The act of interpretation - Accounting reports and management control action
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Abstract
Today management control systems of different kinds are important parts of managing any local or global organization. This paper seeks to understand how the act of interpreting accounting reports becomes an interface to management control actions. The empirical material consists of fieldwork and interviews with managers at different levels in four Swedish organizations. The findings show that through the process of interpreting accounting reports managers become more focused on purposeful actions. Modern organizations need to develop their ability to interpret accounting reports in order to use management control systems even better, increase the understanding of what is happening in the organization and consequently act more purposefully.

Key words: Management Control, Accounting Reports, Interpretation, Sense Making, Meaningful Actions.

INTRODUCTION
There has always been a purpose behind working with accounting in general and accounting reports in particular (Mellemvik, Monsen, & Olson, 1988). When Luca Pacioli described the theoretical foundation behind double entry bookkeeping, one of the purposes behind the technique was ethical. By using double entry bookkeeping, profit seeking was integrated with Christianity, thereby avoiding charges of the sin of avarice (Thompson, 1994). Accounting was providing a ‘just’ explanation of business activities. Later on, scholars like Littleton (1953) argued that the purpose behind accounting was not to produce reports but to make the activities of the companies understandable. Today, accounting has become a powerful language, even more universal than English (Macintosh, 1994). However, some of the old purposes are still valid. A CEO still needs to show that s/he has managed resources in an accountable manner, and still company activities need to be understood with the help of accounting reports. Accounting and management control have come to play an increasingly important part in general sense making processes in organizations (Bredmar, 2002, 2011b).

Understanding accounting deals with at least two dimensions; understanding how it is done and understanding why it is done in a particular way. From a sense making perspective, the latter question is of most interest, since organizational sense making is based on an idea that important parts of what happens in an organization are socially constructed (Checkland & Holwell, 1998). In order to study why accounting reports are used in a certain way in an organization, it becomes necessary to study the context and actors in that organization to trace the purpose behind their work with accounting and management control issues. From a social constructivist perspective, the actors’ motivation for using accounting reports and the context in which they are used become indicators of the purpose the organization has with its accounting use. From a management perspective, business stories are narrated with the help of accounting reports. In order to understand why accounting is used in a certain way, it becomes important to elaborate in what way managers use accounting talk and management control actions in their everyday work.

To understand an environment, managers first need to enact the environment (Weick, 2001). This means that the environment is created from the circumstances a manager is experiencing, an environment that represents reality almost like a metaphor (Weick, 1969). The experienced environment becomes the output from the process of sense making that the manager is undertaking. Weick (2001, p. 189) puts it this way, “In the case of organizations, what they say and what they do provide the displays which can be examined reflectively after their occurrence in order to understand what is occurring.” In its simplest form, this interpretation process begins with a scanning for data that can be collected. In the second step, the collected data is given meaning which then, in the last step, is acted upon (Daft & Weick, 1984). One way of understanding accounting reports and management control actions is that the reports hold the data used in the first step. What managers say, their talk is then a way of shaping and constructing...
meaning, followed by management control actions. Through accounting reports, talk and management control actions, an understanding of a manager’s environment, e.g. the organization, is developed. The organization also constitutes the body that can contribute to an organizational sense making process (Checkland & Hollwell, 1998). A model such as Checkland and Hollwell’s (1998) Process of Organizational Meaning exemplifies how the organization develops different intentions and meanings through the interpretations and use of collected data, for example accounting reports. This will help the members of the organization to act in a purposeful and meaningful way. In this way, Checkland and Hollwell argue, the information systems contribute to the process that creates organizational meaning, resulting in meaningful actions among individuals. One example of such an information system is accounting (Alter, 1999; Hall, 2008). Sense making is the process which results in an interpretation (Weick, 2001). This interpretation is then intermediated through a language, which is the medium that formats concepts about the world, transferred through conversations (Winograd & Flores, 1986). Finally, the interpretation forms the base for purposeful actions, where management control is seen as a process creating organizational meaning (Bredmar, 2002, 2011a).

A study of the use of accounting and the purpose of accounting reports almost becomes a form of methodological endeavor. As we try to understand accounting, we also need to understand the stories and narratives that comes from analyzing accounting statements, e.g. talking accounting (Ahrens, 1997; Czarniawska, 1997). “This line of reasoning is related to the vision of the social world and social science as conversation. What we study is how people in other communities construct their world by conversing about it.” (Czarniawska, 1997, p. 71). In a way, the conversation adds value to the formal statement, the hard data (Czarniawska, 1997; Jönsson & Grönlund, 1988). Accounting reports could be seen as a form of text reflecting reality, where the conversation about the objective text makes it subjective. Still, the text is already there, evidence of the world which becomes the material trace used for conversing about that world. Conversations based on accounting and accounting reports become a methodology for interpreting the world as we know it, a way of constructing a narrative that makes sense to us. We are the stories we tell (Macintosh, 1994).

Thus, to study how accounting is used in organizations and how managers talk about accounting becomes interesting, as a way of making sense of the organization and then using the understanding to act. A natural departure is a more general view among CEO’s and leading managers on how they construct their narratives through the use of accounting and more particular describe how they then uses talk about accounting reports as a process that creates organizational meaning. This creation of meaning is not only through interpretations, but also through authoring, not only through a discovery of a meaning, but also through creation of that meaning in the organization (Weick, 1995). Accounting talk becomes a crucial part of the sense making process. The center of this study is the process where different actors, such as managers, talk about accounting reports, to shape their view of what is happening in the organization and act through management control functions.

**MANAGEMENT CONTROL FUNCTIONS**

One of the first authors writing about the concept management control was Robert Anthony (Merchant, 1989). At that time, during the mid1960-ies, he described it as a function in between a strategic and an operational level in an organizational hierarchy where managers were focusing on attaining the resources needed in order for the organizational unit to be able to achieve organizational goals. Later on, the concept has developed several different focuses. Today a common core could be defined as “… a process or system, which deals with the behavior of human beings. This is in particular regard to control over resources, decisions and performance which, should then lead to the achievement of defined goals.” (Bredmar, 2012). In the next sections, important functions of management control will be described.

In the majority of models describing management control, an initial description of a plan or strategy is usually included. The authors behind one recent method, the balanced scorecard, even described the model as “translating strategy into action” in one of their titles (Kaplan & Norton, 1996). Earlier models developed by for example Anthony (1965) defined the management control function as a system designed to see to that the goals were meet. Management control has also been described with the help of a metaphor, two sides of a coin, where one side was planning and the other control (Emmanuel, Otley, &
The interpretation of the metaphor is that each side needs the other; there is no planning without control, and no control can be done without a plan to check the performance against. Even though several authors claim that the long-term strategic planning is a separate function, the organization’s ability to execute the plan is in the hands of the management control function.

One area usually covered in management accounting and control courses is calculation (Bredmar, 2011c). This area is needed in order to understand how costly a production is or to know what price to set on a product or service. In this function, there is also a clear connection between financial accounting and management accounting since the accounting reports and financial data is used to calculate on. Even though it is not necessarily the same system, there is a common denominator as both systems are based on financial data. It is also important for a manager to be able to calculate the optimal levels and resource allocations, for example in stock management and consumed resources. Then, the calculations become a crucial part of a management control function.

Another traditional and well-established management control function is resource allocation. This function is at the center of one of the earliest definitions of management control. "Management control is the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organization’s objectives.” (Anthony, 1965, p. 17) Since resources are scarce in many organizations, it has become even more important to use them in an efficient way. Old management control methods, such as the budget, are effective methods for allocating resources among different organizational units since the budget deals both with the single unit and the organization as a whole. Even though the budget is an obvious method for dealing with allocation issues, it is not enough since many resources are not measured in financial terms, and consequently harder to work with in a budget. The ability to control and manage resources through management control is important in today’s businesses.

### Sense-making and management control

For a long time, accounting in general and accounting figures in particular have been understood as the language of business (Lavoie, 1987; Macintosh, 1994). This means that through a language understanding is translated by the receiver, an understanding that in the first phase is transferred from the sender or user of the language. Since the words that constitute the language itself are carriers of meaning, it becomes interesting to try to translate that meaning in its context (Berger & Luckmann, 1991). An even more interesting part of understanding the role of language is as a means of transferring some kind of sense making (Weick, 1995). “The power of language lies primarily in its capacity to mean more than can be explicitly said.” (Lavoie, 1987, p. 588). In a social setting, or in social sciences, this notion focuses on the attribution of meaning to something that we are examining, something that is not metaphorical but real and meaningful in its context, in a way seen from inside the context. As Lavoie puts it, “… the kind of communicative process hermeneutics sees operating at the level of scientific discourse is also going on at the level of everyday accounting practice. I want to argue, in other words, that profit and loss accounting itself, and not just accounting theories about such practices, is a matter of interpretation.” (Lavoie, 1987, p. 597)

This interpretation is in a way an interpersonal communication where accounting reports, as the calculative component is an act of interpretation, both before and after the interpretation takes place. As the interpretation through the language is done, it tells us something about the world, and then “… the language of business is not ‘just talk’. It achieves the communication of real knowledge about the world.” (Lavoie, 1987, p. 602). As such, accounting is the language of business, and the interpretation of it becomes crucial for our understanding of what is going on in the organization.

When trying to understand what is going on in an organization, some sort of interpersonal communication is common (Lavoie, 1987). Boland (1993) argues that these kinds of interpretations are universal acts or conditions, which can be understood, in an organizational context.

"Accountants make interpretive readings of an organizational situation as a basis for writing records and reports. Accounting reports, in turn, are read by managers and others as they try to make an understanding of organizational situations.” (Boland, 1993, p. 125)

Accounting reports and interpretations become both the medium and the outcome of the interpretation process, a form of recursive act. Through this act of interpretation, the sense making takes form where an understanding of where the organization is going and, in its simplest form, of the interpreter himself is

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shaped. Texts such as accounting reports contribute to this process in a most obvious way, which in the next phase helps the interpreter to act.

"Readers making interpretations of organizational texts, including management accounting reports, navigate these contradictions and make sense of accounting texts by drawing upon a rich and diverse set of interpretive schemes, norms and facilities. ... Management accounting reports mean what readers of them make them mean. Their meaning is dependent on context, but readers actively create context and bring it with them to the text. Reader use accounting texts to give meaning to an organization and its history, but they also use them to give meaning to their own selves and worlds." (Boland, 1993, p. 139-140)

Through the interpretation of reports and documents such as accounting reports, the basis for actions are developed, shaped by the interpretation and understanding.

Members of an organization who have decisional power usually want to act in a meaningful way (Bredmar, 2002; Checkland & Holwell, 1998). This is done with the help of the understanding developed through the interpretations of what is going on around and in an organization. These purposeful actions are in a way the outcome of the interpretative act, and when it comes to management actions this takes the form of management control (Bredmar, 2002, 2011a). In a way, sense making itself is meaningless unless it is used in a context such as managerial actions within an organization. In this sense, the interpretation and management control actions becomes intertwined.

**METHOD**

The empirical material was collected in two different periods, organization B, C and D during the period 1997/1998 (Bredmar, 2002) and organization A in 2007/2008 (Bredmar, 2011b). Both previous studies were based on a multiple case study perspective with a field research approach. Interviews with managers at different levels were conducted, tape-recorded and transcribed. The transcribed texts were used as empirical material, and a grounded theory inspired method was used to categorize the findings and describe and analyze concepts and contexts. Earlier interview transcriptions have been used, but with a new interest in other concepts. This can be somewhat problematic since the interview questions do not directly concern the concepts of interest for this study. However, the initial interest for this study was awakened after reading and thinking about other studies in this area, concluding that the previous interview material had quotes that could be used to develop an increased understanding of and contribution to the talking accounting field.

The organizations forming the empirical departure for this study are first the local county council of the southeastern part of Sweden, Org A: Kalmar County Council, which runs a vast and diversified politically governed operation. Its main focus is on hospitals and nursing and the main respondent was the administrative CEO. The second organization, Org B: Local Supermarket, is a regular supermarket selling everything from food to gardening and car equipment. It has a clear organization divided into departments with a national comparable structure at sister supermarkets in other cities. The third organization is a service organization with a regional coast-to-coast responsibility for delivering mail, Org C: Regional Mail Service. It is a state owned company with a highly competitive and fast changing environment. The last organization has changed its operations in a dramatic way over the last years, but when studied they were part of an international group of companies, producing parts for the automotive industry, Org D: Subcontractor Automotive Industry. In terms of management, all organizations had similar operations, with a clear structure and well defined business process and an extensive information system and strong owners. They all have well established management control methods. What is expected from the manager is usually well understood by the manager. They are sound and profitable, but still needs to be active, especially in terms of management control issues, since they are operating in a fast changing and competitive environment.

Quotes that represent what the managers perceive as important has been chosen as an empirical trace to present an authentic picture of what is going on in the organization. In the result chapter, few interpretations other than attempts to give the quote a context are presented. The quotes are single expressions of what one manager is describing, but in almost every case there is a larger anchoring in each organization, making the quote an example of a phenomenon rather than an exception. Even though it is hard to draw general conclusions based on this type of interview material, there has been an
ambition to present findings from four different industries to make the findings more relevant than just representing one industry or sector.

MANAGERS’ PERCEPTIONS OF MANAGEMENT CONTROL ACTIONS AND ITS CONTEXT
In the studied organizations there are several examples of how managers and their units work with questions within the management control domain. These examples can be described and understood as separate events, but they can also be understood as parts of a whole. In the following sections, these events will be presented as examples of different activities and functions, and later on they will form pieces of a bigger puzzle.

Accounting reports as a mirror for everyday life
Accounting reports and other reports used in the manager’s daily work are reflections of what is happening in the organization. It will appear in the reports as a trace of what happened in the organization. When the report shows up, it becomes important to understand what it reflects.

Middle management Org C: “Actually I don’t see the deviation in numbers until next month. Then I meet the team of mailmen and talk to them about it. I can’t influence them to increase incoming mail. Usually that is a common trend over several teams, something that influences the entire unit. On the other hand, things can happen, for example a car can break down. Then the result declines close to red, and then you need to find explanations. I know that the same thing probably won’t happen again the next month, and then one tries to make up the loss. But whatever happens, I run the numbers with my teams every month and look into what has happened. Then I also have very good team leaders who are awake and see what has happened in the numbers. Usually, it’s me who tries to understand why a numbers is high, and usually something has happened.”

In a way the report becomes a physical trace, a mirror, of what has happened in the organization during previous periods.

Accounting reports triggering talk
As the reports are presented to a group or a manager they need to be interpreted and understood. An easy way of doing this is by talking to colleagues or employees who work in a specific unit. This becomes a form of translation where everyday actions are traced through the reports, thereby triggering talk.

CEO Org A: “You always get reports but when you look at a report you need to understand what parts are poor, or what parts are good, or what parts are excellent. That you need to find out. What have we done that makes this result excellent? And then we need to give them credit, because people talk about that, if someone really talks with them. ‘Why do we get such a great result in this field, could you tell me, so that I understand?’ The privilege is that everyone starts to share, and they think it is fun to talk about things that have worked out great.”

Through the discussions and with the help of reports different causal relations are traced and analyzed. They form a kind of mental model of what has happened and why, which later on becomes the basis for coming actions.

Unite manager Org D: “If we are behind in productivity, which is below what was agreed on, then we need to discuss what the causes are.”

Often, the report in itself is not as important as the discussion following the reported numbers. This is where an understanding of what actually has happened is developed.

Accounting reports and interpretations
When reports and different translations of what actually has happened in the organization are discussed, experience and background of the persons participating in the talks are important. In the studied organizations, it is obvious that the operating manager is interested in opinions from different angles, functions and areas in the organization. People participating in the discussion, thereby contributing to the understanding of the report, represent these areas and functions.

CEO Org D: “Ingmar is the most important person supplying the information and doing the analysis which we discuss. Then there is Per, who is responsible for the production, who naturally contributes saving programs and rationalization programs. He represents reality, while Ingmar does the analysis.”

Through the ongoing talks and discussions, different interpretations and translations are tested. The ones participating contribute depending on their background and knowledge about the organization and operations.
Accounting reports and group dialogue

Even though many discussions and talks are part of an ongoing, day-to-day, process, there are several examples of more or less formalized meetings also where reports are discussed and analyzed. In these meetings, it becomes important for the manager to both share her/his view of what is going on in the organization, an interpretation of the reports, and to collect impressions of what the people in a unit or department think about a report or a performance.

Middle management Org D: “Then we have workplace meetings where we talk about performance reports showing the progression this year. Then we have reports on what we have done with planned improvements, what we should do, how far we have come and if there are any new things that need to be done. … We have information with staff, which I have once a week, 10 minutes per production line. There I talk about last week’s results, the plans for this week, where we are in terms of production for certain customers, and what the economic result is in terms of indirect costs.”

A shared view is developed through the presentations and talks at different meetings. This is usually an important channel for the management to make the organization focus on the right things. In most cases, this almost becomes a routine where different managers as a part of their everyday work check the reports and look for deviations and figures out of line with the planned performance.

CEO Org B: “Every morning there is a sales meeting with a run through of the day, in terms of cashiers and such. And one usually also looks at sales and similar reports. … We monitor each week individually, and produce sales reports every Monday. We monitor what we have sold per c-package, customer package. Sales reports are produced every morning, it’s the first thing I do when I arrive in the morning. Then I look at consumed hours, I get last week’s report of the hours on Tuesday lunch. Actually, I know that each day, one can’t allocate too many hours. … Each morning we have a meeting with the sales group where we look at the day in terms of cashiers and stuff. We also look at sales and similar reports.”

These routine based talks and discussions become a form of everyday calibration where reports reflecting what is happening in the organization are analyzed, which then triggers new actions and corrections.

Management Control as calculation

In many cases, the actions of different managers are based on traditional management control methods such as calculation. As different managerial actions could be seen as the result of an interpretation process, triggered by a report, it becomes important to rationalize why a specific action is taken. This can be done through calculation, and later on be defended by reports. In the studied organizations, the background for a specific calculation or estimation looks different, but in general there is some sort of classification or organizational structure that the calculation is done by.

Controller Org C: “This thing with different production parts is interesting because we have grouped the accounting classifications into nine different resource types. For each resource type, there is an allocation done over different production steps, and all in all there are a lot of steps, but for the mailman department there are in between 20 to 25 production steps that we use. Then the time is divided according to the amount of work that is done on a specific production step. Another example is how much of my costs for facilities or space that are used by the different functions … This is done by every manager that has responsibility, and then we do a calculation and use the allocation keys. Then we do a calculation on the results and costs for each of the managers, and get the costs for each responsibility unit. We also work with connecting different functions so that we get a relation between costs and volumes too.”

With the help of a management control method such as simple cost calculation, important considerations can be depicted and these become parts of the reasons behind actions.

Management Control as resource allocation

Another traditional management control function is the allocation of resources. This concerns both monetary resources as well as other resources needed in order to run the organization. In the organizations, this is an explicit function concerning management control. Usually, it is treated as a kind of negotiation between a higher-level manager and a lower level manager or unit head.

CEO Org B: “This year, I allocated resources quite independently. The demand on the departments in terms of time consumption was processed once among the department managers and we discussed the demand. It is based on history and the demand that I have received for the entire supermarket. It might happen that a department manager finds that he can’t get the time allocation to work. Then they come to me to talk, and then I need to look at the big picture.”
An evident and clear action associated with managers and management control functions is the allocation of resources. This is also a natural step after interpreting what is going on in the organization, for example through the interpretation of reports and talks in the organization.

Management Control as a plan
When acting on an interpretation or understanding of what is happening in an organization, it almost becomes a plan or intention for a certain period of time. It is common to see management control activities as plans that need to be implemented. Similarly to the reports, plans need to be talked about and agreed upon, in a way like forming an understanding and committing to an intention or direction. This is done differently depending on how the organization is run and managed.

CEO Org A: “This is actually about involving the political system. We are a politically controlled organization, the politicians are in control. We are the executing part. … it works like this; we get instructions as a basis for the budget which is a form of resource allocation, and then we develop a proposition which we then process with the political majority, both on short and long-term. Then we involve the organizations, after and during the work with decisions making and getting the different departments involved in the process …”

The budget is an example of a common denominator for the studied organizations. Its most valuable contribution is as a plan for a coming period of time. As such, it becomes almost a physical expression of intentions and chosen directions, a form of management action. Through this plan, management control actions are taken.

Producing: reports - interpretations - actions
Taking a more holistic and comprehensive perspective, there is a form of interaction between three different concepts or activities, going on in an organization. These activities all share a common core; the management control functions. They can best be described as three steps, each producing one important part in the overall production of management control activities. A first step is the production of reports, which in a way is automated through information systems. In a second step, they are interpreted as explained in the previous sections, and in a third step actions are taken. Even though they have been presented as separate functions, they can also be described as activities going on at the same time.

CEO Org B: “It might happen that one month a department manager finds (in his reports) that the hours don’t match up with the plan. Then they discuss this with me, and we agree on overrunning the plan, and I need to look at the bigger picture. The previous month might have saved some hours and so forth. After all, these are manageable deviations. I get the feeling that someone is communicating with me.”

This ongoing process of management control can also be described and understood as an activity taking place in a context, both organizational and time/situational. In the first sense, the organizational unit hosting the activity is a natural home and scene for management control functions. But it is also a case of letting the function solve or be part of something that is going on over a certain period of time, or a specific situation, for example weak performance.

Middle management Org C: “A lot of effort, time and power are needed. In many discussions, you look for help and I was lucky because I had a team in Mönsterås that did very well. So we worked together, and helped each other. Besides that you need to get help from good teams. We have an arrangement that works excellent in Org C because we get the accounting numbers at the same time as the performance reports, and we can monitor how different teams are doing. … Last year we were far behind, but Mönsterås was number one in its group. So we used them to benchmark against all the time. They came here to work, and we sent people there to work, and put a lot of effort into it. And we had to lay off people. It’s always the only solution when you lose profit, then we are too many people.”

Altogether, management control can be understood as a process consisting of several parts, but at the same time it is also a whole, a bigger process.

DISCUSSION
In the previous sections, a picture is painted through the pamphlet of theoretical and empirical examples of how accounting reports are used, and how they contribute to management control actions. In this section, a broader picture will be presented, describing a more holistic view. This is based on a notion that there are three crucial parts in the overall function of acting in a purposeful way, which in a way extends the understanding of management control actions. The first part is the report in itself. It forms a kind of evidence of what has happened in the organization (Jönsson & Grönlund, 1988). In the second part, an interpretation is needed in order to understand and in the long run, (the third part) act on the information
and understanding. Management control becomes a process that creates organizational meaning (Bredmar, 2002, 2011a).

In this study, five pieces in a puzzle, or steps, lead to the purposeful actions, which constitute the management control functions. First, there is an idea that what takes place in the organization becomes visible through the reports. The accounting reports as such are empirical evidence of what has happened. In the next step, the reports trigger talk in the organization. The talk is, in a way, the third step, a form of interpretation act where different meanings are discussed and mutual understanding is developed. This is usually done in the fourth piece of the puzzle, in the group. In the last step, different kinds of management control actions are taken, e.g. calculations, resource allocations or work with planning or strategic issues. This more general process leads to the purposeful management control actions that managers with decisional power need to take.

The empirical and theoretical examples in this paper show that it is not enough to describe interpretative acts by themselves; they need to be understood in a context, which in this paper are management control actions. Through the three levels, i.e. accounting reports, interpretations and actions, the different pieces in the puzzle can be categorized. Accounting reports represent the first level where the ongoing activities in the organization are measured in a form of financial performance measurement. The interpretation is done within a group, through talk, which is triggered by the reports. The actions become the result of the decisional power invested in the managers, in a way constituting the responsibility invested in the manager. In order to act in a purposeful way, the action is the other side of the coin, where the reports are the first side. Altogether, it forms an interpretative act.

CONCLUSION

To be able to take more meaningful actions, an organization need to develop systems of management control as well as systems that promote dialogue and interpersonal communication, thereby promoting interpretations. Neither accounting reports, nor management control action, can be understood by themselves in isolation, they need to be understood in a context, an organizational context. This is done through an ongoing process where the two pieces, accounting reports and management control actions, are connected via an interface. The interface could be described as talk, interpretations and understanding. Through these three activities, accounting reports become valuable and management control actions become meaningful.

Earlier studies in the accounting field have focused on accounting and interpretations (Boland, 1993; Lavoie, 1987), and there are numerous studies on sense making in organizations. Just follow the trail of Weick (2001). Even studies traced back to Pacioli (Thompson, 1994) show the importance of understanding what the accounting reports show, and scholars like Littelton (1953) argued that accounting had a purpose to make the company visible. When it comes to sense making, talk is not something new, not even thoughts about groups constructing a common meaning are new (Checkland & Holwell, 1998; Daft & Weick, 1984). The contribution of this paper is the connection of these two arenas. Ideas about how to use and work with accounting reports are intertwined with ideas about sense making, which then results in a new understanding of the purpose of management control activities. Even though the concepts and ideas used in this paper are not new in themselves, an important conclusion is that they constitute two important dimensions when it comes to working with management control issues.

For those who study or work with management control functions, it is important to understand what shapes and constructs the conditions leading to a successful management control system. One neglected area is the understanding of interpretations of business activities in general and accounting reports in particular. In other words, in order to get more meaningful management control actions, the organization needs to develop a better interpretation of what is going one in the organization, which can be done through interpretations of the accounting reports. It is not enough to chase the most recent management hypes or the latest IT solutions for a more extensive report package if the organization has not started to develop a more perceptive view on the interpretations of the accounting reports. Today’s rationale for management control actions is not about more information; it is all about better interpretations.
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