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Managerial leeway in handling the instability of social facts

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1 Introduction

As our PhD supervisor, Hanne Nørreklit always kept us on our toes with her tremendous engagement, wit, and trust. Like a rotating vortex cloud, Hanne regularly entered our offices to engage in conversations about irregularities in the use of theory, the poor management of public resources or the misuse of organizational power with her convincing enthusiasm and presence. In this paper, we pay tribute to Hanne's scholarship, which has greatly inspired us to pursue research avenues of practical relevance, and to engage in conceptual reflections on the values of practices. In such endeavours, the concepts of facts and factual representation are central. In this modest tribute, therefore, we elaborate on these concepts using two empirical examples of how organizational actors relate to changing facts.

In relation to the pragmatic constructivism perspective, Nørreklit, along with a number of co-authors, has conceptualized the ingrained relationship between fact, value, communication and possibilities (for the bases of this, see Nørreklit et al., 2010; Nørreklit, 2017). Pragmatic constructivism as a meta-theoretical approach aims to capture the practical reality of organizations. This work depicts the pervasiveness of the role of facts in relation to managerial practices (Nørreklit et al., 2013; Mitchell et al., 2012; Nørreklit, 2017; Nørreklit et al., 2016; Nørreklit et al., 2010). According to Nørreklit, facts represent the perception of the world, and durable facts will have high credibility because they are based on good evidence characterized by stability while representing a consensus over what is the truth: 'That something is a fact means that its existence is observed according to good procedures so that there is sufficient evidence to make the claim trustworthy' (2013, p. 59). Thus, when facts are based on evidence they have an element of stability, although such facts, or at least what we understand them to represent, are not necessarily fully stable: 'There is nothing one can call facts unless it has been recognized and established as facts' (Mitchell, Nielsen, Nørreklit, & Nørreklit, 2013, p. 12). Therefore, social facts are closely tied to values and belief systems. This interconnectedness is especially noticeable when an organizational change does not match the predominant fact of 'what things are', resulting in the increased instability of the fact in question. With this instability the content of the fact becomes blurred, and a gap might occur between this content and what it covers, namely its extent (Nørreklit, 1987; Linneberg, 2011).

Managerial practice and organizational action are closely related to contextual facts, ongoing adaptation to which the broader organizational literature sees as imperative for organizations. For us, focusing on the concept of *contextual fact* rather than the generic, perhaps more palpable context emphasizes how managers, organizations, and their context and the market make certain assumptions about reality, which have factual status. A conceptual focus on the facts can create an awareness of these assumptions about distinguishing central facts. Also, focusing on socially established facts separates the otherwise overwhelming concept of context into more comprehensible parts which become more manageable. Although such parts will be interlinked, the focus on facts provides places to start reflecting on the taken-for-grantedness of a fact and how facts may represent not an objective truth, but a contextual truth. Therefore, zooming in on the changing facts may permit the prediction or earlier discovery of changes in facts to enable a comparatively speaking superior strategic reaction to them. This is central to organizational life, as a failure to introduce suitable organizational changes to match expectations may have greater impacts on organizations such as a loss of competitiveness or of legitimacy in the market. Therefore, understanding facts and their level of stability at an early stage can make organizations aware of practices that modify, omit, or initiate them.

Inspired by the scholarship of Hanne Nørreklit, our goal is to delve further into the concept of facts by providing examples that zoom in on the stability and instability of facts that are significant to an organization's functioning. When a fact that is satisfied by the criteria for sufficient evidence, and when future evidence proves past claims to be wrong, the factual status is lost (Nørreklit, 2017: p. 38), and facts become unstable and eventually change. It is precisely this destabilizing of facts that serves our purpose so well. By revealing their inherent facticity and focusing on incidents of instability rather than their taken-for-grantedness, we acquire an understanding of the managerial leeway in responses to changing factual representations. To do so, we show how managerial practices can be linked to the instability of facts, which at times may contradict the idea that facts represent stability.

The rest of this article consists of the following. First, we unfold the discussion of facts and present ideas about organizational change that are tied to definitions of facts. We then briefly describe our analytical approach. The subsequent section provides analytical descriptions of two examples which illustrate the processual nature of facts to show how their instability can be displayed and how this can impact on managerial practices and organizational life. Our chosen examples focus on the managerial understanding of factual change and the organizational implications of this driving the possibility for factual change. Finally, we discuss and reflect on the lessons of the examples in relation to the concept of facts within the scope of pragmatic constructivism.

2 Conceptual background

To understand the role of facts and how the presentation of facts may sometimes be challenging, we find it necessary to position organizations' applications of facts within their transforming contexts. We do this firstly by presenting some general views on facts, which we then illustrate by treating accounting as representational and thus as factual. Finally, we seek to link such 'stable' notions to 'unstable' situations of organizational change.

2.1 Unfolding the ideas of facts

As depicted above, 'facts', particularly with respect to the social world, are not absolute but most often based on a logical consensus that is grounded in laws and/or values on what is the *right* thing to do. When we speak here of facts in the social world, we particularly focus on the emphasis on managerial control, which is constantly being challenged, changed and negotiated within a network of actors and interests. Thus, while Nørreklit (2013; 2017) states that facts should be based on good evidence, the ability to change facts is embedded in this claim. Yet, what Czarniawska (2000) and others rightly highlight is that facts are often assumed to be objectively factual – as when representing a physical object – in a way that economic figures and managerial words seldom manage to do. This justifies the need to discuss facts in order to nurture an understanding of what may or may not constitute facts and what happens when facts become unstable and begin to change.

Organizations, their owners and managers need specific elements to steer with reference to. Thus managerial decision-making is typically grounded in constellations of different forms of factual elements, for instance, in accounting numbers and laws, but also other strategic elements that are tied to belief systems and values (Mitchell et al., 2012). Thus, such facts may also exist beyond the practice of calculation. This means that knowledge is translated into not only non-financial calculations but also non-calculative knowledge, which is understood as factual. For example, sustainability is grounded in the belief system and the values of engaging with the climate, society and stakeholders, which differs from some more traditional views on shareholder maximization (Martin et al., 2009). Yet, the two perspectives represent views and belief systems, which, although very different and perhaps contradictory in many aspects, can be grounded in what we would label factual evidence. To be sure, belief systems are closely tied to diagnostic systems and thus to facts, which showcase the temporal fluency and changeability element of facts.

We wish to discuss and investigate a specific situation in which an organization meets factual instability. Specifically, our interest is in changes in facts that are rooted in external pressures from a changing context in terms of the responsibility for sustainability, and in a changing accounting method applied as a managerial tool. Looking at these two aspects, the focus is on the point in time at which factual change is experienced by focal actors.

2.2 Factual representations

One practical example of the meaning of facts that is often used by Nørreklit is management accounting. As Nørreklit states, 'Management accounting needs to be based in facts. Otherwise, its values will lack creditability. The facts recognized by accountants establish the substance of the profession' (Nørreklit et al., 2013: p. 14). This illustrates the meaning of facts not only in relation to the practice of accounting, but also to establishing the content and the functioning of the profession. Consequently, within the accounting literature, it is strongly held that numbers are factual representations that therefore mirror an 'objective truth' (Czarniawska, 2000), although research also highlights how accounting numbers are representative, and thus consist of different realities (Llewellyn and Milne, 2007). Yet, this logical consensus, according to Czarniawska (2000), is 'enveloped in a cloud of taken-for-grantedness' where we assume that 'one-to-one correspondence between word and objects, or numbers and actions, is not only desirable but also possible' (p. 118). This mechanical and powerful approach to representation has been much debated in the accounting literature (Busco and Quattrone, 2018; Robson, 1992; Miller and O'Leary, 1987; Miller, 2001) and has been shown to have far-reaching implications (Alawattage and Wickramasinghe, 2022).

Critical voices raised on facts, such as accounting representations (Robson, 1992; Miller, 2001), have been nuanced further within the framework of pragmatic constructivism. Nørreklit et al. (2011) talk about reality rather than truth and claim that there is a difference about realism within the physical and social world, where a fact can exist independently in the physical world regardless of how it is perceived, whereas in the social world, facts depend on and are constructed by the relationship of the actor to the world (Seal, 2012). Thus, some facts '…extend beyond those of an objective physical nature as many are subjective because of their social (i.e., professional) construction' (Nørreklit et al, 2010: p. 739). In such cases we address representations, which do not exist as such physically or independently. Thus, mobilized by the law, we have agreed to set up accounts according to a specific structure or specific logical approaches. One example is accrual accounting, where a profit and loss account represents an organization's activities within a certain period and not, for example, the money exchanges. Yet, this is a legal and logical arrangement that companies must follow. Some factual representations, such as budgets and non-financial measures, are typically not decided by law and therefore leave even more room for variations and thus the possibility of factual changes, which ultimately may create a space for misinterpretation. Adding to the time dimension in accounts is the representation of the physical versus the social world, that is, the material elements represented in accounts versus intangibles. Yet these intangibles are translated into an accounting language that relies on numerical representations. Altogether, Nørreklit et al. (2010) highlight three types of fact: i) those that relate to the physical world – tangibles such as pencils; ii) intangible valuables such as the currencies that have been agreed (the logic as described above); and finally, iii) future-oriented calculations that are based on much more subjective assumptions. In our examples, we will focus on the intangible facts.

'The factual dimension is concerned with the relation of perception' (Mitchell et al., 2013, p. 13). Thus, facts represent something that we agree on and that is therefore rooted in some form of subjectivity. While Nørreklit has discussed this matter on several occasions, and while several critical accounting researchers have discussed the powerful implications of organizations and people believing that economic representations and figures state an objective truth, in this paper we discuss the issue in relation to organizational change, which we believe needs to be qualified, nuanced, or conceptualized in a manner that enhances a more organizational and pragmatic understanding of such implications. Obviously, this is a protracted and perhaps endless discussion, and here we can only bring a little more clarity to the debate, which may be useful for managers (and researchers) wishing to articulate the implications of factual instability for organizational change.

2.3 Organizational change

Nørreklit and her co-authors partly touch on organizational change through the narratives of strategic performance. For example, Mitchell et al. (2012) state that

> *'globalization constantly challenges the existing structures of operating units, and innovation constantly necessitates re-defining the topoi of the operating units to re-establish coherence internally and externally….] […Coherence presupposes the integration of facts, possibilities, and values in topoi in use if it is to be successful'* (pp. 16-17).

Additionally, in the management literature, different attempts have been made to enhance this understanding, or at least to build theoretical approaches which do more to capture the changing contexts. In this regard, Simons' levers of control (Simons, 2005) seek to combine belief and boundary systems with interactions and diagnostic control systems, where the diagnostic control system is the part of the model that seeks to represent factual grounding, yet with a clear understanding that this is only temporary. This model has attracted significant attention, and further attempts have been made to expand and develop it (see, for example, Ferreira and Otley, 2009; Tessier and Otley, 2012).

In analysing organizational change, the internal and external contexts are the main starting points for which there are suitable analytical frames. Arguably in this contribution, we deal in detail with the internal and external contexts, though using the concept of fact rather emphasises the fundamental meanings of facts and the significant implications of their instability and eventual change.

Quattrone and Hopper (2001) argue that, while several attempts have been made to develop theoretical frameworks to handle organizational change, researchers mainly avoid engaging with defining the concept of change. Change is often associated with possibilities, with connotations of the fundamental idea of establishing possibilities in pragmatic constructivism – that is, to see change as embedded in possibilities. Yet, change is the posthumous effect of the consciousness of possibilities (Linneberg et al., 2021) and thus warrants a more specific definition. Quattrone and Hopper (2001) make an effort to define change by stating that 'Organizations "change" when they transform their structure and operations; or management control systems "change" when a new information system, such as ERP, is implemented; or cost accounting systems "change" when cost allocation bases are redefined from direct labour hours to activities' (p. 408). A central element of this definition is explained further: 'As the object of change passes from state "A" to state "B" it is modified: i.e., it gains and loses identifiable features' (p. 408). Now this is the heart of our discussion. This is the situation in which factual representations change, and thus the validity of the otherwise objectified fact rooted in evidence dwindles. We discuss this incident and its implications in two empirical cases, one emphasizing a strategic change towards integrating sustainability, the other on moving a company from having a detailed budgetary focus to having no budgetary focus at all.

3 Approach

To understand and communicate the complexities of the role of facts, we draw on the actors' perspective, which sees reality as ambiguous and knowledge as dependent on the interaction between the researcher and the field of investigation. As a result, knowledge consists of meanings and understandings for the subjects (Arbnor and Bjerke, 2009).

We draw on two examples, each based on original data collection, and each including actors' understandings and actions relating to changing facts. The examples come from empirical material collected on managerial practices, one which focuses on strategic managerial approaches, the other on management accounting. We assume a qualitative approach for meaning creation, which presupposes a dialogue, with the field of investigation using an authentic language based on first-hand expressions on which we have collected data through loosely structured qualitative interviews. This is in line with one of the purposes of the actor perspective, which aims '...at reaching deepened understanding as well as extended freedom in society, at the same time as research is providing a knowledge which is extending understanding of the complexity of the human society' (Arbnor and Bjerke, 2009: p. 156). The aim is to improve understanding of the factual changes. Qualitative interviews are an essential research tool for identifying specific phenomena and as a data source have elements that are useful in making analytical generalizations (Kvale and Brinkmann, 2009, Brinkman, 2013). This topic is also addressed in Nørreklit's work (Nørreklit et al., 2016; Linneberg et al., 2021), which highlights the importance of conceptualizing practice, which serves to reflect generalizations in specific circumstances.

The first of our two examples draws on a study of Nordic public health organizations' purchasing practices of medical supplies. At the time of writing the study, in 2021-22, thirty interviews were conducted with employees in the national regions, which are responsible for the hospitals and related stakeholders. The study focuses on how the environmental and social responsibilities of the purchasing organization are handled. In the example, we draw on smaller sections of a handful of interviews with the purchasing officers employed in these regions.

The second example draws on a study of approaches to the managerial budget in a large-scale Scandinavian cooperative. Its sales amounted to more than €10 billion in 2017, with Earnings Before Interest and Taxes (EBIT) of more than €300 million. The company is structured as a cooperative society consisting of suppliers that have consolidated their interests in this agricultural organization to optimize and structure their outputs towards different markets. The original study is based on seven interviews with top management. In the current example, we draw on a few highly central interviews with the Chief Financial Officer to illustrate the CFO's understanding of the changing premises of the management focus. The interviews and dialogue with the CFO were conducted during the years 2014-2015.

Over the years, we have had many conversations with Nørreklit about the imperative to stay close to practical problems in our work in order to preserve its relevance, but also to make conceptualizations clearer. Using two different examples to elaborate on the changing facts provides us with different views and richer insights into reflections and descriptions of what happens when the organizational status quo is challenged by factual instability.

4 Examples of changing facts

4.1 Changes to organizational social responsibility and their organizational implications

The first empirical example comes from a study of public procurement dealing with the sourcing of health equipment from the Global South to Nordic hospitals. The example we can draw from these data illustrates how the perceived responsibility of the organization begins to extend far into the supply chain. It thus moves away from the responsibility of the organization being defined by and restricted to the legal entity (the formal organization).

Thus, understandings of what defines an organization have been closely tied to the legal entity, whether this means a firm, a government body, or an NGO. Therefore, most organizational theories and related studies from at least the last half century concern themselves with the formal organization (Ahrne and Brunsson, 2011). Relatedly the literature depicts a clear boundary between what belongs to the organization and what denotes the environment, thereby clearly differentiating between the internal and external contexts. As a result, the accountability of organizations also follows their legal definition. Traditionally, therefore, organizations have been held accountable for what falls within the scope of what they can control themselves. This primarily concerns their own organizational conduct. In that sense, the organizational boundary has been an important factual boundary clarifying the tasks, roles, and responsibilities of an organization.

Over the past 25 years, addressing issues of organizations' social responsibility has grown in importance and detail for public and private organizations alike. With this development, the stakeholder view has gained in importance. Focusing on the social embeddedness of the organization, this stipulates how one purpose of the firm is to create value for all its stakeholders (Freeman, 2010). Overall, the stakeholder view differentiates between internal and external stakeholders. In recent years, the stakeholder view has contributed to bringing about discussions on the responsibility of the organization as seen from the outsiders' perspective. Therefore, it is relevant to ask who the stakeholders are and what ethical claims they may make against the focal organization. The ethical arguments for organizations to engage in social responsibility becomes absolutely critical to assess when it is evident that some organizational practices are at odds with social norms in the sourcing country.

The empirical example below illustrates how the fact about what constitutes the organization's social responsibility is unstable and is changing from responsibility lying with the formal organization to a situation in which its responsibility is extended to the practices that occur throughout the supply chain.

This is the case in point when Nordic hospitals source items from the Global South, where working conditions are fundamentally substandard compared to those of the Nordic countries. When purchasers begin to take an interest in their social responsibility, we found that they begin to work with the notion of *risk areas*, which means that working conditions are at a high risk of neglecting human rights and of being directly hazardous to humans.

One way to illustrate how this change of fact became visible to the purchasers is through stakeholders that began to hold the organization responsible for social welfare beyond the formal organization – for instance, the media who have checked the supply chain. Thus, to a question regarding how purchasers become aware of changes to their social responsibility, one interviewee said:

> *'Well, how do we know about problems in the supply chain – a very straightforward situation is if there is a case in the media that concerns purchasing in general – but of something that we also purchase…. So, purchasing something that the press knows or suspects has been produced under difficult circumstances'.*

One particular example illustrates this sort of situation:

> *'We became very busy – because there was a case in the media on how some medical mask used in Denmark during COVID-19 was produced by the Uighurs, a minority in China that live under terrible conditions. So, the media had discovered that the public sector – the hospitals were using such masks here in Denmark. And we just did not know if such masks were part of our orders here… we had no clue. …clearly, we felt the responsibility, and we experienced a sense of urgency from the political level, from all levels and from ourselves to establish whether such masks had been part of our orders or not. We were glad to discover finally that we had not bought these masks. It would not have been illegal to do so but the extent of negative media and reputational hazard told us that now such things would be understood as our responsibility.'*

In such a situation, through the media, the public requires responsibility to be extended beyond the purchasing organization. Due to the danger of reputational risk and the potential loss of legitimacy, the purchasing organization experiences a growing responsibility for practices happening way out in the supply chain

So, what are the organizational implications of this change of organizational responsibility? First, focal organizations must learn more about their supply chains and critically assess the risks posed by their particular chain. In many sectors, such as the health-care sector, sourcing often relies on multiple tiers of suppliers, resulting in a complex chain of suppliers and sub-suppliers. Now purchasers have a primary concern and knowledge of their first-tier supplier, even when many products are sourced though multiple known and unknown tiers of suppliers. For this reason, there is the experience of a lack of transparency about the supply chain. As elaborated in an interview: ' *…it is super, super difficult to know all the tiers of suppliers within this field – sub-suppliers' suppliers – we just don't see the full picture as buyers.'* And further: ' *… Sometimes our suppliers will not or cannot even provide super accurate supplier information'*. This reflects the challenges of arriving at a state of having enough knowledge about the working practices of the various tiers of suppliers.

The change in what the organization's social responsibility is clearly means that deciding how to tackle suppliers' supply chains has become highly visible to the regions. The processes of working with suppliers in the Nordics are heavily influenced by the EU tendering system, which requires certain practices related to choosing an offer from the first-tier supplier based on price and quality. One purchaser explained that working with suppliers has changed a lot over the past few years, and they feel that more changes are warranted. This is so because purchasers begin to take issue with having breaches of human rights or basic working conditions in their supply chains and have begun to see themselves as sharing the responsibility for such practices, even if they find it difficult to come up with ways of handling it.

The change in how we see the organization's social responsibility has implications for internal organizational capabilities. Here 'capabilities' refers to how to judge each supplier: '…we try to move our purchasing into a more responsible direction thinking about … the greening of our purchasing and also the social side. We ask suppliers questions related to sustainability ... The problem is, however, how are we to judge which practices are the most sustainable among them? We just don't know!' And again, 'I get a lot of information this way, but I would not be equipped to use that information very much because I can't myself say OK this is very good, or this is the best whereas something else is less good… These considerations would be almost impossible for me, who has limited knowledge of what sustainability can be.' And another purchaser said: 'We could look for different things, of course… we can develop certain guidelines, you know, like a set of questions that you want the purchasing department to go through with suppliers as a minimum... Suppliers could be certified, but again we are not sure we are able to translate a certification with sustainability.'

Thus, changes to resource allocations and the necessary capabilities are direct results of changes to the fact. This leaves a situation in which the organization sees that it is expected to engage with its supply chain fully with respect to the social responsibility to perform responsible purchasing because the buying organization can be held responsible by its constituents for what happens further along the supply chain.

4.2 Example II: Changing the rationality of management control: removing budgetary facts

Budgets have been a dominant management tool in both private and public organizations since the beginning of the twentieth century (Miller and O'Leary, 1987; AAHE-ERIC, 1979), when an increased need for future planning as a supplement to income and cost reporting was identified. Budgets have since taken on different forms and become increasingly complex in capturing organizational structures. Consequently, budgets are the most researched management accounting method, a stream of research that covers economic, sociological, and psychological perspectives (Covaleski et al., 2003). Thus, technical budgetary models and human interactions with budgets are widely studied.

Yet, a certain unease with budgets has emerged, with budgets being claimed to be rigid and limited when it comes to managerial decision-making. According to Hansen, Otley, and Van der Stede (2003), this has led to two developments: improvements in budgets by applying an activity-based approach (mostly in North America); and a movement towards abandoning budgets (mainly in Europe). Thus, despite the long history of using budgets, there is widespread interest in alternatives. *Beyond Budgeting* evolved at the end of the 1990s, being inspired by Hope and Fraser's (1997, 1999) publications. However, prior to that, *Svenska Handelsbanken* had been following similar practices for many years (Wallander, 1999). The core aim of *Beyond Budgeting* is for the organization to become more adaptable, dynamic, and flexible through the introduction of a more horizontal and decentralized organization than that which is common in budget-focused organizations. The key principles are focused on collective rewards based on relative performance measures (Hope and Fraser, 1997; Hope and Fraser, 1999; Hope and Fraser, 2003; Wallander, 1999).

Therefore, beyond budgeting challenges, the traditional assumed budgetary standards steer multiple organizations based on factual evidence from sales, market forecasts, production set-ups, costs and many other factors. Financial and numerical representation plays an important part in managerial decision-making. Such representations are typically grounded in evidence translated into facts. Removing the budget from the management control systems ultimately challenges understanding of the factual elements that underpin or inform decision-making in organizations. We show how this is reflected upon by the CFO, who decides to remove the budgets in a large organization. Thus, in the following, we present the CFO's narratives on deliberately changing an organization's factually grounded steering tool, by going beyond budgeting.

This major organization is known for its very thorough and detailed budgetary process. However, in a first interview with the CFO of the organization, the CFO stated:

'Let me start with a statement: we don't have any budgets. We got rid of budgets two years ago! I have a clear attitude towards this area. So, if I sound edgy and direct, please forgive me. But it is because I really mean it'.

The CFO continued by eagerly explaining the reasons for changing the management control system and stating how many organizations live in a 'budgeting world', where the budget's figures are considered to represent the truth. Thus, these numbers become very factual:

'In meetings, our starting and discussion point is the numbers, *not* the original business plan. So the numbers get their own life, so to say. The dialogue is about the numbers, rates and so on, not going into the plans behind the numbers. We have become too number-focused. It is too easy. Who dares to argue against quantified data? It's a very strong argument.'

Since these numbers are used to represent the facts, they are increasingly applied in a very detailed manner. The CFO explained the consequence of this:

'It (the budget) will tell you how many blue markers you may buy in September next year, and then I (as a CFO) know that you don't buy more. Then I have my costs under control. I have seen how we make these completely insane detailed budgets.'

Thus, we now have staged the facts. In this case the budget comes to represent facts such as describing how much you can buy of a certain office supply. Now, how do such factual elements of steering an organization change? A particular moment sets the scene for this change. This moment. or window of opportunity, was carefully planned by the CFO:

'We needed to convince the board of directors. We had an extremely interesting meeting on 11 January 2011, where I was supposed to present the budget for 2011. This is done each year. It started with that I had to send out a budget because it was in our business plan that we had to do that, and at that point this was not changed. But the CEO and I had discussed this thoroughly. Then I started the meeting by saying that they had received a budget, but we were not going to follow up on it, and we were not going to meet the budgetary targets. Then everybody became completely quiet.'

What followed this introductory statement from the CFO was a well-planned presentation of what it means to go beyond budgeting – in this case explaining how little value the budget actually has for the organization. In this particular situation, the CFO explains that, although the organization has a strong budgetary culture, there is generally a risk-taking culture, apparently an important element in fostering the opportunity to change this strong management control tool:

'XX has a highly risk-taking culture, and it's a responsible and flat organization. This statement that the budget would be eliminated was enthusiastically received! However, that was also because most of the employees felt like saying, 'Yeah what associations do you get when you say "budget"?, then you don't get pink flowerbed associations. So, the main reaction was very positive. But of course there were also worries in the beginning. How can we control such a big company without budgets?'

The answer was worked out over a period of eighteen months, when the company established other ways of steering based on just one overall indicator of the different departments. This work is highlighted as having been a struggle for some, and some department managers reported that detailed budgets continued to be used. Thus, in this change to what the organization considers to be factual, we identify the need for a window of opportunity. This was established through an outworn system which many in the organization did not like, and it was further supported by a risk-taking culture. However, although this opportunity arises, we also understand that managerial 'facts' of this kind do not change from one day to the next. Instead, it appears to be a longer journey where people gradually acquire a more 'onboard' understanding of a different form of management with simple individual departmental goals, which is based on a so-called 'performance dialogue'. In this pursuit, the concept of 'value' is continuously mentioned. Initiatives must be meaningful and create value for both the consumer and the organization. Thus, the understanding of the control focus based on specifically defined facts not only changes, but is incorporated into younger employees' values, which results in the fact that the boundaries of the organization are altered:

'We can also see that our ability to attract and keep talented employees is completely correlated with our ability to have a clear performance dialogue. Young people today value a larger contribution to society within the company. They ask themselves, "why should I use my life on this?"'

The conservative understanding of the factual meaning of a budget is altered. Other measures, relatively few but more flexible, are introduced to replace the budget. These measures are positioned as overall targets. In this way, the factual details of budgetary control are lifted, and an expectation of value creation among young employees is added to support the notion that the status quo is being critically questioned.

5 Final reflections

Above, we have presented two examples of changing organizational facts, which provoke the taken-for-granted assumption of the facts on which organizational practices and managerial leeway rely. These show two different pictures of how the instability of facts becomes visible and how facts are used, and they also give examples of how this instability of facts can impact directly on organizational conduct.

The first example shows the ongoing changing understanding of organizational social responsibility, beginning to extend far beyond the organizational boundary, which in terms of responsibility becomes less important or perhaps more fluent. By analysing its external environment, the organization tries to accommodate society's expectations of sustainability through internal amendments. However, whereas this might have been 'enough' at some point in time, by investigating the facts about what the responsibilities of an organization –are, we can detect a development or a change over time, where the stakeholders increasingly consider entire supply chains to be the responsibility of the organization. This change puts pressure on organizations to relate to and engage much more actively in supply chain composition, creating transparency, and engaging capabilities that allow the organization to work with the supply chain on practices related to, for instance, human rights and environmental impacts.

Thus, if an organization is understood as being something more than the legal unit (Arhne and Brunsson, 2011), the traditional understandings of accountability and responsibility are rendered obsolete. Thus, the facts regarding what constitutes the social responsibility of an organization changes from addressing actions by the formal organization towards extending the latter's responsibility to the supply chain. Here one can think in terms of a continuum with the responsibility relating to the legal entity at one end, and boundaryless responsibility at the other end, which seems practically unmanageable, illustrating the potential instability in the fact of organizational responsibility. Ultimately, organizations must understand themselves as much more than formal organizations.

The second example is one of factual instability internally within the organization. Those are the facts on which the management bases many of their decisions, which is removed and replaced with something else, which at first appears more invisible or fluent than the earlier detailed budgets. Thus, this example illustrates removing the budget, which, unlike the first example, was a change decided internally by the CFO. However, the latter does refer to indirect external expectations such as younger people's values and what they expect from the company they work for. Within the management accounting literature, budgets are well-known factual possibilities in their creation, but become more grounded facts once agreed: 'To narrow the possibilities down to factual possibilities all kinds of analysis and experience are used' (Nørreklit, 2013), such as analysis, negotiations and the creation of a budget. Once agreed, however, the elements become factual: thus, the purchasing department spent DKK 1000 on office supplies within a given month. Yet when this detail disappears – e.g. when budgets are abolished – the factual premise for action is eliminated. There are no longer facts or factual possibilities – or at least, they become something else. In this case, it becomes open to interpretation what one may spend the money on: anything you see fit, without any demand for traditional analysis. Thus, removing such facts, which signal stability, shakes up the organizational culture and makes decision-making unstable, at least for a moment. In this inherent case, the reason for doing so was a change in the market. The market used to be regulated, but the regulations were removed, enabling organizations to set their own prices. Thus, again we see that the stable market element of fixed prices used to be factual, since you knew what the prices were. Suddenly this is altered, and the market becomes unstable, thus influencing the factual premise for the organization.

As our examples show, the facts represent different aspects of an organization's world. One lesson of these cases is that, when one focuses on changing the facts in the analysis of organizational life, a different and maybe more realistic picture emerges of how and why organizations have to be vigilant in their approach to deciding on their practices. Whether changing the facts comes from external pressures, such as increasing the scope of an organization's responsibility for sustainability or part of a change in how the organization is steered, factual changes reach into basic managerial assumptions. Nørreklit et al. (2013) emphasise the importance for a company to have a clear strategy to which its strategic performance is tied. As such, the strategic profile 'is the structural relations between a company's internal structure and its external environment' (p. 8). Thus, when changes occur in this set-up, the premise, the good evidence, the valid information which we ground our arguments for decision-making may become invalid.

The two examples illustrate two different circumstances, but they share having undergone a specific factual change, which gradually influences the evidence on which decision-making is based. Because of their different foci, they are distinct in the way that one introduced a specific internal change due to an externally imposed change, while the other represents a more fluent and gradual change influencing our values.

In the presented examples, the two forms of factual change can be conceptualized as i) a value-instilled factual change grounded in more widely changing social practices, where the changing premise is labelled *value-infused facts*; and ii) a change in factual possibility, where the choice of internal facts included in decision-making changes, the changing element depending on *managerial facts*. One can look upon factual changes as emerging from different levels (Linneberg et al., 2021), that is, the surrounding environment as in the first example, or from a focal actor or group of actors as in our second example. However, these are also highly interrelated, so that, irrespective of the level at which the studies were the most visible, the changes stem from a complex interconnectedness of authors. We therefore find both macro-level developments and micro-level initiatives to be relevant in combination. At any given point in time, one level may be more to the fore than another. This also means that organizational facts will include an element of value as in i) and an element of factual possibility change as in ii).

Conceptualizing incidents of the instability of facts widens our understanding of what facts are and that they have different premises. Bringing nuances to our conceptualization of facts enables us to understand better that the possibility for change is embedded in such facts and that those changes differ depending on the types of facts. Both our examples are grounded in what Nørreklit labels social facts. They also both show how the instability of a fact is increased because it is no longer looked upon as useful. Thus, the relevance of a fact is determined by its usefulness.

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