

Controlling strategy through dialectical management

Abstract. Controlling strategy has been portrayed as a matter of managing tensions. But what are these tensions and how do they arise in firms? In this paper, organizational strategy is represented by a target operating model that is maintained by dialectical relationships between functional areas. Using a pragmatic constructivist framework, the functional areas may be conceptualised as specialised managerial topoi. Drawing on field work in the hospitality industry, the paper employs an actor-based research methodology to show that organizational tensions may develop out of conflicts between the different goals and logics associated with the various functional areas such as marketing, sales, revenue management and finance. Although there was evidence of accountants acting as custodians of the budgetary system, in some situations, other functional areas such as marketing or revenue management seemed to be the corporate policemen as they protected the corporate brand against unplanned price discounting or short term cost saving tactics. Rather than seeing functional specialisation as a disruptive obstacle to organizational coherence, the paper presents arguments and evidence which suggest that with the deployment of the principles of dialectical management, tensions between the different business functions can enhance strategic control and development.

Key words: *controlling strategy; dialectics; pragmatic constructivism; corporate policemen*

1. Introduction

How do managers exercise strategic control? Many researchers have noted that an important part of strategic control involves the identification and management of *tensions* in the organization. Focusing on the role of management control systems, some researchers have built on the seminal insights of the levers of control (LOC) model (Simons, 1995; Ahrens & Chapman, 2004; Tuömela, 2005; Widener, 2007; Mundy, 2010, Tessier & Otley, 2012). The LOC model is usually portrayed as a management system in which organizational tensions are constructed through an *intentional* interplay between different types and levels of control. In short, organizational tensions are seen as being “designed” by senior managers through their use of control systems. Although researchers have been inclined to focus on tensions between performance management systems, Simons himself argued that levers of control should be *broadly defined* to include organizational systems such as standard operating procedures and codes of practice (Simons, 1994; 1995). The Simons (1995) LOC framework does discuss the possibility of blending organic and mechanistic control but, as Ahrens and Chapman point out, concepts such as belief and boundary systems are ‘very general’ (2004, p. 278) and the relationship between mechanistic and organic control remains ‘relatively unspecified’ (2004, p. 278).

The paper uses an actor-reality¹ perspective (Jakobsen et al., 2011) to conceptualise organizational tensions. As well as suggesting a model of creative governance, the actor-reality approach can help to evaluate the success/failure of particular management control frameworks by drawing on the criterion of *practical validity* (Nørreklit, 2011). Practical validity in management control means that organizational action is informed by reality rather than by illusions or myths (Nørreklit, 2011; Nørreklit et al., 2012)) and is more likely to be achieved through bottom up rather than top down principles (Cinquini et al., 2013).

In order to conceptualise organizational tensions, the paper builds on the behavioural theory of the firm (Cyert and March, 1992) in which rivalries emerge between different functional areas and in which organizational outcomes are achieved through successful coalition building. In contrast, the actor-reality perspective used in this paper conceptualises the various functional areas as socially constructed sub-units with their own facts, logics, values and communication systems (Nørreklit et al., 2006; Nørreklit, 2011). Rather than seeing the direction of the firm determined solely through the management of political processes, strategy may be controlled through an actor-based leadership style which ‘implies enhanced awareness of the situation and competences of people and the function and power of communicative action’ (Nørreklit, 2011, p. 9). We term this model of leadership *dialectical management by design* (DMD) whereby senior managers control and adjust corporate strategy by recognising and even encouraging conflicts between functional areas of the organization. These conflicts may result in more successful organizations as business knowledge is created through dialectical thinking and action (Arbnor & Bjerke, 2009).

A central contribution of the paper is that it argues that the actor-based and the dialectical management models are mutually supportive. Whilst the dialectical management approach is based on respect for the particular values, logics, facts and communication of organizational members who are influenced by their functional specialisms, the key principle from actor-based management is the *co-authorship* of the organization’s lead story (Nørreklit, 2011). In this paper, co-authorship does not imply power equality between senior and junior staff but rather a recognition by the former that the organizational story is co-authored through the dialectical resolution of the different modes of thinking associated with different functional areas and different organizational roles. As will be demonstrated, the *combination* of actor-based and dialectical management principles addresses many of the issues associated with the

“illusion of management control”, which Dermer and Lucas (1986) attributed to a failure to recognise the multirational and political aspects of organizational decision making.

A second and related contribution of the paper arose out of the empirical fieldwork which showed that organizational tensions may not necessarily follow the conventional expectations often found in the finance literature where the accountant’s role of corporate policeman may at times conflict with other perceived roles such as business partner (Sathe 1982; 1983; Jablonsky et al., 1993; Järvenpää, 2007; Baldvinsdottir et al., 2009). Although we found evidence in our fieldwork of accountants acting as traditional custodians of the budgetary system, we found that the marketing and/or revenue management functions could also be portrayed as the corporate policemen when they sought to protect the corporate brand against unplanned price discounting or short-term cost saving tactics. All these conflicts and tensions both within and between functional specialisms can productively be conceptualised using dialectical principles. Although we do not argue that each and every case study demonstrated either an ideal enactment of actor-based management or of well-designed applications of dialectical thinking, we did find interesting examples whereby overall organizational effectiveness was enhanced rather than damaged by the interaction between the contrasting logics and values of the various functional specialisms. Reflecting on our conceptual framework and our empirical findings, we have derived some propositions which summarise the main features of a DMD framework.

The paper is organized as follows. The next section analyses some of the conceptual issues relating to the pursuit by managers of multiple, possibly conflicting objectives. The third section reports on some original fieldwork from three case studies taken from the hospitality industry, which show how managers understand and make productive use of dialectical organizational dynamics. The fourth section discusses the fieldwork in the light of the

theoretical and methodological frameworks and then puts forward some propositions on dialectical management control. The fifth section summarises and concludes the paper.

2. Organizational topoi and their integration through dialectical processes

Although there are a number of management control frameworks that could be used in the pursuit of strategic control (Otley, 1999), many are characterised by a top-down, mechanical approach in which control is seen in terms of pulling levers or pushing buttons (Nørreklit, 2011; Cinquini, et al., 2013). This mechanical view suggests an ‘organization as machine’ analogy (Morgan, 1986) in which the only actors of importance are senior managers and other organizational members are passive recipients of top-down instructions. In contrast, we propose a view of the firm in which, in principle, all organizational members are actors representing a variety of organizational interests and groupings.

2.1. Developing the behavioural theory of the firm through an actor-reality perspective

The conceptualisation of the firm as a functionally differentiated set of groupings has a long history in the organizational and management literatures. For example, Lawrence and Lorsch defined an organization as ‘a system of interrelated behaviours of people who are performing a task that has been differentiated into several distinct subsystems’ (1967, p. 3). Similarly, Cyert and March argued that the organization ‘...is a coalition of individuals, some of them organized into sub-coalitions’ (1992, p. 32) and that the ‘existence of conflict is a conspicuous feature of organizations (1992, pp. 32-33). In Cyert and March’s *behavioural theory of the firm* different departments of the organization such as production, sales and marketing have different goals. Whilst our perspective on the firm builds on the behavioural theory of the firm, which sees the different functional areas in terms of sub-unit interest groups, we propose that the firm is more like an assemblage (DeLanda, 2006; Sheppard,

2008) or a dispersed social agency (Thompson, 1986) which is the 'site or point of intersection of quite disparate social mechanisms and calculating practices including legal conditions, financial strategies and distinct processes of labour' (Miller, 1991, p. 736).

In contrast to the behavioural theory of the firm, we argue that tensions in a socially constructed, actor-based viewpoint of organization are based not merely on different goals but also on different concepts and perspectives on reality (Nørreklit, 2011; Cinquini et al., 2013). In the actor-reality approach to management, the actors in the different functional areas construct their reality with specific logics, facts and communications. This multi-dimensional but integrated view of managerial reality is termed pragmatic constructivism² (PC) whereby organizational reality and success are interdependent and based on the criterion of practical validity. If the management control of the firm's strategy is based on reality rather than illusions of control (Dermer and Lucas, 1986) then we can say it has practical validity (Nørreklit, 2011; Cinquini et al., 2013).

This section proceeds by explaining the actor-reality based approach to management. This approach fulfils several functions in the paper. First, it enables us to develop a particular view of the firm in which the different functional areas have a multi-dimensional, socially constructed perspective derived from PC concepts (Nørreklit, et al., 2006). Secondly, we will then explain how the sub-units may be integrated to form a management control topoi for the whole firm. Thirdly, the actor-reality approach enables us to interpret the case study evidence in order to evaluate whether the dialectical approaches described in the fieldwork constitute successful management control topoi.

2.2. Practical validity and a multi-dimensional PC view of reality

The emphasis on validity in the actor-reality approach prompts the question: what is reality and the converse- what are illusions? Nørreklit argues that 'reality is not a static thing but a well-functioning actor-world relationship' and is the 'integration of the four dimensions of

facts, possibility, value and communication' (2011, p. 17). The main characteristics of the PC approach are as follows:

1. The PC approach recognises the difference between researching the social world in which *facts* are constructed by complex relationships between 'actors' and 'things' and researching the physical world where knowledge of things is, at least conceptually, more straightforward. Nørreklit argues that in a PC perspective, facts are 'not things in the world but a cognitive relation between an actor and things in the world...and things are 'facts to us when they are well known' (2011, p. 25). Some facts may be what Searle (1995) would characterize as 'brute facts', that is, they exist independent of human consciousness. Organizations will differ in terms of their proportion of brute facts and socially-constructed facts. For example, whilst an electricity-generating power station is the result of human construction and ingenuity, many of the concepts used in construction and guiding managers will be based on the principles of physics and chemistry and are subject to physical forces. In other organizations, such as banks, the 'facts' such as money, asset values and profit are socially or institutionally constructed (Searle, 1995; Nørreklit, et al. 2006).

2. In the PC approach, facts are defined by their *possibilities* or *logics*. Although possibilities are grounded in facts, 'all matters of fact are loaded with possibilities ... the nature of everything is determined by possibilities and impossibilities that are integrated in things ... a door that cannot be opened, because in reality it is part of the wall ...it is no real door' (Nørreklit, 2011, p. 27). The PC framework sees managers and other organizational members as reflexive actors who constantly monitor both existing and alternative practices. In short, they are considering different *possibilities*. As Nørreklit explains, possibilities are 'constructs of something that does not presently exist based on something that does exist ...and to 'construct possibilities, one must perform logical operations' (2011, p. 25).

3. Since actors need to be motivated, a third dimension of reality in the PC approach is *values*. Unlike in neoclassical economic theory, the PC approach does not assume a particular universalist set of individualist or self-seeking values. Since values are a person's motivating force, Nørreklit et al. (2006, p. 47) argue that 'if the world does not appeal to the values of a person, that person becomes passive' and 'managers should recognize and respect the values of employees in order to strongly motivate them'. If managers and/or employees *are* self-seeking and individualistic, it may be because wider cultural values encourage such attitudes.
4. The final dimension of reality in the PC approach is *communication*. Without communication, there might be a world of things but no social, institutional or even individual human reality. As Nørreklit et al. put it:

Without communication, only individual reality exists: there is no intersubjective socially organized reality and neither companies nor institutions to be managed. Such disconnected "reality" is, however, not possible because communication is a necessary aspect of individual reality (2006, p. 48).

Communication plays a very special role in strategic control because it is the key to the integration between the other dimensions as it 'formats the organization as a common space of meaning' (Nørreklit, 2011, p. 30). If reality was solely composed of facts, communication would just consist of a simple exchange of information. In a multi-dimensional view on reality, communication helps to not only to construct the other three dimensions of reality but to integrate them via organizational arguments or rhetorics. In PC, these arguments are known as *topos* or, in the plural, *topoi*. If the dimensions of the topos are integrated successfully then the firm's management control approach will be characterised by practical validity in the sense that organizational activity is informed by reality rather than illusion.

2.3. Functional differentiation and integration: a dialectical perspective

Having introduced the main principles of actor-reality, we can now show how it can be used in the specific context of functional differentiation and dialectical processes. The actor-reality perspective on functional differentiation is explained by Nørreklit as follows:

Business is composed of overlapping but different fields of knowledge and meaning: sales, production, R&D, marketing, finance and so on. Each field has its own theories and develops its own special language, topoi and stories. Thus the organization is constructed of a group of integrated units. All these units coordinate their activities although the logic of their operating topoi not only differ but often are incompatible. Thus although they are incompatible, they do nevertheless complement each other in creating the business (2011, p. 36).

Although in the later sections of the paper we develop functional and organizational topoi that are drawn from fieldwork undertaken in actual organizations, at this stage, we present rather stylised functionally-based topoi that illustrate their generic characteristics. For these reasons, we have called the figures 1a and 1b “stylized thinking” and ascribed simplified and instrumental values and logics based on functional thinking “on its own”, that is, in isolation from other functional areas³. With these caveats in mind, we suggest that the topos for a finance manager may be represented in figure 1a in the central ellipse where the different dimensions of reality are integrated. The values and logics/possibilities may vary according to wider economic and institutional influences such as the ownership of the business. For example, the focus on short-term profits may be greater if the company is publicly quoted and the financial markets expect quarterly earnings reports. In terms of other functional areas such as marketing, the values and logics may be influenced by the educational and training of practitioners. Thus the reality for the marketing manager may be shown in figure 1b where the marketing department may be influenced by a ‘marketing concept’ where profits come through customer satisfaction based on integrated marketing techniques (Kotler et al., 2005). In contrast, the sales function sees profits as derived from sales volumes which are driven by selling and promotional techniques. As an emerging function with particular importance in

the hospitality sector (Mattimoe and Seal, 2011), the revenue management department will perceive that profits are generated through maintaining the average revenue per available room (that is, the well- known metric, *Revpar*).

[Figure 1a, here. Stylized thinking in “finance on its own”]

[Figure 1b. here. Stylized thinking in “marketing on its own”]

2.4. Conceptualising an organizational topos: the Target Operating Model

So far we have shown how individual functional areas can be seen as developing their own specific topoi. Yet how are these various topoi combined to form a business or organizational wide topos? Nørreklit argues that in the various staff or functional areas of the organization ‘analyses are temporarily detached from contexts of realisation’ but that they ‘may clarify new aspects that then can be integrated and improve performance’ (2011, p. 31). Nørreklit argues that a ‘problem of complementary functions or disciplines is inherent in business and calls for an overarching business topos for governing the company as a meta-topos that conceptualises the identity of the business and the strategic issues of integrating its operating topoi’ (2011, p. 36). The concept of topos (plural topoi) is an important way of summarising the integration of the multiple dimensions of reality in particular organizational settings such as a company. Nørreklit argues that actors in businesses need the guidance of ‘lead stories’ and ‘scripts’ but emphasises that company topoi ‘differ from general instruments, theories and tools in that their concepts are company and business specific (2011, p. 14).

In the context of this paper, we may interpret lead stories and scripts as the firm’s strategy which, in an actor- based perspective, combines market positioning with the resource-based thinking (Cinquini et al., 2013). Yet we would also argue that although organizations may

have well established routines and standard operating procedures (Nelson and Winter, 1992), the control of strategy implies an ability not just to “keep on track”, but also a capacity to react to new strategic threats and opportunities- for strategy to emerge (Mintzberg, 1978; Simons, 1995). In order to reflect this emphasis on organizational flux and flexibility, we have drawn on a term that is commonly used by management consultants, the target operating model (TOM). Ross et al., argue that the term operating model ‘describes how a company wants to thrive and grow’ ... (and)... (by) providing a more stable and actionable view of the company than strategy, the operating model drives the design of the foundation for execution’ (2006, p. 26). In contrast to most consultants who tend to emphasise conscious design, we have conceptualised the firm as an assemblage. Although this conceptualisation suggests less conscious design and more spontaneity, it does not, however, imply organizational anarchy. In an actor-based view of the firm, the TOM is both business specific (rather than general) and based on the principle of co-authorship rather than the product of the mind of a single dominant leader.

Co-authorship need not imply consensus. Indeed, with dialectical thinking and relationships, tensions between different functional areas may actually be a deliberate part of a business specific mega-topos which celebrates functional differentiation and creativity, rather than tries to suppress it. In this conceptualisation of the organization, management nurtures and respects the norms of the different functional areas and deploys them *dialectically* to produce new organizational knowledge that enables them to control the wider strategic stance.

2.5. Dialectical management control and the Socratic method

There have been a few applications of dialectics in the management control literature. For example, Van de Van and Poole (1995), Macintosh (1994) and Kilfoyle and Richardson

(2011) have viewed organizations as sites of conflict between a *thesis* and an *antithesis* that produce an outcome, a *synthesis*. In some uses of dialectics, the focus is on conflict between different levels (subordinate *versus* superior) as in the dialectic of control (Giddens, 1984) or in Marxist analysis, between classes. Indeed, dialectical approaches may have been handicapped in the management literature because of an association with the *dialectical materialism* of Marx (Benson, 1978; Seo and Creed, 2002). In contrast to the materialist model, Nielsen argues that there are a variety of dialectic change processes which differ 'with respect to (a) types of phenomena in conflict, (b) emotionality of conflicts, (c) types of conflict resolution processes, and (d) different priority foci as ways of learning or ways of acting' (1996, p. 280). These dialectical processes are not mutually exclusive and can act simultaneously and/or sequentially. In this paper, the emphasis is on dialectical *thinking* as first developed by Plato and Socrates and on dialectical *relations* between actors in organizations. In the Socratic dialectic, conflicts take place within a co-operative atmosphere. As Nielsen puts it:

Idea (a) is in conflict with idea (b). People and groups are not in conflict; only the ideas are in conflict. The emotionality of the conflict is friendly or at least civil. Partners in the conversation are able to discuss conflicts among ideas without getting angry with one another...it is less important to advocate an individual position than it is to cooperate in the dialogic process (1996, p. 281).

Dialectical relations are usually seen as being dyadic/triadic. Yet if the firm is conceptualised as a dispersed social agency as argued earlier, then dialectical relations may be multi-faceted (Bhaskar, 1993; Sheppard, 2006). At an individual level, the actor may use dialogue and dialectical methods as a way of reflecting on their actions in that they define what they do by reference to how they think or act in opposition to what others in the organization are doing (Arbnor and Bjerke, 2009). Indeed, as we shall develop more fully below in our discussion of the concept of corporate policeman, some specialists can experience internal conflicts about their occupational roles and create new knowledge by

achieving a resolution or synthesis. In other situations, specialists may have defined their own role within the organization by contrasting it with the organizational roles of specialists in other functional areas. Whether the conflicts are within or between individual specialisms, a dialectical resolution of conflict produces a creative synthesis ‘which is contingent upon some perceptual, conceptual, or empirical reorganization by both the organization and its members’ (Lorenco and Glidewell, 1975, p. 491). Carr explains that any synthesis is not a middle ground between two starting points but a ‘new “working reality” and may, in turn become a thesis (which then engenders its own antithesis)’ (2000, p. 215). In this context, the role of the manager is not to design a static TOM but rather ‘recognise, and work through, the tensions and strains that inevitably arise from the contradictions, oppositions and negations’ (Carr, 2000, p.217).

2.6. Dialectical relations and the corporate policeman concept

In the accounting literature, the same accounting professional may actually be internally conflicted over the various roles that they are expected to play within the organization. In particular, for management accountants/controllers, there may be a conflict between a corporate policemen role and a business partner/advocate role. Hartmann and Maas explain this tension as follows:

As corporate policemen, controllers are agents of higher level managers and organisational stakeholders. Their main responsibilities are to make sure all decisions made at lower levels of the organisation are in the interest of the firm as a whole (by stressing operating efficiency and conservation of corporate resources) and to ensure compliance with rules and regulations and technical bookkeeping procedures. As business advocates on the other hand, BU controllers are primarily focused on providing assistance to BU managers. They help develop and implement BU strategies and actively participate in running their units’ operations... (2011, p. 441).

One of the issues that will be explored through the case studies below is to evaluate the alternative ways of resolving the role conflicts facing the management accountant. One of the alternatives that is often advocated in both academic and professional circles is that the

management accountant emphasises new competencies in strategy or marketing that suggests a value adding capability (Burns and Baldvinsdottir, 2007). Yet as we shall see below, some of the practitioners in our case studies argued that possible conflicts may best be resolved through the dialectical management of differing functional specialisms rather than by expecting the individual specialist to find some sort of internal resolution on their own. This organizational resolution of conflicting functional roles perhaps recognises that dialectics are not just a matter of thinking, but also of acting. Supposedly, a policeman *acts* to deter crime and/or arrest perceived law breakers.

2.8 Conclusion

To conclude this section of the paper, we have developed a conceptual framework for a management control approach that combines actor-reality and dialectical principles. This theoretical framework offers a prescription for addressing the illusion of control problem discussed by Dermer and Lucas (1986). Dermer and Lucas argued that the illusion of management control ‘fosters the belief among managers that conventional controls such as operating standards, profit targets and budgetary criteria accurately and validly measure, and thereby control behaviour’ (1986, p. 471). On its part, the DMD model accepts the premise put forward by Dermer and Lucas ‘that political relationships between interest groups within an organization play a large part in determining its decision process and the outcomes of that process’ (1986, p. 471) but proposes that this premise may be converted from a potential problem to an opportunity for creative strategic control. The next section shows how the theoretical framework can be applied in specific empirical settings.

3. The cases

Although the perspective on strategic control that has been presented so far is quite general, the whole essence of the actor-reality approach is that managers develop a business specific management control topos (Nørreklit, 2011). In order to explore these general concepts in particular organizational settings, this section presents and interprets selected extracts from interviews conducted as part of a wider research project on management accounting in the hospitality industry. Rather than present in-depth case studies, the primary aim of the case material in this section is to illustrate the theoretical framework with empirical examples of the concepts developed in section two. As will be seen, each case study provided different examples of the overall DMD framework.

Interviews were taped and transcribed and conducted by two researchers. Interviews were semi-structured and drew on themes informed by the accounting and hospitality literatures. For example, drawing on the prescriptive hospitality literature, the researchers were aware that hotels tended to be market- rather than cost-oriented businesses and thus the role of pricing and sales would probably reveal areas of innovation (Kotas, 1975; Brignall, 1997; Mattimoe and Seal, 2011). The level and variety of interviewees varied between the cases but, since the research project was funded by an accounting body, a common theme was a search for possible innovations in management accounting practices across a variety of hospitality businesses. In two cases, *Nationalpub* and *Nationalhospitality*, the companies were very large hospitality chains and the researchers focused on head office practices. In *Nationalpub*, access was limited to a senior finance executive. In *Nationalhospitality*, however, it was possible to interview managers from a variety of functional areas such as finance, marketing, information technology, sales and revenue management. Indeed, in *Nationalhospitality*, the key contact manager was keen to present a multi-functional perspective on the organization. In the third case, *Babylon*, a single site hotel, the researchers

were able to interview the most senior manager in the organization. Although some of the quotations are rather long, this length is justified because, in the spirit of actor-based research (Arbnor and Bjerke, 2009), it is important not to impose a researcher-based summary of the key issues in the cases. The aim is to capture the natural language and authentic reflections of the interviewees (Arbnor and Bjerke, 2009).

3.1. Nationalpub

3.1.1 Case background

Nationalpub was a major operator of managed pubs and pub restaurants in the UK with a high quality estate. It had 21 brands and about 1,900 pubs and restaurants. The main focus was on the informal, value for money, eating and drinking out market in a pub environment. Although the company was quoted in the mid-cap sector of the London stock exchange, two individuals owned 30% of the shares. Historically, the company had been ‘drink-led’ but had recently chosen to become more ‘food-led’. This change in strategy was being implemented via disposals of the more drink-led outlets, but also through a change in emphasis in the group support functions such as management accounting.

The TOM was based on two main strands. First, the pubs were segmented into different brand groupings. Often the grouping depended on the location (city-centre versus rural/suburb). The second strand involved increasing sophistication in terms of central monitoring of labour scheduling against forecast sales, pricing, and food and drink purchasing. These central developments were the responsibility of the head office finance function whilst the individual brands were the responsibility of brand managers who were supported by regional retail business managers. Local managers were responsible for specific pub topoi but they had relatively little freedom of action given the central financial controls and the formulaic imposition of the brands in terms of layouts and menus.

3.1.2. Dialectical tensions at Nationalpub

The finance director did not feel any internal contradictions in her role. She argued that the management accounting function had developed into a business partnering role, through its increased ability to forecast sales and costs for the pubs. The dialectical tensions were with other managers- locally in the pubs and centrally with marketing. As an example of tensions with local managers, she described how the labour scheduling system had saved millions of pounds in labour costs, but there was scope for further tightening. She put it as follows:

We're actually developing something new at the moment that takes it to the next step, because there are, with any system there's holes and there's warts in the system, because people can get round it. *Because, a pub manager being a pub manager, even though we tell him he can only spend £3,000, he will overspend that number if he can, if he can get away with it, unless we're there saying that, no, you can't do that, and we're managing the back end as well.* What we need to do is to be able to stop them from spending the extra, and actually, if that interfaced with the payroll, then they wouldn't spend it (emphasis added).

Although the aim was to reduce the discretionary spend of the pub manager, she was not trying to change the values of the pub manager and convert him/her into a cost cutting minion. A similar tension between a desire to control and a recognition of different values was also revealed in her relations with the centrally based marketing function as follows:

There can be a little tension at times with the marketing team, because the marketing team being marketing, want to believe that everything has worked, because there's obviously a huge slug of funds we're spending marketing our businesses, and they don't like being proved that things haven't worked. And sometimes when we run the evaluation we say, well no, this hasn't worked, you know, we haven't got sufficient sales to cover our cost, or, we haven't got sufficient sales benefit from it so we shouldn't do that again. *And that's really what I see the role of my team as being, almost the, we're the standalone function that is very black and white and says, yes, something has worked, or no, something hasn't worked.* (emphasis added).

The finance director recognised that there were different ways of looking at the tensions with marketing but clearly saw a resolution in terms of financial logic. She explained her thinking as follows:

When you've looked at something three ways, you know, clearly you'll say that, no, I've looked at it three ways and that's the answer, it hasn't worked. And sometimes I have to have those conversations, because I sit on the sales and marketing executives, and my role is to present back on the findings of how we're doing on certain initiatives. And so my team'll write papers for me, and I'll present those papers back to say, well, okay, we've run this menu, we've got no sales benefit from it, but we're getting a favourable mix and that's given us some price gain, or it's given us some cost of goods gain. Or I might say, well, we've done this, it was an advertising campaign, it didn't work for us, so therefore my recommendation is that we don't do this again.

Although she had face to face meetings with marketing and sales personnel, her values and logics were clearly informed by a standard costing mentality which meant that she expressed dialectical tensions in terms of trade-offs in an almost textbook application of variance analysis.

3.1.3 Conclusions-Nationalpub

Nationalpub continued to be successful in a very tough period for the leisure industry, in general, and for pubs, in particular. It is evident from our fieldwork that a key source of strength in *Nationalpub* lay in its information technology and depth of analysis. It would be difficult for tenanted or owner-managed pubs to match either this sophisticated analysis or the centralised buying power available to a national chain. The case also illustrated how information technology has changed the role of management accountants away from routine report production and towards a more commercial, business analyst role. This role led to tensions between the management accounting function and other functional areas such as marketing and operations. Although the interviewee did not see the management accountants as a corporate police force, she did have the power to curtail what she saw as ineffective marketing expenditures.

In terms of controlling strategy, *Nationalpub* exerted strong central control over the company's TOM. In terms of actor-based management principles, the approach was very top-

down in an industry which was traditionally driven by notions that pubs had an individual character which was at least in part authored by the personality of the landlord. Although *Nationalpub* was financially effective, its approach to brand management was based on aligning its specific brands with their locality rather than on encouraging local character or dining excellence. However, before we fully evaluate this case, we will present two other cases.

3.2. *Nationalhospitality*

3.2.1 *Case background*

Nationalhospitality was a leading hospitality company quoted on the London stock exchange, managing market-leading businesses in the budget hotel and restaurant sectors. It had more than 30,000 bedrooms across more than 480 locations around the United Kingdom. The group also had chains of restaurants which were generally located next to the hotels. Increasingly, the two operations had the same general manager.

The hotel had a very strong brand backed up by successful advertising aimed at the top end of the budget market. The hotels had a single brand whilst the restaurants had several brands. Every hotel had a restaurant on the same site. Although the hotels and restaurants were analysed and managed *centrally* as distinct brands, the sites were managed by a single general manager and had a single profit and loss account. The brand defined the TOM which itself drove the management of revenues and costs.

In terms of revenue management, the company had not been keen on dynamic pricing for room rates arguing that their national “price promise” was part of the brand. At the time of the field work, *Nationalhospitality* managed capacity largely through stay restrictions and using informal cluster management in particular cities. They also used an event pricing policy to raise prices if local events pushed up demand. The policy at each hotel was to design

standardised rooms to fit the TOM, rather than vary price according to differing room characteristics. In this respect, the TOM was literally “built into” the hotels. The standardised rooms also facilitated a cost control philosophy informed by standard times for activities such as room cleaning. The market power of the group was based on its brand positioning, its geographical coverage, on leveraging the customer databases and on effective control of distribution channels.

3.2.2 *Dialectical tensions at Nationalhospitality*

The geographical expansion of *Nationalhospitality* was based on the analyses of a special strategy unit at head office led by a commercial director. This unit undertook much of the data gathering and analysis that could be called strategic management accounting/strategic investment appraisal (Lord, 2007; Northcott and Alkaraan, 2007). Using industry and local geographical data, the unit selected potential sites by modelling the expected revenues for the investment models. The operational data for control purposes was more the responsibility of the head office finance function as described below by the commercial director:

I don't tend to deal with cost. I'm very much at sales level. Because ours is all about comparing how we perform against the competitors. The information you can get from competitors tends to be more at sales level. The way I see it in terms of us and finance, although I am kind of part of finance, in terms of your traditional finance & accounting teams, they'll very much support the operators in terms of how they performed, in terms of certain budgets, in terms of forecasts and things like that. So they very much structure their data along the operator path types of things.

The commercial director described his strategy unit as combining abstract analytical skills with what he called commercial “nous” because of the contrasts between his two analysts:

We've got two analysts- one on the hotel side, Jim, whose background's hotels, not finance at all, and one on the restaurant side, who actually is a qualified accountant, but doesn't need to be. It's because you want analytical skills...You want a commercial, effectively an analyst with some commercial nous. I mean, the restaurant guy hasn't got any experience of our industry, but they've kind of got that in Jim. *You can't really put your finger on it, but the first to kind of really get to grips with what's going on, and kind of use numbers and the knowledge of the industry and market intelligence, and put the two together* (emphasis added).

Although it would be an overstatement to interpret the relationship within the strategy unit as an example of organizational tensions based on different functional topoi, the creation of business knowledge did draw on dialogical relationships between the actors in the strategy unit in that the aim was to create a dialogue based on different perspectives and then develop a synthesis which is not a compromise, but a new perspective, that will ‘*go beyond* (synthesis) the original opinions...’(Arbnor & Bjerke, 2009, p. 136, original emphasis).

3.2.2.1 Brand maintenance as the “conscience of the business”

Since there was an ongoing conflict between short-term profit conversion by local operating managers and more long-term issues of brand maintenance, *Nationalhospitality* aimed to protect its brand and hence its TOM, through the appointment of specialist *brand audit managers*. One of these managers explained his position by comparing his role as championing the guests in contrast with his finance colleagues, whom he saw as championing the shareholders. As he put it:

I manage all our guest research and all our guest insight... ..So I very much play a “conscience” role within the business in terms of, in the way the finance guys will very much represent the shareholder and “are we making the right financial decisions”, I very much represent the guests.

3.2.2.2 The revenue manager as corporate policeman

A third example of inter-functional tension concerned the emerging role of revenue management. Although other interviewees, such as those in brand auditing, talked about being the “conscience of the company”, the revenue manager actually talked about himself as fulfilling a “policeman role” in that he prevented local managers from unconsidered discounting. Before the development of revenue management practices with a focus on market segmentation and dynamic pricing (Mattimoe and Seal, 2011), the hotel industry had practiced *ad hoc* price discounting. As the revenue manager put it:

Before the recession, I was controlling increases. *And now I think my role, a lot of it, is as a sort of policeman.* Now I'm stopping them discounting to say, "actually you're going to hurt the long-term profitability of the company and your site" (emphasis added).

Whilst all our interviewees showed some aspects of dialectical thinking, the brand audit and revenue managers' observations on their roles clearly demonstrated the way that practitioners often understand what they do *in opposition* to what others do. In short, they thought and talked using *dialectical logics* in the sense of setting up thesis and antitheses to reflect on their own positions but left the synthesis, the going beyond stage (Arbnor & Bjerke, 2009, p. 136) as somewhat unresolved. Yet, as we argue below, the resolution of different viewpoints seemed to be based on an organizational atmosphere of co-operation rather than confrontation.

3.2.3 Conclusions-Nationalhospitality

Nationalhospitality had a very robust operating model which was supported by good business intelligence. The model was relatively simple to operate, but could also respond to changing circumstances. For example, because of pressures from discounting mid-market chains, *Nationalhospitality* had (at least temporarily) began to abandon its price promise and was moving towards a more dynamic pricing model. Furthermore, although each restaurant brand was relatively fixed, the relative proportions of each brand in the group could be rapidly changed in response to changing market conditions. The research focus was on a "head office view" of the company. Such a view seemed justified given the highly centralised management model. Thus although there could undoubtedly have been deviations at local level, the research focus was on how the company had set up systems to monitor and control threats to brands or local problems in profit conversion.

In terms of actor-based principles of management, it was evident that the TOM was top down in the sense of developing centralised systems and marketing concepts. Yet it was also evident that managers had thought about the top-down/bottom up issue. For example, without any prompting, the senior revenue manager both identified the problem and proposed a resolution based on the principle of comparative advantage. He wanted to leave local managers to focus on customer-facing activity rather than analysis of bookings/pricing, and so on. As he put it, when describing an imaginary conversation with a local hotel manager:

We would rather have you (the general manager) in reception, in the restaurant, talking to guests, sorting out issues, and doing what you need to do best. Leave some of that information analysis to Ms P. (a systems expert), and you worry about the operation... *And that's sort of our mantra in head office.*

In contrast to *Nationalpub*, *Nationalhospitality* had a widely recognised and generally well liked national brand based on value for money propositions. Also in contrast to *Nationalpub*, dialectical tensions between the functional areas were not resolved solely through financial logic. Many of these contrasts could be attributed to different expectations of customers in the hotel sector in which the budget hotel concept is well established, whereas the concept of the standardised budget pub is less familiar. In the spirit of Socratic dialectics, the tensions in *Nationalhospitality* did not reflect political rivalries, but rather a cooperative atmosphere. To give an example of the lack of rivalry or suspicion between functional specialisms, the commercial director described how his unit had earlier reported to the marketing director but because the marketing director had become overloaded with other reports, the unit now reported to the finance director. The dialectical management processes that were identified above are illustrated in figure 2. The TOM at *Nationalhospitality* is shown as emerging through dialectical relationships between the functional areas.

Figure 2. A schematic illustration of the TOM and dialectical processes at *Nationalhospitality*.

3.3 Babylon hotel

3.3.1 Case background

General Manager (putting down his mobile):

That was the VIP that I am just waiting for. It's a TV celebrity that I need to be there for... just give me three minutes....well I am going to be no longer than about six, seven minutes. Because I will just be shaking Nicole Kidman's hand...

This quotation encapsulates the market position of *Babylon* hotel as well as the hectic and many-faceted roles of a general manager (GM) in a unique luxury hotel. The key success factors in *Babylon* revolved around protecting the brand and responding to the demands of individual (often rich or celebrity) guests as well as their second market which focused on celebratory occasions. In *Babylon*, customer relationship management was not a matter of anonymous computer software, but tailored towards highly demanding individual guests and the common hotel industry mantra of "guest experience" was clearly enacted in the hotel. Elaborating on the market position of *Babylon* with respect to their renowned silver service afternoon tea experience, the GM said:

We are the benchmark so whenever there is an issue, if somebody has an issue, for example, with British tea, who are they going to call and ask for a comment?... it will be *Babylon*. So we are the first port of call as to a reaction for the industry if you like and that's the way it needs to remain and the reason that it is that way is because we won't compromise on our standards.

3.3.2 Dialectical tensions at Babylon

The GM explained his relationship with his departmental executives as follows:

All of the executives form a supportive agency within, amongst each other... What I have to do is conduct them all to work together like in an orchestra. They are each playing different musical instruments, so I am there to conduct them to make sure that

they actually produce a tune. I also challenge each executive as to whether or not they should be looking at different levels of contribution on costs savings or perhaps looking at value-added concepts...

They come to me and say: “This is what I plan to do, do I have the support, the finance and the go ahead, given timeframes”? I will either say yes or no and we will perhaps discuss it at that point. But I see my role as an overall leader of the eight executives.

In this quotation, the GM developed the analogy of the conductor in an orchestra, co-ordinating and challenging the individual departmental heads to respond to particular initiatives on cost saving or value added. Yet the dialectical aspects of his management philosophy emerged when he discussed the relationship between the various functional areas. For example, although the GM commented that his financial director was unusually interested in operations and thus ‘can then perhaps appreciate and empathise why this cost may have leaped 20% because, I don’t know, of a market drought in truffle’, he was keen to emphasise the value of contrasting roles and activities. Thus, explaining how he saw the different roles of sales and revenue management, the GM said:

Sales brings in and drives business to the hotel...through word of mouth, through meetings, through marketing, through direct mailshots. The *revenue manager*, once receiving demand, has to be able to balance volume and room rates to fill the hotel. And whilst filling the hotel knowing whether or not that room number, that particular room or room category will use a food and beverage outlet (emphasis added).

In this example, the GM was emphasising the value of functional specialisation. Yet, as we shall see below, when he then went on to discuss the role of the finance function, he developed a more explicitly dialectical perspective.

3.3.2.1 The finance function as corporate policeman rather than business partner

The GM was keen to maintain a distance between the finance and revenue management functions. Indeed, he had very strong and precise views on the role of the finance function in *Babylon* as he explained at length:

I don't believe the director of finance would see his role as driving the business. *I think the director of finance has to be, not aloof, but be able to put himself away from certain emotional decisions that are made within a hotel and has to realise that there are no friends when there is money owing. We need to go to the director of finance to say "We have an issue with x, y and z, how are we going to claw back x amount of money?"* And he needs to be able to systematically be devoid of any emotion.

I don't think revenue management should ever report into finance because I think there is a conflict of interest. *I don't expect our director of finance to be able to comprehend why a revenue manager in one of my competitive hotels would drop roomrates by 15% at a particular time,.. is it up to the director of finance to know that we have a particular convention in town? No, I don't think so.*

I am concerned about diluting the role of director of finance too much. Where do you draw the line? And I think his skillset being so selective and so precise, I don't want that diluted in any shape or form.

The GM was portraying the role of finance as corporate policeman rather than business partner. Interviews with staff in the finance function confirmed the image portrayed by the GM. Although on the same site as the hotel, the finance function was very much a back office operation which employed the standardised accounting system common in the hotel industry that was, in its own way, as reflective of "good practice" as the hotel's afternoon teas.

3.3.3 Conclusions-Babylon

If hotels can be located on a spectrum from high end luxury at one polar extreme to low end budget at the other, then *Babylon* emphatically represented the former. The location and market position dominated every aspect of the management culture. In comparison with other objectives such as cost control, guest experience was paramount. Although finance played a traditional stewardship role in the hotel, this did not imply that the finance function was either inappropriate or somehow "old-fashioned" but rather that its role was consistent with the wider management philosophy at *Babylon*.

The management control model at *Babylon* may be illustrated through the PC framework as shown in figure 3. The functional areas are shown as self-referential systems that are integrated by the GM as the self-styled "conductor". One of the key differences between figure 2 and figure 3 is that, the case material revealed a more explicit or designed use of

dialectical principles. The integration of the management control topoi at Babylon was achieved through monthly meetings of the executive committee which reviewed the performance of each department. Overall, the management style was very face-to-face with the GM taking responsibility in encouraging distinctive positions between the functional areas and resolving or synthesising the resulting tensions.

[Figure 3, Here. A schematic illustration of the TOM and dialectical processes at *Babylon*]

4. Discussion

The three cases were quite different in terms of their TOMs. In *Nationalpub*, there was tension between the marketing and finance functions. However, in this case, the “corporate policeman” seemed to be the finance function. In *Nationalhospitality*, a chain of budget hotels, the marketing function was either directly or indirectly tasked with maintaining their particular operating models/brands. The revenue manager saw his role as preventing price discounting and explicitly and without prompting described himself as a corporate policeman. In the case of *Babylon*, a single super luxury full service hotel, the GM encouraged functional specialisation and personally managed the resulting tensions. Whilst *Nationalpub* and *Nationalhospitality* illustrated tensions between functional areas, *Babylon* showed how the tensions could be creatively managed and provided the most complete depiction of the DMD model of strategic control.

All three cases had functioning topoi which, as Nørreklit (2011) argues, is a necessary but not sufficient basis for business success. In an actor-based approach, business success is predicated on practical validity in that the organizational topoi are based on reality rather than illusions. Given that reality in actor-based management is dependent on the integration of the

multiple dimensions of reality (facts, possibilities, value and communication), can we say that the TOMs were realistic? Or, more correctly, were the organizational processes consistent with the principles of actor-based management?

Paradoxically, the most top-down management style (*Nationalpub*) seemed to acknowledge that a centrally planned control system was always going to be characterised by an element of illusion (Dermer and Lucas, 1986). In the interviewee's mind, the marketer was subject to a certain level of illusion concerning the likely success of their marketing campaigns. Yet she also acknowledged that pub managers ("being pub managers") were inclined to get round centrally set cost standards. In short, she was realistic because (unconsciously) had a dialectical mind which enabled her to recognise that plans and control systems always have an element of fiction and illusion. In the case of *Nationalhospitality*, it was relatively easy to assess the success of the company not just in financial terms, but also in terms of the creation and maintenance of successful national brands. Finally, *Babylon* was top-down but also very face-to-face - not just in terms of its management style - but also in terms of its highly personal approach to guest relations. In this case, the GM had explicitly designed dialectical organizational relationships, which entailed central co-ordination combined with trusting the different specialists to deliver in their own particular areas of expertise.

Given the organizational context in this paper, the focus is on the dialogues and relationships between different functional areas of companies in the hospitality industry. The case companies were conventional privately-owned, profit-seeking organizations with hierarchies and characteristic inequalities of power and remuneration. Yet although the ultimate design and control of strategy resided with senior management, the firms all exhibited examples of dialectical management. Sometimes the dialectical relations flowed spontaneously out of tensions between functional areas (*Nationalpub* and

Nationalhospitality). In other situations (*Babylon*), the dialectical processes were more consciously designed by senior management, even though they did not refer explicitly to dialectical ideas.

As argued earlier, the outcome of dialectical processes and thinking seemed to be more creative in *Nationalhospitality* than in *Nationalpub*, largely because the former seemed to have a more balanced relationship between the various functional areas. In *Nationalpub*, the finance function used the business partner rhetoric, but practised a quite traditional corporate policeman role (Hartmann and Maas, 2011). In *Nationalhospitality*, there seemed to be a better balance between the various functional areas with examples of how conflicts could be used to help the TOM to evolve. In particular, *Nationalhospitality* saw a need to change its pricing policy in the face of competitive threats from the mid-market hotel groups as the recession deepened. As the most developed example of dialectical management, the GM at *Babylon* was keen to encourage different functional specialisms to concentrate on what they were best at, rather than try to become hybrids (Burns and Baldvinsdottir, 2007).

In terms of actor-based principles, all three cases had many top-down characteristics. In both of the chains, central authority was exercised through the information systems and centralised forecasting and purchasing. In *Babylon*, central control was exercised on a more face-to-face basis in meetings between the GM and departmental managers. Yet in some respects, even the finance director at *Nationalpub* recognised the importance of respecting other organizational actors, whether they were pub managers or marketing executives (Nørreklit, 2011). Therefore, it could be argued that in spite of the power issues in all three cases, strategic control was the outcome of co-authorship in the sense that senior managers respected the mental ownership of the activities of even the least powerful managers. For example, the finance director in *Nationalpub* recognised the character of the typical pub manager whose behaviour may need to be monitored, but whose specific guest-facing role

was vital to the success of the pub. Similarly, the centralisation of pricing decisions at *Nationalhospitality* was seen as a way of freeing up the local managers to concentrate on the guests. Finally, the GM at *Babylon* saw himself as a conductor of an orchestra- the implication of this analogy is that a conductor co-ordinates the different musicians but does not tell the violinist how to play her violin. In short, actor-based management was not informed through a weakening of top-down power relations, but rather reflected in the evident respect for the specialised logics, values, facts and communication systems of the various actors within their differentiated functional areas.

4.1. The implications of DMD for management control systems

The DMD model proposed in this paper and visualised in figures 2 and 3 places the *management of tension or even intra-organizational conflict* as a central rather than a periphery feature. The actual functional areas that are in conflict may vary from organization to organization. Similarly, the way that the conflicts are managed may also vary between organizations. The actor-based perspective emphasises the importance of understanding and mobilising the values, logics and facts that inform the actors in different functional areas (Nørreklit, 2011). The actor-based approach deems that just setting up organizational systems does not in itself ensure the emergence of dialectical processes and productive tensions.

As the LOC framework (Simons, 1995) is the closest model to DMD, it seems appropriate to make some comparisons. The LOC model seems to portray the organization's management control systems (MCS) as the central foundation of organizational reality and casts senior managers as the sole actors in the design of the MCS. In contrast, as expressed in the propositions below, the philosophy of DMD implies that the MCS is built around dialectical relationships between functionally differentiated sub-units. In short, in the DMD approach, the MCS reflects the different functional realities and does not attempt to create them. The

DMD approach recognises the central role of senior managers as business leaders but, following the principles actor-based management, stresses that the MCS should be designed and maintained following the principles of co-authorship and dialectical thinking (Nørreklit, 2011, Cinquini et al., 2013; Arbnor and Bjerke, 2009). These ideas are summarised below in the form of propositions which identify some key aspects of the DMD and the potential contribution of dialectical thinking and processes.

4.2. Some Propositions on the DMD framework

1. *Dialectics should be a conscious and welcomed part of the management philosophy of an organization.* This proposition is predicated on the Socratic version of dialectical relationships which assumes that differences in actors' logics, values, and facts may be resolved in an atmosphere of co-operation and through the recognition of an overall commonality of interests (Nielsen, 1996).
2. *Functional specialisation should be seen as strength not as weakness.* This proposition challenges those who have argued for "all-singing, all-dancing" functional areas. In the accounting literature, this approach is characterised by calls for strategic management accounting based on hybridisation with the incorporation of marketing concepts (Wilson, 1995). If there are genuine conflicts of roles as with the policemen vs. business partner issue discussed earlier, then dialectical thinking can also help as described in the next proposition.
3. *The internal tension between the business partnering and corporate policemen roles of the accountant in business may be creatively resolved through dialectical thinking.* Dialectical thinking does not necessarily mean that the accountant becomes a fixed hybrid based on some sort of professional compromise. Rather it means that it with a dialectical consciousness, it becomes possible not only for actors to function with internal professional contradictions but to use them creatively to raise both personal and organizational

effectiveness. To borrow a concept from psycho-analysis, the important point is to recognise rather than deny conflicts. This point is related to the next proposition.

4. *Dialectics should be seen as a mode of enquiry/organizational learning.* The emphasis in the paper has been on maintaining a target operating model. Yet the functional dialectics also allowed for emergent strategy (Mintzberg, 1978). For example, in case 2, *Nationalhospitality*, the marketing concept of a single national price was challenged by evidence from the sale and revenue management areas, which were reporting market erosion due to price discounting by competitors

5. Conclusions

This paper has presented an actor-based theoretical and methodological framework that has been used to develop an approach to strategic management control based explicitly on dialectical principles. Adopting a PC methodology, it showed that the tensions that exist between different functional areas of an organization may be mobilised to maintain and develop specific business models. The framework sees the firm as differentiated assemblage composed of a variety of functional areas with their own specific values, facts, logics and communications. The firm is guided by a business specific organizational topos, which is constructed through co-authorship between business leaders, via multi-dialectical relationships between the various functional areas of the firm.

The theoretical and methodological concepts were illustrated with fieldwork from the hospitality industry. The fieldwork revealed tensions within the various organizations. However, the fieldwork also showed how these tensions could be used creatively to maintain and develop the operating models of the case study firms. Sometimes the tensions seemed to just emerge from the different organizational and/or functional perspectives (e.g. accounting versus marketing; head office versus business unit). On other occasions, there were examples

of circumstances where overall organizational effectiveness was seen to be enhanced by opposing priorities. These situations may be seen as examples of DMD. Although there was evidence of accountants acting as custodians of the budgetary system, in other situations, the marketing or revenue management functions seemed to be the corporate policemen as they sought to protect the corporate brand against unplanned price discounting or short term cost saving tactics.

The theoretical concepts introduced in this paper could be examined further through in depth case study research on single organizations. More generally, we urge practitioners, academics and other interested parties, such as consultants, to develop and embrace a discourse on the benefits of organizational tensions and conflicts. If dialectical management is a “practice that dares not speak its name”, then this paper urges the management community to have a fresh look at the dialectical mode of thinking as well as recognising that the management of conflicts between functional specialities is as much a management package as any of some of the better known approaches such as the balanced score card. By treating organizational members as actors, the dialectical mode of strategic control seeks to mobilise the specific and varied outlooks of the functional areas in a way that enables the firm to develop creative solutions in response to changing business circumstances.

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Endnotes

¹ The terms actor-based management and actor-reality are used inter-changeably as they are in the key sources (Jakobsen, et al., 2011; Cinquini, et al., 2013).

² In their 2006 paper, Norreklit et al sometimes use the term pragmatic constructivism and sometimes constructive pragmatism in referring to the same concept. In private communication, they have confirmed that their preferred term is pragmatic constructivism

³ We are grateful to an anonymous reviewer for these suggested titles.