Tensions in managerial attention in a company in crisis: How tightening budget control resulted in discomfort zones for line managers

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Abstract

**Purpose** – The purpose of this paper is to understand how in a situation of a crisis can Management Accounting Systems (MAS) create tensions in attention to information between top and line managers.

**Design/methodology/approach** – The study is based on a field study.

**Findings** – The findings based on an attention-based view on organizations demonstrate how change to an MAS introduced to handle the crisis failed to integrate top and line managers’ attention toward the common issues. Tightening of budget control was an expected response in such a situation. However, this change produced rather the opposite result – attention to information articulated by the top and line managers became even more disintegrated. This was visible in terms of different interpretations of both the reasons and the strategy of how to get out of the crisis – this is what we call a tension in attention.

**Research limitations/implications** – The study is subject to the usual limitations of case-based research.

**Practical implications** – Implications from the study is that there is a need for caution about how managers move in the beginning of the crisis because the initial response sets a tone and trajectory of the crisis. In practice, this means that sense making processes are important in an early stage of a crisis to avoid tensions in attention between different groups in the organization.

**Originality/value** – The authors argued that little research has been conducted so far regarding what information managers focus their attention on in organizations under financial distress conditions. The originality is the use of an attention-based view together with organizational psychology to understand this area.

**Keywords** Management control systems, Financial crisis, Attention, Budgeting,

Qualitative research methodology

**Paper type** Research paper
1. Introduction

When a crisis occurs, nuances of the kind of information managers pay attention to when making strategic and operational decisions can have a profound effect on the company’s chances to survive the crisis (D’Aveni and MacMillan, 1990). Authors show that top managers in companies with a crisis that demands that they survive, pay more attention to external information, while top managers at companies that go bankrupt pay more attention to the internal environment. Use of MAS also seems to change dramatically during the crisis compared to a situation of non-crisis (Ezzamel & Bourn, 1990; Euske et. al., 1993; Collins et. al., 1997; Lin et. al., 2006; Becker et. al., 2015). From the perspective of attention to information, the way MAS is used by managers in a situation of crisis can have important implications for the firm’s survival, e.g. integrating managerial attention on different levels towards the common objectives by e.g. tightening organizational controls (Chenhall, 2003; Czarniawska-Joerges, 1988).

However, addressing a crisis by tightening organizational controls may jeopardize agility, flexibility and dynamics (Bogsnes, 2009; Bhimani & Langfield-Smith, 2007). Despite a few studies (e.g. Frow et. al., 2005), we still know little about how MAS contributes to dealing with both dangers and opportunities related to organizational crisis. Little research has been done so far regarding what information managers focus their attention on in organizations under financial distress conditions. Especially, there has been little empirical work on the focus of attention on MAS by managers at different levels.

This article builds on data from a case study of a company, TelCo, that demonstrates how change to a MAS introduced to handle the crisis failed to integrate top and line managers’ attention towards the common issues: a tension in attention. The main research question we address in this article is: how in a situation of a crisis can MAS create tensions in attention to information between top and line managers?

To analyze the data, the attention-based view of the organization (Ocasio, 2011) and the MAS was mobilized as well as organizational psychology literature (Kira and Korpelainen, 2012; Korpelainen and Kira, 2013; White, 2009). First, the attention-based view explains how attention is given to information in organizations (Ocasio, 2011; Ocasio and Joseph, 2005; March & Olsen, 1976). Second, organizational psychology literature is used to characterize how top and line managers perceive a new decision-making context and the corresponding changes in MAS that were introduced, with particular focus on a perceived work situation that framed managerial attention (Kira and Korpelainen, 2012; Korpelainen and Kira, 2013; White, 2009). In addition, we use Shivastava’s (1983) framework
to highlight the similarities and differences between the top management and the line managers’ views and what information they pay most attention to under the situation of crisis.

We demonstrate that tightening budgetary controls by top managers was executed as a response to their perceptions of the crisis and demands from investors and the board of directors for improving the short-term financial results and corresponding cost-cuts. Strengthened top managerial attention to information from the budgets should have signaled the new organizational course of action to the line managers stimulating cost-cutting actions. This was expected because the incentive system in the organization rewarded a cost cutting behavior. However, those changes resulted in the opposite situation: line managers challenging the dangers of this new focus on the short-term financial results. The result was tension in attention to information by the top and line managers and a disagreement between managerial levels regarding the actions and behavior that were appropriate in order to move the company out of the crisis.

This article contributes to the research area that focuses on how attention is given to management accounting information when an organization operates in a situation of crisis (D’Aveni and MacMillan, 1990). Management accounting research has provided little or no guidance on the models of organizational response to financial crisis (Hopwood, 2009). Recent research in MAS has also focused more on the integrative rather than the conflicting nature of information produced as control packages (Malmi & Brown, 2008; W O’Grady and Akroyd, 2016). Conflicts and tensions between the use of accounting information within an organizational control package is thus a less researched topic (Jørgensen and Messner, 2010; Vaivio, 1999). Our article contributes to a better understanding of how and why tightening controls during a crisis situation failed to introduce integrated attention to management accounting information between the organizational levels, and instead created tensions in managerial attention.

Second, this article also contributes to a better understanding of how tension in attention to information is influenced by the managerial perceptions of their work situations characterized e.g. by the level of congruence between managerial mindset and behavior and thus, their use of accounting information in “comfort” and “discomfort” zones (e.g. Bourmistrov & Kaarbøe, 2013). By doing that, we help to improve our understanding of the links between management accounting practices and individual psychological processes (see e.g. Hall, 2015).

2. Attention to management accounting information under condition of crisis: the role of MAS, perceived work situations and focus of attention
The problem that we address in this article is: how in a situation of a crisis can MAS create tensions in attention to information between top and line managers.

2.1. MAS from Perspectives of Managerial Attention-Based Literature

Traditionally, reasons for and implications of tensions in use of information from MAS on the different levels in organizations are examined from a systems approach to MAS (Otley, 1980). This means that companies need information flexibility to meet the needs for information on different managerial levels (Nilsson, 2002; Bjørnenak & Olson, 1999). Tensions may appear because the local MAS, which focuses on the needs of the line managers and central systems, concentrates on the need of the whole company (Bjørnenak & Olson, 1999; Hedberg & Jönsson, 1978).

Contrary to the accounting system and user-oriented view of MAS, we look at use of information from MAS from an attention-based view of organizations. MAS can be understood as a part of different organizational governance channels of attention distribution (Ocasio, 2011) and function to both differentiate and integrate managerial attention between different organizational levels. Ocasio (1997: 189) defined managerial attention as “… the noticing, encoding, interpreting, and focusing of time and effort by organizational decision-makers on both (a) issues: the available repertoire of categories for making sense of the environment: problems, opportunities, and threats, and (b) answers: the available repertoire of action alternatives: proposals, routines, projects, programs, and procedures.” It means that the focus of attention is on the decision-makers’ selectivity of issues and is answered by a cognitive process on the individual level.

However, focus of attention is never context free and the organizational architecture shapes the context and in this way distributes attention between different organizational levels (Ocasio, 1997). Thus, contrary to the system and user-oriented view on management accounting, the attention-based view of MAS considers the dynamics of organizational adaptation to its environment as a problem of creating an appropriate MAS for attention distribution. The key challenge is to both differentiate attention, i.e. create a local, context-specific situated attention, and to integrate attention, i.e. establish an alignment of management attention between levels on common (e.g. strategic) issues (Joseph & Ocasio, 2012; Ren & Gou, 2011).

2.2. Situation of Crisis: Tightening Controls by Top Managers and Its Implication for MAS Use by Line Managers

Situations of crisis can be understood as a very special and extreme case of organizational change that requires integrated attention from all organizational members (Vuori & Huy, 2015). A crisis can be defined as any relevant factors or conditions that threaten the survival of the organization and indicate
inadequate resources to cope with the threat (Starbuck et. al. 1978; Khandwalla, 1978). There can be different types of crises: “economic” (e.g. common for an industry), “idiosyncratic” (e.g. unique for a company) (Becker et. al. 2015) or even “endemic” (e.g. common for a set of nations) (Collins et. al., 1997). Crisis can also be analyzed based on a reactive or proactive approach, e.g. with focus on crisis avoidance vs. crisis mitigation (Lin et. al. 2006).

By applying attention-based literature to, we identify organizational architecture as a configuration of organizational controls and corresponding MAS in order to see how the changes in the configuration implicate tensions in attention for the line and top managers. The literature agrees that the natural response of top managers to financial crisis is to tighten corporate controls therefore changing attention structures in such a way that more attention is paid to information from MAS. By doing this, top managers can maintain legitimacy regarding the internal and external parties and signal that a crisis has arrived and something should be done about it (Czarniawska-Joergus, 1988).

More generally, accounting literature suggests that in hostile (e.g. stressful, dominating, restrictive) and turbulent (e.g. risky, unpredictable, fluctuating, ambitious) environments, a situation of crisis can be a more permanent phenomenon and organizations tend to rely on more formal control tools such as organizational stabilizers (Chenhall, 2003). In such situations, the choice of MAS used to handle the crisis can be limited and defined by external stakeholders in a search for predictability and assurance. Therefore, especially in a situation of crisis, it can be problematic for top managers to use different sets of accounting measures for communicating with external and internal actors.

The challenging side of tightened controls is that organizations can lose agility, flexibility and dynamics and take managerial attention away from emerging opportunities (Bogsnes, 2009). Thus, especially over time, organizations face a need to replace or delicately balance attention to tight controls with attention to more flexible controls (Chenhall, 2003; Czarniawska-Joergus, 1988). Supplementing centralization of controls during the crisis with improved attention to informal communication channels can give the flexibility needed (Prechel, 1994). However, the balance between the tight top-down control and the flexibility of local controls – with their implications for information use – can be difficult to reconcile (Bogsnes, 2009; Meer-Kooistra & Scapens, 2008; Bhimani & Langfield-Smith, 2007; Frow et. al., 2005).

In organizations with strong hierarchies, local managers can find it difficult to bypass, ignore or sabotage the formally established top-down control authority lines and use of the corresponding MAS associated within those accountability lines. It might be possible with more local control in organizations where the work of line managers is strongly dependent on strong professional values and cultures (e.g. Abernethy & Vagnoni, 2004; Nyland et. al., 2009). A possible solution for line managers
to achieve flexibility under the tight top-down control regime is to de-couple or loosely-couple attention from use of formal controls (Nyland and Pettersen, 1996; Høgheim et al. 1989, Meyer and Rowan, 1977). This means that attention to information on different levels in organizations can deviate from what is intended by the MAS design (Mouritsen, 2005; Ahrens & Chapman, 2004; Marginson, 2002; Mellemvik, et al., 1988). This can especially be expected in time of crisis. Therefore, we ask in the situation of crisis, how did the top managers change the configuration of the MAS and what are the consequences of this configuration change for the line managers’ attention to top managers’ agenda communicated through MAS?

2.3. Situation of Crisis: Changes in Perceived Work Situation by Top and Line Managers

Based on the attention view to MAS, a crisis creates a special decision-making context for situated attention requiring changes in sensemaking processes, because otherwise the crisis can get out of control (Weick, 1988). In addition, a crisis produces a highly emotionally charged atmosphere for decision-making, characterized not only by uncertainty but also by confusion, anxiety, excitement, fear, and anger (Sayegh et al., 2004). The role of emotions in using MAS has generally been little researched (Hall, 2015). For instance, the study of Vuori & Huy (2015) demonstrated that a work situation characterized by shared fear emotions by both top and line managers hindered integration of attention in order to deal appropriately with a crisis for Nokia’s smart phone market.

In order to assess properly the decision-making context under the situation of crisis in terms of how managers choose their focus of attention, definitions of perceived work situations by organizational psychologists can be useful (Kira and Korpelainen, 2012; Korpelainen and Kira, 2013; White, 2009). These incorporate both mental/emotional as well as behavioral aspects of a perceived work situation. According to authors, a perceived work situation can be characterized by a perceived congruence between decision-makers “mindset” (e.g. work identities, attitudes towards what is right to do, emotions) and actual “behavior” at work (e.g. actions to be done to complete the work). In a “comfort” zone, the mindset and behavior correspond to each other, e.g. anxiety-neutral and uncertainty-avoiding mindset favors routine and repetitive behavior. Similarly, a mindset of an individual in favor of a continued challenge at work would positively apprise experimentation/non-routine behavior as also constituting a “comfort” zone. Contrary, a “discomfort” zone would be characterized by a negative appraisal of a work situation streaming from a misalignment between established mindset and behavior, e.g. anxiety-neutral mindset forced to produce innovative behavior under conditions of uncertainty or produce non-routine behavior.

From the discussion above, we can thus expect that a crisis can change decision-maker’s perceived work situation by e.g. challenging the existing mindset or influencing the behavior or both, therefore moving decision-makers from an established “comfort” zone to a “discomfort” zone or a new type of
“comfort” zone. The emotional responses can follow as a result of and/or indicate a misalignment between behavior and mindset. In this sense, it is interesting to see what the role of MAS is under those circumstances contributing to change in mindset and behavior. In this respect, the interesting question is: under the situation of crisis how has a new configuration of MAS contributed to changes in perceived work situations by top and line managers?

2.4. Situation of crisis: the 4Cs of focus of attention

Based on the attention view to MAS, the third element to be examined is the focus of attention, i.e. what are the issues and answers that both line and top managers pay attention to under the situation of crisis. In this sense, Shrivastava’s (1983) framework can be useful because it focuses on four special aspects of a crisis (called the 4Cs): “causes”, “consequences”, “caution” and “coping”. “Causes” include issues and answers that focus managerial attention on the immediate, perceived failures that caused the crisis and the antecedent conditions that allowed failure to occur. “Consequences” are perceived issues and answers in terms of the immediate and long-term impacts. “Caution” includes the perceptions of measures needed to prevent or minimize the impact of a potential crisis. Finally, “coping” comprises measures taken to respond to the crises that have already occurred. The 4C framework can be useful to highlight the similarities and differences between the top management and the line managers’ views and what information they pay most attention to under the situation of crisis. In this respect, the interesting question is proposed to the situation of crisis: how have the changing configuration of MAS and the changes in perceived work situations contributed to forming the focus of attention by top and line managers?

3. Method

The choice of the company for this study was totally coincidental. One of the authors had supervised candidates who attended management control specialization during the master’s program while been employed in TelCo as controllers. The student wrote a master’s thesis about the company1. However, this routine assignment, which was meant to focus on a description of MAS in a company called TelCo, has turned out to be somewhat unusual since the students discovered that there seemed to be tension, frustration and confusion related to how management accounting was functioning in the company. The empirical context was especially interesting since the confusion and tension were related to the company being in financial difficulties and also the ways in which the information from the company’s MAS was used.

3.1. Priorities

This interesting and unusual setting in TelCo motivated the authors of this article to work further and establish a research group for planning and realizing data collection, analysis and interpretations. TelCo, at the time of the study, was a middle-sized corporation of about 800 employees and organized into three corporate cost centers in addition to corporate HQs (see Appendix 1 for a simplified organization chart). The main priority of the study was to uncover in-depth how these conflicts in information use emerged and in what sense the tension could be attributed to the ways the MAS is designed. The data collection started in the fall of 2009, but the majority of interviews were conducted during the spring of 2010, when the company experienced the culmination of the crisis. Some additional enquiries and clarifications were made in early spring 2011 and 2014. In addition, the draft of the article was commented on by a consultant who worked in the company in the time of crisis. This primary data collection was combined with data collection from both closed sources e.g. TelCo’s budgets, reporting guidelines as well as open sources, including newspaper publications about the company, analytical articles and information on the Internet, etc. Interviews were used to collect and create descriptions of how respondents had perceived challenges for MAS functioning. A convenience sample was chosen to collect data from the managers to which researchers had access. This primarily concerned managers and controllers in one of the cost centers (e.g. TelCo Networks/Wholesale).

3.2. Choices
Even though this research had close contacts with the company, the initial case study conducted was mainly of an exploratory and non-interventionist nature (Lukka, 2005). The target was to refine prior theory (Keating, 1995) and better understand the social world of managers and the functions of social constructs such as management information systems in the light of the context of managerial work (Alvesson & Sköldberg, 1994). Primarily, data on which the stories are reported in this article was collected from formal and informal interviews with 10 employees at the company. Five in-depth semi-structured interviews were conducted (see Appendix 2 for overview of the respondents). The respondents were two top managers on the level of the corporation and three line managers. In addition, our understanding of the situation is based on many informal conversations with three managers and two controllers. Formal interviews lasted for about 45 minutes to one hour each. Open-ended questions were used to allow interviewees to explain the challenges they experienced and to link these challenges to both their managerial practices and the information they placed attention on (for interview guide see Appendix 3).

When interpreting the formal interviews and informal conversations, the focus was on the following major themes indicating issues and answers the managers were preoccupied with: a) what caused the crisis, b) how did they cope with the crisis and what caution action was taken, and c) what kind of consequences did they expect from the crisis and what challenges did they meet using the existing information from the management control systems.
3.3. Challenges

By choosing managers from only one cost center, there can be a bias where the respondents were more critical towards use of information from MAS. However, we evaluated this as not being a problem, it was not to find out whether the respondents were negative to MAS practice as such, but to explore what was the nature of the challenges they experienced and why, thus providing us with necessary information about conflicts and tensions in attention between line and top managers. To be sure, we have also collected data from one line manager in another cost center (TelCo Markets).

4. Tensions in Managerial Attention in a Company in Crisis: Case of a Telecommunication Company TelCo

In this section, an introduction is given to the case company TelCo by describing its development prior to occurrence of the crisis together with presentation of different stories told by both line and top managers

4.1 Background: TelCo and its MAS Prior to the Culmination of the Crisis

At the time of study, TelCo Company was the second largest producer of complete telecommunication services to private and businesses customers in the country. Several regional and national energy producers and broadband companies were the owners/investors. The competitive advantage of the company was to be based on the access to a rather wide telecommunication infrastructure, a large customer database and the wide range of services provided. The company had a strategy of a growth through a chain of strategic market expansions. TelCo had expanded its operational volume during several years prior to the crisis by a number of takeovers and acquisitions of other regional and national telecommunication companies in the industry. The strategy was to acquire broadband companies with an established customer portfolio and infrastructure in order to gain economy of scale and cost-efficiency. Some of the companies TelCo had taken over had gone bankrupt or were on the edge of bankruptcy.

TelCo operated in a dynamic industry with a high level of turbulence and with many dramatic changes introduced over the decade. Many acquisitions and buyouts were the essential characteristic of TelCo’s domestic market. This meant that the number of major market actors was constantly decreasing at the same time as TelCo became larger. Under such conditions, price competition became more serious.

Prior to the crisis, TelCo managers were relying on use of information from both traditional annual budgets and the Balanced Scorecard (BSC). The purpose of the budgeting process in TelCo was to
establish quantitative objectives and action plans for the coming year – with strong focus on EBITDA. The top-down approach in budgeting was always supplemented with a bottom-up approach where line-managers were involved in setting up their local budgets based on the budget numbers provided from the top. The CFO, who was interviewed prior to the culmination of the crisis in spring 2010, expressed the importance of this approach like this:

“It is important for TelCo that line managers have ownership and responsibility for meeting their budgets... At the same time, we have to avoid using unnecessarily much time to revise unrealistic budgets... The combination of a top-down budget followed by a bottom-up approach has therefore been a solution for us.”

Usually, a series of adjustment rounds were necessary to approve the budget by the top management of TelCo (from informal conversations). An approved budget was then finally presented to the board at the end of the year. To complement the annual budget, the company also practiced preparation of quarterly forecasts for the following 12 months.

Since 2005, in addition to the traditional budgeting process, TelCo had introduced the Balanced Scorecard (BSC) (see Appendix 4). Following the introduction of BSC, the company had established overall strategic plans that contained information about the overall business idea, visions and the main strategic areas (see Appendix 4). From informal conversations, we know that the main idea for the introduction of the BSC was to move the focus away from the bottom line of the budget and financial accounting. The attention was supposed to be towards the vision of the company and on actions to attain those visions in the everyday activities of the company by focusing on the strategy map and causality between elements on it (Appendix 4).

The use of both the annual budgets and the KPIs in the BSC had implications for operation of the incentive system. The line managers had bonus arrangements, which were divided into two parts: a joint (group) bonus related to the realization of the EBITDA parameter in relation to the corporate budget and an individual bonus related to particular financial KPIs in the BSC. Examples for such KPIs would be related to the reduction of costs of salaries for the concrete unit of responsibility or to implement successful renegotiation of a large supply agreement that reduced the costs for the company. Non-financial KPIs were not part of the reward systems. Bonuses would also have to be related to the fact of simply the keeping cost frameworks instituted by the annual budgets.

4.2 The culmination of the crisis: Worsening financial situation leads to tightening controls and streamlining the MAS around the budget

The strategy of growth in TelCo had not been translated into the positive financial figures for several years. Already in 2008 and 2009, the loss figures in the consolidated accounts started to climb up from
respectively -25 million EURO to respectively -46 million EURO. In year 2010, the company has budgeted an EBITDA\(^2\) of about 47 million EURO, but the profit after taxes was budgeted to a figure of -24 million EURO. However, already after the first quarter of 2010, the EBITDA figure deviated negatively by 1.5 million EURO from what was budgeted in 2009. In addition, the adjusted annual financial forecast produced after the first quarter of 2010 had shown an additional negative annual budget deviation for 2010 of about 6 million EURO.

The difficult financial situation in the company throughout 2008 and 2009 had effects on the relationships between top and line managers. For instance, from informal conversations we know that it was becoming more and more difficult for the top and line managers to come to an agreement during budget adjustments and discussions. Worsening financial situations and increasingly demanding requests from owners, investors and also creditors had influenced the annual budgeting process. The culmination came during the fall of 2009 when the budget preparation for the year 2010 took a much longer time in relation to the initial schedule set up by the board. Because of negative EBITDA figures reported over several years, both the owners of the company and its creditors had requested that TelCo would show a positive cash flow in 2010. Negotiations between the top and line managers to establish a realistic budget were very difficult and lengthy. This resulted in several immense cost cuts elaborated by the top management in the final version of the budget for 2010 without consulting the line managers.

Because the financial situation had worsened even further in the first quarter of 2010, the top corporate managers had put pressure on the line managers to cut even more costs and quickly. Because of this requirement, the negative budget deviation reported in the first quarter of 2010 had an immediate impact on the annual investment budget previously approved by the board for 2010. The corporate managers were asked to review again the earlier approved investment budget for 2010 and reduce it correspondingly by 6 million EURO to secure the positive net cash flow requested by the board for 2010.

4.3 Tensions in Attentions while Using Management Accounting Information: Stories from Line and Top Managers

In the sub-sections below, we report evidence from both line and top managers when they were facing both a difficult financial situation as well as an increasingly top-down nature of the budgeting process.

4.3.1 Stories from Line Managers: A Lost Balance Between Cost and Value Focuses

\(^2\) EBITDA – Earnings Before Interest, Tax, Depreciation and Amortization.
Story from line manager 1: “Impossible to reconcile cost cuts and improvement of telecom services quality”

In the first story, the director of the service delivery department argued that the crisis has become a kind of “vicious circle”. The budget cost cuts came about because of poorly executed growth long-term strategies without paying attention towards simultaneously gaining efficiency. The corporate managers seemed to fail to restructure acquired companies in proper time and they had difficulties with harmonization of different internal systems. The direct consequence of the crisis was the necessity of cutting costs now. In his department, this led to increasing delivery time for the fiber connections. The director felt to be in a kind of “hostage situation”: the situation of being unable to resolve the tension of choosing between maintaining a high level of quality and demands for cost cuts. He explained his tension in attention in the following way:

“Our customers complain that it takes too much time to deliver. It is impossible to get new customers when our reputation tells them that it takes too much time for us to deliver compared to our competitors! I am pretty sure that delivery time has increased because of the large focus on cost cuts. I am caught between the tough requirements for the quality of services and the demands of cost cuts. The main operational KPIs for my department are related to “delivery time” and “delivery in accordance with specifications”.

The tension is that the financial KPI focusing on “the cost of services delivered,” which is taken from the annual budget, and the process KPIs from the BSC focusing on “delivery time” and “delivery in accordance with specifications” were on a collision course because these two required a different set of actions. For the year 2010, the department had a financial goal of cutting “the cost of services delivered” by about 1 million EURO. The director exclaimed:

“It is difficult to cut costs and at the same time maintain the high level of delivery”.

The line manager meant that the focus of top management on cost cuts through use of budgets stimulates a short-term orientation. For example, use of the budget resulted in dysfunctional behavior of cutting out “expensive” agreements with sub-contractors, but it also resulted in losing large parts of the sub-contracting network, which was damaging from a long-term perspective.

The new way of doing the budget work had not given much ownership and empowerment to line managers as the bottom-up process no longer applied in the company. In his view, coping with the crisis would require even more empowerment of the line managers. The line manager argued that with poor

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3 TelCo have introduced a Sigma-project to harmonize systems between the different units, but this was introduced after the time period we are interested in this article.
financial performance, corporate managers had placed too much decision authority over the local matters without understanding the nuances of work in the different divisions. Thus, the top executives should have been cautious in the way they disregarded the local knowledge of the line managers. Budget started to be exclusively a cost-cutting device. This hindered corporate managers from giving authority to the line managers so that they could act in order to reach the KPIs in the Balanced Scorecard, which translates TelCo’s long-term strategy.

*Story from line manager 2: “Consequences for investments decisions: BSC – “yes”, as long as improved quality of services; Budget – “wait and see.”*

In the second story, the director of the technology department in TelCo expressed his frustration over the current situation he was experiencing. His job was to make an investment budget for TelCo and previously he had the authority to initiate planned investments into the fiber networks around the country. In his understanding, the cause of the crisis was TelCo losing dynamics, in terms of adaptation abilities, to intensifying market competition. Therefore, the subsequent cuts on investment costs would jeopardize the necessary quality of infrastructure to meet increasing competition currently and especially in the future. This was because it would take a great deal of time to build the necessary infrastructure (e.g. making agreements and entering into the contracts with sub-contractors). It was necessary to make right investment decisions quickly to stay up-to-date with a technology that changes quickly.

However, he now needed a new approval from the corporate management for all investments over 29,000 EURO. He provided an example. A network between two big cities should be built in order to handle large and important customers in one of the regions. This would require a one-time investment of a relatively small amount of 35,000 EURO. This amount was previously elaborated in the budget of the department for 2010. The timing of the investment (i.e. now) would be crucial because it could take up to 12 weeks for the delivery of equipment from a subcontractor. However, under the new budgeting regime, a new approval was required by the top management before the investment could take place. If extra time was spent waiting for the final approval for this investment application, valuable time would be lost. The technical director explained his frustration over the tension in attention like this:

“We use too much time in order to make investment applications that are good enough to get funds for activities we mean are right to do. We often get the application back with questions about whether it is possible to implement the investment with lower costs. This shows a lack of confidence from top managers in our local interpretation of the long-term strategy. I think we know best about what is most profitable in the long-term. Time spent on evaluation of applications is better spent on value creation in the company. There is too much focus on getting the lowest possible level of costs and not on having the right level of costs.”
Therefore, the technical director had insufficient understanding why this detailed control was needed. The focus of BSC indicators implied that all investments that improve the quality of services should be made. The focus on information from the budget led to unnecessary discussions around whether similar investments could be done cheaper or postponed. In this sense, there should be caution regarding investment dynamics in the organization experiencing the crisis, and not paying attention to this was quite dangerous for minimizing effects of the crisis. In his opinion, the line managers and employees at the departments knew best how to cope with the crisis and what investments should be made to realize the indicated strategies.

*Story from line manager 3: “Problems of customers relations: Budget rewarded new sales but disregarded maintaining relations with existing customers.”*

As a third story, we provide a report from the interview with the director of sales. In his opinion, the crisis was caused by an uncontrolled growth strategy. For his business unit this meant mostly acquisition of new customers all the time. Consequently, the performance of the business unit he was responsible for was measured by how many new sales the unit produced. But, making new sales was only one part of the story as there were different types of customers and there were always two types of salespersons to take care of those. The “hunters” were out in the market obtaining new customers. The “KAMs” (key account managers) were those who worked with maintaining the largest and therefore the most important customers. Their performance was measured based on their maintenance of the customer portfolio. For KAMs, it was important to work with service quality and customer satisfaction in order to maintain customers. The consequence of the crisis was that less focus was actually placed on designing appropriate reward systems for KAMs.

Thus, the director experienced a hopelessness in the situation since he could not make good sales agreements for the KAMs salespersons and he blamed the new system for this. According to the company's strategy, both categories of salespersons were important for the long-term strategy. But, only the budget information was used to design the incentive system for both salespersons. For instance, it was difficult to get reliable information to design good incentives for KAMs under the condition of the top-down budget domination. In addition, for the “hunters”, a budget-based bonus system introduced a “ceiling” in the bonus system motivated by the need to cut costs. According to the manager, the consequence was that the best sales persons who could bring in more customers would no longer be equally motivated to extend their efforts as soon as their sales met the budget figure. When elaborating sales budgets, individuals were usually very conservative. He expressed it in this way:

> “Wide use of sales bonuses related to sales budgets leads to a defensive budgeting of sales volumes.”
Thus, coping with the crisis would mean moving away from the existing system where the budget dominated in setting up sales agreements. Coping would require improving the system in a way that it rewarded “right sales”, e.g. higher rewards for sales with higher margins.

4.3.2. Stories of corporate managers: Without positive cash flows the investor and bank relations end

According to the CEO and CFO, the lower level of corporate growth in recent years created a problem of compensating for higher operational costs at the company. CEO explained:

“Before, [when the company had a growth] the company could have compensated for higher costs with higher sales, but now the market is stabilized and we don’t have the growth situation we experienced before. Thus, we need to consolidate our efforts and see how things will develop.”

The consequence of the crisis was that the corporate management experienced tremendous pressure from investors who were losing money on their investments in Telco. The board of directors had used the budget as a tool for introducing stricter control over the corporate management. Investors in TelCo had not earned any money from their investments in the company during the period 2007 – 2009. From informal conversations and documents, we know that some “more patient” investors argued publically that TelCo was still in the market establishment stage and therefore their investment in TelCo could be considered as a long-term investment strategy. However, they needed to defend development with respect to their investments in TelCo to their corporate boards and, thus, used budget and accounting information from TelCo for this purpose. Although many hoped that profit would come in the future, some of the investors had run out of patience at the end of 2009 since the value of their investment was decreasing dramatically over time.

Annual budget and financial information was also important for the banks, which asked for 3-year financial plans. Without showing positive liquidity, TelCo could have huge problems in refinancing their existing loans from the banks as banks had very strong covenants and conditions related to loan agreements.

According to the CEO and CFO, despite the fact of having a long-term strategy at TelCo that was depicted in the BSC, the short-term financial indicators in the budget were becoming the most important indicators for maintaining relations with owners and banks. The message had been clear from the investors: there would not be more investments from owners, meaning that the company should manage investments from its operational income. Budget would be essential for communication with the corporate board, investors and banks, while BSC would not – it is only an internal device to communicate long-term strategy.
The situation culminated in March 2010. The CEO was presented with the updated quarterly financial forecasts and he recognized that it would be necessary to reduce the annual EBITDA requirements after the first quarter in the budget with 6 million EURO compared to what was originally budgeted for 2010. He could not find any other solution than to reduce the investment budget accordingly by a decree in order to secure a positive cash flow at the end of the year. At the same time, the CFO introduced a tougher investment policy at TelCo. Because the owners of the corporation were so preoccupied with the EBITDA and the corresponding cash flow, the short-term goal was to secure a positive cash flow by the end of 2010 by all means. The CEO defended this short-term goal under the crisis with the following arguments:

“If we don’t earn enough money, what would we have to manage afterward? The answer is the cash flow – if we don’t have cash flow, the bank stops lending.”

Thus, the CEO was preoccupied with securing liquidity and the satisfaction of investors, and solving the short-term financial problem was on his mind. Banks and owners wanted predictability and security, and the financial plans and renewed investment policies were important in demonstrating that. Therefore, corporate managers identified the budget as an important link between investors and their work to influence the rest of organization for which they had responsibility.

The budget had thus an important role of translating ambitions and goals for financial plans, which would provide the foundation for the final investment budget on the level of line managers. The most important thing for the budget was to focus on revision of strategy plans each time the budget was developed. According to the top managers, the most important function of the budget was to identify and cut costs that were not related to creating value. Furthermore, the top managers argued for the importance of the message of cost cutting behavior as such to the line managers, and that this should be communicated each time the forecast and the budget revisions were made. Such a message was, according to informal communication, good to have because it was a motivation for trying to do things differently and more efficiently. Since the beginning of 2010, TelCo’s corporate management tightened controls and restricted the delegation of authority to the line managers. Top managers meant that line managers in a situation of crisis should fight for each decision. They believed that this approach was actually functioning because the amount of investments required to meet their target actually went down.

However, top managers were not naïve in terms of relying only on the annual budget for managing the organization in conditions of a rapidly changing business environment. Caution was indeed needed in formulating the annual budget and then in using it during the condition of turbulent markets. The CFO in TelCo, for instance, expressed:

“In this industry we don’t know how the world will look in the next quarter of the year!”
The annual budget, thus, was recognized as rigid and inflexible and it needed to be supplemented with updated information. Therefore, the top managers had to use other tools to monitor what was going on in the business environment. Use of the annual budget was supplemented with continuous financial forecasts at the corporate level. According to the CFO, the budget was actually no longer actively used after the first quarter of the year because the annual budget was already “dead” as such. Management on the corporate level was performed by the active use of forecasts, which were produced monthly on the aggregate level starting from March each year. These were forecasts related not only to financial indicators but also to salaries. Based on these forecasts, corporate managers could establish new priorities in order to take advantage of newly emerging opportunities in the market and to use money for measures that should be given a priority.

4.4. Summary of Findings: Tensions in Managerial Attention by Line and Corporate managers in TelCo

In the sections above, we have presented the description of how TelCo experienced a worsening economic situation. The company growth through a series of mergers and acquisitions was not matched by archiving economies of scale and cost savings. This worsening financial situation in the period 2007 – 2010 led to more demanding requirements from investors to improve operational cash-oriented performance (measured and communicated through EBITDA). The top managers tried to remedy the situation by tightening the budgetary process and reducing the involvement of line managers in discussions of the budget because of the experience that this was time consuming.

The managerial attention to the crisis and to information from budgets and BSC have also been presented as four different accounts. These are summarized in Table 1 in terms of “causes”, “consequences” as well as description of the perceived work situation and tensions in attention regarding what to do about the crisis, i.e. “coping” and “caution” strategies. These findings are discussed in the next section.

**Table 1. Findings from four accounts through use of 4C framework: Issues and answers of managerial attention in the time of crisis.**

<table>
<thead>
<tr>
<th>Story 1</th>
<th>Story 2</th>
<th>Story 3</th>
<th>Story 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line manager 1</td>
<td>Line manager 2</td>
<td>Line manager 3</td>
<td>Top managers</td>
</tr>
<tr>
<td>(service department)</td>
<td>(technical department)</td>
<td>(sales department)</td>
<td>(CEO and CFO)</td>
</tr>
<tr>
<td><strong>“Causes”</strong></td>
<td><strong>“Causes”</strong></td>
<td><strong>“Causes”</strong></td>
<td><strong>“Causes”</strong></td>
</tr>
<tr>
<td>Cost cuts are results of previously poorly executed long-term strategies (e.g. too quick growth)</td>
<td>The company has lost the opportunity to be flexible and follow the market requirements for technology</td>
<td>The company focuses too much on acquiring new (less on maintaining good relationships with existing) customers</td>
<td>Lower level of a corporate growth in recent years created a problem of compensating for higher operational costs</td>
</tr>
<tr>
<td><strong>“Consequences”</strong></td>
<td>Cost cuts increase delivery time and reduce quality of services; increasing complaints from customers about delivery time for fiber connections; losing position in a sub-contracting network</td>
<td>Cut on investment costs jeopardizes the necessary quality of infrastructure to meet increasing competition because it takes time to build necessary infrastructure (e.g. making agreements with sub-contractors)</td>
<td>Less focus on maintaining relations with already existing, large volume/portfolio customers that needed to be retained</td>
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<tr>
<td><strong>Perceived work situation in terms of tension in attention</strong></td>
<td>A hopeless situation of the impossibility of reconciling cost cuts built into the budget (“cost of service delivered”) and increase of quality built into the BSC, KPIs (e.g. “delivery time”)</td>
<td>Experience frustration in waiting for approvals from the top for even small investment decisions: contradiction between the focus of BSC on making all type of investments that improve quality of services vs. budget that leads to unnecessary discussions and waste of time</td>
<td>Problem of making good sales bonus agreements: budget favors salespersons attracting new customers; while BSC favors both salespersons attracting new customers as well as key account managers maintaining relations with existing customers</td>
</tr>
<tr>
<td><strong>“Coping” – measures to repair the impact</strong></td>
<td>Better empowerment of line managers in the corporate planning work</td>
<td>Trust to line managers’ interpretation of the long-term strategy</td>
<td>Move away from the budget in setting up sales agreements</td>
</tr>
<tr>
<td><strong>“Caution” – measures to minimize the impact</strong></td>
<td>Attention to nuances of departments and how do these departments contribute to the long-term strategy</td>
<td>Quick investments in new technology are indispensable in turbulent markets in order to gain/retain customers</td>
<td>Important to design an incentive system that rewards “right sales, e.g. higher rewards for sales with higher margins</td>
</tr>
</tbody>
</table>

### 5. Discussion

The problem that we address in this article is how a situation of crisis can create tensions in attention to information between top and line managers in. Below we discuss major findings by revisiting research questions posed in the literature review section.

**5.1. Tensions in Attention: The tightened top-down budgeting control under the situation of crisis has failed to integrate managerial attention on different levels**

In line with previous findings and our expectations, TelCo’s top managers had tightened controls due to increasing pressure from external parties, e.g. investors, owners, creditors. Thus, the new budgeting process can be seen as an organizational stabilizer reflecting a new (and apparently a very problematic) nature of external – internal relationships in times of extreme unpredictability and turbulence (Chenhall, 2003). The change in the budgeting process signaled the legitimacy of concerns from organizational
stakeholders (Bhimani, 2009; Kraus & Lind, 2010). This finding is also in line with Becker et. al. (2015) who showed that companies emphasize certain budgeting functions over others during economic crises.

What seems to be different compared to previous studies and our expectations is how those changes in the budgeting process have influenced the behavior of line managers. The expectation was that the line managers would pay increasing attention to messages from the top managers and follow those by introducing actions resulting in cost cuts. Instead in the stories told by the line managers, it seems that they did not share the concerns of the corporate managers. Emotionally-laden line manager responses indicate that they objected and even protested short-term thinking and blind cost cuts imposed on them from the top. The result was visible tensions in attention to information conveyed through the new budgeting process. This supports the argument that the delicate balance between the tight top-down control and flexibility of local controls can be difficult to reconcile (Bogsnes, 2009; Meer-Kooistra & Scapens, 2008; Bhimani & Langfield-Smith, 2007; Frow et. al, 2005), especially in times of crisis.

In general, tensions can be constructive if those lead to internal dialogue between top and line managers in order to find a common platform for how to mitigate the crisis (Lin et. al., 2006). This did not seem to be in the case for TelCo, since dialogue between top and line levels seemed to be threatened by the top-down nature of the new budgeting procedures. This means that, at least in the short-term, tightening the budgeting process failed to integrate line managers’ attention and bring it in line with the concerns of the top managers. Even though the previous literature has found that it is not “what get measured that gets done” but “what the top managers give attention to that gets done” (Catasus et. al, 2009), our study demonstrates that top managerial attention to the new budgeting procedures was not enough to get line managers to pay attention to similar issues.

5.2. The effect of tightened budgetary control under the situation of crisis: “comfort” zone for top managers and “discomfort” zone for line managers

According to Weick (1988), tightening budgetary control produces limitations on what the perceived legitimate problems under the crisis can be and, thus, impacts the decision-making context. Organizational psychology literature would analyze this problem since managers operate in different perceived working situations, either characterized by a “comfort” or “discomfort” zone (Kira and Korpelainen, 2012; Korpelainen and Kira, 2013; White, 2009). Compared to previous studies and our expectations, tightening the budgetary control affected the perceived work situations of both line and top managers differently. Top managers seemed to operate in the work situation characterized by a “comfort” zone. It is a decision-making context characterized by a positive emotional appraisal of a work situation streaming from an alignment between mindset and behavior (Kira and Korpelainen, 2012; Korpelainen and Kira, 2013; White, 2009). Indeed, in the case studied, the top managers defined the trajectory of how the crisis would unfold and they set a tone for tightening the budgetary controls.
The top managers appeared to operate in a financial performance-orientated mindset seems to be in congruence with the acceptance of cost cutting behavior.

On the contrary, the line managers appeared to be operating in a working situation characterized by a “discomfort” zone. A “discomfort” zone is a decision-making context characterized by a negative emotional appraisal of a work situation stemming from a misalignment between mindset and behavior (Kira and Korpelainen, 2012; Korpelainen and Kira, 2013; White, 2009). The notion that the line managers’ knowledge was not needed anymore in order to bring the organization out of the crisis produced discomfort and strong emotional responses. When reading and re-reading the stories of line managers, it seems that their narratives are emotionally laden.

Those stories indicate directly or indirectly “frustration”, “unfairness”, “hopelessness” and their “confusion” over the situation they experienced. For instance, this concerns the fact that they were no longer to be consulted when formulating the corporate budget or that their concerns about quality or maintaining present customer portfolios seemed to be ignored. Another indication of discomfort is that they were also engaging in the “blame game”, making the top managers solely responsible for the crisis and therefore inappropriateness of the current local actions required by the corporate top level.

Thus, tightening the top-down budgetary control seemed to change the notion of what behavior is expected (and also rewarded as appropriate) locally from the line managers: emphasizing predicable cost cuts. However, this new expected and required behavior was clearly in conflict with the existing mindset of line managers, which focused on notions of serving markets, emphasizing the quality and maintaining the loyalty of customers. Even though the line managers might also see a downward financial trend, their mental model implies that the only possible solution is to make rapid adjustments to market changes.

5.3. In a “discomfort” zone, line managers search for “comfort” by switching their attention to KPIs in the Balanced Scorecard

From the stories of managers, we see that tightening the budgeting procedures led top managers to operate in a “comfort” zone while line managers operated in a “discomfort” zone. This can explain why focus in attention towards the crisis in terms of “causes”, “consequences”, “coping” and “cautions” are different. This can also explain why the top managers paid different attention to the use of budgets and forecasts, while the line managers increasingly referred to KPIs in the Balanced Scorecard in describing the crisis.

The top managers acted within the “comfort” zone characterized by a financially-oriented mindset that goes well with focus of attention towards solving the liquidity problem. The top managers’ mindset
seems also to be related to their experience of acting as a link between the board and line managers. Having control over the design of MAS and budgeting procedures, top managers do not seem to have any big problems with using both budgets and the BSC, because BSC also has financial KPIs focusing on costs. Using both elements of the MAS can give a better place for maneuvering.

The line managers, however, acted out of the mindset focusing on opportunities and challenges on the market. The line managers cannot sabotage or ignore the attention to the budget in full favor of the BSC because the budget is linked to their performance evaluation and rewards. In this sense, use of the BSC as a management tool for line managers is “suppressed” by the attention to the budget (see e.g. Mundy, 2010). Still, line managers articulated indicators from the BSC as the most appropriate to get the organization out of the crisis. One explanation for this can be that in the case of “discomfort” and a “hopeless” current work situation induced by the crisis and the new budgeting procedures, mobilizing and relying on indicators from the BSC constituted a search for a new “comfort” zone. This is a search to find a psychological congruence between an existing market-oriented mindset and a customer-oriented behavior that the line managers believed was needed to bring the organization out of the crisis. The result is tension in attention to information by the top and line managers and a disagreement between managerial levels regarding what actions and behavior is appropriate in order to move company out of the crisis.

It is interesting to notice that during the situation of crisis, co-existence of both the BSC and the budget as one part of the MAS created an unintended consequence – the inability of top managers to mobilize different parts of the same MAS to get their message through the line of accountability. If the BSC had not been there, the line managers would probably have had less opportunity to find arguments against the budgets. From the point of view of MAS designers, the integration of budgets and BSC is compatible (Otley, 2001; Bungay & Goold, 1991). The case reported in this article shows that combining budget and BSC as a control tool in one package can be problematic because it can result in the incompatibility between mindsets and organizational behavior among decision-makers using different parts of MAS. This supports arguments in the literature that are critical of combining budgets and BSC into one system (Bogsnes, 2009; Ahn, 2001; McNair et. al. 1990).

6. Conclusion
The research problem of this article is: how in a situation of crisis can MAS create tensions in attention to information between top and line managers? Little research has been done so far regarding what information managers focus their attention on in organizations under financial distress conditions. Building on the case study of a company (TelCo) that experienced financial distress over several years, we show that top managers respond to their perceptions of the crisis and urgent demands from investors
and the board by tightening the budget control over the line managers. Integrated attention to cost cuts and an improved financial/cash flow situation were expected to follow. However, those changes in the budgeting processes failed to integrate top and line managers’ attention towards an improved financial situation. This was despite the fact that the full compliance with cost cut targets would have given line managers increased bonus payments. Tension in attention was visible in terms of quite different interpretations of both the reasons and the strategy for getting out the crisis among top and line managers – what we call tensions in attention. The top and line managers were torn apart between two translations of lack of profitability and a corresponding focus on the need for positive cash flows on the one hand, and flexibility, market adjustments and maintenance of the current quality of production on the other.

To analyze these findings, an attention-based view of the organization and MAS is mobilized as well as organizational psychology literature. This article demonstrates that tightening budgetary control resulted in line managers contesting this new budgetary focus and wanted a focus on the BSC and the quality dimensions. This was evidenced by line managers’ strong emotional responses where they were frustrated over their new, perceived work situation that we have characterized as a “discomfort” zone. In describing this, the argument is that tightening budgetary control imposed a new behavior of “blind cost cuts” on line managers and this contradicted their existing mindset that focused on notions of the market, quality and customer loyalty. To find a “comfort” in a “discomfort” zone, line managers justified their market and customer-oriented behavior by mobilizing and paying attention to KPIs in the Balanced Scorecard. Articulating those KPIs rather than budgets supported their existing mindset and their interpretations of what behavior was important to get the company out of the crisis: focus even more on customers and markets. The result is tension in attention to information by the top and line managers and a disagreement between managerial levels regarding what actions and behavior are appropriate in order to move company out of the crisis.

First, this article contributes to the research area that focuses on how attention is given to management accounting information when an organization operates in a situation of crisis (D’Aveni and MacMillan, 1990). This article contributes to better understanding of how attention is given to management accounting information and how tension in attention to information is influenced by managerial perceptions. The study shows how and why tightened control under the situation of the crisis instead of integrating attention can produce tension in attention to information from MAS between the organizational levels. Implications for management accounting literature is that both budgeting and BSC represent two very different configurations of organization architecture affecting the way attention is channeled in the organizations.

Second, this articles contributes to better understanding of how tension in attention to information is influenced by managerial perceptions e.g. by the level of congruence between managerial mindset and
behavior and, thus, their use of accounting information in “comfort” and “discomfort” zones (e.g. Bourmistrov & Kaarbøe, 2013). By doing that, we help to improve our understanding of the links between management accounting practices and the individual’s psychological processes (see e.g. Hall, 2015). By use of Shivastava’s framework, we also showed how differently the top and the line managers interpreted the crisis and therefore chose different solution to the crisis.

References


Mouritsen, J., 2005. Beyond accounting change: design and mobilization of management control systems. Journal of Accounting and Organizational Change, 1, 97-113


Appendix 1. Organization chart of TelCo

TelCo corporation (CEO)

Economic affairs

TelCo Networks
TelCo Wholesales

Economy

Supply

Quality

Service Delivery

Operations

Technology

Financial affairs

Broadnet

TelCo Market

PMO

IT

Finance

BA Business

BA Private

Operations telephony
Appendix 2. Overview of respondents in TelCo

<table>
<thead>
<tr>
<th>Formal interviews</th>
<th>Informal conversations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent 1 CEO of TelCo</td>
<td>Respondent 1 Director of operations, TelCo Networks/Wholesales</td>
</tr>
<tr>
<td>Respondent 2 CFO of TelCo</td>
<td>Respondent 2 Economic director, TelCo Networks/Wholesales</td>
</tr>
<tr>
<td>Respondent 3 Director, Technology, TelCo Networks/Wholesales</td>
<td>Respondent 3 Administrative director, TelCo Networks/Wholesales</td>
</tr>
<tr>
<td>Respondent 4 Director, BA Business, TelCo Market</td>
<td>Respondent 4 Controller, TelCo Networks/Wholesales</td>
</tr>
<tr>
<td>Respondent 5 Director, Service delivery, TelCo Networks/Wholesales</td>
<td>Respondent 5 Controller, TelCo Networks/Wholesales</td>
</tr>
</tbody>
</table>
Appendix 3. General interview guide

This is a description of the main topics for discussion in semi-structured interviews.

**Theme 1 – Introduction about the context and respondents**
Presentation of interviewers and the aim of the project, including issues of research ethics
Presentation of respondents, their background, responsibilities and daily tasks

**Theme 2 – Use of information**
Description of information used to handle main managerial tasks, especially in relation to:
- Strategy work/planning
- Budget work
- Performance management system and incentives

**Theme 3 – Use of management control systems: challenges and solutions**
Perceived problems in how management control is functioning in TelCo
Perceived reasons for these problems
What are the ways these problems are handled/possible solutions
Appendix 4. A strategic map at TelCo for its Balanced Scorecard (simplified).