2021; Haron et al., 2013; Janke et al., 2014; Makrygiannakis & Jack, 2016). Although the autonomy of employees gets severely restricted in crises, Management Controls are used more interactively in discussions with subordinates to contextualize and evaluate information and challenge underlying assumptions (Asel et al., 2011). For example, Makrygiannakis & Jack (2016) demonstrate how even lower-level employees are invited to participate in the budgeting process in crisis mode. Janke et al. (2014) even draw a reciprocal relationship: Managers perceiving negative external crisis effects use Management Controls more interactively to cope with the increased information demand, while this increased interactive use of Management Controls increases the perception of the effects of the crisis, thereby allowing managers to assess the effects and financial implications more appropriately. This interactive nature of Management Controls stimulates dialogue with employees and generates ideas to address the crisis, thereby enhancing the information situation (Simons, 1995, p. 124, as cited by Janke et al., 2014).

Summarizing, managers tend to address situations of financial crises by designing their Management Controls to be very tight, ranging up to the "total control" of the employee, which is associated with shortened reporting cycles, a formalization of procedures, increased performance expectations, as well as a centralization of decision-making and a significant reduction of the

autonomy of their subordinates. Their controls focus mainly on generating and evaluating financial information, which is used to diagnose the situation and develop improvement measures, while at the same time serving as a communication and legitimization device with stakeholders. Despite the short-term performance focus of many turnaround initiatives as well as the reduction in employee autonomy, managers emphasize frequent, transparent interactions and discussions with both internal and external stakeholders. The focus on generating and evaluating financial information and improvement ideas, and enhancing them through interactive debate, is mainly rationalized by the nature of a financial crisis and the external pressure from lenders, while the tightening of Management Controls is not only rationalized by the increased information demand, but also by a symbolic rationale for managers to legitimize their own position.

2.2.3. Pitfalls with tight financial Management Controls

Adjusting or introducing new Management Controls so that they become tighter, focus more on financials, and require more interactive involvement by employees, but eventually restrict their professional autonomy, does not necessarily succeed by default, but is often accompanied by a variety of caveats. Generally, as Czarniawska-Joerges (1989, p. 128) and Weick (1988) highlight, tightening controls by centralizing authority and tightening the coupling between several sub-systems bears an increase in the overall organizational risk, as the level of competence directed towards solving problems reduces. A flaw in one of the sub-systems of an organization quickly jumps over to the rest of the system. “The person in authority is not necessarily the most competent person to deal with a crisis, so a contraction of authority leads either to less action or more confusion” (Weick, 1988). When managers involve too operationally into the procedures and decisions of their subordinates, as a form of tightening controls, including taking decisions on micro-levels without the sufficient operational knowledge, this can lead to what Bourmistrov & Kaarbøe (2017) refer to as “tension in attention”: In their case study of a financially-distressed organization, the tightening of budget controls was intended to address the financial crisis and reconcile the attention of top managers and line managers; however, it generated the opposite and resulted in a disintegrated focus of information between the hierarchies. This caused unfavorable decisions, which, for example, jeopardized the quality of services for the sake of cost savings while taking more approval time, so that customers were eventually left strongly dissatisfied despite their paramount importance in financial decline (Bourmistrov & Kaarbøe, 2017). In this case, line managers were, on the one hand, “micro-managed” with strong operational involvement by their superiors. On the other hand, they were left alone with paradoxical commands such as cutting investments while at the same time improving quality (Bourmistrov & Kaarbøe, 2017). A natural consequence of this is a lack of employee adherence as well as diminishing legitimacy of managers and Management Controls (Makrygiannakis & Jack, 2016).

Employees naturally fear tight financial controls since they can also be perceived as a sign of mistrust, potentially creating severe discomfort and a feeling of restraint (Ahrens & Chapman, 2002). For example, Scapens & Roberts (1993) report on the introduction of a production cost control system, the first ever financial control mechanism of the organization, due to a perceived lack of control by divisional management over their local units. However, what was intended as a standard costing system turned out to be a badly customized software that was neglected by local unit managers due to being perceived as not fitting local requirements, as well as an attempt to

increase surveillance and reduce local autonomy (Scapens & Roberts, 1993). Divisional managers treated the reactions of local unit managers as emotional and irrational, failed to consult the users of the new system before designing and implementing it, and failed to convince local managers that the introduction of the new Management Controls was also in their interest (Scapens & Roberts, 1993). Failing to consider employees before designing and introducing new Management Controls, especially when they are perceived to be of tight nature, risks the later non-obedience of them, ranging from the “formation of dispute blocks” (Metwally & Diab, 2021) or the creation of “inter-professional competition” between the finance department in relation to their co-workers (Ezzamel & Burns, 2005) up to the scrutiny of the entire legitimacy of Management Controls and managers (Ezzamel & Bourn, 1990).

The pitfalls elaborated above are in particular critical in the context of financial crises, given that the survival of the organization hinges on the successful implementation of controls. New controls can only be seen as successfully implemented when they become widely accepted and legitimized by representing the expected form of behavior and the “taken-for-granted ways of thinking and doing” (Burns & Scapens, 2000). Only then will they be able to “influence organizational activity and are likely to become quite resistant to challenge” (Burns & Scapens, 2000). Hence, a precursor to mobilizing and enacting changes in controls is a thorough understanding of “the habits of organizational members and the underpinning assumptions which are taken-for-granted in day-to-day activity” (Scapens & Roberts, 1993). We will hence try to encapsulate the performative dimension in the following chapter.

2.2.4. Practices to introduce tight financial Management Controls

As Chua (2007) argues, accounting research should aim for studying more “the verbs rather than the nouns”, i.e., “organizing instead of organizations” in order to understand how Management Controls are not only designed and theorized but eventually mobilized and enacted in organizational practice. Chua (2007) elaborates, building on Ciborra (2004), that the introduction of new Management Accounting Systems never goes to plan and there is always “groundwork and rework” in order to deal with ambiguity and render new systems effective. Thus, as we previously established that a variety of pitfalls is inevitably related to tight financial controls, it is now time to have a closer look at the performative dimension of these issues. Most of the crisis-related literature falls short in the performative aspect, which is why we extend our review to the performative aspect of tight financial controls in related contexts.

Sensemaking as a precursor to new controls

A turnaround is just a very drastic form of change that managers enact as change agents (Caldwell, 2003; Fisher et al., 2024; Woods et al., 2020). As Fligstein (1997) notes, if change agents want to shape organizational fields in their interests, they have to be able to relate to the contextual situation and motivation of others. Therefore, a precursor to a successful organizational change is always to extensively conduct “enacted sensemaking” (Weick, 1988). Hence, managers need to get to know the organization as well as its embedded, often tacit logic to comprehend the status quo and prescribe what changes in the Management Control landscape are necessary to achieve the desired change (Weick, 1988). This can be facilitated through both formal and informal dialogue with all relevant stakeholders as well as the active observation of localized activities

(Balogun et al., 2005; Gioia & Chittipeddi, 1991). Sensemaking in situations of financial stress is further complicated by a high degree of uncertainty (Bracci & Tallaki, 2021), which places an even stronger requirement on a highly reliable information base for managers to work with. Therefore, in the beginning, managers must also “cleanse the numbers” so that they can be relied on, by e.g., cross-functional reviews of accounting systems and reports (Hayne, 2022).

Designing enabling versus coercive controls

After sensemaking and during the design of new Management Controls, it would be myopic to focus solely on what the new Management Controls are intended to accomplish, but also to pay attention to the necessary preconditions, in terms of stakeholders, especially employees, that the change will naturally and successfully diffuse into the organization. An extensive strand of research has thereby focused on the difference between enabling versus coercive Management Controls and has demonstrated that enabling controls entail repair mechanisms, internal transparency, global transparency, and a certain degree of user discretion (Adler & Borys, 1996; Ahrens & Chapman, 2004; Englund & Gerdin, 2015; Jordan & Messner, 2012; Wouters & Wilderom, 2008). Already the way in which the process of designing new Management Controls is conducted can increase the likelihood of the controls becoming enabling rather than coercive: Wouters & Wilderom (2008) show that new Management Controls are more likely to become enabling when the process of designing them draws on existing local knowledge and professional expertise within the organization as well as when the new controls are iteratively tested and experimented with. Then, directly visible activities like extensive training sessions to demonstrate the functioning of new controls and their implications on employees’ daily operations (Busco et al., 2006) can be paired with activities “behind the scenes” such as aligning the different agendas of individuals (Balogun et al., 2005). The alignment of agendas must also entail the perspective of external stakeholders when the new Management Controls potentially have an impact on inter-organizational relationships: Carlsson-Wall et al. (2011) demonstrate this in a home care organization that explicitly controlled for the alignment of inter-organizational agendas after emphasizing financial concerns in their daily operations.

Communication to enact changes in controls

A third major theme relates to the role of communication as a powerful tool to enact and mobilize new Management Controls. One type of communication is through material artefacts: Boedker & Chua (2013) show how material artefacts of accounting, such as physical posters with new rules, generated emotions and facilitated understanding among employees. Another type of communication is through talk, which can be deliberately manipulated and used to frame desired meanings and command actions as well as to explain corporate phenomena and new organizational procedures (Czarniawska-Joerges & Joerges, 1988). Organizational talk can have both a sense-giving and an explanatory function. Concerning the sense-giving function, Kraus et al. (2017) report on how the general manager of a religiously-oriented healthcare organization relied on the practice of ideological talk, i.e. the framing of the new Management Controls as a necessity in order to further carry out “god’s work”, to circumvent the expected resistance of the staff to the new controls (Kraus et al., 2017). Concerning the explanatory function, talk often relies on metaphors to explain complex corporate phenomena or new organizational procedures, especially the importance of the financial consequences of day-to-day employee routines, by relating a new

unfamiliar concept to a well-known concept so that employees can codify the new knowledge into their existing understanding, make sense of it, and act on their new knowledge (Bay, 2018; Carlsson-Wall et al., 2016; Hayne, 2022). Hayne (2022) reports on how managers arranged redundant employees to sit in lawn chairs to demonstrate the inefficiency of the operating model and the metaphor of a personal credit card to demonstrate the organization's credit limit to employees to produce cost awareness. Next to the purely verbal dimension of organizational talk, Baxter & Chua (2003) and Vallaster (2017) also demonstrate the importance of open lines of communication facilitated through informal gatherings, open-door policies, and the deemphasizing of formal hierarchies, which then stimulates the verbal dimension of talk.

In summary, literature from related contexts shows that the successful introduction of new Management Controls is not just a matter of ostensive design but also of performative actions to render and maintain them operational in their organizational context. The literature demonstrates the importance of (i) a diligent sensemaking and preparation of the information base, (ii) an iterative engagement and enablement of internal and external stakeholders, and (iii) precise and well-prepared ways of communication, either through talk or material artefacts, to serve an explanatory as well as a sense-giving function.

2.2.5. Literature Gap

Existing literature has demonstrated that managers address financial crisis by tight financial Management Controls. These studies have extensively elaborated on *what* Management Controls were used, i.e., the ostensive aspect entailing general schemas, idealized routines, and prescribed patterns. However, no explicit attention has so far been given to the performative aspect of Management Controls in financial crises, i.e., *how* managers mobilize their Management Controls to initiate the turnaround. In the metaphor of cooking, existing studies have asked managers about their recipes for addressing a financial crisis, but they have not asked which precise steps and tools are necessary to prepare the dish of a turnaround. Only when the situated performances of practices are studied and reconciled to formal routines can the performative aspect be illuminated reliably, since capturing control practices immediately through formal Management Control frameworks is subject to detachment from how routines actually unfold.

As established earlier, situations of financial crises are characterized by strong institutional pressures, tremendous dynamics, and a scarcity of resources. We also demonstrated that introducing tight financial controls is not guaranteed to succeed by default but is often accompanied by a variety of pitfalls that managers need to circumvent. Thus, there is a high likelihood that financial crises represent a context in which the ostensive and the performative aspect of Management Controls differ materially, as managers have to constantly improvise, subjectively interpret, reconcile idealized designs with stakeholder concerns to avoid the elaborated pitfalls, and thereby eventually deviate from the ostensive aspect. The current literature remains inadequate as it has so far overlooked the important perspective of the performative aspect of Management Controls in Financial Crises. By addressing this gap, we therefore aim to render a more accurate account of the actual addressing of financial crises through Management Controls.

Shedding light on the performative aspect of Management Controls requires intimate access to managers and organizations, but situations of financial crises in organizations are hard to access

for researchers, given their uncomfortable and confidential nature (Su et al., 2015, 2017). Literature from related contexts provides insights about the performative aspects of tight financial controls and how managers have successfully rendered these new controls operational. Therefore, in order to complement the current literature, it is necessary to look for comparable practices in the context of financial crises. In congruence with our understanding of the ostensive and performative aspect of Management Controls, we will argue that the lens of Practice Theory offers the most suitable framework in order to illuminate the performative aspect and minimize the literature gap.

2.3. Practice Theory as a theoretical framework

Core ideas of Practice Theory

The conceptual logic of the ostensive and performative aspects of routines introduced previously helps bridge the gap between Management Controls at the framework level and the performed actions of managers. Performative aspects represent the enactment of routines and, therefore, guide this study to identify and better understand the underlying actions that interim managers repeatedly utilize and share (Feldman & Pentland, 2003). In line with the understanding introduced by Feldman and Pentland (2003), the present study adopts Practice Theory as the most appropriate theoretical lens to illuminate the performative aspect of Management Controls. Practice Theory understands organizational life as constituted through the everyday activities, routines, and Material Arrangements by which actors accomplish work (Schatzki, 2002; Reckwitz, 2002). This perspective shifts attention from static formal systems, or the ostensive aspects, to the practices and actions: the situated “Doings” and “Sayings” through which control, strategy, and change are continuously produced and reproduced. Therefore, it provides a suitable theoretical lens to inform how change agents in crisis situations mobilize and enact Management Controls.

At its core, Practice Theory highlights how the material and cultural context that individuals operate within and their individual behavior come together through social action to construct social reality (Schatzki, 2002). Practice not only encompasses the visible activities of individual actors but also the use of tools, technologies, and meanings that make those actions possible (Vaara & Whittington, 2012). Reckwitz (2002) defines practice as a “routinized type of behavior” that integrates bodily activities, mental knowledge, objects, and background understandings. This micro-level focus allows theorists to uncover practices that would otherwise go unnoticed and shed light on the “unacknowledged” aspects of organizational life. (Feldman & Orlikowski, 2011; Vaara & Whittington, 2012).

Relevance for management control and turnaround contexts

Applying a practice lens to this study enables us to gain a deeper understanding of *how* Management Controls are enacted in practice rather than merely how they are designed. Gaining this understanding allows us to move away from understanding Management Controls as purely static. Several authors have already applied the lens of Practice Theory in the context of Management Controls and Management Accounting (Ahrens & Chapman, 2006; 2007; Jørgensen & Messner, 2010; Nama & Lowe, 2014; Sharma & Lowe, 2023). For example, Ahrens & Chapman (2007) point out that accounting and control systems are not static devices but rather socially

enacted tools. In their research, they introduce the term “situated functionality” to capture this thought: the effectiveness of control mechanisms emerges from their local, context-specific application rather than from their formal design. This becomes particularly important when studying crisis and turnaround situations, where managers must operate in an unfamiliar context under acute pressure (Flatøy, 2024; Trahms et al., 2013). Oscarsson (2022) highlights the importance of connecting crisis management with Practice Theory because it helps to (i) understand the logic behind “practices experienced by practitioners” and (ii) make practitioners themselves better understand their profession and contribute meaningfully to theory’s relevance and usability.

Analytical contribution of Practice Theory to this study

For this thesis, Practice Theory offers a theoretical lens that shapes the research we conduct. The earlier introduced conceptualization of Practice Theory is suitable to understand what Practice Theory entails, but not to guide empirical research design for change (Spaargaren et al., 2016). Hence, we follow Spaargaren et al.’s (2016) definition of Practice Theory because it enables us to address the performative aspect of Management Control in the most appropriate manner.

“social practices are shared, routinized, ordinary ways of doings and sayings, enacted by knowledgeable and capable human agents who – while interacting with the material elements that co-constitute the practice – know what to do next in a non-discursive, practical manner.” (Spaargaren et al., 2016, p.8)

Guiding our research, this definition will allow us to explore and direct attention to the micro-level actions, interactions, and material objects that constitute Management Control practices. Therefore, this perspective complements the existing literature by explaining how Management Controls become performative in moments of adversity to stabilize the organization at risk.

To clarify how we make use of the definition of Practice Theory by Spaargaren et al. (2016), we take a closer look at the different components that constitute this definition. We lean on Schatzki (2002, 2019) for this, in line with Spaargaren et al.’s (2016) understanding of Practice Theory and its relation to Material Arrangements. The “Doings” and “Sayings”, along with the “Material Arrangements” that actors interact with, will be the three core components that guide our study. Doings generally describe any “basic actions” that are bodily, in the sense that something is done by someone involving their bodily parts, such as arms, legs, or head. Therefore, examples include waving, running, writing, pouring, or any other performance of an action (Schatzki, 2002; 2019). Sayings are a subset of Doings. The distinct difference is that Sayings are about what is said and conveyed, the communicative level. Hence, Sayings are not necessarily constructed through language but also include actions such as nodding, shaking a hand, or a discursive pause (Schatzki, 2019). The Material Arrangements that co-constitute practices through human agency can be classified as things and artifacts. Things entail all objects that are not the result of human activity, such as rocks or mountains. Artifacts, in contrast, are “products of human activity”, such as tools, buildings, computers, or software. Material Arrangements extend human agency beyond the human factor because they “prefigure” human activity by qualifying paths of action (Schatzki, 2002). Through the interaction between human agency (Doings and Sayings) and the Material Arrangements that constitute and prefigure it, practices emerge as bundles of those three elements (Schatzki, 2002). The actions that constitute practices are never arbitrary because practitioners are “knowledgeable and capable human agents who [...] know what to do next in a non-discursive,

practical manner” (Spaargaren et al., 2016). Because these agents act with specific goals and practical competence, focusing on them is essential to capture and illustrate the performative aspect of Management Control.

We use the following example to illustrate the practice of cooking a tomato soup and how it is constituted through the Doings, Sayings, and Material Arrangements (Schatzki, 2002). This example may seem banal, but it helps to support the reader in understanding how practices are constituted by Doings, Sayings, and Material Arrangement, and therefore, is critical for the understanding of our findings and their conceptualization. In the context of cooking, Doings can be the chopping of onions with a knife, continuous stirring of the sauce to prevent scorching, and the tasting of the soup to adjust seasoning. These Doings are not random human actions, they are deliberately performed with the general understanding of the cook knowing what to do to achieve the desired result, a tasty tomato soup (e.g., how much more salt does this soup need). The Sayings can be to give direct orders to others (e.g., “cut the onion into small dice right now!”), making a definite declaration (e.g., “the soup is ready now”), or expressing an opinion non-verbally (e.g., shaking the head when asked if the soup needs more basil). It becomes clear that Sayings and how they coordinate action are highly dependent not only on what is being said but also on how it is said or expressed. Lastly, the Material Arrangements in this practice example can be the pot in which the tomato soup is cooked, the knife to cut the onions, or the tomatoes that are puréed and cooked. The prefigurative role of Material Arrangements becomes evident as the pot enables the Doing of stirring the soup. At the same time, if the tomatoes were spoiled, it would disrupt the cooking practice as an alternative action would be required, for example, to go to the grocery store and buy new ones or abandon the soup altogether.

3. Research methodology

The following chapter elaborates on and provides the rationale for the choice of methodology in this study. Chapter 3.1 will outline the research design, chapter 3.2 describes the data collection process, chapter 3.3 details the data analysis process, and lastly, chapter 3.4 reflects on research quality.

3.1. Research design

Thoroughly analyzing the literature around Management Controls to address financial crises, it was revealed that there is a lack of academic contributions on how these controls become performative to initiate the turnaround. As we have established that organizations coping with financial crises frequently draw on the external support of interim managers, this group of professionals arguably promises rich insights to be explored. Studying the practices of interim managers in such situations, and therefore something novel to the literature, this study carries the notion of being exploratory. The therefore interpretative nature of this study aligns with Practice Theory: the social world is constructed through actors and their behavior (Schatzki, 2002; Neuman, 2000). To understand the micro level of interim managers' practices during turnaround, we adopt a qualitative study approach to "reveal the rich detail of practices and the ways they unfold" (Spaargaren et al., 2016, p.17) as we try to tap into the "contact zone" of interim managers and close-in on the social reality that those managers act in and experience it as immersed as possible (Ahrens & Chapman, 2006). We acknowledge that interviews are only the second-best option to study practices. The best approach is the direct immersion in the practices by positioning oneself directly "in the midst of the scene of action" (Nicolini, 2017). Directly immersing ourselves at the site of action, however, would limit the possibility to study practices across a wide range of practitioners that the timely scope of this study does not allow for, and which is further complicated to facilitate in organizations facing financial crises (Su et al., 2015; 2017).

To achieve a rich study despite the limitation of not being able to immerse ourselves at the site, 26 interviews were conducted, as a wide range of interviewees is necessary to provide breadth of observations that can ultimately be turned into a detailed and nuanced analysis (Ahrens & Dent, 1998). The study draws on the collective experiences of the individual interim managers. Therefore, the managers and their experience function as cases, not the individual turnaround situations they experienced (Ahrens & Dent, 1998). The multiple case study approach allows to find patterns across studied cases and zoom-in on the practices (Spaargaren et al., 2016). It enables us to generate a more sophisticated understanding of Management Control in turnaround, which suits the exploratory nature of this study (Eisenhardt, 1989). Knott et al. (2022) mention a range from 12 to 20 interviews as a guide to lean on to reach "saturation". We aimed for and held more than this range suggests for two reasons. For one, the availability of interim managers due to the time-consuming and stressful nature of their job prompted us to reach out to rather more than too few interviewees to ensure that we ultimately interview enough people. The limited availability also meant that some interviews were much shorter than planned, so additional interviewees were required to collect richer and textured insights. Secondly, as we aim to derive patterns across this

group of professionals and find saturation in the findings, this prompted us to collect as much data as possible to avoid missing any critical insights (Ahrens & Dent, 1998).

Empirical findings and observations were theorized according to the interpretive nature of this study (Neuman, 2000). Based on the research question and our aim to contribute to the literature by following the call to enhance the management control literature further, Practice Theory emerges as the guiding method theory for this study (Lukka & Vinnari, 2014; Ahrens & Chapman, 2007). Practice Theory, as defined in this study, allows us to move from the ostensive level of understanding to the performative level of how management control is mobilized and enacted in practice (Feldman & Pentland, 2003; Spaargaren et al., 2016).

3.2. Data collection

Interviewee selection

Finding an adequate population of cases to study is crucial to address the research question appropriately (Eisenhardt, 1989). The general population of interim managers represents the human agents that act goal-oriented and knowledgeable (Spaargaren et al., 2016). To best understand crisis situations and align the population with Practice Theory, we focused on interim managers with restructuring experience, ideally IDW S6, the German legal process for insolvency assessment (Struktur Management Partner, 2024), to capture observations from true turnaround situations. We did not select potential interviewees based on their industry expertise to avoid any biases or limitations that a particular industry might imply. All interviews were conducted in German. Except for one interviewee, only native German-speaking interim managers were interviewed because, for one, both of us researchers are German, which enables us to communicate with the interviewees in their native language, providing comfort and ensuring that no insights are lost due to language barriers. Secondly, Germany represents Europe's largest economy and a relatively big market for interim management (Eurostat & IMF, 2025; DDIM, 2025).

The interim managers interviewed were sourced through 3 channels. First, we explored the public database of a prominent forum exclusively for interim managers in the German-speaking region and filtered for managers with turnaround experience. Secondly, we used LinkedIn to find suitable interviewees via targeted search terms, such as IDW S6, interim manager, and restructuring. Thirdly, eight interviewees were sourced through the professional network of the two of us from different consulting companies with specialized expertise in the restructuring field. In order to get interviews scheduled with this number of interim managers, it was necessary to build trust from the initial touchpoint (Ahrens & Dent, 1998). We ensured this by contacting interim managers, preferably on personal phone numbers available online, or, if not, via direct emails that included a thorough explanation of our planned study and their value to us as researchers. Potential interviewees were assured during the first contact that their insights would be treated with absolute confidentiality to establish a trusting relationship further. Because of the strict confidentiality that comes with the highly sensitive situations interim managers work in, all managers are pseudonymized and denoted by a letter from A to Z, without any reference to the order in which we interviewed them or their names. Appendix 8.1 lists all conducted interviews, including the length of each.

Interview process

All interviews were conducted online, except for three via phone, because both researchers are currently located in Stockholm, Sweden, and all interviewed interim managers are based in the German-speaking region. The interview scheduling was mostly up to the interviewee's preference to ensure availability and their comfort in taking the required time. All interviewees were asked for permission at the start of the interview if the interview could be recorded and automatically transcribed by the Microsoft Teams recording and transcription function. Occasionally, we ensured absolute confidentiality during the interview when interviewees were concerned about disclosing highly sensitive information or screen-sharing documents. Every interview was requested to be 60 minutes long, however, given the limited availability of some interviewees, some discussions turned out to be shorter than that. On average, every interview generated 50 minutes and 3 seconds of recorded interview time, corresponding to a total recorded interview time of 21 hours, 41 minutes, and 10 seconds.

All interviews were conducted with both of us present to enable us to observe the individual interviewee from two perspectives at a time (Eisenhardt, 1989). The interviews were led in a semi-structured way because it fits studies that aim to uncover managers' reflections of their roles and the contexts in which they operate (Qu & Dumay, 2011). The interview guide was carefully developed beforehand and started with open-ended questions about the general mandate situation that the interim managers usually work in. This helped us to frame the situations we want to know more about and allowed the interviewees to recall their experiences. The guide included many "how" questions that were open-ended to have the interviewee elaborate on their own as much as possible. We focused on questions that emphasized the specific role of the interim managers themselves to gain insight into their practices (Knott et al., 2022). All interviews were concluded by asking the interviewees if there was something else they would like to elaborate on that had not been discussed so far. Both of us attended all interviews and were given a role during the interview. One was responsible for generally steering the interview along the interview guide while the other one took the role of the active listener and asked probing questions if something was worth further elaboration to enrich the observations (Eisenhardt, 1989; Qu & Dumay, 2011). Interviewing managers requires sensitivity and interpersonal skills. By assuring the absolute confidentiality of their experiences and creating an environment that felt "off record", we gained the trust of the interviewees to speak freely. We kept our own verbal part of the interview as minimal as possible and allowed for pauses before intervening to trigger as much self-induced elaboration as possible from the interviewees (Ahrens & Dent, 1998).

3.3. Data analysis

All data analysis was conducted as a team. For one, this allows us to draw on our collective, complementary knowledge and perspectives to lower the probability of missing critical insights. Secondly, it increases confidence in the analysis, as both convergent and conflicting perceptions enhance the empirical grounding of the findings and help prevent premature assessment (Eisenhardt, 1989). Transcriptions that were automatically created via Microsoft Teams were checked again after each interview to avoid any misinterpretations by the software of what was

said. This also enabled us to immediately immerse ourselves deeply into the material and become familiar with it (Braun & Clarke, 2006).

As we aim to gain new insights into how Management Controls are mobilized at the performative level, this study follows an abductive approach to data analysis (Neuman, 2000). Practice Theory, as we define it in this study, functions as the initial guide to code the interviews. Hence, the transcript material was initially coded after Doings, Sayings, and Material Arrangements to identify the micro-level practices of interim managers as practitioners. Some codes were characterized as contextual, which supports us in enriching the description of the study context to enhance the understanding of the situations in which interim managers operate. While the transcripts themselves were kept in German to ensure that no information was lost, the assigned codes were formulated in English. Furthermore, the most relevant and picturesque quotes were idiomatically translated into English (Ahrens, 2018) in order to later present them in our empirical findings.

Because we are observing and aiming to understand the micro level, each code was given a rich title that captured the individual practice subcategory and the purpose behind it. For example, a code that was categorized as a Saying was named “transparently communicating the urgency of the situation to employees” instead of only “transparently communicating”. This narrow, precise coding approach yielded more than 100 initial codes across Doings, Sayings, and Material Arrangements. The rather high amount of initial codes was then used as a foundation to build overarching themes based on categorizing the individual codes (Skjott Linneberg, 2019). This process of finding patterns started immediately after the first interviews were conducted. Ahrens & Dent (1998) emphasize the importance of this early engagement because researchers would be “strangely disinterested” to abstain from engaging in the fieldwork early on. After five interviews were conducted, a pilot study was conducted to determine whether the interviews, given the population we chose and the guide we developed, would yield insights valuable to the literature. The rest of the 21 interviews were then conducted and analyzed over the following 2-3 weeks after the pilot study. The findings were hence developed over this time horizon, and a saturation of insights was realized towards the end of the interviews.

Given the iterative nature of the applied coding process, the development of overarching themes across all practice subcategories increasingly became more difficult. As we categorized the majority of codes as Doings, it emerged to be the central practice subcategory, which proves to be in line with Schatzki’s (2002, 2019) view on human agency. Hence, we realized that the top-level themes of Doings were themes that were overarching across practice subcategories. Those overarching themes were then enriched with the codes of the Sayings and Material Arrangements subcategories. Our empirical findings section is therefore structured along those themes. The individual themes are then further described with the most important practice bundles.

3.4. Research quality

Despite reliability and validity being an unachievable perfect idea, they help researchers strive for truthfulness and credibility of findings, which are therefore crucial in the reflection of the study process at hand (Neuman, 2000).

Reliability

Aiming for reliability means aiming for consistency (Neuman, 2000). By conducting 26 interviews with rigorously selected interim managers and using a semi-structured guide, we tried to establish consistency in our research. We do, however, recognize that the sole application of semi-structured interviews as a data source has limitations and therefore limits the consistency that we can ensure (Eisenhardt, 1989). In this study context, access to internal documents of cases or onsite observations was not obtainable for mainly three reasons. For one, interim managers, as the title indicates, are only on an interim basis on their mandates, which would make it difficult to engage with a significant amount of managers live onsite during such time-compressed study scope. For two, their work in threatened organizations is highly sensitive and confidential, and not ideal for academic immersion or sharing of documents. And thirdly, the timely context in which this study is developed does not allow for longer practical engagements. Conducting a multiple case study as a researcher on interim managers would demand extremely high timely resources over months or even years. We encourage fellow researchers to further develop the scope of studying management control practices by interim managers in crisis situations through observations of documents or live observations during a single case, to enrich the findings of the current literature and this study.

Validity

Validity in qualitative research can be understood as the truthfulness of the conducted research (Neuman, 2000). Spaargaren et al. (2016) note that the best way to “zoom in” on practices and observe them is by becoming directly immersed in the practices. Metaphorically, this means to do the cooking yourself when studying kitchen practices. For the same reasons that also constrain the reliability of this study, it is not within the scope of this study. Studying practices via interviews and therefore historical data is the second-best option after longitudinal studies and direct immersion in the action (Nicolini, 2017). To ensure that our findings are traceable, we frequently provide quotes along with our empirical findings that reflect direct insight into the observations we made (Neuman, 2000).

4. Empirical Findings

In this chapter, we will present our empirical findings. In chapter 4.1, the special role of interim managers in financial crises is presented and contextualized, while in chapter 4.2, we will present the four main practices and related practice bundles of Doings, Sayings, and Material Arrangements that we found in our investigation. Thereby, we shed light on the situated practices of how interim managers mobilize their Management Controls and render them operational to address financial crises.

4.1. Interim managers as the last resort in financial crises

In the current business climate in Germany, several headwinds put many companies under severe and acute financial pressure (Storbeck, 2025). Projections indicate that Germany is heading towards a record number of bankruptcies in 2025 (Tagesschau, 2025). Many companies are caught unprepared for these headwinds, and oftentimes, global challenges like tariffs or a general structural recession are only the final spark that lights the fuse because of idiosyncratic problems embedded on a deeper organizational level. If the crisis stage of a performance or even liquidity crisis is already reached (Geiwitz et al., 2017), companies are required to act immediately and oftentimes hire an external interim manager that assumes a top-management Position, oftentimes replacing the CEO or extending the management team as a “Chief Restructuring Officer” / “CRO”, taking over an official management body position with all signatory competences but also all legal duties.

The only reliable indication of how many professional and officially recognized interim managers operate in Germany is that there are too few of them – the special skillset, level of experience, and established reputation required for these demanding mandates are only fulfilled by a small number of individuals, which naturally limits the amount of qualified CROs available (TMA Deutschland e.V., 2025). Interim managers are usually recommended because of their personal brand: In many cases, the lending banks of the distressed company have recognized that their credit exposure might be jeopardized, which then requires the banks out of regulatory reasons to demand an “IDW S6 restructuring opinion” of an independent advisor which is then, in case of an acute financial crisis, oftentimes accompanied by hiring an interim manager. While the interim manager is commissioned and paid by the distressed company and is only subject to the client’s directives, lenders still tend to set the tone in the turnaround process, given their importance to the outcome of the restructuring process.

“[I get to my mandates] always by being recommended [...], in 80% of the cases through banks and in 20% either through advisory boards or parts of management [...].” (Interim Manager Y)

“Usually I am there due to pressure from lenders [...] and we are in a liquidity crisis, more or less close to bankruptcy. Sometimes, management is still there; sometimes management is not even complete anymore.” (Interim Manager O)

“[In terms of control mechanisms in acute financial crises,] you aren’t the one who is controlling anymore – you get controlled. There it’s the banks and the stakeholders who are driving [the situation].” (Interim Manager M)

When interim managers enter the stage, the deteriorating situation has usually been recognized throughout the organization. While it is often not clear to a broader audience that there is an acute financial crisis, the decline in performance has often gradually developed over time and has already left its mark on the employee base and the organizational mood:

“There’s no point in kidding yourself. Usually, the employees know what is going on [...]. When the warehouse staff is used to load three trucks a day and now it has come to only one a day, then they quickly recognize that something is off here.” (Interim Manager O)

However, interim managers often find that management has not recognized how acute the financial crisis actually is, which is why they are often called in almost too late. The acuteness of the crisis is thereby not induced by the deteriorating performance but by the, oftentimes accompanied, deteriorating liquidity position in combination with a legal requirement for companies to file for insolvency within a given period of time when the liquidity position is not sufficient to cover due liabilities (Geiwitz et al., 2017).

“Cash is king - and when the king is checkmate, the game is over. And it is terrifying how many people don’t understand this.” (Interim Manager U)

“[Often] it is not only 5 minutes but 5 seconds before midnight [...] and banks are close to pulling the plug.” (Interim Manager K)

The deteriorating liquidity position is not only critical for the survival of the organization but also for the interim managers themselves: On the one hand, if they fail to save the company and disappoint the stakeholders, this might critically damage their personal brand and have consequences for future mandates. On the other hand, their mandates often require them to assume full management body responsibility with signatory powers, which, however, entails the legal risk that, if they file for insolvency too late, they may become personally liable for their private assets (IHK, 2022).

Given the nature of the mandates, it is obvious that this job requires a specialized, well-proven skillset that only a small number of individuals are actually equipped with. This skillset is not deliberately acquired but gradually developed over the course of a professional life, and most interviewees told us that their entry into the profession was rather emergent than planned.

“[Back then], I was CFO of an SME and unexpectedly but then relatively quickly, the company got into trouble and nolens volens I ended up getting to know the whole topic of restructuring.” (Interim Manager K)

“We call ourselves the silverliners because we all have gray hair and are [...] on average over 55. [...] We all have more than 30 years [of work experience] under our belts.” (Interim Manager X)

“As a CRO [...] you should bring at least 10 to 15 years of valid experience to be able to say how to actually go about it. You need this eye for the system, for the numbers [...] and] where you might need support.” (Interim Manager P)

As one might expect, the work itself can prove to be very challenging and is related to a high degree of pressure extending beyond the professional domain of one’s life:

“Well, you got to be pretty robust. I am available 24 hours a day, 7 days a week, 365 days a year. When we talk to new people who want to do this job, the first thing I tell them is that you need to have compatible circumstances and support in your private life. [...] Again and again you have to take uncomfortable decisions and the people you meet don’t always mean well by you. [...] That simply shouldn’t upset you.” (Interim Manager D)

“I was lucky that I was always very well-rested when taking a new mandate with a long break beforehand [...], that is essential. It’s exhausting work, so being well-rested is a key factor for success [...] to tackle so many issues in a short period of time.” (Interim Manager I)

Therefore, interim managers only spend the necessary number of days with the client company and leave again as soon as the circumstances allow it. Interviewees referred to the typical mandate of an interim manager as lasting between approximately six and eighteen months. As soon as the going-concern of the organization is ensured, banks and shareholders have agreed on a way forward, and signs of performance improvement are materializing, the Interim manager’s duty is fulfilled, and they depart again so that the organization can get back to a non-crisis state.

“The better and closer we work together now, the faster you are rid of me again.” (Interim Manager M)

“When I get onboard at a new company, I come in at the door and can just smell what the problem is. But, honestly, I am really not a strategist.” (Interim Manager D)

Summarizing, interim managers play a key role in helping organizations cope with financial crises. Their profession is extremely challenging and requires a skillset that is gradually and naturally built over time. It requires them in a very short amount of time to stabilize the situation, develop turnaround measures, and successfully execute them, all under the nervous and critical gaze of stakeholders. At the same time, they have “skin in the game” since their reputation is only as good as their last client, and a delayed filing for insolvency can mean financial ruin for themselves. Accordingly, it is of paramount importance for them to install highly functional Management Controls that support them in their efforts. Therefore, this group of people should have deep expertise and practical experience in mobilizing and enacting new Management Controls under severe financial pressure, and their insights will allow us to minimize the literature gap and illuminate the performative dimension of Management Controls in financial crises.

4.2. Practices to mobilize and enact Management Controls in financial crises

In this chapter, we present our findings entailing four main practices of how interim managers mobilize and operationalize their Management Controls in financial crises. These four main practices entail different practice bundles, consisting of the most important Doings, Sayings, and Material Arrangements that our interviewees mentioned.

4.2.1. Sensemaking as a precursor to new Management Controls

When beginning a new mandate, interim managers engage in an intense process to make sense of the status quo and the organization they will work with, as well as to prepare the necessary information base. Various aspects have to be illuminated in order to understand the point of departure. In this group of practices, interim managers limit their Sayings to a minimum, and the Material Arrangements are reduced to natural physical locations for meetings as well as existing

financial documents and reports. The sensemaking is primarily based on “raw data” that the interim managers generate through open and unstructured conversations and observations.

Immersive interactions to generate thorough understanding of the organization

In order to better comprehend the financial crisis and the organizational characteristics, interim managers conduct a thorough assessment of the overall organizational situation. However, while it would be natural to expect them to dive deep into the financial numbers immediately, they refrain from doing so and start new mandates differently. Probably the most important thing in their work is to initially engage in immersive interactions to generate “raw material” as well as a tacit understanding of what situation the organization is in and why it has come to it: On the one hand, they conduct a high number of initial face-to-face meetings with a broad range of employees across hierarchies and functions in the employee’s natural environments. On the other hand, they conduct explorative observations, often together with well-respected employees, to generate trust, whereby various sites of the organization serve as the foundational Material Arrangements. Interim managers’ Sayings in these immersive interactions are marked by holding back and letting employees speak as freely as possible without any fixed agenda. Only then can they develop the necessary unfiltered understanding.

“I go to all areas, I rarely let people come to me, I always go to them, because only then can I really sense the mood of the department or that area.” (Interim Manager Q)

“I just start talking to people, I fill my calendar and do one interview after another [...]. You can [then] use these conversations to determine what documents you need and where you need to focus your efforts.” (Interim Manager W)

“Especially the people with a long track record are always worth having a coffee chat with. [...] We call this the Tarzan technique: in the first meeting, I am a complete idiot who has no idea, so I literally let them explain to me how the world works, and then in the second meeting, I can already test the knowledge and theories of the first meeting, so it goes very quick. [...] Actually, the first two days are for getting an overview, where I have [...] at least 20 conversations with people who are not just in management and accounting [...] but really across [the entire organization]. The hints usually come directly from within the company.” (Interim Manager E)

Since it is eventually people that interim managers aim to control with their practices, another important thing is to assess the current competence level of the workforce, depicted via the Material Arrangement of a personnel competence matrix, as well as to identify likely supporters and blockers of the turnaround engagement. They either need to leverage the commitment of the supporters or ensure that the blockers will not become an impediment to their efforts. Furthermore, many interim managers reported that it is very important to spot the “high-performers” in the organization that need to be inevitably retained and that can be leveraged to multiply their efforts. This process also includes making sense of both the formal organizational chart and the informal hierarchy and chain of power within the organization that interim managers diligently study. Interestingly, interim managers again rely on Sayings for this task, which stimulates employees’ free talk and asks only a few key questions.

“[...] I let [capable employees] draw me an org chart of who is a key player? Who does what in this company and has which tenure? I also ask [those more capable people] what their evaluation is [...] and then you have to listen into the overtones.” (Interim Manager M)

“Who is actually working here? How many people, who has which competencies and motivations? Who are the kings and queens and, [even more important], who are the secret kings and queens [...]?” (Interim Manager U)

Creating a single source of truth

An important precursor to any turnaround work is to assess the availability and reliability of data, especially financial information, since a financial crisis is usually managed through financial oversight mechanisms, and these can only operate on the premise that sufficient financial information is available at all times. One common Doing in this context is that interim managers assess the data availability and reliability themselves. Many interim managers emphasized the importance of the Material Arrangement of a foundational database that acts as a single source of truth, as an absence of such can otherwise endanger the turnaround engagement.

“Very quickly at the beginning, you have to clarify [how good] the data basis is. And there can only ever be one basis. If that’s not the case, you have to put it very high and as urgent on the agenda, because otherwise, it becomes extremely dangerous. If different people talk about different data from different sources, it is inevitable that the statements will not match” (Interim Manager T)

As a second important Doing in this context, it was stressed that it is imperative to identify persons who are capable enough to generate or retrieve the necessary data from the company’s system so the interim managers can rely on them. Our interviewees commonly noted that it is an important skill to be able to quickly identify such employees.

“You just have to [find out] who are the trustworthy people, who can generate such figures in general, or at least retrieve them from the system? But I usually have quite a good understanding of this, as I quickly realize who in the company is actually capable of doing this.” (Interim Manager S)

Interactive sessions to interpret and contextualize information

Given the high degree of uncertainty in financial crises, interim managers need to rely on the (financial) data that they work with, and they need to understand what kind of conclusions can be drawn within their specific context. Therefore, an important Doing is to analyse key financial information together with employees, most importantly the finance department, but also across departments, to interpret and contextualize it. This is facilitated via interactive discussions in which interim managers ask targeted questions to understand what the numbers express in their specific context.

“Numbers don’t lie, they just tend to get misinterpreted. That’s why it’s so important that more than two people look at them.” (Interim Manager M)

“There, the finance department is the key, because there the numbers are generated. Numbers themselves don’t contain information, so you have to extract information out of these numbers, that’s the most important thing at this point. [...]” (Interim Manager G)

Another important Doing hereby is to question the current state of management accounting within the organization, as interim managers can then assess which part of the existing Management Control landscape they can build on and which controls need to be re-established completely. Sayings play a comparatively bigger role in these practices and relate to specific, often critical, questions that the interim managers ask the employees.

“Which KPIs and dashboards do you use to manage this company and why? And are these really the appropriate ones? Can we draw the right suggestions out of them?” (Interim Manager G)

“I ask the people: how are you actually measured? How do you determine that you are doing a good job here?” (Interim Manager N)

4.2.2. Creating adherence through coherence

In critical situations, interim managers are using a mixed approach when it comes to securing employee compliance and coordinated action. We look more closely into how employees are made to follow orders and execute swiftly by being cognitively consistent with the interim manager and the turnaround project. The findings show how they communicate expectations, reinforce urgency, and create coherence in day-to-day operations under financial pressure. Interim managers thereby place great emphasis on balancing close, ambitious scrutiny of employees and measures with a loose, decentralized control style aimed at empowering the workforce.

Balancing supportive and directive actions in workforce leadership

Interim managers engage closely with employees to ensure they understand the situation, their general tasks, and turnaround-specific tasks. The respective location as a Material Arrangement and the physical presence of the interim manager are key to creating close engagement. For example, one interim manager takes production employees off-site to a famous American fast food restaurant, which then serves as an analogy to the production site to explain efficiency in production.

"Then I say, now let's go to McDonald's and get something to eat, OK? I invite them. [...] then I say, now let's just stand there and look at the process. It's relatively simple, yes, [...] I get a bun, they put a patty on it, a lettuce leaf, a tomato, maybe a slice of cheese and a little bit of other stuff that are flavor enhancers, yes. And maybe some fries too. [...] It's a multi-step production process and I create variations." (Interim Manager Z)

Many interim managers noted that taking the time to sit down with the employee at their office and directly explaining the task to them is crucial to drive motivation and accelerate the turnaround effort. They also mentioned an adjusted communication style as a Saying to meet as equals because it makes employees feel more comfortable when they may feel frightened by the authority the interim managers emit.

“We'll sit down for an hour tonight and I'll tell you about it. That's usually the most effective approach, because most people are really interested in it and most of them try it out.” (Interim Manager C)

Our interviewees frequently noted that, given their extremely constrained time and attention, they need to make use of the employed workforce in the most effective way to have a chance to introduce the turnaround. A popular Doing employed by interim managers was to delegate

turnaround responsibilities to capable employees in order to scale their efforts. Emphasis is given on leaving employees their own realm of responsibility with those topics that they bring operational expertise in, and only in case of doubt, interim managers reinvolve. Furthermore, our interviewees noted that this delegation of responsibilities not only frees up managerial resources from them but also functions as an indirect mechanism to keep employees mentally and physically engaged and committed to contributing to the turnaround.

“I am not a micro manager, but I distribute the work among many people, and specifically people that I find in the organization [...]. I usually distribute power very decentralized, preferably without any formal committees. That means when someone makes a decision in their area, then it's decided. Then you don't need to double-check ... and when it's about money, you make it a four-eyes principle ... and when problems arise and they can't agree, they come to me and I settle it.” (Interim Manager A)

“You let them present the results e.g. at the management meeting [...] because on the one hand that gives people visibility, which is good, many people like that, and on the other hand, when they have to present to management, they also feel the pressure themselves that this is important now [...] so that they really have to stand behind the measures they work on and have the responsibility to push them behind the finish line.” (Interim Manager W)

Another theme that was mentioned throughout our interviews was the strong emphasis on adopting a flexible and dynamic approach when it comes to managing and controlling employees and turnaround measures. Next to their limited managerial attention, interim managers also mentioned that managing and controlling too closely and critically can create unnecessary friction and bureaucracy. Instead, employees and measures should also have room for free unfolding to maintain coherence while fostering initiative and commitment.

“[Meant in the most positive sense] you have to keep them on a bit of a leash, [...] let them run, pull them along a bit, but always keep them close.” (Interim Manager C)

Another important Doing mentioned many times was to leverage the workforce that performs better than others and have them teach others. Multiplying the competence of staff by making them implicit leaders creates knowledge transfer, which also allows interim managers to scale their efforts. In the following example, the Saying extended to the communication being very harmonious to “stroke” the employee.

“Can you now, dear [XYZ], can you now please train the ones next to you, yes, so you know, then I'll have a performer right away, whom I'll bring over to me, stroke and say: ‘hey, now train the other two or three here in the machine and show them how you get to this number’, so automatically this knowledge transfer [happens] [...].” (Interim Manager L)

Apart from engaging employees with responsibility and ownership, many interim managers illustrated that incompetence and unwillingness are treated immediately by Doings marked by layoffs or internal reallocation of responsibilities. Interim managers are consequent with those actions being restrained by a highly limited, timely scope and urgency of effective action. They make use of their hierarchically concentrated decision-making power to achieve their target of saving the company and being able to execute their mandate.

“Regardless of the restructuring or change situation you are facing, there will always be 20% of individuals who are resistant to change and reject it. [...] you should try to get everyone on board, but I try to quickly identify

who is a total troublemaker and block them, and I kick them out. Yes, show them right away: not with me." (Interim Manager M)

"There are people who can't do it or who can't imagine taking a new path, but then they have to go. Otherwise, you can't do your job as CRO or CEO." (Interim Manager I)

On the communicative level, as Sayings, interim managers leverage very direct communication when employees do not perform. However, at the same time, they use praise during good performance to reinforce behaviors. Interim managers thereby tighten and loosen their controls with employees flexibly, adjusting them as they see fit.

"[...] I praise people, which is very important. If they're really good, I praise them. But I also stare at them and say, 'Hey, you have to do more, or educate yourself more.'" (Interim Manager C)

Interim managers also require efficient streams of communications across the organization to enable the timely restricted projects to be executed swiftly. With Doings such as conducting interdisciplinary meetings, interim managers make sure that all project-involved departments are collaborating and that the correct data is available. They enhance the efficiency in their daily business as they do not have to communicate with each department separately anymore.

"It is important to put together an interdisciplinary team. Bezos says that every meeting is a waste of money. But that's not quite true in this case [...] especially in restructuring. I have to bring together all the departments that are affected by an issue at once [...] so that I don't have to repeat myself three times. So when I talk to the production manager about personnel and efficiency, I usually bring in someone from HR and from controlling. Because they have the figures at their fingertips during the discussion, and they are the ones who have to work on it further. [...] so I always try to bring together those who can make statements and continue the discussion [...]. This creates considerable efficiency, trust, and a common knowledge base." (Interim Manager Q)

Monetary and non-monetary rewards

Apart from creating adherence through praise, unfiltered feedback, and other motivational clues, interim managers incentivize with a variety of rewards. It was noted frequently that those rewards, whether of substantial monetary value or not, help to motivate employees to achieve extraordinary results that are needed to overcome the state of crisis. One kind of popular reward is direct cash or cash-similar benefits, such as gas station vouchers that function as Material Arrangements. They are often only of smaller value and below 100€, but already have a big motivational factor since employees can finance their everyday expenses with it.

"There are simply additional incentives. For example, the top performers received fuel vouchers or shopping vouchers from [a German grocery chain]" (Interim Manager L)

"[...] that employees receive a tax-free €50 credit on their lunch card. That may not sound like much at first, but it can already make a big difference." (Interim Manager V)

"Because just talking to people and comforting or shaking them or whatever else is sometimes not enough. [...] It has proven effective when you actually offer financial incentives as well." (Interim Manager K)

Monetary benefits can, however, also be of a larger amount depending on the impact of the higher performance of the employees. This can also entail rewards based on the organization's

performance that are distributed to the entire workforce. No matter what kind of monetary reward is given, it is always bound to quantified targets such as individual output performance, scrap rate, or company results. Those targets are also ambitiously set, and just minor improvements are not rewarded. Interim managers thereby trigger exceptional motivation and drive among employees that would otherwise not be possible, as exemplified by the following quotes:

“The technician says that's not possible. I say, now go home for the weekend, think about it, and come back on Monday, and if you do this, then you'll be my brain man, and if you give them extra cash... you have no idea what ideas he'll come up with [...], you just grab people by the wallet.” (Interim Manager L)

“[...] if you give them a budget where you say, OK, improve by one percent next year, then that's exactly when complacency sets in, but if you make it very challenging, then people have an incentive and you have to incentivize them accordingly in parallel, so you need a remuneration system where people, even if they are successful and if they meet or even exceed their targets, are rewarded accordingly.” (Interim Manager B)

However, many interviewees noted that their ability to use cash incentives is limited, given the financial distress of the organization. Therefore, interim managers often turn to non-monetary rewards to nurture commitment. The Doings that interim managers act on are to celebrate big successes, give symbolic fringe benefits, or promise a heightened career outlook for individuals. The symbolic fringe benefits work as an important psychological factor to reflect appreciation for the workforce's additional effort. Those benefits usually do not have a substantial monetary value, such as a pizza or barbecue party, or a dedicated smoking area. A heightened career outlook is used to honor ambitious employees and illustrate a win-win situation for both parties if the turnaround is successful.

“Responsibility is one thing, so you can certainly encourage him and show him perspectives. If he actually performs well, then he could do more. That's usually a good argument, in addition to the money, to say, ‘Hey, what else could you do?’ You're a technician now? And a maintenance worker? How about managing maintenance in the future or becoming a deputy? So you can actually use responsibility to create good incentives, which actually works quite well.” (Interim Manager L)

“So it's a bit of give and take, but ultimately I often can't give much, but I can give something psychologically, [...] they've always wanted the smoke rack, so let's do that now.” (Interim Manager C)

Leveraging ideas through participation

Interim managers leverage the ideas of employees to contribute to the turnaround effort by engaging them actively through various means. Hence, the managers influence the employees' behaviour by actively engaging with the employees and implicitly creating an obligation while stepping back and creating a stage for them. This engagement of employees is important because for one, it drives the belief of the employees in the turnaround effort by becoming an active part in it and for two, it supports interim managers in bridging their knowledge disadvantage that occurs from being new to the organization.

It was stressed that establishing a culture where anyone can propose new ideas is critical to strengthen the error culture and drive initiative. The interaction in a physical location was noted to be vital.

“And every employee has a voice and can bring things up, and my door is always open - anyone can come to me and talk to me about things, or even send me an email [...] if someone has a suggestion, there's no mushroom principle where anyone who sticks their head out gets shaved. On the contrary, we want everyone who wants to contribute to be able to do so. There are no stupid ideas, only stupid answers. This is to reinforce the culture of learning from mistakes and, secondly, to encourage initiative.” (Interim Manager Q)

As the prior quote already touches upon, it is vital that employees engage with their own ideas without being scrutinized. Further, it was noted that employees taking the lead is important to establish a feeling of ownership and participation. Building on the knowledge advantage that employees carry, interim managers generate effective ideas to drive the turnaround.

“[...] you always get the staff involved as if it were their own idea and act more as moderators, knowing full well that they know more or that I know more and can steer things in the right direction, and then there are also many solutions that arise from this.” (Interim Manager G)

Workshops were also mentioned as an important tool to make employees engage in the turnaround project. The office and physical boards function as important Material Arrangements so interim managers can enable lively discussions. Interim managers leverage open-ended and follow-up questions for brainstorming as a Saying where they give the stage to employees.

“You have to set up workshops. Let's discuss what can be done with them without prejudging the outcome, and then maybe we'll come up with another idea and say we favor two ideas and say OK, let's evaluate further whether this is a way to transform this company [...].” (Interim Manager G)

Steering turnaround measures

To ensure that the necessary turnaround measures are effectively executed, interim managers establish targets and metrics that they check on regularly. To immediately gain control and an overview of the situation, a central Doing of the interim managers is to establish a Project Management Office (PMO) that can consist either of internal and/or external people, as additional resources support the tracking and follow-up of turnaround measures. Interim managers further use standardized PMO software to structure the different measures. The PMO, combined with the PMO software as a Material Arrangement is critical for the interim managers to always be in charge of the situation, have an aerial perspective on the execution of different turnaround measures, the possibility to zoom in and out, and to quickly dive into specific topics when things go wrong, but to also decide which measures require less immediate attention. Thereby, they establish the necessary turnaround momentum within the organization and ensure that individual employees and measures receive the exact management involvement and support they currently need.

“These are the overall results, and everything was tracked using a standardized PMO tool.” (Interim Manager P)

“It's easy to get into the routine. So either there is already a kind of PMO within the company, or I often have on my projects - we don't go into projects alone, after all.” (Interim Manager W)

“It's actually more the rule than the exception for me that I ultimately set up and strengthen PMO myself, but only with a maximum of two [additional dedicated] people that prepare the groundwork.” (Interim Manager K)

As part of the measure tracking, the right choice of KPIs is vital. Interim managers emphasized many times that the Doing of clearly prioritizing via the Pareto principle is absolutely critical, as a blurred focus slows down the turnaround effort. Apart from prioritization, the managers also pick the right KPIs that ultimately matter for the overall performance.

“And so, based on the 80/20 principle, we really try to identify the few major issues that can be addressed.” (Interim Manager K)

“There are so many simple key figures. I don't need to set up a highly complex system. Instead, I can use some simple key figures to show where the leverage is. And yes, I then try to manage things based on that.” (Interim Manager Q)

The choice of KPIs is then translated into project targets and milestones. Interestingly, interim managers not only view this as a measurement of the workforce, but also of themselves, to build a trustworthy relationship with stakeholders. They further introduce employee- or manager-individual targets based on KPIs and tied to specific measures. The targets for employees need to be simple and effective with a focus on early, quick results without complications. This ensures that employees are not overstrained with information and that measures can have effective impact on the performance.

“[...] then possibly also with an 80-90% solution for the initial implementations. In any project, there will be adjustments along the way anyway. Yes, certain things will only become clear at a later stage, and then you just have to make corrections. But essentially, speed is also very important.” (Interim Manager B)

“I could work on two subject areas, each with perhaps two or three topics, but you can't fit any more than that onto the track because it's simply too comprehensive [...] which usually overwhelms the organization, meaning you always run the risk of the whole thing grinding to a halt.” (Interim Manager L)

The communication with employees for measure tracking is overall direct and frequent. Interim managers use regular progress update meetings to keep the information flow towards them consistent. They also use Sayings to guide the communication between them and their subordinates to always clearly understand how the measures are progressing. At the same time, the interim managers offer their help and ask how their problem can be solved. This ambivalence of strict measure enforcement and offered support helps the interim managers to guide the employees to effectively progress the measures.

“As a rule, with all measures, you hold [measure] owner review sessions where you sit down with them for half an hour or talk on the phone and say, ‘OK, measure X? Did we reach an important milestone lately, or where or what happened? What's new? Do you have any problems, etc.’” (Interim Manager W)

“I do a quick check every morning in production: What didn't work yesterday? Which parts were missing? Why were they missing? What can we do to ensure they're not missing tomorrow?” (Interim Manager C)

However, as many interviewees noted, the tracking of measures and the corresponding regular check-in meetings should be done diligently and frequently, but not be seen as a rigid guideline that needs to be strictly adhered to. It is rather a case-by-case decision by managers on which measures to scrutinize in detail and with what frequency to request incremental status updates, based on how well the measures progress and on their temporal priority and materiality relative to

the overall turnaround. Thereby, as the interim managers noted, their limited attention is directed towards those issues that actually require their engagement, while at the same time, unnecessary friction and bureaucracy are avoided in topics that can and should freely unfold.

“Over time, not every month something new happens with every measure; these are often issues that run for a long time and then there is simply not always something to do in between every check-in appointments. [...] It’s extremely important that you introduce this rhythm into the organization, that its clear to them that their work is being looked at [...] and yes, you have to be a bit of a nuisance, but not so much that you get on their nerves, because then they will lose their interest.” (Interim Manager W)

4.2.3. Controlling for stakeholder alignment and legitimacy

Internal and external stakeholders each play a decisive role in facilitating the organizational turnaround and addressing the financial crisis. Our findings show that interim managers actively and deliberately control for the alignment of stakeholder interests as well as their own legitimacy. Thereby, instead of seeing the role of stakeholders as a byproduct of their work, the continuous insurance of all internal and external stakeholders’ willingness to contribute to the successful achievement of the turnaround is purposefully incorporated into their workflows.

The highly dynamic and complex information situation of financial crises can create irreparable mistrust among stakeholders. Our findings show that, as a fundamental premise of their mandates, interim managers deliberately mobilize their Management Controls so that the information generated by the Management Controls flows centrally and is coordinated from the interim managers to the different stakeholder groups. In order to avoid ambiguity, reduce uncertainty, and establish information reliability for stakeholders, this Doing is accompanied by a strong emphasis on consistency in their Sayings. This lays the foundation for any stakeholder relationship.

“A foundational principle for my mandates is that I take over the entire stakeholder communication. That is always decisive. Because when there are different statements from different perspectives in the air and they contradict, this helps nobody. This is why all stakeholder communication is done by me.” (Interim Manager Y)

Regular information sessions to transmit information and engage with employees

A common theme that has emerged in our interviews is that interim managers conduct regular routinized forums, especially townhall meetings, where they gather the workforce to transparently inform them about the rationales, the content, the timeline, and the progress of the turnaround, and allow the employees to engage with them and ask questions. Regarding the Sayings, our interviewees clearly emphasized that they need to reduce the office gossip via these formats, as it could otherwise potentially jeopardize the employee’s trust and commitment.

“[...] every few months there [is] a town hall meeting [...] and then you explain the situation as it is. [...] And people usually sense how it is going, but you have to get rid of the office gossip [...].” (Interim Manager U)

“In some of my mandates, for example, the press played a major role and I always have to try to inform people before the press does. That’s why I regularly inform all employees or at least the managers, with the request that they pass the information on to their teams. [...] You have to build trust that the information comes from you, and if it doesn’t come from you, it’s not correct.” (Interim Manager D)

Another common Saying emphasized by our interviewees is the paramount importance of ensuring consistency in the information situation. Otherwise, trust can be seriously damaged, which can directly jeopardize the further progress of the turnaround.

“What must not happen is that there are inconsistencies in the statements. You don’t have to tell everything to everyone but there must be a consistent story. It’s important to keep that in mind, because otherwise, you probably know this yourself, the office gossip will run hot.” (Interim Manager G)

“Never should one side have some kind of information advantage over the other, because obviously they talk to each other. [...] The negative message must be sent out to everyone at the same time.” (Interim Manager K)

Another frequently mentioned Saying in this context is to communicate as transparently as possible and elaborate on the turnaround concept and its progress in a uniformly comprehensive manner, as the wider workforce might not be familiar with certain financial concepts and can therefore not rationalize the information. Therefore, they have to tailor their communication to the respective recipients.

“You just have to start explaining the big picture to them and explain it in a language they understand, so you don’t say: Yes, leverage has gone down from X to Y because 90% of the people in the company don’t know what leverage is. So you have to explain it as simply as possible in a way that your audience can understand. The situation you are in, where you want to go, and how they can contribute.” (Interim Manager W)

Another important Saying that was mentioned in this context is the use of metaphors in order to comprehensibly explain to employees that the situation is dramatic and acute, but that there is still hope. An important Material Arrangement is thereby the presentation they prepare, which is described as having a lot of pictures instead of numbers and containing as few words as possible. Thereby, interim managers use metaphors, for example, that of a sailing boat, to illustrate the state of the organization and how it can be fixed again.

“[I tell them] the situation is, that we are in an acute financial crisis, but not necessarily in intensive care, because we still have so and so much blood. We don’t even need blood reserves. [...] You really have to work with visual language, and it’s very, very important that people actually understand you. Just reciting numbers and throwing KPIs around won’t help. [...] It is about very simple language and images [...]. I often use the metaphor of sailing [...] to explain what the situation is, what we are doing now, and what I expect from the team. Who is at the steering wheel, who sends SOS signals, who plugs the holes in the boat? That’s how people can make sense of the situation. [...] Otherwise you will leave people behind.” (Interim Manager M)

“[For example] you draw a flower, with different leaves around it, and some of the leaves are colored and some are not colored yet [and that represents] the areas where we still need to work on. It’s important that you have a story [...]. I invest a lot of time in that [to] get people on board.” (Interim Manager I)

“When you have PowerPoint presentations that are more than 10 pages long and full of text [...] that is a disaster. You write a maximum of two words [per slide], maybe three or four numbers, but no more, and then you have to add a picture. For example you take a golf club and a hole and then [you frame a measure as] a hole-in-one. Or you draw a broken ship or a burning factory or whatever. That sticks to people’s minds and they listen. As soon as they have to start reading text, you lose them completely.” (Interim Manager M)

Formats like townhall meetings are also used to transmit rather uncomfortable messages and news, ranging from setbacks in the turnaround process to layoffs or other retrenchments. Our interviewees commonly highlighted that this is a sensitive topic with significant downside potential and that such topics need to be addressed with empathy.

“You have to give the people the feeling that [...] you know what you are doing. [...] Yes its very painful, and we have to save a few million euros in costs, [...] we’re going through rough two years, but this is the overarching goal we have in mind, and that’s how you keep people on board.” (Interim Manager B)

“You have to say it with love [...]. I think, such a message is best conveyed when it is communicated with openness and with the concern that you actually feel about it personally in that situation.” (Interim Manager Y)

Not only in large-scale and formal townhall meetings, but also in rather small, intimate, and informal settings such as the cafeteria or the production hall, interim managers also frequently assemble the workforce to engage in information sessions and Q&A meetings in which the employees are also actively requested to ask questions and clarify uncertainties.

“I always had good experiences by [informally] meeting the workforce every two weeks and reporting on the current status: where are we heading? And presenting this in a relatively open and transparent manner. Not everyone likes this, but I prefer to tell it like it is and give the latest update. Because then you can get your employees on board much better [...] and when they realize that you are beating around the bush because they are not stupid, they know what questions to ask [...].“ (Interim Manager H)

“Figures aren’t final yet, but its looking pretty good, this where we stand, and now ask me your questions what do you actually want to know [...]. Consciously open up the stage and let them talk.” (Interim Manager W)

Besides the verbal dimension, interim managers also make use of various Material Arrangements to shape their communication with employees. A broad range of communication channels is deliberately used to transmit frequent updates on the turnaround progress.

“[It is also important] to introduce newsletters. In cooperation with the works council, [...] to put up notices, use the intranet ... and for the employees on the shopfloor, who don’t have a PC, you have to print it out or actually distribute it physically in the break room, glue it on their lockers [...].” (Interim Manager M)

“Regarding the internal communication, everything that you write is usually leaked to the press, so every text that you publish [in the intranet], you already have to formulate in a way that it is already press-compatible, because I can guarantee you, one out of several thousand employees will leak it [...].” (Interim Manager P)

Preserving lender confidence

The lenders are arguably the most important but also difficult stakeholder group to manage during the turnaround. Oftentimes, they are to decide on the company's going concern, since, based on the interim manager's work, they determine whether the organization's financing structure is kept alive or extended if necessary. The bigger the organization, the bigger is also the group of lenders and the more complex is the process of handholding them and continuously convincing them to stay on board and constructively support the turnaround. Therefore, interim managers invest a great amount of time in the relationship management with the lender side. Thereby, interim

managers leverage the generated information deliberately as a tool to “keep the lenders on board” by demonstrating progress and thereby re-establishing trust.

Firstly, lenders are frequently informed through regular and formal channels such as scheduled *jour fixes* that can range from a weekly basis to a bi-monthly basis, depending on how critical the situation is and how much information they require. These meetings usually take place online, since the lenders oftentimes come from different parts of the country or even the world. In these meetings, interim managers thoroughly explain their plan to turn around the organization, how the turnaround is progressing, and other important topics that need to be shared.

“You have a meeting every 14-30 days [...] so that I also have a backup. I don’t have to protect myself, but I just don’t want someone to come along and say that they didn’t understand something.” (Interim Manager C)

“Setting up regular calls or status updates, depending on the company’s situation, about the current liquidity status, the turnaround progress, the implementation of measures, [...] then the lenders can hold their horses for a while. [...] At the beginning, you usually have bi-weekly status updates and then it goes to monthly and eventually quarterly.” (Interim Manager O)

Concerning the Sayings, our interviewees also frequently mentioned that it is decisive not to window-dress the situation but to communicate hard facts and rather use the time to talk about potential downside scenarios rather than upsides. This is noted to build the necessary trust of lenders in the interim manager and the overall turnaround, and secures their benevolence.

“They need to feel they can trust you [...] so that they retain their confidence. [...] You can’t just tell them the good stuff and somehow keep quiet about the bad stuff. Instead, you have to talk a lot about the risks. Talk a lot about the problems. [...] The lenders are the ones who matter, [...] they are the ones who decide whether you have a chance to make a difference or not. [...] So, probably every 2-3 weeks, I talk to them, and I talk a lot about all of my concerns, mainly about concerns, and occasionally about a success.” (Interim Manager Y)

“That you don’t beat around the bush, [...], when something goes wrong, that you make it transparent immediately, because even if you may not like it right now, it eventually builds trust.” (Interim Manager W)

Next to the meetings, interim managers also distribute progress reports via e-mail to lenders. These progress reports are reported to be in a highly standardized, granular format to allow the lender side to efficiently process the new information and insert it into their proprietary tools. This also feeds back into the design of their Management Controls, as they have to construct them to be able to generate the information on a sufficiently granular level.

Besides formal and routinized meetings and information channels, our interviewees highlighted that it is even more important to also engage in informal conversations with the different lenders, since the financial information does not necessarily tell the whole story and needs to be conceptualized. These informal discussions are often ad-hoc via the telephone whenever the necessity to talk arises.

“I just call the banks immediately if I notice that something is going wrong. But I also communicate immediately when something is going well.” (Interim Manager M)

“[Especially regarding] bad news, you can’t wait for the regular scheduled call and say something like: ‘Dear folks, now let’s move on to the next slide, [here you can see] you lost your money’. You inform, especially the opinion leaders, in advance, in order to get rid of the initial surprise effect.” (Interim Manager K)

In financial crises, all different stakeholder groups have different interests they pursue that can potentially diverge. Information that is communicated to the stakeholders in the midst of the turnaround has a direct influence on the respective stakeholder group’s opinion about and commitment to the turnaround and can be opportunistically used in the course of the organization’s financial crisis. Besides centralizing information flows, interim managers also invest a lot of time in continuously uncovering the current agendas of the different parties involved, recurringly asking certain stakeholders to reassure their commitment, mapping all the different motives, and identifying complementary interests or win-win situations.

“To put it bluntly, it can happen that there are very divergent interests and very divergent views among the shareholders. You have to be clear and concise when you have developed a plan. First, you have to try to keep them calm, and second, once the plan is in place, you have to obtain their commitment. If they don’t commit, then the chances of success are slim.” (Interim Manager Q)

“Talk to everyone in person and alone, then the information channels converge at you and then you often know, where the bank wants to go. [...] It’s more about talking and [...] understanding who has what motives. That’s always an important point. So does he actually have a motive to get something out of it [...]. Well, you can almost picture it on paper, how the constellations are [...]” (Interim Manager J)

Another important Doing that interviewees mentioned was to have “off-the-record discussions” with the most important lenders. Interim managers can then speak trustfully and confidentially to important lenders without being judged or without the information being used against them, allowing them to steer topics in their direction. While financial information is mentioned to be discussed in these meetings, the initiative of the interim manager to persuade the lenders through contextualization and personal assurance seems to be the differentiating factor.

“Especially in restructuring situations, it is important to have ‘off-the-record discussions’ with the most important lenders. [...] If you tell a restructuring banker, Mr. [XYZ], today we will have an ‘off-the-record’ discussion, then everybody knows that this conversation has never happened. [...] Sometimes you have to persuade the financiers to go in certain directions, and you can’t just sit back and present them with a *fait accompli*. So you pick the two opinion leaders [...] and then you can push it into the right direction.” (Interim Manager W)

Another mentioned Doing in this context is to invite selected lenders to the company sites so they get a practical impression of the turnaround progress. Thereby, interim managers again step back from mere financial information and try to persuade the lenders through informal engagement since, firstly, pro-forma financials might not show immediate progress yet. Secondly, the standardized routines and information to discuss financial results sometimes simply constrain them in their ability to reveal the complete picture and to communicate the turnaround plan and measure progress in a tangible and comprehensible way.

“What bankers always love, because they sit [in their office all day], is when they get the chance for an excursion outside, come to see a production, and then you take a capable employee of the company and let him explain

what kind of great job they do here, bankers think that's really cool. And then they drive home feeling good, and they have confidence and say, hey, things are moving in the right direction." (Interim Manager W)

Creating legitimacy among the workforce

Interim managers are required to create legitimacy among the workforce, which serves as an ongoing foundation of their work. As an external contractor that is coming from the outside, and in a particularly complex situation of an acute financial crisis, it is expectedly difficult to establish this legitimacy. Thus, one common Doing that was mentioned is to realize quick wins and to then make these incremental successes visible within the organization. For example, new deals with customers, the quick realization of savings measures, or other beneficial "low-hanging fruits" were mentioned. This creates momentum, which translates into commitment and trust, and allows the interim manager, despite his external position and "outsiderness," to quickly legitimize themselves.

"It is crucial to realize quick wins, [...], that is when I see low-hanging fruits somewhere [...], that is the key to building trust. Trust is normally a function of time. But [in financial crises] you don't have time, so you quickly have to deliver results [...] and then you also have to communicate it, bomb it into the organization, make a big deal out of it, that we are seeing success here. That's how you get people on your side." (Interim Manager M)

One commonly mentioned quick win or low-hanging fruit that is easy to realize is to lay off managers and employees who pose a constraining feeling on the entire organization and might even be regarded as the cause of the financial crisis. Laying off such managers or employees not only relieves the organization from this personal burden but also allows interim managers to demonstrate how quickly and unswervingly they carry out their mandate.

"Throwing out a bad apple can also be incredibly motivating for people. The receptionist already knows who in this company is spending more time reading the newspaper than doing their job." (Interim Manager E)

"[...] for example by seamlessly bombing out someone unpopular that has long since gotten on people's nerves [...]." (Interim Manager M)

Throughout the interviews, it was mentioned that one of the greatest assets of interim managers in their daily job is that they have no political ambitions within the organization. This allows them to quickly and neutrally execute measures without worrying about being promoted or creating an uncomfortable relationship with a well-established employee in the organization. This non-political role hence serves as an essential factor in creating the necessary legitimacy, which is why interim managers also clearly communicate to the workforce that they have no political ambitions.

"Nobody is screaming: Hurray, the CRO is coming. So, you have to convince them, that the CRO has no past but also no future within the organization. That it's not about corporate politics [...]" (Interim Manager O)

"Walking the talk" and being physically present were frequently mentioned as important Doings that especially served a symbolic role. Employees thereby see that interim managers are absolutely committed and are willing to go the extra mile, which then subsequently triggers similar motivation and commitment among the workforce.

“I can’t do my job remotely [...], I have to be on-site. I am the first to arrive in the morning and I am the last to leave in the evening. And I already travel to the client site on Sunday evening so I can actually be there Monday morning and I only go back home Friday evening when everybody else has left.” (Interim Manager G)

4.2.4. The art of controlling the uncontrollable

Interim managers control the workforce via many different practices. However, some things to initiate the turnaround are so important and might not be within the scope of control that managers take control of them themselves.

Avoiding decision paralysis

Progressing fast in turnaround situations is critical, and decisions need to be made fast. As interim managers are faced with an established organization where political forces or the fear of making the wrong decision prevent the actors from making decisions swiftly, they engage in the Doing of forcing decisions promptly. Important here is that interim managers accept the risk of false decisions rather than stalling because the turnaround needs to be executed right away.

“Things tend to get bogged down over time because there are so many reports and someone is on vacation and a decision can't be made right now. I am there precisely to say, ‘I'll sign it, and not in a week, but in five minutes.’ And decisions that usually aren't made for political reasons over a long period of time are simply decided once and for all. I'm not saying that they are the right decisions, because I'm no smarter than anyone else, but my job is to push the project through or accomplish the mission, and in that case, a wrong decision is better than no decision at all. Of course, it has to be well-founded, and of course, I have to consult with the specialists beforehand, but as soon as the facts are available, I make a decision.” (Interim Manager E)

Other Doings interim managers practice in this regard is to take many operational decisions that they think carry a special notion for the turnaround project. This also comes from the fact that the special circumstances of turnaround situations force the interim managers to sometimes take multiple roles at a time where operational involvement is inevitable. Because of the many things interim managers are involved in simultaneously, they tighten and loosen their operational involvement through strict prioritization of topics.

“Formally, I am the managing director with a whole range of special privileges. In principle, I can make all decisions [... but] to do this, you have to be present and available to talk to people. That's why I spend a lot of time at the company and make a whole range of operational decisions that need to be made. So I am very accessible, very present, and I take on a lot of issues that I think require special attention.” (Interim Manager D)

“You would probably be able to let priority 3 issues run their course, but priority 1 issues, which have the greatest impact on profit or loss, must be addressed. You deal with them on a daily basis.” (Interim Manager V)

External resources

Certain aspects also go beyond the controllable of the interim managers themselves as well as the workforce. Hence, interim managers rely on external resources to carry out some tasks that are crucial to the turnaround project. Especially when bigger firms are at risk, interim managers hire external consultants for the period of time to do analytical or measure-definition work because otherwise the interim manager would be carrying too much workload. Beyond external

consultants, other specialists are hired for tasks that are too niche to be done by anyone other than with a special education in that regard. For example, one interim manager reported hiring psychologists during a bigger round of layoffs because it can be highly debilitating for people to lose their jobs.

“I started as a CRO. At the same time, it was [a consulting firm] that did the restructuring concept, and that was great for me because they did the analytical work. And then actually defining and designing the measures together was very helpful because, otherwise [...] you completely drown.” (Interim Manager I)

“So we also get support, especially when it comes to major personnel measures, where you bring in psychologists, because it really affects people, because it's their livelihood, I mean, you're taking away their source of income, they worked there voluntarily, and when you close it down, that's obviously incredibly stressful for people on a personal level.” (Interim Manager E)

Liquidity Office

Apart from the operational measures that are planned and executed to improve performance for the organization at risk, interim managers establish control over the short-term liquidity improvement to deflect insolvency. Initially, interim managers establish a so-called “liquidity office” that empowers them to have a highly frequent insight into the current cash situation. Another Doings in this regard is that every ever so small expenditure is routed through this liquidity office. This strictness reflects the importance of the liquidity management that interim managers engage in and take full control over to save the company. Apart from the full control over liquidity, interim managers aim to establish a shift in thinking across the workforce to realize the urgency of the situation.

“Of course, the first place to start with this cost cutting is to set up a liquidity office and say that every order, and I mean every order, down to the three rolls for entertaining a customer, has to go through the liquidity office. Otherwise, I won't be able to change the mindset of those involved.” (Interim Manager Q)

The liquidity office is also a source of information that interim managers rely on, sometimes even on a daily basis. Interim managers demand information on anything liquidity-related, such as the creditors and debtors list. Those documents are crucial Material Arrangements for the interim managers to gain control over the cash-constrained situation. A Saying that interim managers act on is frequently asking around the colleagues who are involved in the liquidity office. Interestingly here, they use a telephone to reach the respective people. This is not because the telephone is an unusual tool for communication, but rather because it implies a certain spontaneity that is caused by the dynamics of the turnaround.

“Honestly, every day when I came into the office, the first thing I did was check the cash forecast because we had so many locations that accessed it, and then suddenly overnight there would be changes from the US and they would be missing \$2,000,000. Every morning, I opened the liquidity forecast, looked at it, and checked where the discrepancies were. What had happened? And then I just picked up the phone and called around to find out what the change was all about.” (Interim Manager W)

“So every morning, I ask for the accounts receivable and accounts payable lists [and] every morning, there is a meeting with the relevant employees from the finance and controlling departments [...]” (Interim Manager M)

The debtors and creditors lists, as Material Arrangement, are not only important for the sake of information itself, but also because interim managers operationally act on them. Interim managers use those lists to decide which creditors and debtors have priority. Payments can be delayed until the supplier notices the missing payments. The lists also work as a means to decide which suppliers and clients are contacted and which are called directly and told that payments will be delayed or that the payment cycle needs to be extended. Hence, the lists become a critical tool for the managers to take control over tasks that are usually not part of the executive level in an organization.

“With this kind of operational cash management, you really have to be willing and able to pick up the phone and say, ‘Dear supplier, you will be paid somewhere next week. Unfortunately, it won't be possible this week’ so that you are very actively involved.” (Interim Manager K)

Interim managers not only try to enhance liquidity by favouring payment flows, but also by getting creative. To delay any need for an insolvency declaration, managers deviate from the regular liquidity office routines and try to find claims across delivered goods to effectively lower liabilities to suppliers. As in this example, the interim manager did not delegate the inspection of delivered goods, but went himself to the warehouse together with the head of procurement to inspect the goods. Control is taken by managers over actions that usually do not belong to executives because the urgency is so high that it prompts them to act.

“In most companies, the largest creditors are the material suppliers. Has [the material] actually been delivered yet, or was the invoice perhaps issued a little earlier? That happens regularly. It may not even be there yet, but the invoice is already due. So then we go through the large invoices and see if there are any issues that can be disputed. Perhaps there was a wrong delivery? And if there's a large invoice for a delivery that may contain defective materials [...] you go with the purchasing manager to the warehouse, look at the delivery and then you may find out: ‘Ah, wait a minute, that's actually been rejected, so it is not due’ [...]” (Interim Manager Y)

5. Analysis and discussion

In chapter 5, we discuss our empirical findings and integrate them into the existing literature. First, we argue that our findings reveal that the performative aspect of Management Controls in financial crises deviates significantly from the ostensive aspect by being more complex, differentiated, and dynamic than the ostensive “recipe” of tight financial controls. Second, we argue that, in relation to the existing literature on practices to enact changes in Management Controls, interim managers in financial crises provide a unique perspective that significantly extends the current strand of knowledge with additional insights as well as entirely new practices.

5.1. The performative dimension of Management Controls in financial crises

The existing strand of literature has shown that, in terms of *what* Management Controls managers prescribe to address financial crises, they tighten and formalize their controls in various shapes and forms (Asel et al., 2011; Becker et al., 2016; Chenhall, 2003; Czarniawska-Joerges, 1988, 1989; Makrygiannakis & Jack, 2016; Passetti et al., 2021; Prechel, 1994). These tight formal controls are mainly intended to generate, evaluate, and act upon financial information (Asel et al., 2011; Bourmistrov & Kaarbøe, 2017; Giacosa & Mazzoleni, 2012; Haron et al., 2013; Jamaluddin et al., 2018; Passetti et al., 2021). Most existing studies have focused their investigations on formal designs and the intended functionalities of Management Controls, i.e., the *what*. Given institutional pressures, environmental dynamics, and scarcity of resources, a high degree of deviation, interpretation, and workarounds between the ostensive and the performative aspect, i.e., the *what* and the *how*, is to be expected in financial crises. Correspondingly, by leveraging the lens of Practice Theory and explicitly conceptualizing *how* interim managers mobilize their controls, our findings confirm that Management Controls not only have a formal and intended design and functionality, i.e. an ostensive aspect, but also a performative aspect entailing improvisations, deviations, and subjective interpretations of intended routines based on contextual circumstances.

Beyond ostensive tightening: How interim managers flexibly contract and relax controls

Generally, our findings confirm the existing literature that interim managers, in terms of the *what*, prescribe a general thrust of tight and formal controls to address the financial crisis that reaches up to the total control of employees (Asel et al., 2011; Becker et al., 2016; Chenhall, 2003; Czarniawska-Joerges, 1988 & 1989; Makrygiannakis & Jack, 2016; Passetti et al., 2021; Prechel, 1994). Our empirics show a tight and frequent monitoring and managing of turnaround measures via a PMO organization that defines individual targets for subordinate managers and employees, with non-performing staff potentially being laid off. We also find instances in which interim managers significantly reduce employees' autonomy and centralize decision-making (Asel et al., 2011; Bourmistrov & Kaarbøe, 2017). Furthermore, many instances show that interim managers involve deeply into operations (Asel et al., 2011; Becker et al., 2016; Bourmistrov & Kaarbøe, 2017; Colignon & Covaeski, 1993; Janke et al., 2014; Makrygiannakis & Jack, 2016) and centralize many decisions and communication channels (Asel et al., 2011; Bourmistrov & Kaarbøe, 2017). We also demonstrate how interim managers formalize Management Controls to address the financial crisis (Chenhall, 2003; Prechel, 1994).

However, especially in times of financial crises, managerial attention is limited (Simons, 1995, pp. 17-18), as is the commitment of the workforce, and the time left for interim managers to make a difference. Makrygiannakis & Jack (2016) already noted more nuanced findings from their case study that those controls were tightened, while other controls were loosened to give employees more room for discretion to increase productivity. By asking *how* interim managers mobilize their Management Controls instead of *what* controls they implement, our findings demonstrate an even more differentiated pattern and show that interim managers leverage a very tailored and differentiated tightening of controls, which they flexibly adjust throughout the financial crisis, showing that tightening of controls in financial crises is in its practice not a binary dichotomy.

With the ostensive “recipe” of tight financial controls on the one hand and their limited managerial attention and time on the other hand, interim managers begin their mandates with an intensive sensemaking process to identify how the general thrust of tight and financial controls can and should be implemented and interpreted. A proprietary understanding of the existing organizational resources is developed in order to assess towards which objects of control a tightening is necessary and advisable, and which objects of control do not require or should not be subject to tight controls (Czarniawska-Joerges, 1988; 1989). For example, while potential turnaround blockers and badly-performing units rather require total controls, high-performing human resources and units that demonstrate supportiveness might be better leveraged through environmental controls and a higher level of discretion to avoid unnecessary friction (Czarniawska-Joerges, 1988; 1989). Via the Pareto principle, they identify which turnaround measures actually have the most leverage and should accordingly be managed more tightly, and they flexibly adjust the tightness and looseness of their controls, depending on whether the respective object of control is developing or behaving to their satisfaction. When objects of control show underperformance or unwillingness towards the turnaround objectives, they swiftly contract their controls, and monitor and manage these objects very tightly. However, as soon as they recognize that employees perform well or certain measures are well progressing, they make sure to quickly relax their controls towards these objects to free up management attention and to also avoid unnecessary bureaucratization. Thereby, we reinterpret the conceptualization of the managerial control cycle of Czarniawska-Joerges (1988; 1989) as an *ostensively* accurate account of reality. However, while there is the general thrust that controls towards the organization at large are tightened and move from one stage of the tightening cycle to another, *performatively* in the day-to-day enactment of Management Controls, independent objects of control dynamically and iteratively pass through different control cycles. We thereby report a differentiated, situated, and dynamically adjusted pattern of tightening of controls, that, even under severe financial pressure, interim managers do not indiscriminately contract Management Controls, but relax them in areas where lower priority does not warrant close oversight and where excessive tightening would provoke resistance, create unnecessary friction, or drown self-initiative.

This more differentiated pattern becomes particularly evident in the context of employee autonomy and the centralization of decision-making: In relation to Asel et al. (2011) and Bourmistrov & Kaarbøe (2017), we show that the widely recognized theme of managers involving deeply into operations and centralizing decision-making only holds true ostensively. In terms of the *what*, our findings mirror the general thrust to prescribe reduced employee autonomy and centralized decision-making, as evident in the centralization of the stakeholder communication or the unusual

operational engagement in high-priority tasks. However, the investigation of the performative aspect, i.e., the *how*, demonstrates that the limited managerial attention, their lack of operational expertise in every topic, and their liability of outsidership hinder them in indiscriminately involving themselves everywhere. Instead, the situated Doings, Sayings, and Material Arrangements show that they only do so in those issues where they deem that the complexity and/or the importance for the turnaround success is too high a burden for its responsibility to be delegated and managed via regular Management Controls. They simultaneously rely heavily on the initiative, ideas, and decisions of employees by specifically “opening up the stage for employees”. Capable employees and well-progressing measures are subject to minimal centralization and a high degree of autonomy, and high-performers even get the chance to obtain more responsibility and autonomy than they had before. Only when decisions are deliberately delayed, or when their expertise actually makes a difference, do they step in. Thus, we extend the literature by demonstrating that the general ostensive thrust of centralized decisions and reduced autonomy is mobilized very differently, flexibly, and dynamically, focusing management attention only towards those objects of control where it adds value, and thereby maximizing the return on managerial attention (Simons, 1995, pp. 17-18). With this differentiated and heterogeneous approach, interim managers also avoid the risk of “tension in attention” (Bourmistrov & Kaarbøe, 2017) as well as the risks associated with a tight coupling of subsystems (Czarniawska-Joerges, 1989; Weick, 1988) as interim managers put the most competent person towards the issue.

This differentiated and bespoke tight coupling is also what allows interim managers to balance the tension between an interactive use of Management Controls and the tightening of controls. We confirm Asel et al. (2011), Bracci & Tallaki (2021), Haron et al. (2013), Janke et al. (2014), and Makrygiannakis & Jack (2016) in that the interactive use of Management Controls is of paramount importance in financial crises. However, while existing literature merely problematizes this tension, our findings shed light on how interim managers actually go about balancing and reconciling the two poles. As elaborated earlier, interim managers reduce employee autonomy and centralize decision-making in a very differentiated, bespoke, and dynamic manner. However, our findings also provide evidence on elaborate groundwork as well as ongoing rework by interim managers in relation to their Management Controls as a means to preserve this balance. As a precursor to an interactive use of Management Controls, interim managers identify which employees are actually capable and trustworthy enough to qualify for discussion. Additionally, since tight financial Management Controls bear the risk of discomfort, constraint, and resentment among employees (Ahrens & Chapman, 2002; Scapens & Roberts, 1993), interim managers merit constructive employee participation. On the one hand, they deliberately leverage the ideas of employees and subsequently “give the stage” to them, for example, by letting them present successful measures to the incumbent management or to lenders. On the other hand, the contribution of employees is nurtured by rewarding desired behavior monetarily and non-monetarily. Beyond extrinsically motivating employees, interim managers also invest a great amount of time in socializing and building a trusting and personal relationship with employees, which complements the given merits with benevolence on a human level.

While Prechel (1994) and Chenhall (2003) relate contexts of financial crises to a formalization of controls, our findings demonstrate that interim managers also make extensive use of informal controls. Various informal controls towards employees entail informal quick check-ins on the

shopfloor, informal and intimate gatherings in natural environments like the cafeteria, or informal rules and procedures such as open-door policies or by demonstrating approachability. The alignment and commitment of lenders is ensured by interim managers through informal controls such as ad-hoc calls, frontloading of information to opinion leaders, off-the-record discussions, and site visits. Hence, we add to the existing literature that formalization of Management Controls is no panacea, but that the ostensive thrust of formal controls appears to be too bureaucratic in some instances, which is why interim managers dynamically re-interpret the “ostensive recipe” of formalization in their situated mobilization of controls.

The problem of limited managerial attention, as well as the fact that certain objects of control exhibit compatible and some adverse reactions to tight controls, affects every manager in financial crises. Thus, we expect these findings to be relevant for other managers in financial crises, independent of their interim property. However, interim managers are well-experienced in investing their limited managerial attention in precisely those areas where it adds the most value for the turnaround. Furthermore, they do not have to be considerate of corporate politics, which suggests that they can switch more easily between different degrees of tightness.

Legitimacy in financial crises is earned not enforced

Several instances from our findings confirm Czarniawska-Joerges (1989) in that managers tighten controls in financial crises in order to demonstrate to stakeholders that they have recognized the crisis and are capable of dealing with it. Doings like laying off “bad apples” are matched on the verbal level, as our interviewees emphasize that clear elaboration on how changes in behavior and attitude are necessary to cope with the crisis. However, we argue that this tightening of controls is not only a symbolic factor but also simply necessary to generate the required information in rich quality, detail, and timeliness to navigate the organization out of the financial crisis. Our findings also demonstrate how interim managers rather try to quickly establish trust and legitimization of stakeholders through legitimacy-building than through an emphasis on tight controls. They do so by realizing quick wins, engaging in symbolic “walk-the-talk” behaviour, investing a great amount of resources in socializing with employees, and highlighting that they have no political ambitions within the organization. They additionally explain and justify all turnaround measures and substantially guide employees so that they comprehend and rationalize new routines and procedures. Thereby, we extend the current crisis literature with the notion that in financial crises, stakeholder legitimacy is not just enforced via tight controls but earned on a professional and human level, thereby simultaneously hedging against the risk of missing legitimacy for controls and management in financial crises (Ezzamel & Bourn, 1990).

Rethinking Financials: The performative aspect of financial controls in Financial Crises

Generally, our findings confirm the existing literature that, in terms of the *what*, interim managers introduce Management Controls that put particular emphasis on comprehending and improving the financial performance and liquidity status of the organization (Asel et al., 2011; Bourmistrov & Kaarbøe, 2017; Giacosa & Mazzoleni, 2012; Jamaluddin et al., 2018; Haron et al., 2013; Passetti et al., 2021). Our findings demonstrate how pressure from lenders forces managers to significantly enhance the financial information situation on the current performance and liquidity status (Bourmistrov & Kaarbøe, 2017). Utmost priority and managerial attention is given to topics of cash and liquidity (Asel et al., 2011; Becker et al., 2016; Bourmistrov & Kaarbøe, 2017; Haron et

al., 2013), whereby interim managers also demonstrate the overarching priority of sustaining liquidity during financial crisis (Janke et al., 2014; Haron et al., 2013). We further confirm a very frequent and continuous use of management accounting (Becker et al., 2016; Passetti et al., 2021), which becomes particularly evident through the PMO and liquidity office. We further confirm the successful reconciliation of short-term retrenchment activities with the sustainability of stakeholder relationships (Asel et al., 2011; Bourmistrov & Kaarbøe, 2017; Jamaluddin et al., 2018; Giacosa & Mazzoleni, 2012; Passetti et al., 2021) by deliberately controlling for stakeholder alignment and legitimacy. However, by focusing on the *how*, our findings report a more differentiated and dynamic pattern than just a mere focus on financial information.

The initial sensemaking process of interim managers relies strongly on generating primary qualitative data through immersive dialogues and explorative excursions. Tacit knowledge and subjective individual information are prioritized over financial reports and serve as a foundation to make sense of and comprehend the crisis before subsequently engaging with the financial material. This is because firstly, information resources are scarce as the necessary financial information might not be obtainable in the reliability and granularity that they need, and secondly, financial information only provides static insights about the symptoms of the crisis, but rather fewer insights about its actual root causes. Going further in the turnaround, our interviewees reported various instances where financial Management Controls and the information they generate were simply not sufficient to address certain turnaround issues. When a liquidity shortfall is prognosed, interim managers deviate from formal routines and procedures and get creative, personally identifying potential items that could relax the liquidity situation, calling suppliers and customers, or even inspecting raw materials. Concerning the arguably most important issue to convince lenders to stay on board, interim managers reported on various practices where financial information was rather just a necessary minimum threshold to fulfill and deliver, but was not sufficient on its own. Instead, and especially when pro-forma financials do not yet show progress, interim managers have to abandon the path of trying to convince concerned lenders solely through hard financial facts; instead, they turn to informal relationship-building practices, such as ad-hoc conversations, ‘off-the-record discussions’, and site visits to convince the lenders to support the turnaround. Furthermore, in informing and motivating employees, financial information would not do the trick at all. The majority of employees are not familiar with complex financial concepts and are hence not able, just based on financial KPIs, to rationalize how serious the situation is and what their contribution to the turnaround might look like. Instead, interim managers reported to make very scarce use of financials in these contexts and rather leverage metaphorical and figurative language, informed by financial information but not transmitted as such, to win over employees.

Thus, we extend the current literature by demonstrating that the ostensive aspect, *what* controls are prescribed, represents an insufficient account of the practiced reality because in certain instances, financial Management Controls and the information they generate simply “break” since they are not sufficient to rely on in certain situations throughout the turnaround. As our interviewees reported, financial information is of paramount importance to determine the organization’s liquidity status and objectively measure whether turnaround progress is made. Still, they simply bear natural limitations as they describe symptoms, not causes, that can change dynamically during crises, might not be available reliably, and are simply not comprehensible to

everyone. Hence, illuminating the performative aspect, interim managers address financial crises through a much more diverse and qualitatively enriched landscape of Management Controls. Given the elaborated natural limitations of financial information, we argue that these findings do not solely rely on our interviewees' deep specialization as well as their interim status. However, it is likely that the expertise of interim managers allows them to rely more strongly and leverage more frequently levers related to relationship-building with stakeholders than regular managers.

Groundwork and rework

We further extend the current literature by illuminating that the performative aspect of Management Controls in financial crises entails a broad range of necessary "groundwork" as a precursor to the ostensive prescription of new financial controls. As our interviewees reported, organizations facing financial crises are oftentimes characterized by an inferior information situation and financial oversight, which is why interim managers first need to prepare the corresponding database before any new Management Controls can be established. The importance of a single database was repeatedly highlighted. As part of their situated mobilization of Management Controls, interim managers do not necessarily establish completely new financial Management Controls (Giacosa & Mazzoleni, 2012) but also identify in the beginning, which of the existing Management Controls can actually be built upon and which Management Controls need to be reconfigured entirely. We thereby add to the findings of (Asel et al., 2011; Bourmistrov & Kaarbøe, 2017; Giacosa & Mazzoleni, 2012; Jamaluddin et al., 2018; Haron et al., 2013; Passetti et al., 2021) that financial controls cannot just be designed and rendered from nowhere, but managers actually need to carry out "groundwork and rework" before new controls emerge.

Summarizing, we confirm existing literature to the extent that *ostensively*, interim managers operate with a general thrust of tight financial controls. However, by investigating *how* interim managers mobilize and enact their Management Controls, we have identified that several factors lead to the need for interim managers to deviate from this thrust of tight financial controls. They flexibly interpret the ostensively prescribed routines to maximize the return on managerial attention and bridge the natural limitations of financial information. On the one hand, limited managerial attention and individual complementarity or adversity of different control objects require interim managers to focus their tightening only where return on managerial attention is high. On the other hand, financial information is initially scarce, focuses on symptoms rather than root causes, rapidly and drastically changes during a crisis, and is simply not useful in some contexts where lenders and employees need to be convinced. Furthermore, investigating the *how* also illuminates the initial conditions from which new Management Controls emerge and shows that managers need to carry out groundwork and rework practices to render Management Controls operational. We argue that these limiting factors are relevant to other managers in financial crises, and our findings are hence likely to be relevant beyond the interim status of our interviewees, but we nevertheless acknowledge that the deep expertise of our interviewees, as well as their lack of political ambition within the organization, amplifies their dynamic and flexible deviation from the prescribed and idealized routines.

5.2. The distinctiveness of interim managers in introducing Management Controls

Existing literature from contexts related to financial crises has demonstrated that managers mobilize several practices entailing (i) sensemaking, (ii) stakeholder enablement and engagement, and (iii) communication to enact changes in Management Controls. Our findings show that both the specific context of acute financial crises as well as the interim managers' external status represent decisive contingency variables that allow us to both confirm and enhance the existing literature through various notions, but also to uncover entirely new practices.

Interim Sensemaking

Prior research emphasized that organizational change depends on managers engaging in “enacted sensemaking”, which involves understanding the organization through active exploration and interpretation (Weick, 1988). It was found that this involves “cleansing the numbers” through, e.g., understanding the current accounting system setup (Hayne, 2022). Our research confirms this process and allows us to enrich it with distinct practices that interim managers, as crisis-proven professionals, employ. First, interim managers make sense of the situation and build tacit knowledge via active immersion. Second, interim managers build a foundational database that works as the single source of truth. This is particularly important to gain an overview of the financials of the company and to have control over the liquidity. Concluding, we thereby confirm the literature about sensemaking as a precursor to new controls and argue that this practice is of even greater importance in the context of financial crises, as reliable and rich information is scarce and the institutional pressures demand a thorough yet rapid understanding. Furthermore, interim managers in particular have to make up for their liability of outsidersness (Flatøy, 2024), which is why they have to gain both overt and tacit knowledge of organizations and their key actors.

Engaging and enabling temporary stakeholders

Existing literature has elaborated on how to ensure that Management Controls are perceived to be enabling rather than coercive and found repair mechanisms, transparency, and user discretion to be essential (Adler & Borys, 1996; Ahrens & Chapman, 2004; Englund & Gerdin, 2015; Jordan & Messner, 2012; Wouters & Wilderom, 2008). We confirm this literature in various instances: our empirics show how interim managers incorporate repair mechanisms into Management Controls, as evident in the Pareto-efficient “80-90% solutions for initial implementation” which will be rendered more concretely over the course of the turnaround (Adler & Borys, 1996). We also found that interim managers place great emphasis on creating internal and global transparency about controls and their implications for employees, as evident in various formal forums and informal gatherings, where they deliberately use comprehensive language to achieve the necessary transparency (Adler & Borys, 1996). User discretion over Management Controls is also ensured by interim managers in strongly leveraging the workforce's ideas and opinions in defining what to control for and how to enact their controls (Adler & Borys, 1996). Furthermore, we specifically confirm Wouters & Wilderom (2008) in that interim managers shape their Management Controls to be enabling by building on the existing local knowledge and professional expertise of the organization (Wouters & Wilderom, 2008). Our findings are also in line with Balogun et al. (2005) as they reveal different instances of how interim managers actively work “behind the scenes” to align the different agendas of stakeholders. Lastly, we confirm the importance of controlling for

the alignment of inter-organizational relationships when emphasizing financials in daily operations (Carlsson-Wall et al., 2011). The high conformity of our findings with the “idealized” literature is likely due to the deep expertise and focus on crisis contexts that our interviewees possess, which allows them to act “according to the textbook”.

Flatøy (2024) noted that interim managers face several challenges induced by being new to the organization and only there for a temporary scope. However, our findings show that interim managers see this rather as an advantage because there is no past nor future for them in the organization. This allows them to act and control without any political constraints. Their lack of political ambition is also very transparently used in their communication towards stakeholders in order to build trust and gain legitimacy. Thus, we extend the findings around stakeholder enablement and engagement in introducing new Management Controls by combining it with the lens of Flatøy (2024) and argue for the *asset of outsidersness* when introducing new controls. Given their fresh perspective on the one hand and their lack of political ambition on the other hand, interim managers can approach the necessary efforts of introducing new controls more swiftly, precisely, and unbureaucratically than incumbent management can, and our empirics show that this asset is greatly leveraged by interim managers throughout their mandates.

Textbook crisis communication

Bay (2018), Carlsson-Wall et al. (2016), and Hayne (2022) found that metaphorical speech is an effective tool in change scenarios to enhance the understanding of employees about complex corporate phenomena and financial information that they were previously unfamiliar with, which in turn helps them to grasp the urgency of the situation and their specific role in it. Our findings confirm the effectiveness of metaphorical speech in serving both a sense-giving and an explanatory function and demonstrate its particular importance in contexts like financial crises, given the fact that the urgency of the situation, paired with the previously elaborated limitations of financial information, forces managers to make use of other tools in order to transmit their message. We found that metaphors were not only used when explaining the current status of the organization and the turnaround, avoiding financial numbers and instead referring to ships in rough seas, half-colored flowers, or burning factories. Interim managers also made use of metaphors in other realms, as one interviewee elaborated with their use of a fast-food restaurant as a metaphor for the shopfloor in order to explain efficient production processes. We also expand the literature with insights on the Material Arrangement of presentations that are characterized by a small amount of numerical data and a high amount of pictures and figurative language. Those presentations help interim managers to explain the urgency of the situation and trigger motivation among employees to contribute meaningfully. Hence, interim managers practice a combination of metaphorical speech as found by Bay (2018), Carlsson-Wall et al. (2016), and Hayne (2022), and the utilization of material accounting artefacts that generate emotions, illustrated by Boedker & Chua (2013).

Baxter & Chua (2003) and Vallaster (2017) demonstrate how organizational talk is managed through the non-verbal dimension. For example, informal gatherings and open-door policies allow managers to stimulate the verbal dimension of talk. Our research reveals that interim managers make similar use of the non-verbal dimension of talk. However, we add to the literature on organizational talk that it is not only important what is said, but also what is left unsaid. When focusing particularly on the Sayings that our interviewees reported, our findings demonstrate that

in many instances, interim managers deliberately try to limit their share of speaking time to a minimum. They give the stage to employees, let them talk and explain freely without judgment, and thereby (i) nurture the employee's initiative and trust, and (ii) manage to gain an unfiltered proprietary understanding of the organization. Furthermore, our empirics show several instances where interim managers exert indirect influence on organizational talk, for example, through delivering transparent, consistent, and comprehensible information to the workforce through town hall meetings, thereby aiming towards controlling the office gossip. Hence, we extend the understanding of Czarniawska-Joerges & Joerges (1988), by showing that talk can not only be deliberately manipulated and leveraged by saying certain things, but also by strategic silence as well as by "behind-the-scenes" work.

Controlling the uncontrollable

Next to confirming and expanding the existing literature, our findings also allow us to add an entirely new practice category that is of particular importance in the context of financial crises: Under severe financial pressure, some objects of control are just too complex and too important to be delegated and managed via regular routines. Therefore, these realms of activities make it particularly hard for interim managers to enact and operationalize new Management Controls for them. Therefore, interim managers engage in practices that we have labelled as *the art of controlling the uncontrollable*. These relate to the active operational involvement of interim managers into the conduct of the liquidity office, the enforcement of decisions when they are delayed by the actually responsible managers, and the hiring of external specialists for workflows that are simply beyond the interim manager's and the employees' competence. We thereby add an entirely new group of practices with which interim managers mobilize and enact new controls in acute financial crises. In relation to the existing literature reporting on sensemaking, stakeholder engagement and enablement, and communication, these bundles of Doings, Sayings, and Material Arrangements relate to how interim managers restrain from delegating the most critical and complex tasks solely through formal, predefined routines to employees, but instead elevate these issues to top-management priority, intervene personally and operationally, and thereby ensure that their routines remain operational despite the complexity and importance of these issues.

Summarizing, we confirm the existing literature on practices to enact changes in Management Controls to a wide extent. Our findings contain several parallels with the outlined processes related to sensemaking, stakeholder engagement and enablement, and communication, and extend this literature with rich empirical material that offers a multitude of empirical examples and specific practices. Our findings further emphasize the increased importance of these practices in the context of financial crises, given that the timely and adequate initiation of the turnaround hinges to a great extent on a successful mobilization of highly operational Management Controls. The high degree of conformity between our findings and the idealized literature is likely attributable to our interviewees' deep expertise and specialization. However, we also add two new perspectives and notions to the existing literature. Firstly, we extend the literature on organizational talk with the perspective that organizational talk encompasses not only the explicit articulations but also what deliberately remains unsaid, as well as the indirect shaping of the discourse, thereby manipulating the narrative to one's own advantage. Secondly, and in contrast to Flatøy (2024), we introduce the *asset of outsidersness* as a key resource for interim managers when swiftly and consequently executing their mandates.

6. Conclusion

The objective of this study was to illuminate the performative aspect of Management Controls to address financial crises. While the current state of research provides extensive insights about *what* Management Controls managers ostensibly prescribe to initiate the turnaround, the literature has so far overlooked the perspective of *how* managers performatively mobilize their Management Controls under acute financial pressure and ensure that they remain effective. To gain sufficient access to this topic, we leveraged the vast experience of 26 interim managers specialized in taking over c-level positions in distressed organizations. Accordingly, we formulated the following research question:

How do interim managers mobilize Management Controls and render them operational in order to address financial crises and initiate the turnaround?

The current literature holds that managers address financial crises by introducing tight Management Controls (Asel et al., 2011; Becker et al., 2016; Chenhall, 2003; Czarniawska-Joerges, 1988 & 1989; Makrygiannakis & Jack, 2016; Passetti et al., 2021; Prechel, 1994) and mainly focus on generating, evaluating, and acting upon financial information (Asel et al., 2011; Bourmistrov & Kaarbøe, 2017; Giacosa & Mazzoleni, 2012; Haron et al., 2013; Jamaluddin et al., 2018; Passetti et al., 2021). By drawing on the lens of Practice Theory, Feldman & Pentland (2003), Schatzki (2002), and Spaargaren et al. (2016), i.e. asking about the *how* instead of the *what*, our interviews with 26 interim managers specialized in taking over c-level positions in distressed organizations reveal that the actual mobilization of Management Controls in financial crises unfolds in a much more complex, dynamic, flexible, and differentiated pattern than a mere deployment of tight financial controls. Ostensively, the general thrust of tight financial controls appears to be an implicitly presupposed and carried over recipe that is, however, correspondingly interpreted and improvised in different contexts and circumstances. Due to limited managerial attention and the individual complementarity of different objects of control towards tightness on the one hand, as well as the natural limitations of financial information on the other hand, interim managers frequently and deliberately deviate from the ostensibly prescribed routine and thereby mobilize and enact their Management Controls in a complex, diverse, and dynamic manner to successfully address financial crises and initiate the turnaround.

First, our findings confirm the current literature on the form design of Management Controls up to the extent that managers ostensibly prescribe a general thrust of tight controls in order to address the financial crisis (Asel et al., 2011; Becker et al., 2016; Chenhall, 2003; Czarniawska-Joerges, 1988, 1989; Makrygiannakis & Jack, 2016; Passetti et al., 2021; Prechel, 1994). In terms of the *what*, various instances of Management Control practices show that interim managers tighten controls up to the total control of employees (Czarniawska-Joerges, 1989). However, in terms of the *how*, the actual Doings, Sayings, and Material Arrangements of our interviewees suggest that the tightening of controls unfolds in a much more differentiated, flexible, and dynamic pattern than current literature suggests. While a general ostensive thrust to overall tighten controls within the organization is evident, managers are constrained by (i) their limited managerial attention and (ii) the individual complementarity of different objects of controls towards tight controls. Interim managers diagnose which objects of control should be orchestrated through tight controls and

which should not. While implementing the turnaround strategy, managers constantly and dynamically contract and relax their tightness of controls simultaneously towards different objects of controls, depending on the tightness they require. We thereby reinterpret the conceptualization of the managerial control cycle of Czarniawska-Joerges (1988, 1989) as we argue that it represents an accurate *ostensive* account of the organization in decline, but in the *performative* situated mobilization, independent objects of control dynamically and iteratively pass throughout different control cycles. Employee autonomy is not indiscriminately decreased (Asel et al., 2011; Bourmistrov & Kaarbøe, 2017) but dynamically given and taken. Controls are not entirely formalized (Prechel, 1994; Chenhall, 2003) but blended with informal yet deliberate devices and procedures. This allows for a reconciliation between constrained employee autonomy and the simultaneous interactive use of Management Controls (Asel et al., 2011; Bracci & Tallaki, 2021; Haron et al., 2013; Janke et al., 2014; Makrygiannakis & Jack, 2016). Interim managers in financial crises are hence not just “providers of the illusion of controllability” (Czarniawska-Joerges, 1989), but earn their legitimacy on a professional and interpersonal level. We deem these results to be relevant, independent of our interviewees’ interim properties.

Second, our findings confirm previous literature on the substance design of Management Controls up to the extent that managers ostensibly emphasize financial information and design their devices, systems, and procedures accordingly to generate and act upon such information (Asel et al., 2011; Bourmistrov & Kaarbøe, 2017; Giacosa & Mazzoleni, 2012; Jamaluddin et al., 2018; Haron et al., 2013; Passetti et al., 2021). In terms of the *what*, granular, frequent, and transparent information on the current performance and liquidity is generated, discussed, and reported to key stakeholders (Asel et al., 2011; Becker et al., 2016; Bourmistrov & Kaarbøe, 2017; Haron et al., 2013). However, our findings demonstrate how financial information bears natural limitations as it is static, superficial, and often simply does not tell the whole story. Therefore, in terms of the *how*, interim managers address financial crises by relying on a mixture of financial information on the one hand and qualitative primary data, subjective interpretations, as well as a strong emphasis on informal relationship building with lenders and employees on the other hand. We thereby extend the current literature by showing that financial information simply “breaks” at a certain point due to its inherent limitations, and that managers must hence mobilize a much more diverse and qualitatively richer landscape of controls than those that focus solely on financials. We further provide evidence on the initial conditions from which new Management Controls emerge and are rendered operational through groundwork and rework. We also deem these results to be relevant, independent of our interviewees’ interim properties.

We further contribute to the literature on organizational talk in the context of tight financial controls (Bay, 2018; Baxter & Chua, 2003; Boedker & Chua, 2013; Carlsson-Wall et al., 2016; Czarniawska-Joerges & Joerges, 1988; Hayne, 2022; Kraus et al., 2017; Vallaster, 2017). Next to confirming the importance of metaphors to enable employees to rationalize complex financially-related phenomena (Bay, 2018; Carlsson-Wall et al., 2016; Hayne, 2022) and adding insights into how metaphors and figurative language are leveraged in Material Arrangements like presentations, we further add the notion of strategic silence as well as “behind-the-scenes” practices with which organizational talk can indirectly be manipulated to one’s own ends. Furthermore, we add a group of practices that we term controlling the uncontrollable, in which interim managers refrain from delegating the most important and complex turnaround tasks via regular routines, but carry out

operational work themselves. In contrast to (Flatøy, 2024), we also argue that in contexts of financial crises, there is an *asset of outsidersness*. Additionally, we also contribute to the literature strand on Management Controls and Management Accounting investigated through the lens of Practice Theory (Ahrens & Chapman, 2006; 2007; Jørgensen & Messner, 2010; Nama & Lowe, 2014) as well as the literature strand investigating differences between ostensive and performative aspects of organizational routines (Biesenthal et al., 2019; Boedker, 2010; Hansen, 2011; Iannacci & Hatzaras, 2012; Liljenberg & Nordholm, 2017; Mouritsen, 2006). Our findings underscore that in contexts characterized by strong institutional pressures, ambiguity, and resource scarcity, the ostensive and performative aspects of organizational routines differ materially. An explicit investigation of this difference, as well as its contextual reasons, promises to render a more accurate account of the practiced reality and thereby complement existing literature.

Next to the contribution to theory, the findings of our study also entail high practical relevance for managers and organizations operating under financial pressure. Firstly, effectively addressing the financial crisis presupposes a thorough understanding of its root causes. Regardless of whether managers are interim or incumbent, such a sufficient understanding is best achieved through an exploratory sensemaking process that generates primary qualitative material. Secondly, our findings suggest that managers should diligently decide where to focus their efforts: while some objects of control require tighter controls due to their importance and/or complexity, other objects do not require this attention or could even be constrained. We further suggest that managers should continuously and dynamically contract and relax their controls to maximize their return on management attention during the turnaround. Thirdly, managers should not solely rely on financials in the turnaround, because it is especially the tacit root-cause oriented knowledge, the relationship work with lenders, and the tailored communication with employees that eventually allow managers to successfully initiate the turnaround and keep stakeholders committed.

This research is subject to a few limitations. Firstly, Nicolini (2017) suggests that interviews are only the second-best option to observe the situated mobilization of Management Controls, and our empirics are solely based on interviews. Secondly, our empirics might be subject to the interviewees' biases from their own personal perspective, which bears the risk that certain aspects of their roles and routines are overemphasized. Thirdly, the method of a multiple case study has the disadvantage that it does not allow to emerge deeply into one single case and observe it more closely. Three paths for future research are suggested: firstly, the most appropriate method to study situated practices is through observation (Nicolini, 2017), which would allow for uncovering facial expressions, body language, and other aspects only observable through direct immersion on-site. This situated lens could also be leveraged to focus on a particular group of practices. For example, further research could illuminate how managers develop and apply metaphors in their crisis communication and whether this allows employees to rationalize the crisis. Secondly, we argue that studying the reactions of stakeholders and how they co-shape these controls during financial crises promises rich insights. Thirdly, we suggest that further research apply the lens of the ostensive versus the performative aspects of Management Controls to other contexts with strong institutional pressures and a scarcity of resources to understand how and why these aspects differ in these contexts. As our study has shown, leveraging the lens of Practice Theory to conceptualize this difference renders a more accurate account of the design and mobilization of Management Controls in such contexts.

7. References

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8. Appendix

8.1. List of Interviews

#	Date (DD.MM.YY)	Length (hh:mm:ss)
1	14.10.25	01:09:08
2	14.10.25	00:58:29
3	15.10.25	00:53:03
4	15.10.25	01:07:47
5	16.10.25	01:05:12
6	16.10.25	01:04:01
7	16.10.25	00:58:37
8	17.10.25	00:44:14
9	17.10.25	00:55:02
10	17.10.25	00:50:24
11	17.10.25	00:42:50
12	20.10.25	00:26:41
13	20.10.25	00:36:31
14	20.10.25	00:23:17
15	21.10.25	00:59:43
16	22.10.25	00:52:21
17	23.10.25	00:55:17
18	24.10.25	00:53:05
19	24.10.25	00:54:35
20	24.10.25	00:52:34
21	27.10.25	00:21:50
22	27.10.25	00:50:23
23	28.10.25	00:56:42
24	29.10.25	00:54:02

25	29.10.25	00:21:46
26	07.11.25	00:53:36

8.2. Interview Guide

The following interview guide serves as an anchor for our interviews. Because of the semi-structured nature of the interviews, the questions were not exactly asked nor necessarily in the order as they are presented. Hence, this represents a collection of the most important and frequent questions asked along the 26 interviews. The questions were translated into English because all interviews were held in German.

Background

- To initially better understand your experience, could you describe a typical mandate situation?

Interim mandate

- How do you get an overview of the situation once you start your mandate? How do the first days look like?
- What are the key information that you need to successfully steer through the mandate? How do you get hold of them and who are you talking to?
- How do you approach everything concerning the development of measures? Can you take us into this process?
- How are employees across the organization involved by you into the turnaround process?
- How do you monitor the progress of the turnaround?
- How do you communicate tough decisions, such as layoffs? How do the employees react to this?
- How does the general handholding of the other stakeholders look like? How much do they need and how does it differ between them?
- How do you handle the situations where employees are reluctant to work towards the turnaround effort?
- How do the meetings with employees look like where the turnaround is discussed?
- What are general routines that you stick to across mandates? What are things that you generally try to do because they have been proven?

Conclusion

- Is there anything else around the topics we discussed that we haven't talked about yet but that you would deem to be very important?

8.3. Usage of Artificial Intelligence

Here, we outline how Artificial Intelligence (AI) was used in the context of the present study.

Transcription of Interviews

AI was used to transcribe all interviews with the built-in transcription feature of the Microsoft Teams application. The Microsoft Teams transcription feature was used because (i) it offers a high quality solution that was tested before the first interview, (ii) it allows us to keep the confidential data of the interviews within the cloud services of Microsoft and prevents us from uploading it to other third-party vendors, and (iii) it complies with GDPR which means that it fulfills the criteria of the ISO 27001. The transcripts were manually checked and edited by both authors to avoid errors, such as changing the meaning, or blank spaces for the cases that the transcription feature didn't work properly. Important to note is that AI was solely used to transcribe the data and not to analyze the data.

Grammar

We further used AI to support the writing process. In this context, AI was used for multiple applications.

For one, to find grammar errors or typos. Secondly, to partially translate the German quotes from the transcripts that were used in Chapter 4. They were, however, mostly idiomatically translated by the authors. Thirdly, to find alternative formulations or synonyms for specific terms. Lastly, to find suggestions how to shorten text and improve text flow.

All ideas, concepts, analyses, and syntheses in this study were solely developed by us without the utilization of AI.