




Unpacking the Fluidity of Management Accounting Concepts: An Ethnographic Social Site Analysis of Enterprise Risk Management

Matthäus Tekathen


To cite this article: Matthäus Tekathen (2019): Unpacking the Fluidity of Management Accounting Concepts: An Ethnographic Social Site Analysis of Enterprise Risk Management, European Accounting Review, DOI: [10.1080/09638180.2019.1575759](https://doi.org/10.1080/09638180.2019.1575759)

To link to this article: <https://doi.org/10.1080/09638180.2019.1575759>

 View supplementary material [↗](#)

 Published online: 18 Feb 2019.

 Submit your article to this journal [↗](#)

 Article views: 87

 View Crossmark data [↗](#)

Unpacking the Fluidity of Management Accounting Concepts: An Ethnographic Social Site Analysis of Enterprise Risk Management

MATTHÄUS TEKATHEN

Department of Accountancy, John Molson School of Business, Concordia University, Montreal, Canada

(Received: September 2016; accepted: December 2018)

ABSTRACT This study offers new insights into what renders management accounting concepts (MACs) fluid. Extant literature depicts how fluidity is an effect of heterogeneous associations among actors, which translate and mobilize them in situated and variegated forms. This focus on heterogeneous arrangements, however, tends to neglect the role of practices and how these practices render MACs fluid. Hence, the study investigates how practices, together with arrangements, which Schatzki (2002. *The site of the social: A philosophical account of the constitution of social life and change*. University Park, PA: Pennsylvania State University Press) refers to as 'site' (i.e. a mesh-work of practice-arrangement bundles), are implicated in MACs' fluidity. To do so, an ethnography of the MAC 'Enterprise Risk Management' (ERM) at the largest division of a multi-national manufacturer was conducted. By analyzing attended risk meetings, the paper shows the ways in which the ERM site prefigures multitudinous paths for carrying on and carrying out risk management activities, which in turn, render the ERM site into a fluid space of intelligibility. These findings indicate that MACs' fluidity is associated with multidimensional prefigurements that the site produces. With these insights, the paper contributes to understanding how the situated functionality of management accounting comes about, and reveals nuances and multiplicities amid the enabling and constraining space for actions that practiced MACs as mesh-work engender.

Keywords: Management accounting concepts; Enterprise risk management; Ethnography; Fluidity; Site ontology

JEL classifications: M40 (Accounting General)

1. Introduction

Studying management accounting concepts (MACs) in their organizational context (Hopwood, 1983) has produced a rich account on the fluid nature of practiced MACs. Whether activity-based costing (ABC) (Briers & Chua, 2001; Jones & Dugdale, 2002), balanced scorecard (BSC) (Busco & Quattrone, 2015, 2018; Hansen & Mouritsen, 2005), enterprise resource planning (ERP) systems (Dechow & Mouritsen, 2005; Quattrone & Hopper, 2001, 2005), intellectual capital (IC)

Correspondence Address: Matthäus Tekathen, Department of Accountancy, John Molson School of Business, Concordia University, 1450 Guy Street, MB 14.225, Montreal, Quebec H3H 0A1, Canada. Email: Matthaeus.Tekathen@concordia.ca

Paper accepted by Teemu Malmi.

statements (Bukh, Larsen, & Mouritsen, 2001; Mouritsen, Larsen, & Bukh, 2001), or enterprise risk management (ERM)¹ (Arena, Arnaboldi, & Azzone, 2010; Tekathen & Dechow, 2013), MACs flow, continuously move and unfold, and are mobilized for various different usages. They transpire fluidly.

This predominantly actor-network-theory-inspired (ANT) account of MACs' fluidity shows how the heterogeneous associations among human and non-human actors produce a fragile network – in a constant state of transformation – referred to as ABC, BSC, or ERM. MACs become different things within and between organizations (Arena et al., 2010; Bukh et al., 2001; Hansen & Mouritsen, 2005; Quattrone & Hopper, 2001), and their fluidity is associated with ongoing processes of translation, drift, unsettledness, and multiple meanings, as well as heterogeneous, situated, and variegated mobilizations (Andon, Baxter, & Chua, 2007; Briers & Chua, 2001; Czarniawska-Joerges & Sevón, 2005; Jones & Dugdale, 2002; Quattrone & Hopper, 2001). Further, Busco and Quattrone (2015, 2018) show how the rhetorical features of MACs engender a continuous state of flux. Yet, despite their fluidity, MACs can also be referred to as a single, homogeneous entity. Thus, MACs appear as 'heteromogenous objects' (Quattrone & Hopper, 2006). Overall, a substantial stream of literature has emerged, which suggests that fluidity is an effect of heterogeneous associations among actors that form MACs.

In comparison, Schatzki's (2002) site ontology conceives social phenomena, such as MACs, not only as heterogeneous human and non-human arrangements, but as both heterogeneous arrangements and organized practices, or more importantly, intermingling *bundles* thereof (Ahrens & Chapman, 2007). MACs form a site – a mesh-work of organized practices *and* arrangements. For example, ERM is fabricated out of various non-human actors, such as risk maps, risk management standards, or value-at-risk calculations, as well as human actors, such as chief risk officer, risk owners, and the like. But ERM also entails practices – understood as arrays of activities – for identifying, assessing, and controlling risks. Both arrangements and practices interweave and compose the site of ERM as a mesh-work, in which and as part of which risks are managed.

By combining arrangement theories, such as ANT, with practice theories, Schatzki's (2002) site ontology hence brings the focus not only to the multiplicities of associations among human and non-human actors, but also to the practices in which MACs gain their fluid ontology. Thus, embracing this ontological perspective offers the opportunity to complement the existing ANT-inspired understanding of MACs' fluidity. For this reason, the paper embarks with Schatzki's (2002) site ontology and consequently understands the composition of MACs as mesh-work of practice-arrangement bundles (Ahrens & Chapman, 2007). Doing so, the research aim is to contribute to our understanding of MACs' fluidity by addressing the research question: How is the site implicated in rendering practiced MACs fluid?

To address this question, the paper turns to the MAC called ERM,² which has gained increasing coverage and momentum in both accounting practice and academia (Hayne & Free, 2014; Power, 2004; Soin & Collier, 2013). Case studies on ERM envision its fluidity (e.g. Arena et al., 2010; Mikes, 2009, 2011; Tekathen & Dechow, 2013), offering a pertinent context to further

¹COSO (2004) defines ERM as

a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives. (p. 4)

²ERM is regarded as a MAC as it aims at supporting firms in achieving their organizational objectives in uncertain business environments (cf. COSO ERM, ISO 31,000). Prior studies have done so to contribute to management accounting literature (e.g., calculative cultures (Mikes, 2009); toolmaking (Hall, Mikes, & Millo, 2015), or risk map as a mediating device (Jordan, Jørgensen, & Mitterhofer, 2013)).

unpack it. The empirical work follows from an ethnographic study of the ERM practices experienced in a multi-national company's manufacturing division, whereby the author collected data by accompanying the risk manager and assistant during one quarterly risk management cycle. This close proximity to the field allows the researcher to trace the site, in which and as part of which risks are managed.

Four detailed vignettes from observed risk update and validation meetings (hereafter called risk meetings) are delineated to unpack how the site renders ERM fluid. ERM transpires in these vignettes as a site of (1) documenting accurate, formally correct, and recognizable risk titles; (2) taking (counter) actions against risk exposure; (3) administering, orchestrating, and coordinating the smorgasbord of risk information; and (4) measuring and managing performance. These empirical insights indicate how the fluid nature of practiced MACs is implicated in the way that the site as mesh-work of organized practices and arrangements prefigures³ actions by qualifying a path to be carried out, and on, in multitudinous ways (e.g. as more accurate, responsible, relevant, unpleasant, or riskier). This multidimensional prefiguration renders actions for enterprising in risk management variegated and situationally intelligible, whereby the practiced MAC becomes fluid.

The paper contributes to the current understanding of MACs' fluidity by augmenting the discussion from a consideration of the effects of heterogeneous arrangements of actors (e.g. Bukh et al., 2001; Dechow & Mouritsen, 2005; Hansen & Mouritsen, 2005; Jones & Dugdale, 2002; Mouritsen et al., 2001; Quattrone & Hopper, 2001, 2005) and their rhetorical repertoire (Busco & Quattrone, 2015, 2018), to the effect of multidimensional prefigurations of practice-arrangement bundles. In doing so, this study shows how the situated functionality of accounting (Ahrens & Chapman, 2007; Nama & Lowe, 2014) comes about, and reveals nuances and multiplicities amid the enabling–constraining field of possibilities (Giddens, 1984) for actions that MACs engender (e.g. more accurate, relevant, responsible, unpleasant, or riskier actions).

Next, extant literature on MACs' fluidity is reviewed and the underpinning theoretical lens discussed. After the subsequent methodology section, the paper turns to the field insights to unpack via four vignettes ERM's fluidity. Discussion follows, before the paper concludes by developing its contribution, managerial implications, and future research possibilities.

2. Literature Review and Theoretical Lens on Fluidity of Management Accounting Concepts

Interested in the fluidity of practice (Justesen & Mouritsen, 2011), ANT-inspired studies unfold the heterogeneous, multiple, and variable – in sum, fluid – nature of (practiced) MACs, such as ABC, BSC, IC, ERP, or ERM. On the one hand, MACs are fluid, as translation processes of abstract management accounting ideas to concrete localities and from one locality to the next transform recursively the ideas and their enacted practice (Briers & Chua, 2001; Czarniawska-Joerges & Sevón, 2005; Jones & Dugdale, 2002; Preston, Cooper, & Coombs, 1992). On the other hand, MACs are fluid, as practicing them implicates heterogeneous, situated, and variegated mobilizations across different, and sometimes even within the same, organizations (Arena et al., 2010; Bukh et al., 2001; Dechow & Mouritsen, 2005; Hansen & Mouritsen, 2005; Mouritsen et al., 2001; Quattrone & Hopper, 2001, 2005). For example, cross-comparing the BSC mobilizations in four Danish organizations, Hansen and Mouritsen (2005) portray how the developed BSC served very different purposes, such as overseeing cross-functional integration, introducing planning culture, benchmarking, or cultivating business process reengineering.

³Understood as shaping, influencing, or affecting.

Further, as fluid multiplicities (Latour, 2004, 2005), MACs do not possess a single ‘immutable essence,’ but rather engender situational and pluralistic meanings and effects as, for example, shown in the case of constructing IC statements (Bukh et al., 2001) or implementing ERP (Dechow & Mouritsen, 2005; Quattrone & Hopper, 2005, 2006). Hence, a MAC such as ‘intellectual capital is not *one* thing: it is a fragile construct, which has to be continuously supported and held together by a whole array of interrelated elements’ (Bukh et al., 2001, p. 88). It is drifting and unsettled (Andon et al., 2007; Dechow & Mouritsen, 2005; Quattrone & Hopper, 2005). And even if it stabilizes and becomes a black box by enrolling and holding heterogeneous elements together, it remains fluid as it needs to continuously perform to endure (Mouritsen et al., 2001).

Recently, MACs’ fluidity has been associated with the rhetorical features that MACs possess (Busco & Quattrone, 2015, 2018). As in a rhetorical wheel, where the meaning of the central theme constantly flows depending on the cards placed, their quantity, and their ordering, the meanings of a MAC, such as a BSC, can continuously change. The rhetorical BSC machine ‘is in the continuous state of flux because of the incompleteness of each of the visual representations on which it draws’ (Busco & Quattrone, 2015, p. 1258). Their incompleteness engenders a maieutic quest of ‘scrutiny, questioning and continual search’ (Busco & Quattrone, 2018, p. 1). Fluidity thus happens in and as part of the performable and visual space that MACs produce.

Within that space, content always differs because

it leaves the user free to enact that space which is provided by the topology of the ordered method (think of the Balanced Scorecard in which the core image is constant, while the content of the four boxes and of the central circle always differ, for they relate to the eventual enactment of this abstract method of performance measurement). (Quattrone, 2009, p. 112)

But how then is this free space enacted by the user? What content is put in the four boxes of the BSC? Which cards are played and placed in the rhetorical wheel? Simply put, what doings and sayings are pursued when enacting the space offered by MACs?

Extant studies on MACs’ fluidity remain relatively silent on these questions because the actions pursued are less in focus in these ANT-inspired studies. This is not surprising because ‘in itself ANT is *not* a theory of action, no more than cartography is a theory of the shape of coast lines’ (Latour, 1996, p. 374). Yet, these questions appear relevant because if MACs’ fluidity is associated with the performable and visual space, which actors enact situationally, then, by implication, better understanding what actors do when enacting this space becomes relevant for understanding MACs’ fluidity. Hence, there is the potential to augment our understanding of MACs’ fluidity by giving simultaneously weight to the effects (a) of heterogeneous arrangements – as in previous ANT-inspired accounts – and (b) to the minute and situated doings of actors in producing fluidity.

For this pursuit, Schatzki’s (2002) site ontology offers interesting theoretical thoughts as it combines arrangement theories, such as ANT, with practice theories by viewing social phenomena, such as MACs, as mesh-work of organized practices *and* heterogeneous arrangements of human and non-human actors. For example, a BSC is a manifold arrangement of inscriptions, such as scorecards, strategy maps, and performance reports, as well as human actors, such as executives, middle managers, and accountants. But the BSC also involves practices, such as probing cause and effect relationships among objectives, measuring financial and non-financial key performance indicators, and reviewing the progress of initiatives (Kaplan & Norton, 1992, 2004). Both arrangements and practices interweave and together form a mesh-work that constitutes the BSC as a site, in which and as part of which actors, for example, strategize or manage performance.

The role of the site is that it provides ‘a space of intelligibility’ for actions. In an Heidegger (1998) inspiration of clearing as an opening of intelligibility and being, the site is the space

where, and as part of which, entities exist, events happen, and actions receive meaning (Schatzki, 2002). Hence, the specific actions pursued are from this ontological perspective the ones that transpire as ‘practically intelligible’ – they make sense for actors to do – in the mesh-work. For example, drawing on Schatzki to develop the notion of situated functionality of accounting, Ahrens and Chapman (2007) delineate how restaurant managers skillfully draw on the accounting mesh in their daily activities as a shared resource to contribute to what they perceive as the organizational objectives. The accounting mesh provides them a space of intelligibility for pursuing an objective, such as Italianizing the menu. Exploring the relationship between accounting and strategizing, Jørgensen and Messner (2010) describe how accounting’s functionality emanates as a general understanding, guiding and reminding actors of the importance of profitability when negotiating strategic objectives. By guiding actors, accounting provides practical intelligibility in this pluralistic and uncertain new product development context. At the same time, Schatzki (2002, 2016) stresses in his flat ontology – compared with fellow site ontologists⁴ – the site’s fluidity by recognizing greater multifaceted change, contingency, and openness in social life.

In particular, what renders Schatzki’s site ontology pertinent for researching MACs’ fluidity is that it moves Giddens (1984) discussion on structuring structures that constrain, but thereby also enable ‘feasible options’ for agents to pursue, forward. Schatzki (2002) views the question of prefiguring actions as not solely about the ‘possibility-delimiting dimension.’ An account of prefiguring actions also needs to engage in the question ‘why’ particular courses of actions are pursued in the ‘fields of possibilities’ (Giddens, 1984). By posing this question, Schatzki (2002) moves the understanding of prefiguration of agency from a potentiality of actions to the actuality of actions, or to which of the endless and indefinite actions from the field of possibilities actually occur: ‘If (. . .) prefiguration has a more than a minimal bearing on actuality, it must consist of more than the exclusion and enablement of activity’ (Schatzki, 2002, p. 219).

His answer to how the actuality of action is prefigured is that the mesh of practice-arrangement bundles qualifies paths for actions in multidimensional ways. Practice-arrangement bundles do not only lay out what is feasible/not feasible, or possible/not possible, but further qualify courses of action in multiple other ways, such as actions become easier, more complicated, harder, shorter, longer, promising of gain, disruptive, ill-advised, riskier, and so forth (see Schatzki, 2002, pp. 225–226). Hence, MACs become fluid as the mesh-work prefigures a multitude of possible paths for actions. In more detail, practices, organized by (1) practical understandings, (2) rules, (3) teleoaffective structure, and (4) general understanding, as well as arrangements of humans, artifacts, organisms, and things, all contribute to prefiguring and channeling what people do (Schatzki, 2002, p. 226). While practical understandings refer to the practical know-hows (Schatzki, 2006) to execute an action, general understanding refers to the pervasive, yet not necessarily universally shared, understanding of how to carry out practices. Teleoaffective structure – a composite term of teleological and affective components – signifies oughtness or ‘an array of ends, projects, uses (of things), and even emotions that are acceptable or prescribed for participants in the practice’ (Schatzki, 2005, pp. 471–472), and rules refer to explicit formulations, instructing what to do or say.

Yet, the multitudinous qualified paths (e.g. easier, harder, or riskier) are waiting to be imported by agents, as the path chosen remains in the agency of people, and thus, indeterminate until it occurs: ‘only then will what have determined agency have done so’ (Schatzki, 2002, p. 231). With this accent on the ‘indeterminacy of action,’ Schatzki ‘avoids any hint of predetermination’

⁴Schatzki (2002) notes that most practice theorists are also site ontologists given their Heideggerian provenance. Schatzki uses the label site ontologists to emphasize that their theorizing of context is different from individualist and non-individualist (societist) views (Schatzki, 2003).

(Caldwell, 2012, p. 297). As mentioned above, imported actions are the ones that transpire as practically intelligible in the site. Actions thus relate to the site in that they originate at the site both in the sense of taking place and in the sense of being formed (prefigured) in the site, while the actions taken carry the site out and on.⁵ In this endless happening and metamorphosing of the site, we can unfold MACs' fluidity by investigating in specific happenings of ERM:

- How does the mesh of organized practices and arrangements prefigure the courses of actions taken (prefiguring actions)?
- How does the mesh qualify the courses of actions taken (qualifying paths for actions)?
- How does the clearing of the ERM site transpire that renders these imported courses of actions practically intelligible (providing clearing for actions)?

To conclude, in combining arrangement and practice theories via a site ontological reading lies the potential to further unpack MACs' inherent fluidity. First, this unpacking provides a voice for the practically intelligible activities pursued in the context of practice-arrangement bundles. Simply put, this theoretical perspective allows the researcher to investigate which cards are played or what is placed into the four boxes of the BSC when practicing it. Second, this unpacking brings to the fore how the mesh-work of practice-arrangement bundles prefigures multiple paths of actions to be imported by actors over and above constraining and enabling them. Given the indeterminacy of actions ante eventum, MAC's fluidity can only be explored as actions unfold. For this reason, and introduced next, an ethnography was conducted to study the actual happenings of ERM. Online Appendix A introduces Schatzki's site ontology more fully and provides a detailed comparison with ANT and other practice theorists.

3. Methodology: Empirical Setting, Data Collection, and Data Analysis

3.1. Empirical Setting: Enterprise Risk Management at the Manufacturing Division

To explore the ERM site in a local setting, this paper studies the largest division of a multinational manufacturing company, headquartered in Germany. The division is geographically focused on manufacturing and marketing its products for business-to-business customers in the European market. It is managed as an investment center, granting the division strategic and operative responsibility. Hit by the recent financial and economic crises, the division returned to a growth path, generating more than EUR 7 billion in revenues with + 30,000 employees in 2016. However, the division faces increasing market volatility.

The scope of ERM entails an entire organization's risk management portfolio. This study, though, focuses on a single division within the selected conglomerate, to analyze, in close proximity and greater detail, ERM practices. Selecting a divisional focus further facilitates immersion over and above the strategic, also into the operative, side of risk management through, for example, meeting operative risk officers at the lower echelons of the firm. Further, I observed how the division interacted with headquarters in realms of ERM to capture ERM practices from local to enterprise-wide levels. However, insights into other divisions' ERM practices are outside the

⁵Using the phrasal verbs of 'carrying out' and 'carrying on' signifies the mutual constitution of actions and practices that practice theorists presume (Feldman & Orlikowski, 2011; Schatzki, 2002). Practices are both 'organized' and 'open-ended' spatial-temporal manifolds of actions (Schatzki, 2005, p. 471): actions execute practices (i.e., actions carry out practices), but in carrying these on, practices also change. They are continuously evolving. In that sense, actions both maintain and alter practices.

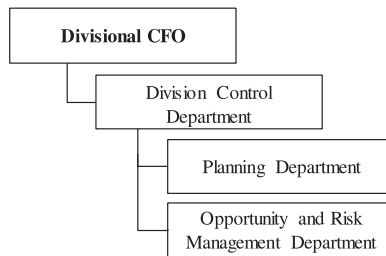


Figure 1. Organizational Structure.

paper's scope. Next, the empirical setting is delineated by providing an overview of the division's structures, processes, and technologies for ERM, before explaining the chosen approach to data collection and analysis.

3.1.1. Structures and roles for enterprise risk management

ERM is organized in a decentralized manner as the company's risk management philosophy is that 'risk management is everyone's responsibility' (ERM Group Guideline). This philosophy means that each organizational unit within the division is responsible for identifying, assessing, reporting, and controlling risks and opportunities in their respective area of responsibility. To this end, the company assigns the role of risk owner to unit heads, such as functional directors, managing directors of subsidiaries, and other department heads. Risk owners can delegate risk documentation work to their subordinates, called risk officers. To coordinate the risk management activities inside the division, an opportunity and risk management department with a risk manager and assistant was created, which is organizationally part of the divisional management control department under the CFO function (see Figure 1). Further, a risk board, chaired by the divisional CFO, encompassing all divisional functions, such as production, sales, purchasing, R&D, or HR, was established.

3.1.2. Processes for enterprise risk management

Short-term and long-term risks and opportunities are updated by the risk owners/officers via the central risk management software (CRMS) on a quarterly basis. The risk manager and assistant meet every second quarter with all risk owners/officers to facilitate this process. Further, the cross-functional risk board discusses the reported risks and opportunities and approves the risk profile of the division. Thereafter, the risk profile is communicated to the division's management board and headquarters (see Figure 2). In addition to the quarterly risk management process (QRMP), the division operates an ad-hoc risk management process in case new risks emerge or existing risks change and surpass a specific materiality threshold (measured in expected value). Ad-hoc risk reporting is not conducted via CRMS; instead, a Word template is filled out by risk owners/officers and circulated to the divisional and corporate risk manager as well as the divisional and corporate CFO.

3.1.3. Technologies for enterprise risk management

CRMS provides users with a risk title form (see Figure 3) for assessing and documenting risks and opportunities. This template offers both a quantitative and qualitative assessment option before and after counter measures. While quantitative assessment is based on expected value of impact and likelihood, the qualitative assessment works with four categories (low, medium,

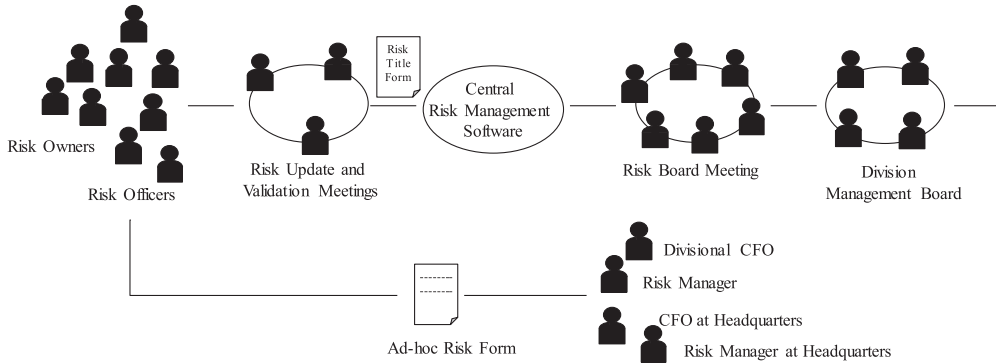


Figure 2. Quarterly Risk Management Process and Ad-hoc Risk Management Process.

Risk title:			Explanation of assessment	
Risk title name	<input type="text"/>		<input type="text"/>	
Risk catalogue classification	<input type="text"/>		Explanation of changes in assessment	
Risk description	<input type="text"/>		<input type="text"/>	
Risk owner	<input type="text"/>		Counter measure:	
Mandate	<input type="text"/>		Counter measure name	
Area	<input type="text"/>		Status	
Time classification	<input type="text"/>		Type	
Updated Risk:			Created on	
Assessment scheme	<input type="text"/>		Date	
Assessment	Gross risk	Impact	Likelihood	Responsible
	Effect of measures			Total costs
	Net risk			Reduces likelihood by
	Expected value			Reduced impact by
Colour code	<input type="text"/>		Description	
Trend	<input type="text"/>			

Figure 3. Depiction of Risk Title Form Used.

high, and very high) to assess impact and likelihood. In addition, this template includes categories, such as risk description, risk catalogue classification, counter measure description, and responsibility assignment. Based on the entered individual risks and opportunities, CRMS allows aggregation, visualization, and reporting of risks and opportunities in the form of risk lists and risk maps.

3.2. Data Collection

The data comes from an ethnography of the division’s ERM. Understanding practice ‘requires considerable ‘participant observation’: watching participants’ activities, interacting with them (e.g. asking questions), and – at least ideally – attempting to learn their practices’ (Schatzki, 2005, p. 476). Practices, arrangements, and bundles thereof, but also what transpires as practically intelligible in the site, ‘are revealed in actions and in the language people use to talk about their lives’ (Schatzki, 2002, p. 51). An ethnographic inquiry, which directly immerses the fieldworker through living another world (Hastrup, 1997, p. 356) to the doings and sayings in the empirical setting, thus enables to unpack the ERM site. Yet, ethnographic work is not simply about collecting a wealth of data through (self-)experiencing the object of investigation. It is also a theoretical endeavor, in which epistemological and ontological assumptions of the world, method for data gathering, and conceptual knowledge of the object of investigation meet (Forsythe, 1999). Hereby, the fieldworker serves as the research instrument him/herself.

The overarching aim of data collection was to enable as much as possible a ‘multiscalar description’ of the ERM site (Schatzki, 2002). The entry point for the fieldwork was the division’s risk management unit, which comprises the risk manager and assistant. The fieldwork involved accompanying/following them over their full working days during one quarterly risk management cycle, providing insights into the ‘murmurings of the everyday’ (De Certeau, 1984, p. 70). To conduct the fieldwork, I received complete internal staff status (including open office space, employee card, internal email and telephone, and access to the department’s shared drive and CRMS). It was agreed before starting the fieldwork that my role during the stay was to learn about how ERM works in practice. Hence, my stay was framed as a learning experience and did not involve any type of auditing, consultative, or interventionist elements. I was also introduced to meeting participants as being there to gain practical insights. Hence, it was clear for all participants that my role concerned learning from them and not vice versa. Practically, that meant, for example, that I attended meetings as an observer, remaining in the background and not taking any active part during the meetings, with the intention to limit my influence on how meetings were unfolding.

Shadowing the risk manager and assistant brought me to manifold localities where risk management took place, in particular to (i) all 13 risk meetings with risk owners/officers, where risks and opportunities were updated (including risk identification, assessment, and documentation), (ii) one quarterly risk board meeting, where the division’s risk profile was discussed across functions, (iii) an employee assembly, hosted by the CFO to address the upcoming reorganization of the divisional CFO function, and (iv) a one-day workshop on CRMS, hosted at headquarters with all divisional risk managers and a representative from the software provider. Apart from attending meetings, the daily work routines of the risk manager and assistant were observed, including, among others, entering new and updating existing risks in CRMS, reviewing the risks reported by risk owners/officers, preparing presentations for meetings, such as the risk board, and following up on action items from meetings. I was further copied in the email conversations (using the ‘cc’ function) between risk manager/assistant and risk owners/officers. Overall, attending meetings, shadowing the day-to-day work routines of the risk manager and assistant, and being copied into email conversations allowed me to observe the actual doings and sayings in the ERM site as well as how ERM was carried out and on.

In addition to experiencing ERM in action, I collected field insights from demonstrations, informal conversations, formal interviews, and document reviews. The risk manager and assistant demonstrated all tools, reports, and procedures used in ERM, such as CRMS, optimistic/pessimistic scenarios, and ad-hoc risk reporting. These demonstrations allowed me to understand the set-up and infrastructure of the tools, as well as the surrounding practices. Informal chats over lunch, during coffee breaks, or when walking through the factory premises from the different meeting locations back to the risk management office, were used, among others, to clarify encounters from the meetings. These informal conversations further helped to capture the immediate reactions from the risk manager and assistant on the attended meetings.

Apart from informal conversations, I conducted 12 formal semi-structured interviews, lasting on average 65 min, including seven individual interviews with risk owners/officers. Interview partners were selected with the intention to cover all five⁶ risk categories of the division’s risk portfolio, so that insights from the full bandwidth of risks and thereby also potential variation in the role of risk owners/officers were generated. These interviews were conducted several days after the risk meeting with the interviewed risk owner/officer, to reflect individually with the risk owner/officer on the meeting and the way the risk titles were updated. The general structure of these interviews was to first talk about the interview partner’s area of responsibility, then

⁶The five risk categories are market, product, process, employee, and finance.

about risk management practices in her area of responsibility, and next, to use the risk titles discussed in the attended risk meeting to reflect on the risk management activities in detail. The intention behind this structure was to both grasp the mesh-work of ERM in the division and inquire about the specific risk management activities pursued. While the former extends the scope of investigating ERM beyond the risk management department, the latter extends the depth of understanding the observed activities from the attended meetings. The attended meetings were henceforth debriefed not only with the risk manager and assistant, but also through formal interviews with (some of the) risk owners/officers.

Besides the seven interviews with risk owners/officers, four formal interviews with the risk manager and/or assistant and one with the head of planning were conducted. On the first day of the fieldwork, a combined interview with the risk manager and assistant was held with the purpose of introducing ERM practices at the division. This introductory interview was facilitated by prior information received on the ERM organization, processes, and tools used (e.g. through the group guideline and division directive on ERM and annual risk reports). The subsequent three individual interviews (two with the risk manager and one with the assistant) served to deepen the understanding of specific topics (e.g. risk board meetings) and discuss emerging themes from the fieldwork (e.g. ERM as a mesh-work). The head of planning was interviewed to obtain insights into the integration of performance management and risk management. Interviews were recorded and subsequently transcribed verbatim. I reported my findings back to the risk manager and assistant in a meeting lasting two and a half hours, to obtain feedback on my reading of the ERM site.

Further, I reviewed the documents stored on the department's shared drive (e.g. reading the archives of risk titles), tried out CRMS to understand its functionality (e.g. creating risk titles in a test version and extracting risk maps and reports in the live version), and kept a daily diary for outlining the schedule and collecting reflections and emerging themes from the field. Appendix A details the data collected throughout the fieldwork. Overall, gaining these rich emic insights allowed me to analyze both the mesh-work of practice-arrangement bundles and (part of) the minute and situated activities pursued in the ERM site.

3.3. *Data Analysis*

Following the understanding of qualitative research as an iterative and interpretive act between emic and etic understandings of the phenomenon of interest (Ahrens & Chapman, 2006; Lukka & Modell, 2010), the analysis encompassed three rounds. This way of approaching data analysis took inspiration from Czarniawska's (2004) interpretation of Hernadi's (1987) hermeneutic triad of reading data, which comprises phases of explication, explanation, and exploration.⁷

As the overarching research question is to investigate how the site is implicated in rendering practiced MACs (such as ERM) fluid, the starting point of the analysis was to grasp the ERM site. To do so, the first round of analysis (explication phase) concentrated on unpacking the ERM site as mesh-work of practice-arrangement bundles. This is predominantly a descriptive endeavor of explicating practice-arrangement bundles and their intermeshing. For achieving a 'multiscalar description,' Schatzki (2005) provides a quasi-roadmap entailing the following tasks: (i) identify the actions that compose the site, (ii) identify to which practice-arrangement bundles, even nets of bundles, the identified action belongs, and (iii) identify to which other nets of practice-arrangement bundles the net forming the site is closely tied (pp. 476–477).

⁷The explication phase focuses on understanding the data through re-constructing the ethnographic encounters. The explanation phase de-constructs the collected data to make sense of the ethnographic encounters. The exploration phase synthesizes and constructs the subsequently presented case narrative in light of the analytical interpretation according to the research aim.

Table 1. Overview of the Identified Practice-Arrangement Bundles.

Practice-arrangement bundles	Description
#1 Risk Reporting Practices	<ul style="list-style-type: none"> – Quarterly risk management process – Ad-hoc reporting – Entering and updating risks and opportunities in risk management software by risk owners/officers (assisted by risk manager and his assistant) – Cross-functional discussion of risk profile in risk board meetings
#2 Risk-based Performance Management Practices	<ul style="list-style-type: none"> – Preparation of forecasts – Quarterly performance review meetings between divisional control and headquarters – Preparation of optimistic/pessimistic scenarios – Risk board meetings – Conducting variance analysis – Monitoring by division's management control function
#3 Managing Risk Management Practices	<ul style="list-style-type: none"> – Risk and opportunity management department with risk manager and assistant to risk manager – Conducting risk validation meetings with risk owners/officers – Offering risk management workshops within the division – Preparation of risk reports and presentations – Administering central risk management software (together with headquarters' risk manager)
#4 Managing Risk Practices	<ul style="list-style-type: none"> – Established operative risk management functions inside the division, such as credit risk management, foreign exchange risk management, R&D risk management, and IT risk management – Daily work routines and responsibilities in different functions, addressed to mitigate and avoid risks without explicit reference to risk management (e.g. HR recruitment, machine maintenance for ensuring continuous production process, and performance monitoring of suppliers to manage supplier risks)
#5 Risk Governance Practices	<ul style="list-style-type: none"> – Internal control system – Quality management system – Environmental management system – Occupational health and safety standards – Procedures for information security – Compliance management system – Other group guidelines, division directives, and job descriptions

As part of this first round of data analysis, five practice-arrangement bundles residing in and forming the ERM site were identified. These were labelled (i) risk reporting, (ii) risk-based performance management, (iii) managing risk management, (iv) managing risks, and (v) risk governance practice-arrangement bundles. Table 1 provides an overview of the identified bundles.

Despite providing this quasi-roadmap, Schatzki (2005) nonetheless pragmatically remarks, 'in many cases, it is desirable and feasible to provide *overviews* of social phenomena and their workings that are couched in terms referring, not to the details of practice-arrangement bundles, but to entire formations and their relations' (p. 477). Consequently, the important point is not the number of bundles identified *per se*, but obtaining an understanding of the mesh-worked site. To do so, I attached a detailed descriptive account of the ERM site as part of Online Appendix B to provide the backdrop to fully appreciate the context in which ERM is practiced. Apart from portraying each identified practice-arrangement bundle, this descriptive account further

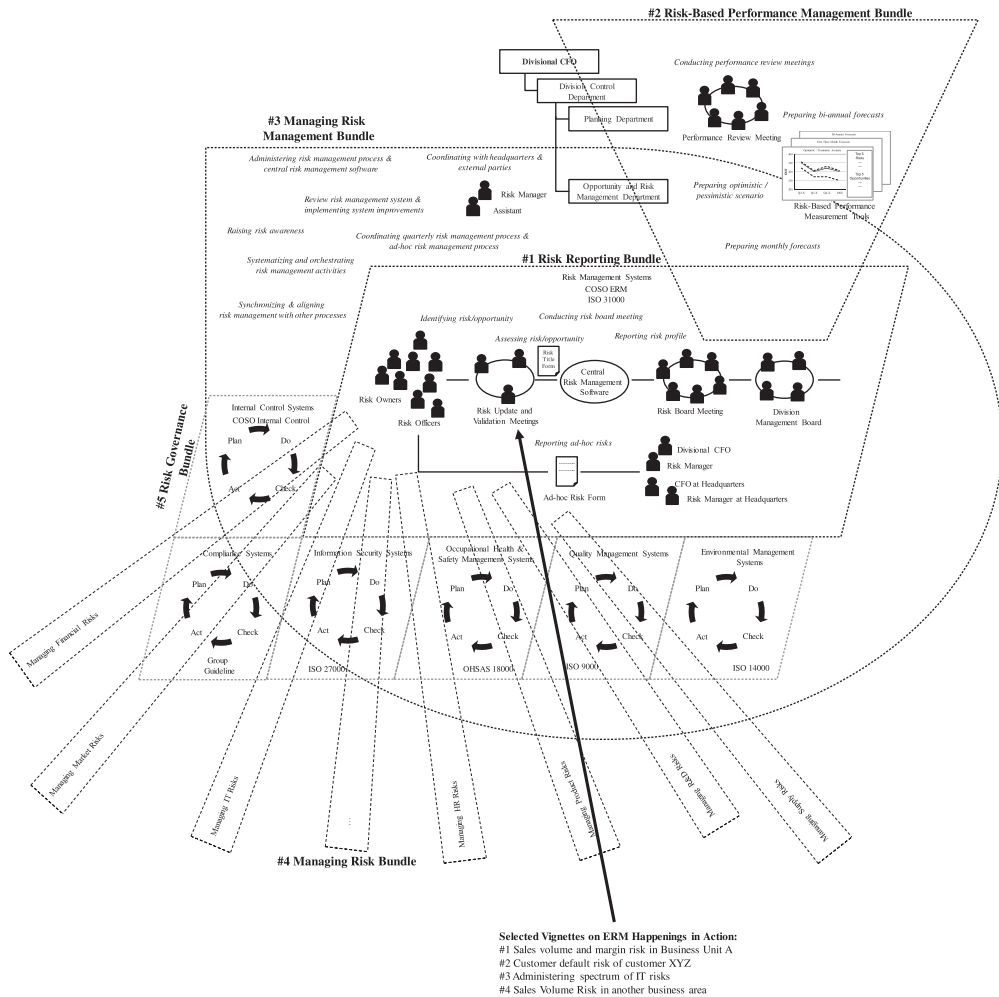


Figure 4. Data Analysis Approach: Explicating the Mesh-Worked ERM Site and Explaining Fluidity via Selected Vignettes from Risk Update Meetings.

illuminates how we can understand the ERM site as a mesh-work. Figure 4 depicts this mesh-work, by portraying some of the arrays of activities (in italics) and arrangements of human and non-human actors that together compose the ERM site.⁸

Through the ethnographic encounter, I further observed (some of) the sayings and doings taking place in the ERM site. The second round of analysis (explanation phase) turns to these actual happenings of ERM by portraying four vignettes from the attended risk meetings (see bold arrow in Figure 4) to unpack ERM’s fluidity with the help of Schatzki’s site ontology. These vignettes serve to both exemplify the arising fluidity of practicing ERM and deconstruct the fluidity of ERM in its minute and situated happening, using the above derived questions (see Table 2). The vignettes were selected based on their relevance for the division, in that they are part of the Top10 risks.

⁸The figure is developed and explained in Online Appendix B.

Table 2. Analytical Framework for Unpacking the Fluidity of Enterprise Risk Management.

Happening of ERM: Vignettes of selected risk update meetings	Vignette #1	Vignette #2	Vignette #3	Vignette #4
Prefiguring actions: How does the mesh of organized practices and arrangements prefigure the courses of actions taken in a specific happening of ERM?				
Qualifying paths for actions: How does the mesh of organized practices and arrangements qualify the courses of actions taken in a specific happening of ERM?				
Providing clearing for actions: How does the clearing of the ERM site transpire that renders these imported courses of actions practically intelligible?				

The third round of analysis theorizes across the four vignettes ERM's fluidity as an effect of the mesh-work of organized practices and arrangements. In other words, in combination, the depicted vignettes serve as empirical illustrations for developing the theoretical argument of this paper (Baxter & Chua, 1998; Flyvbjerg, 2001; Lukka & Kasanen, 1995).

4. Field Study Insights

4.1. Risk Update and Validating Meetings as Mesh-work of Practice-Arrangements

This section explores the four vignettes selected from the attended risk meetings, to build an understanding of how the site prefigures the imported courses of actions and thus to unpack ERM's fluidity. Before this, the meeting as a mesh-work of activities and arrangements is briefly portrayed, to provide insights into the context in which, and as part of which, the actions take place.⁹

In the risk meetings, arrays of activities for identifying, assessing, documenting, and controlling risks come together in a discursive set-up with human and non-human actors. These meetings take place either in the office of the respective risk owner or in one of the many conference rooms across the factory premises. In the arranged layout and infrastructure of the meeting room, the risk manager and assistant, as well as risk owner(s) and/or officer(s) for a specific area of responsibility, discuss risks and opportunities via inscriptions in the form of printed-out risk titles from CRMS, sometimes aided by additional documents to support the conversation.¹⁰

In terms of activities, risk meetings begin by reviewing previously reported risk(s) to identify changes in the original assessment. For this, the assistant distributes the previously reported risk

⁹Following Schatzki (2002), actions are understood as doings and sayings.

¹⁰CRMS was never physically present during the meetings in terms of participants logging into the software to review risk titles. Instead, risk titles were extracted from the software and then brought to the meetings as print-outs. After the meetings, the discussed changes were entered, either by the risk assistant or the respective risk officer, into CRMS.

titles as print-outs to each participant. The risk title form (see Figure 3) structures the conversation, which moves from risk description to (updating) the risk assessment to discussing counter measures. Thereafter, the risk manager, moderating the meeting, enquires about potential new risks/opportunities and uses the meeting to reflect more broadly on the latest developments in the risk owner's area of responsibility.

The risk meetings are embedded in a larger mesh-work of practice-arrangement bundles (see Figure 4 and Online Appendix B) that compose the ERM site. For example, risk meetings take place every second quarter before the risk board meeting as part of the 'risk reporting' bundle. Hence, the activities in the meetings are also directed towards the scheduled risk board meeting in terms of time constraints and content focus. Further, the risk manager initiates risk meetings to better coordinate risk management activities in the division. As the risk assistant noted, 'Every second quarter we go on site [to the risk owners/officers] and collect the risks, because we have noticed that doing so it is then taken more seriously,' and hence, conducting risk meetings are also an embedded part of the 'managing risk management' bundle. Moreover, the updated risk titles become part of the 'risk-based performance management' bundle as, for example, the quarterly performance review meeting between the division and headquarters discusses a pessimistic/optimistic EBIT-target scenario based on the top 5 quantitative short-term risks and opportunities from the risk update meetings.

As depicted in the training materials, QRMP forms together with systems for internal control, compliance, information security, occupational health and safety, environmental management, and quality management the division's overall risk governance system, or what the risk manager called *management architecture*, to ensure that internal rules are followed and external regulations are complied with when effectuating business processes. The 'risk reporting' bundle, as part of which risk meetings take place, is thus meshed into and an integral part of the 'risk governance' bundle. Risk owners/officers, partaking in the risk update meetings, operate in part local or functional risk management systems, such as credit risk management, foreign exchange risk management, risk assessment in R&D processes, and IT risk management, to manage specific types of risks ('managing risk' bundle). But as the fieldwork also showed, they manage risks not only under the explicit notion of risk management, but also more implicitly, as part of their daily work routines and job responsibilities. For example, the head of production plants mentioned in our interview how machine maintenance, working procedures, and qualified workers are part of his core work responsibilities to manage the risk of production breakdowns in his plants. As recapitulated by the risk manager, 'There are many, many sources, and many, many people who deal daily with risks.' Overall, the arrays of activities amid arrangements in the risk meetings transpire as part of this larger mesh-work of the division's ERM practice-arrangement bundles.

Next, we turn to a selection of observed risk meetings, which provide insights into the actual doings and saying inside the mesh-worked ERM site. Attending all 13 risk meetings revealed very different doings and sayings. While all these meetings occurred in the realm of QRMP and had the objective to update the risk titles in CRMS, the courses of action pursued varied considerably, alluding to the fluidity of practicing ERM.

4.2. *Vignettes of Fluidity*

4.2.1. *Vignette #1: sales volume and margin risk in Business Unit A*

The risk manager and assistant met with the risk owner and officer for sales risk in Business Unit A to update the risks and opportunities for quarter 1. The distributed print-out of last quarter's risk title showed a sales risk due to an anticipated volume and margin decline, caused by the 'cooling down of economy and markets in the business area A.' In contrast, the recent months looked more promising. In January, the risk owner reported an ad-hoc,

short-term opportunity to sell an additional 1000 units.¹¹ Now in March, it was time to update the risk title.

The group guideline and division directive on ERM defines risks as ‘the threat that events, decisions, actions, or omissions will prevent the company from reaching defined goals and implementing strategies successfully.’ To operationalize this definition in the risk assessment, the division relates short-term risks/opportunities to the next 12-month EBIT target; referred to as ‘the planned result (EBIT) of the rolling forecast with a 12-month view’ (Division Directive). The training document for CRMS shows how to assess and calculate sales risks/opportunities as deviations from the target base (slide 21):

- Sales:

Deviation from plan:

(planned units in rolling forecast – currently planned units) × average margin = gross risk

In other words, when currently planned sales units are higher (lower) than the planned units in the rolling forecast (serving as rolling target base), an opportunity (risk) is reported as it is expected that the rolling target will be exceeded (undercut). Hence, to update the risk title, the two values (i) planned units in the rolling forecast target and (ii) the currently planned units have to be figured-out.

However, as it turns out, this is not a trivial task to accomplish, as at least 20 min of the 38-minute meeting were spent on the question of which figures to choose to report the updated sales risk. The available choices for sales units entailed, among others, the sales volume stipulated in the current budget (69,000 units), the yet-to-be-released rolling forecast #1 (73,000 units), the February rolling sales plan (70,000 units), or the yet-to-be-calculated March rolling sales plan.¹² As risks/opportunities are defined as target deviations, the available choices of sales units created different combinations for the target-risk/opportunity relationship,¹³ which resulted in challenges in how to portray this relationship, as discussed next.

Every month, the sales unit prepares a rolling sales plan for the year. At the time of the meeting, the March rolling sales plan was in preparation. Hence, the first challenge was determining whether to use values from February or to cultivate values based on the March data that would be released the following week. One problem with the February values was that they did not yet incorporate the improved outlook for market development.

Risk owner: Do you want February or March? If you want the March rolling sales plan, then we only get the data at the end of this week.

Risk manager: Well, if you tell me that you are able to contribute a more accurate statement at the beginning of next week than this week, we would also wait.

Risk owner: So, the March rolling sales plan . . . Because this should be the plan on which the new production program is attuned. So I think it makes sense if we take this option.

The second challenge was choosing the requisite (target) basis to calculate the risk/opportunity. The discussion went back and forth between using the budget target of 69,000 units, 73,000 units from rolling forecast #1, or potentially even the new March sales plan as the basis.

¹¹For confidentiality reasons, figures were altered without changing the relative relationship between corresponding figures. This way, the substance of the reported figures is, in the opinion of the author, unhampered.

¹²At the time of the meeting, the resulting value was still unknown. In the end, the March sales plan confirmed 73,000 units, leaving only a margin risk for sales in Business Unit A.

¹³In total, five different combinations were discussed during the meeting.

Risk owner: So you want to use 73,000 units (i.e. rolling forecast #1)? You do not want to use the (March) rolling sales plan as the basis? Well, if the (March) rolling sales plan includes, let's assume, 75,000 units, then I would have taken the 75,000 units and would have said this is my opportunity and this is my risk.

Risk assistant: No.

Risk manager: You need to use the basis.

Risk assistant: The basis is 73,000 units.

Risk owner: This new rolling forecast #1!?

Risk manager: Exactly.

The risk owner proposed to choose the latest estimation of sales units from his department, hence the March sales plan, and next estimate a risk and opportunity corridor as worst and best cases around it. In comparison, the risk manager reverted to the current planning target from the control department as the basis for calculating risk/opportunity. But even when not using the March sales plan as the basis, there was a debate over whether to use 69,000 units (budget) or 73,000 units (rolling forecast #1). A technical answer was eventually provided in great length by the risk manager:

Risk manager: So strictly speaking, to confuse you completely, the precept from headquarters, which we must implement here, is always [...] to use the budget as basis. Theoretically, if we would live the process as headquarters prescribes, we would take the budget as basis and the rolling forecast to make the derivation [i.e. calculate risks/opportunities as the difference between the budget and rolling forecast]. But the basis is always the budget and we would have to report and calculate the deviations upwards and downwards from it correspondingly. [...] But we do not do it like this here [in the division], we take the currently valid forecast.

The technical or 'theoretical' answer, highlighting the policies and procedures from headquarters, was compared with the practical solution of using the latest valid forecast, which the risk manager favored. The risk manager continued:

Risk manager: Do you actually know this figure (from rolling forecast #1)?

Risk owner: No, we do not know the 73,000 units.

Risk manager: That's stupid.

Risk owner: Because we do not produce it.

Risk manager (understandingly): Yes, of course, our colleagues (from the control division) produce it. That means you take the budget (69,000 units) and derive the rolling sales plan.

Risk owner: When you tell us that 73,000 units is the rolling forecast ...

Risk officer: ... we can also take it. [...]

Risk manager: Well, do you know it?

Risk officer: No. I know it from the daily statistics. I think it is in the back in there. This number is on the last slide. But I do not know what meaning it has, whether and with whom it is attuned.

Risk manager: The rolling forecast is still not attuned. That means it is not yet released.

Risk assistant: It will be released on the 13th.

Risk manager (to the risk assistant): Theoretically. But this interferes with the preparation for the risk board. [...] Well, we will see. Then we would initiate that you receive the 73,000 units officially from us. [...]

Next, you would make the jump from 69,000 to 73,000 units and then to the new rolling sales plan. [. . .]

Risk owner: Well then the budget is actually the basis.

Risk manager: Yes. Because I assumed that you also know the figures from rolling forecast #1. But if you don't, then the budget matters. So the starting base is the budget and we provide you with the rolling forecast #1 numbers.

Risk officer: And if at the (March) rolling sales plan we have again 73,000 units, then we won't change anything in terms of the value.

Risk manager: Exactly.

Risk owner: We're still off from the 69,000 units by 4000 units.

Risk manager: Correct, they will be indicated, and then it will be simultaneously stated that 4000 or 73,000 are already included in rolling forecast #1. Then basically the message [from the risk title] has been overtaken. But that is correct formally. But I am assuming you are reporting 75,000. (smiling)

Risk owner (ironically): Only (75,000)?

Risk officer (laughing): I see!

Risk manager: True only. Apologies. (all laughing)

The above excerpt narrates various possibilities of how to update the sales risk title. The information that the 73,000 units from the rolling forecast was new to the risk owner and officer engendered a suggestion to create a step-wise presentation from budget to rolling forecast to the still-unknown March rolling sales plan figure, even if this involved restating the 73,000 units from rolling forecast #1. Hence, they were back to the budget as the basis. However, this was not the final suggestion, as the next excerpt shows.

Risk assistant: Do we really want to base it on the budget? [. . .]
Then the risk board won't know again what we are talking about.

Risk manager: Then I would show the intermediate steps. [. . .]
By taking the step to the rolling forecast, the risk is in the end neutralized.

Risk assistant: But why are we not going to rolling forecast #1?

Risk manager: Because it is not yet released.

Risk assistant: But if you release it.

Risk manager: Hmm. That is then less up-to-date for you (addressing risk owner and officer). We need to clarify this internally (with divisional control) . . . But as of today, we move away from the budget target and use the estimate from rolling forecast #1 and from the March rolling sales planning.

Risk owner (in an ironic voice): That is indeed logical.

Risk officer: Ehm.

Risk manager (with a smile and ironic voice): Actually, logically.

Risk owner: Totally.

Risk manager: Absolute or? Well, that is the crux on the whole thing.

In the end, the 73,000 units from the rolling forecasts were taken as the target basis and compared with the March rolling sales plan, which turned out to also 73,000 units. The budgeted units of 69,000 was not used. Hence, there was no longer a risk, or rather opportunity, from sales volume. But the margin risk of 1.5% remained, leading to a short-term risk title for sales in Business Unit A. At the risk board, the business unit representative commented, 'The opportunity [i.e. selling more than budgeted 69,000 units] is now planned in the rolling forecast and hence it is gone. But the margin risk remains.'

Having introduced the vignette, we now revisit it to unfold how the mesh of organized practices and arrangements prefigures the sayings and doings. Overall, the analysis suggests that the end of updating risks, the discursive arrangement of updating risks, the risk title form, the relative risk-calculation rule, the teleoaffective structures of being accurate, formally correct, and recognizable as well as the practical understanding how to calculate sales risk prefigured the sayings and doings in this vignette.

The end of the quarterly risk reporting practices is to have an updated and approved risk inventory. This involves tasks amid arrangements, such as meeting with the risk owners, attuning figures from plans prepared by sales and control units, filling out the risk title form, or hosting the cross-functional risk board. These tasks and arrangements prefigure a discursive path for updating the risk inventory. The arrangement of the risk title form further prefigures this discursive path by engaging actors to reflect on the different data entry fields. For example, this meeting in particular focused on the data entry fields for risk assessment, while counter measures were not addressed at all.

The rules related to reporting risks are expressed in the group guideline and division directive on ERM. They specify what and how to account for risks as negative deviations from the target; hence, risks and opportunities are relative, not absolute, values. The training document specifies the practical understanding of how to operationalize this relative risk-calculation rule for sales risks. Yet, stipulating sales risk as difference between currently planned units and rolling forecast units does not make it easier to pursue this path of risk quantification, as half of the meeting was spent discussing the two figures to use.

The discussions presented on which figures to use informs further on the teleoaffective structures or oughtness involved in updating the sales risk title. Reverting to sayings, such as theoretically versus practically, headquarters' way versus our division's way, formally correct, attuned and/or released figures, illuminate how the normativity centered on being accurate, formally correct, and recognizable. Waiting another week for the new rolling sales plan became intelligible in light of rendering the risk update more accurate. Using the budget as the basis and entering an intermediate step to the rolling forecast became intelligible in light of concerns for formal correctness. But it challenges the functionality of the risk board as presumably nobody would understand the portrayed risk titles if outdated figures (i.e. budget) were used. The chosen figures had to be recognizable by risk board members and reconcilable between the two different prognosis sources of short-term sales outlook. Therefore, staying with the budget as the basis made after all less sense, and the solution was that the rolling forecast had to be released to the risk owner.

Using instead a new worst/best case estimate for sales figures around the March rolling sales plan, as first suggested by the risk owner, was less comprehensible. 'You need to use the basis,' the risk manager normatively responded to the suggestion. Technically, the basis could have been the March rolling sales plan, but practically, the risk-calculation rule of the guideline,

the oughtness of being accurate, formally correct, and recognizable, and other features of the practice-arrangement bundle, rendered this path less intelligible to pursue.

In this instantiation of ERM, the action of using the forecast of 73,000 units and deducting the latest available monthly rolling sales plan (also 73,000) appears intelligible when following the prefigured path of the relative definition of risk in the group guideline and the oughtness of reconciling accurately the difference between the two plans for sales estimates. In the end, the risk manager and risk owner commented in an ironic tone about the (lack of) logic in this. Yet, it was done so as the mesh qualified this course of action as more accurate, formally correct, recognizable, and reconcilable, but maybe not as the easiest or most logical one to pursue.

In this vignette, the ERM site transpires as a site of documenting accurate, formally correct, and recognizable risk titles. Here, carrying out and on ERM is not providing new, different, or even surprising information for the organization, but is restating and reconciling the information (difference) between the two reports that, on the one hand, the CFO function and, on the other hand, the business unit had prepared. However, the next vignette shows that the practice-arrangement bundles did not only prefigure this specific path.

4.2.2. Vignette #2: customer default risk of Customer XYZ

To discuss the bad debt risk of Customer XYZ, the risk manager and assistant met with the individual responsible for cash flow management in the division. He serves as risk owner for credit, liquidity, and interest rate risks. At that time, there was no active risk title on this particular bad debt risk from Customer XYZ, who produces products on behalf of the division vis-à-vis license agreements and at the same time purchases sub-components from the division to carry out the contracted work. However, the archives in the shared folder of the risk and opportunity management department revealed that the default risk of Customer XYZ had been previously reported but had been later closed as the situation improved. This meeting debated whether there should be a new risk title for this customer in CRMS. The risk owner greeted the risk manager and assistant, 'We can make [the meeting] short. I just received an email, cash from Customer XYZ will arrive next week.' That was good news; however, unfortunately, for Customer XYZ, 'the planned figures for the repayment schedule of cash inflows have never been reached.'

The risk manager suggested opening a new risk title in CRMS. The discussion turned to assessing the risk impact and likelihood as well as counter measures against bad debt exposure. The risk owner noted that 'the risk of bad debt has changed again very little in the probability of occurrence.' To underline this, the risk owner retrieved a DIN-A4 sheet from a folder in his office cupboard with a calculation titled rough estimate, which added to the outstanding receivables of EUR 8.5 million a rough estimate of EUR 3.2 million for warranty risks and repair costs (due to the risk of poor production quality from contracted products). The risk owner commented, 'I have calculated with worst-case expectation for damage and repair claims [i.e. EUR 3.2 million] in the template.' He added, 'Although it is a rough estimate, sometimes it is better to say self-confidently a number that you've come up with rather than to say "I have no plan."'

Inquiring about counter measures, the risk owner logged into his credit management system and informed the risk manager that the division had EUR 0.7 million in liabilities payable to Customer XYZ, which could be used to offset the outstanding receivables. The risk manager further suggested entering 'close monitoring' as a counter measure and agreed to stop deliveries to Customer XYZ. To respond to the questions from the risk assistant concerning the likelihood and whether it was a short-term or long-term risk, the risk owner left his desk to retrieve another template. The template, showing the planned repayment schedule, was used to illustrate the long-term nature and the 40% long-term probability of occurrence. But overall, he critically assessed the situation by stating, 'I am assuming that even if money comes in, it will nonetheless come at

some point to a bang . . . The risk must not increase!’ At the end of the meeting, the risk owner reiterated that, ‘Customer XYZ must definitely go into the risk software. Even if we do not know how it will turn out.’ Two working days later, the risk owner informed the risk manager and assistant in an email that, ‘Tomorrow, we meet the directors from Customer XYZ; then, we’ll get again a clear picture of the company’s situation.’

This instantiation of ERM offers a different happening than in vignette #1. The practice-arrangement bundle engendered less a path of documenting accurate, formally correct, and recognizable risk titles, but rather, a path occupied with taking counter measures against bad debt exposure. Showing the rough estimate of risk exposure and planned repayment schedule, looking up outstanding liabilities to Customer XYZ in the credit management system, agreeing on delivery stops, and meeting with the directors from Customer XYZ are all examples of taking actions to manage the risk.

These doings and sayings are intelligible in a site of counter actions against risk exposure. The general understanding of ERM is that ‘risk management is everyone’s responsibility.’ The cash flow manager – not least in his role as risk owner – has responsibility for mitigating bad debt exposure. It is part of his daily responsibilities to take action, such as conducting credit checks or monitoring outstanding liabilities of customers. Further, in addition to risk assessment, the risk title form requests specification of counter measures. The end focused less on the accuracy of the reported risk title (as in vignette #1) than on counter measures. Paraphrasing the risk owner, a rough estimate appeared better than having no plan. Emotional comments, such as ‘The risk must not increase!’, indicate a teleoaffective structure of restricting risk exposure and preventing risk from rising. Overall, the mesh of organized practices and arrangements qualified a path of taking responsibility for and coping with the risk.

4.2.3. Vignette #3: administering the spectrum of IT risks

The risk meeting on IT risks discussed five risk titles, prepared by the risk owner/officer. In addition, the risk manager and assistant brought to the meeting four risk titles related to IT issues that an HR information system manager at headquarters had reported in CRMS. In the meeting, participants went through the risk titles one by one and discussed assessment and counter measure updates. For example, a long-term risk title on IT sourcing risks was closed. The risk owner commented, ‘We discussed it yesterday and we’re closing this risk title.’ Another long-term risk title – qualitatively assessed – dealt with the vulnerability of IT systems to outside attack. It stipulated five measures, such as implementation of measures from IT audit, and during the meeting, an additional measure was added. However, even after these measures, the net risk assessment remained in the same impact and likelihood categories¹⁴ as the gross risk assessment. Hence, the risk manager inquired, as follows.

Risk manager: Should we not reduce the likelihood in the net assessment (i.e. after counter measures)?

Risk owner: No, we are running behind the hacker. They are in front of our measures. The risk will never change in terms of likelihood. [. . .]

Risk officer: It seems like noise.

Risk manager: It appears that the measures have zero effect. An auditor would think So many measures, but this does not change the risk assessment. Measures are not helpful.

Risk officer: But with no measures, the risk would increase.

¹⁴Qualitative risk assessment works with four impact and likelihood categories: low, medium, high, and very high.

After discussing the five risk titles, the risk manager distributed the print-outs of the four additional risk titles. Scanning the first risk title, the risk owner remarked, 'I do not look at risks with EUR 10,000.' The first risk title showed a short-term net risk after counter measures of EUR 10,000. The risk manager nonetheless encouraged the others to review the four risk titles. The second title, showing a 1% likelihood and EUR 100,000 impact, amused the group. The risk concerned potentially incorrect data processing resulting from short-term, non-tested, faulty interventions in a software application. The risk owner commented, 'Every process has this.' The risk officer added, 'That is basic noise.' The third title also amused, as it showed a EUR 0 expected value. The risk owner commented sarcastically, 'But please leave it in the system,' while the risk manager replied, 'I don't know what this is supposed to be either. I'll tell headquarters that we do not capture something like this here. That is basic noise.' The fourth risk title showed the same risk as title #2, but this time, for a different software application. Towards the end of the meeting, the risk manager inquired whether he foresaw further topics or risks. The risk owner replied, 'Of course. There are risks everywhere. If it is requested so detailed, then we can write down a lot of risks.'

This collection of excerpts illuminates how the meeting was not only about updating risks, but also about which risks to include and which to exclude in QRMP. The subsequent interview with the IT manager (risk officer) added clarity to why the meeting unfolded in this manner. She saw her role as 'collector of risks' because in IT, 'We have the challenge that we are conducting of course everywhere in some way or other risk management.' She talked about risk management in every IT project, risk management for each IT application, systems for internal controls, the information security system with the chief information security officer, and QRMP (as in this vignette). As a collector of risks, her role was to select the risks to include in QRMP. In comparison with the other (IT-related) risk management channels, QRMP was, in her view, about global risks and the most relevant issues: 'The extreme risks are then more likely to be reflected in what we are reporting to [the risk manager and QRMP], where we say these are in sum global operating risks.' Focusing on global operating risks meant that the 'typical' IT project risk remained within project management: 'Our project risks are actually not so big that I would go to [the risk manager] and inform him that "I now have a risk in the project and that is EUR 500,000."' Indeed, the division directive specified an expected value minimum threshold of EUR 0.75 million to include risks in CRMS. This rule prefigured to some extent the activities happening in this risk meeting. It rendered some reporting activities more relevant than others. For example, the participants were amused about the reported 1% likelihood and the EUR 0 expected value. Similarly, the risk officer mentioned in our interview, 'such a classic example, an airplane crashes on a data center. We do not report this as a risk because simply the probability of occurrence is far too low.'

Using the expression 'noise' further indicates some of the oughtness around including or excluding risk titles. Noise is something that happens continuously; somewhat inherent to, for example, an IT application: 'Every process has this [risk].' Hence, there was no need to include 'noise' in QRMP. Further, the risk owner pointed to the level of detail, alluding to further teleoaffective structures prefiguring the activities around selecting or leaving out risks in QRMP. There were plenty of risks – everywhere, as mentioned – yet only those with a certain level of detail were selected. Global business risks, as the risk officer labelled them, were chosen; in comparison, the four risk titles that the risk manager brought to the meeting were perceived as irrelevant and even ridiculed given their low and EUR 0 expected values as well as their 'basic noise' nature.

Overall, the threshold rule, the oughtness of no noise, less detail, and the search for global operating risks as well as alternative channels for IT risk management, prefigures actions focused on administering the smorgasbord of IT risks in terms of collecting risk information from the

different IT risk management channels, orchestrating them, and selecting the ones to be reported in QRMP. Administering the portfolio of IT risks, some risks are included, while others are not. Hence, not paying further attention to the four risk titles that the risk manager brought to the meeting became practically intelligible in a site of administering risks, which paved the way for more and less relevant, as well as more or less ridiculed, risks.

4.2.4. Vignette #4: sales volume risk in another business area

In the previous risk board meeting (quarter IV of the previous year), the head of divisional control asked the representative from this business area whether the budgeted sales volume for this year was realistic to achieve. The representative responded by stating that their own bottom-up analysis estimated a EUR 30 million lower sales volume than budgeted. After the meeting, the CFO decided, with the representative, to re-open a sales volume risk, which became at that time the number one short-term risk in the division. Three months later, the risk owner and officer met with the risk manager and assistant to update this risk title.

The risk owner greeted the risk manager and assistant, ‘We have been number one at risk again,’ and continued reporting on the intense pressures that the risk title created as he had to meet with the CFO on a weekly basis to define measures for reducing the gap between the EUR 1253 million budgeted estimate and the EUR 1223 million bottom-up estimate. With some irony, he mentioned, ‘I will never again report such a high-risk title!’, leaving it to our imagination how strenuous the top management focus and intervention had been. Yet, the effect was the EUR 30 million gap was estimated to be reduced to about EUR 15 million, resulting in sales volume of EUR 1238 million, provided the planned and ongoing initiatives produced the desired outcome. The risk officer presented PowerPoint slides, showcasing ongoing and forthcoming initiatives intended to bolster sales volume. Turning to a reflection on what to insert into the risk title this time, the risk owner suggested:

- Risk owner: Either we take the (EUR 30 million) as risk and then report the measures to reduce the risk or we accept (my) target value (EUR 1238 million) and then we have no risks.
- Risk manager: The basis is the rolling forecast – the carried forward budget.
- Risk owner: What do we report as risk? [...] I do not want to report any risk ... Or we report the measures.
- Risk officer: We should report the risk. That is the purpose of having a risk board.

In the end, the expected value for net risk after counter measures was about EUR 5 million.

- Risk owner: Are we now still number one?
- Risk assistant: No.
- Risk manager: Do you want to be number one?
- Risk owner: No, it has to stop.

In this vignette, ERM transpires as a site of risk-based performance measurement and management. Inquiring whether the budgeted sales target was realistic to achieve at the previous risk board revealed an anticipated gap. The risk board meeting and follow-up conversations between the CFO and the business area manager brought to the attention a EUR 30 million difference between the (top-down) budgeted result and the bottom-up result for the following year. ERM transpired as a revealing hand (Kaplan & Mikes, 2016) of conflicting measurements of performance. As the risk manager advertised QRMP in risk meetings, ‘Risk management provides an additional channel for operative units to escalate topics and receive more CFO attention as the CFO is chairing the risk board.’ In this happening of ERM, the business area indeed received

more CFO attention as the CFO met weekly in person with the risk owner to discuss initiatives to close the EUR 30 million gap in sale volume. Doings like these are practically intelligible in a site of performance measurement and management.

The above presented affective utterances from the risk owner illustrate the experience of risk-induced performance measurement that the 'sales volume' risk title produced. Risk is defined as a negative deviation from the target. This connects risks to the performance management arsenal, such as budgets, variance analysis, and forecasts. It makes the practice-arrangement bundles of ERM a site of performance measurement. As the risk manager explained when I presented the study's findings to him, 'For the controllers risk management is solely an EBIT threat. There is no understanding that risk management is more. Controllers use risk management for their own opportunistic ends.' Using risk management for these ends alludes to teleoaffective structures, such as CFO attention, alertness, tightened control, and interference in operative responsibilities. The practices of risk-based performance measurement pursued within the risk board meeting and as a result of the reported risk title qualify the activities of reporting risks in this vignette as tougher, more unpleasant, stressful, and also in a sense riskier for the risk owner as he received heightened management attention and interference, tighter control, and amplified pressure. Trying to report a lower risk or no risk at all was practically intelligible in a site of performance measurement, where risks become equated with an expected unfavorable variance from targets.

5. Discussion: Theorizing the Fluidity of Enterprise Risk Management

Drawing on Schatzki's site ontology (2002), this section discusses the explored fluid practicing of risk update activities amid the arrangements of QRMP and risk meetings. The four vignettes together exemplify not only how the ERM mesh-work opened up a field of possible actions (Giddens, 1984) for updating risks by constraint and enablement (e.g. delimiting some actions as impossible and unfeasible to pursue, such as not assessing impact and likelihood or not receiving access to CRMS as risk owner/officer), but they also exemplify how the mesh qualified courses of actions differently and multitudinously. In vignette #1, it qualified a more accurate, formally correct, recognizable, yet not-so-straightforward nor logical path to update risks and in vignette #2, it qualified a responsible and risk coping path. Vignette #3 shows a more or less relevant and ridiculous path, and vignette #4 a tougher, more unpleasant, stressful, as well as riskier path for updating risks.

The four vignettes further illuminate how the composition of the site contributes to prefiguring courses of actions. The site is composed of bundles of organized practices and arrangements. The activities of updating risk titles happens within and as part of this mesh-work. General understanding, rules, teleoaffective structures or oughtness, and practical understandings, as well as the arrangement of human and artifacts,¹⁵ contributed to prefiguring the courses of action taken in the depicted vignettes. For example, the general understanding that IT performs risk management everywhere, the oughtness of no noise, less detail as well as the search for global business issues amid the multitude of collected risk information in various different IT risk management channels, together with the threshold rule defined in the division directive and the understanding of the role of risk owner as collector of risks shaped the sayings and doings in the IT risk update meeting, such as laughing about a 1% likelihood risk title, disregarding risks below a certain threshold, and selecting and closing some risks from the smorgasbord of risk information. In comparison, in vignette #1, the arranged discursiveness between risk owner and risk manager,

¹⁵ Things and organisms were not identified in the ERM site analysis.

between plans from sales and from control units, and across functions in the risk board, the oughtness of being accurate, formally correct, and recognizable, the relative risk-calculation rule, but also the risk title form, requesting to explain the risk calculation, and the practical understanding to operationalize the risk-calculating rule as differences between the rolling forecast and planned units engendered sayings and doings in the meeting that were concerned with figuring out the accurate, formally correct, recognizable, and reconcilable target-risk/opportunity relationship, even if this meant that a course of action that was neither the easiest nor the most logical was pursued.

Together the depicted vignettes provide examples of actions imported from the different and multitudinous prefigured path. But why were these courses of actions imported from the actors? Why were these cards, so to speak, played? In vignette #3, questions of more or less relevance and actions of including and excluding risks became practically intelligible in the midst of the above depicted organized practices and arrangements. Among others, the general understanding that IT risk management is everywhere, the oughtness of no noise and less details, as well as the search for global business issues, the threshold rule, and the web of practice-arrangement channels for IT risk management, rendered the risk meeting a site of administering, orchestrating, and coordinating risk information. In such a site of administering risk, the pursued doings and sayings, such as excluding four IT risk titles from headquarters, became practically intelligible.

In vignette #4, sayings and doings centered around not remaining the number one risk title. The practical understanding of risks as an EBIT threat and as anticipated unfavorable variance by control units, the rule to define risk as negative deviation from a target, the intermeshing of risk titles with performance measurement reports, such as budgets and forecasts, the arrangement of joining control and operative units in the risk board meeting as well as the chairing of the CFO, but also the oughtness of escalating topics, CFO attention, alertness, tighter control, and interference in operative responsibilities, made the activities of updating risks an arena of measuring and managing performance. A tougher, more unpleasant and stressful, as well as riskier path, was qualified. Sayings such as 'I do not want to report any risk' from the risk owner or his suggestion to accept his bottom-up sales prognosis so that there was no risk to report became practically intelligible in such a site of performance measurement.

In vignette #1, the end of having an updated and approved risk inventory, the arranged discursiveness of updating risk titles, the relative risk-calculation rule, the practical understanding of how to calculate risks, among others, mesh together and prefigure courses of actions qualified as more accurate, formally correct, recognizable, reconcilable, yet less easy and logical. Spending more than half of the meeting on identifying two figures, taking the yet-to-be-calculated March rolling sales plan and the yet-to-be-released quarterly rolling forecast #1 became practically intelligible in such a site of documenting accurate, formally correct, and recognizable risk titles.

In vignette #2, components of the mesh, such as the general understanding that risk management is everyone's responsibility, the understanding of the risk owner's role as having ownership for risks, the risk title form with its data entry fields for specifying counter measures, and the teleoaffective structure of restricting risk exposures qualifies courses of actions directed towards acting as responsible for and coping with risk. In such a site of taking (counter) actions against risk exposure, it became practically intelligible to import actions, such as using the EUR 0.7 million outstanding liabilities to offset outstanding receivables against Customer XYZ, agreeing on delivery stops, and meeting with the directors of company XYZ to prevent the risk from rising.

To conclude, the courses of action imported from the differently and multitudinous qualified 'field of possibilities' are those that are practically intelligible in the ERM site. As clearing, the site provides meaning to engender these specific doings and sayings. Yet, cross-comparing the four vignettes also shows that the clearing does not transpire homogeneously, but inherently

fluid. For example, ERM transpires as a site of documenting accurate, formally correct, and recognizable risk titles, as a site of taking (counter) actions against risk exposure, as a site of administering, orchestrating, and coordinating the smorgasbord of risk information, and as a site of performance measurement and management.

In combination, the four vignettes bring out (part of) ERM's fluidity by pointing towards the way through which the mesh-worked bundle of organized practices and arrangements prefigures a multitudinous path of practically intelligible actions. Fluidity thus transpires as an effect of a mesh-work, which renders not only some courses of actions as more or less, but more importantly, differentially practically intelligible. In this lies the endless becoming of ERM and what contributes to understanding the fluidity of ERM and other MACs: the mesh-work qualifies paths to be carried out and on in multitudinous ways and renders thereby courses of actions practically intelligible in fluid ways. Table 3 summarizes the fluidity that the multitudinous prefiguration of risk updating activities engendered in the four vignettes.

6. Conclusion

The fluidity of (practiced) MACs has gained heightened attention (Briers & Chua, 2001; Bukh et al., 2001; Busco & Quattrone, 2015, 2018; Dechow & Mouritsen, 2005; Hansen & Mouritsen, 2005; Jones & Dugdale, 2002; Mouritsen et al., 2001; Quattrone & Hopper, 2001, 2005). In particular, ANT-inspired accounting research has unfolded MACs' fluidity as ongoing processes of translation, drift, unsettledness, multiple meanings as well as heterogeneous, situated, and variegated mobilizations (Andon et al., 2007; Briers & Chua, 2001; Czarniawska-Joerges & Sevón, 2005; Jones & Dugdale, 2002; Quattrone & Hopper, 2001) through paying attention to the heterogeneous sets of associations among human and non-human actors.

This study underlines the message that practiced MACs are fluid by presenting ethnographic insights into the mesh-work of ERM and risk updating activities at the studied manufacturing division. At the same time, this study complements existing studies by delineating how this fluidity is not only associated with the heterogeneous arrangements, but with the intermeshing bundles of practices and arrangements. Hence, the study contributes to our understanding of fluidity by unfolding how the fluid nature of practiced MACs is implicated with the way that the mesh-work prefigures actions by qualifying a path to be carried out and on in multitudinous ways. This multidimensional prefigurement of actions makes actions variegated and situationally intelligible, and in turn, renders the practiced MACs fluid.

Yet, prefiguring does not mean determination. Prefiguring multitudinously fields of possibilities for courses of actions implies that MACs as practice-arrangement bundles are awaiting importation for actions. Ahrens and Chapman (2007) refer to this as a resource for action, which management control systems provide. Carrying practices out and on, actors revert to the mesh-work of practice-arrangement bundles as resource that provides practical intelligibility to skillfully and artfully 'play the cards' in the daily challenge of, for example, measuring costs with ABC, strategizing with the BSC, or enterprising in risk management with ERM. In the portrayed vignettes, actors played the cards of accurately documenting risks, taking counter actions, administering the smorgasbord of risk information, and trying to reduce the pressure, risk, and stress from risk-based performance measurement. These and other multitudes of different cards were played, showing how the fluidity of practiced MACs can be located in the dynamics between the site's multitudinous prefigurements of actions and the importation of practically intelligible actions when carrying out and on the site.

Busco and Quattrone (2015, 2018) associate this continuous state of flux with the incompleteness of the visual representation and the continuous search that the rhetorical and maieutic

Table 3. Fluidity in Prefiguring the Activities Around and Within the Risk Meeting.

Happening of ERM: Vignettes of selected risk update meetings	#1 Sales volume and margin risk in Business Unit A	#2 Customer default risk of Customer XYZ	#3 Administering spectrum of IT risks	#4 Sales volume risk in another business area
Prefiguring actions: How does the mesh of organized practices and arrangements prefigure the courses of actions taken in a specific happening of ERM?	<ul style="list-style-type: none"> ● End of having updated and approved risk inventory ● Discursive arrangement of risk updating between risk owner and risk manager and between plans from sales and control units, and cross-functional risk board ● Risk title form, requesting an explanation of risk assessment ● Relative risk-calculation rule ● Teleoffective structure/oughtness of being accurate, formally correct, and recognizable ● Practical understanding to operationalize risk-calculation rule as difference between rolling forecast and planned units 	<ul style="list-style-type: none"> ● General understanding ‘risk management is everyone’s responsibility’ ● Understanding the role of risk owner as having ownership for risks (responsibility) ● Risk title form, requesting definitions for counter measures ● End of taking counter actions against risk exposure ● Teleoffective structure/oughtness of restricting risk exposure and preventing risk from rising 	<ul style="list-style-type: none"> ● General understanding: IT is conducting risk management everywhere ● Understanding the role of risk owner as collector of risks ● Web of practice-arrangement channels for risk management (IT project risk management, application-specific risk management, information security system, internal control system, quarterly risk management, and ad-hoc risk reporting) ● Threshold rule to report risks based on minimum expected value for identified risk ● Teleoffective structure/oughtness of no noise, less detail, and search for global business issues 	<ul style="list-style-type: none"> ● Rule: Defining risk as negative deviation from target ● Intermeshing with performance measurement reports, such as budgets and forecasts ● Arrangement of the risk board, where CFO function and operative units come together ● Teleoffective structure/oughtness of escalating topics, CFO attention, alertness, tighter control, and interference in operative responsibilities ● Practical understanding of risks as EBIT threats and anticipated unfavorable variance

(Continued).

Table 3. Continued.

Happening of ERM: Vignettes of selected risk update meetings	#1 Sales volume and margin risk in Business Unit A	#2 Customer default risk of Customer XYZ	#3 Administering spectrum of IT risks	#4 Sales volume risk in another business area
Qualifying paths for actions: How does the mesh of organized practices and arrangements qualify the courses of actions taken in a specific happening of ERM?	<ul style="list-style-type: none"> ● More accurate ● Formally correct ● Recognizable ● Reconcilable ● Not so easy/simple ● Not most logical 	<ul style="list-style-type: none"> ● Responsible ● Coping 	<ul style="list-style-type: none"> ● More or less relevant (including/excluding) ● More or less ridiculous 	<ul style="list-style-type: none"> ● Tougher ● More unpleasant ● More stressful ● Riskier
Providing clearing for actions: How does the clearing of the ERM site transpire that renders these imported courses of actions practically intelligible?	<ul style="list-style-type: none"> ● It transpires as a site of documenting accurate, formally correct, and recognizable risk titles 	<ul style="list-style-type: none"> ● It transpires as a site of taking (counter) actions against risk exposure 	<ul style="list-style-type: none"> ● It transpires as a site of administering, orchestrating, and coordinating the smorgasbord of risk information 	<ul style="list-style-type: none"> ● It transpires as a site of performance measurement and management

machine engenders. Like rhetorical wheels, trees, or grids, MACs generate a visual and performable space for continuous interrogation, questioning, and search. At the same time, this space is left free for the user to enact (see Quattrone, 2009, p. 112), and that which enters this space is always fluid, ‘since its meaning depends on what cards surround the center of the [rhetorical] wheel, how many there are, and in what order they are placed’ (Busco & Quattrone, 2015, p. 1240). This study reflects how the space was enacted by the user; in other words, which cards were played when carrying out and on MACs. Busco and Quattrone (2015) point here to the organizational and sense-making work that the rhetorical and maieutic machine engenders.

By reverting to Schatzki’s (2002) ontological lens, we revealed (some of) the situated and variegated modalities of this organizational and sense-making work. For example, the end of having an updated and approved risk inventory, the teleoaffective structure of being accurate, formally, correct, and recognizable, the discursive arrangement of risk updating, but also the risk title form, requesting an explanation of risk assessment, the relative risk-calculation rule, and the practical understanding of how to operationalize this rule produced organizational and sense-making work that was occupied with documenting accurate, formally correct, and recognizable risk titles in one specific risk meeting. This is how the space was minute and situationally enacted by individuals’ skillful activity (Ahrens & Chapman, 2007) and how ERM functioned in this happening of ERM. These doings and sayings became practically intelligible.

Previous studies drawing on Schatzki’s (2002) site ontology develop and refer to the situated functionality of management accounting (Ahrens & Chapman, 2007; Nama & Lowe, 2014). This paper adds to these by unearthing how the situated functionality comes about through accentuating the mesh-work that MACs, such as ABC, BSC, and ERM, represent and how this mesh-work prefigures and engenders diverse practically intelligible actions. The paper’s contribution is that it reveals nuances and multiplicities amid the enabling and constraining space for actions that management accounting engenders. Providing an account of how the ERM mesh-work engenders multitudinous qualified paths of, among others, more accurate, responsible, less relevant, and riskier actions augments our understanding of what might lie in management accounting’s enabling–constraining field of possibilities (Giddens, 1984). In discovering these lies part of the potential of Schatzki’s (2002) site ontology.

6.1. Managerial Implications

Two managerial implications follow from this study: to understand MACs as mesh-work and to engage actively in a reflexivity of why and for what reason to practice them. By portraying MACs as a mesh-work of practice-arrangement bundles, this paper offers a different view on grasping managerial relevant phenomena, such as ABC, BSC, and ERM. Thinking of MACs not solely as systems consisting of processes, structures, and technologies, but as a mesh-work of practice-arrangements opens up to the situated and minute dynamics that MACs bring about, or at least with them, when immersed into organizational practices (Soin & Collier, 2013). Interestingly, the updated COSO ERM framework (2017) depicts on its cover page a colorful potpourri of different intermeshing geometrical forms and spheres (see Figure 5). This may be solely serendipity, but it depicts a multiplicity, complexity, and messiness of an ERM mesh-work, which is a very different depiction from the infamous COSO (2004) cube, which in a way resembled ERM as a Rubik’s cube, putting piece-by-piece processes, structures, and objectives in perfect place (Tekathen & Dechow, 2013). In particular, in times where practitioners and regulators advocate ERM’s integration into diverse managerial practices, such as strategy development, resource allocation, planning, performance measurement, and compensation systems (e.g. Arena & Arnaboldi, 2014; COSO ERM, 2017; IFAC/CPA, 2015; PwC, 2009), locating and

Enterprise Risk Management
Integrating with Strategy and Performance

Executive Summary



June 2017

Figure 5. COSO Depicting an ERM Mesh-Work!?

understanding ERM as a mesh-work seems fruitful because this notion heightens awareness of the embedded, interweaved, and coalesced practice-arrangement.

The field insights show how carrying out, and on, MACs is a fluid endeavor. When practicing MACs, group guidelines, division directives, process charts, training materials, tools and templates with their techno-logic (Dechow & Mouritsen, 2005), but also general understandings (Jørgensen & Messner, 2010), ends, affectivities (Boedker & Chua, 2013) and questions of oughtness, among others, direct, or in the wording of Schatzki (2002), prefigure the courses of action taken. We tend to qualify these as enabling and constraining (e.g. Ahrens & Chapman, 2004; Tessier & Otley, 2012a). Yet the depicted vignettes envision that enabling and constraining are only two ways of qualifying courses of action. Others are, among others, more or less accurate, recognizable, responsible, relevant, ridiculous, tougher, or riskier, which suggest multitudinous ways for how MACs direct activities and create situationally practical intelligibility.

Hence, the task of managers does not end with designing MACs for organizational use, but continues with understanding, reflecting on, and being involved in clarifying the qualified paths. In particular, it seems pertinent that designs of MACs are enriched by reflections on their practical and situated meanings (Mouritsen, 2005). Is ERM, for example, a site of documenting risks, a site of taking counter actions, a site of administering collected risk information, or a site of performance measurement? Probably, it is a (different) combination of all these and others, such as a site of regulatory compliance, knowledge management, and resource allocation. This multiplicity makes it important to reflect on the purpose and function(ing) of practiced MACs and how their guidelines, policies, templates, and the like render the pursued courses of action intelligible in employees' daily challenge of using and making use of them.

The second managerial implication thus suggests that managers continuously engage in the management of practiced MACs (Tessier & Otley, 2012b) not only by reflecting on 'what' and 'how,' but also on 'why' and 'for what reason' to do it (e.g. updating risk titles in ERM). This is likely a daunting task given the typical time and resource constraints managers face, but it might also be a daunting task as it requires a deeper reflexivity to question the broader purpose, or what

Gendron, Brivot, and Guénin-Paracini (2016) refer to as ‘hard core assumptions,’ of pursuing particular activities, such as enterprising in risk management.

6.2. Limitations and Future Research

The paper is not without limitations. As in previous studies, the point of entry for the fieldwork was the risk management department, which directs attention more to the formal practices of risk management. Future research could aim to study an organization’s more implicit, informal, or opaque practices for managing risks, some of which have been identified in this paper; for instance, when delineating the managing risk bundle and how daily work routines and responsibilities in different functions help to mitigate risks without explicit reference to risk management (Corvellec, 2009). Further, the ethnography followed the work routines and daily tasks of the risk manager and assistant. Doing so, a plenitude yet presumably nonetheless only a part of ERM’s mesh-work was experienced. Future research could further embrace an ethnographic approach and follow different actors, such as risk owners or risks traveling throughout the enterprise. In addition, positioning ERM in this paper as a MAC such as ABC or BSC adds ERM to the list of (studied) MACs. Yet this addition might also reduce efforts to bring out its idiosyncratic features (Mouritsen, 1998; Mouritsen, Larsen, & Bukh, 2005). Future research could unfold these idiosyncrasies vis-à-vis other MACs.

By conceiving of MACs as a mesh-work of practice-arrangement bundles, this paper unfolds how the fluidity is associated with the site as an arena in which and as part of which activities for enterprising in risk management receive practical intelligibility. Thereby, the paper augments the discussion of MAC’s fluidity from a consideration of the effects of heterogeneous arrangements of actors to the effect of multidimensional prefigurements of practice-arrangement bundles. Future research could continue the adventure of locating the fluidity of practiced MACs in the site of the social.

Acknowledgements

The author would like to thank Teemu Malmi (associate editor) and the two anonymous reviewers for their advice and guidance throughout the review process. He is also grateful for the helpful comments received from Matt Bamber, Michael Bourne, Niels Dechow, Marjo-Riitta Diehl, and further colleagues at Concordia University. He would like to further thank respectively the discussant Lisa Baillargeon, Zhihong Wang, and Danture Wickramasinghe (also for his additional review) as well as participants at the 5th Research Workshop on Management Control by the Association en Contrôle de Gestion (ACG), at the Canadian Academic Accounting Association (CAAA) 2016 Conference, at the Critical Perspectives on Accounting 2017 Conference, and at the research seminars at York University and Concordia University for their valuable feedback and suggestions.

Supplemental Data

Supplemental data for this article can be accessed at <https://doi.org/10.1080/09638180.2019.1575759>.

References

- Ahrens, T., & Chapman, C. S. (2004). Accounting for flexibility and efficiency: A field study of management control systems in a restaurant chain. *Contemporary Accounting Research*, 21, 271–302.
- Ahrens, T., & Chapman, C. S. (2006). Doing qualitative field research in management accounting: Positioning data to contribute to theory. *Accounting, Organizations and Society*, 31(8), 819–841.
- Ahrens, T., & Chapman, C. S. (2007). Management accounting as practice. *Accounting, Organizations and Society*, 32(1), 1–27.
- Andon, P., Baxter, J., & Chua, W. F. (2007). Accounting change as relational drifting: A field study of experiments with performance measurement. *Management Accounting Research*, 18(2), 273–308.

- Arena, M., & Arnaboldi, M. (2014). Risk and performance management: Are they easy partners? *Management Research Review*, 37(2), 152–166.
- Arena, M., Arnaboldi, M., & Azzone, G. (2010). The organizational dynamics of enterprise risk management. *Accounting, Organizations and Society*, 35(7), 659–675.
- Baxter, J. A., & Chua, W. F. (1998). Doing field research: Practice and meta-theory in counterpoint. *Journal of Management Accounting Research*, 10, 69–87.
- Bourdieu, P. (1990). *The logic of practice*. (R. Nice Trans.). Stanford, CA: Stanford University Press.
- Briers, M., & Chua, W. F. (2001). The role of actor-networks and boundary objects in management accounting change: A field study of an implementation of activity-based costing. *Accounting, Organizations and Society*, 26(3), 237–269.
- Bukh, P. N., Larsen, H. T., & Mouritsen, J. (2001). Constructing intellectual capital statements. *Scandinavian Journal of Management*, 17(1), 87–108.
- Busco, C., & Quattrone, P. (2015). Exploring how the balanced scorecard engages and unfolds: Articulating the visual power of accounting inscriptions. *Contemporary Accounting Research*, 32(3), 1236–1262.
- Busco, C., & Quattrone, P. (2018). In search of the “perfect one”: How accounting as a maieutic machine sustains inventions through generative ‘in-tensions’. *Management Accounting Research*, 39, 1–16.
- Caldwell, R. (2012). Reclaiming agency, recovering change? An exploration of the practice theory of Theodore Schatzki. *Journal for the Theory of Social Behaviour*, 42(3), 283–303.
- Committee of Sponsoring Organizations of the Treadway Commission. (2004). *COSO Enterprise risk management – Integrated framework: Executive summary framework*. New York, NY: Author.
- Committee of Sponsoring Organizations of the Treadway Commission. (2017). *COSO Enterprise risk management – Integrating with strategy and performance*. New York, NY: Author.
- Corvellec, H. (2009). The practice of risk management: Silence is not absence. *Risk Management*, 11(3-4), 285–304.
- Czarniawska, B. (2004). *Narratives in social science research*. Thousand Oaks, CA: Sage.
- Czarniawska-Joerges, B., & Sevón, G. (Eds.). (2005). *Global ideas: How ideas, objects and practices travel in a global economy* (Vol. 13). Frederiksberg: Liber & Copenhagen Business School Press.
- De Certeau, M. (1984). *The practice of everyday life*. Berkeley, CA: University of California Press.
- Deleuze, G., & Guattari, F. (1987). *A thousand plateaus*. Minneapolis, MN: University of Minnesota Press.
- Feldman, M. S., & Orlikowski, W. J. (2011). Theorizing practice and practicing theory. *Organization Science*, 22(5), 1240–1253.
- Flyvbjerg, B. (2001). *Making social science matter: Why social inquiry fails and how it can succeed again*. Cambridge: Cambridge University Press.
- Forsythe, D. E. (1999). “It’s just a matter of common sense”: Ethnography as invisible work. *Computer Supported Cooperative Work (CSCW)*, 8, 127–145.
- Gendron, Y., Brivot, M., & Guénin-Paracini, H. (2016). The construction of risk management credibility within corporate boardrooms. *European Accounting Review*, 25(3), 549–578.
- Giddens, A. (1984). *The constitution of society: Outline of the theory of structuration*. Berkeley: University of California Press.
- Hall, M., Mikes, A., & Millo, Y. (2015). How do risk managers become influential? A field study of toolmaking in two financial institutions. *Management Accounting Research*, 26, 3–22.
- Hansen, A., & Mouritsen, J. (2005). Strategies and organizational problems: Constructing corporate value and coherence in balanced scorecard processes. In C. S. Chapman (Ed.), *Controlling strategy: Management, accounting, and performance measurement* (pp. 125–150). Oxford: Oxford University Press.
- Hastrup, K. (1997). The dynamics of anthropological theory. *Cultural Dynamics*, 9(3), 351–371.
- Hayne, C., & Free, C. (2014). Hybridized professional groups and institutional work: COSO and the rise of enterprise risk management. *Accounting, Organizations and Society*, 39(5), 309–330.
- Heidegger, M. (1998 [1927]). *Being and time*. Oxford: Blackwell.
- Hernadi, P. (1987). Literary interpretation and the rhetoric of the human sciences. In J. S. Nelson, A. Megill, & D. N. McCloskey (Eds.), *The rhetoric of the human Sciences* (pp. 263–275). Madison, WI: University of Wisconsin Press.
- Hopwood, A. G. (1983). On trying to study accounting in the contexts in which it operates. *Accounting, Organizations and Society*, 8(2-3), 287–305.
- IFAC/CPA Canada. (2015). *From bolt-on to built-in: Managing risk as an integral part of managing an organization*. Toronto: Authors.
- Jones, T. C., & Dugdale, D. (2002). The ABC bandwagon and the juggernaut of modernity. *Accounting, Organizations and Society*, 27(1), 121–163.
- Jordan, S., Jørgensen, L., & Mitterhofer, H. (2013). Performing risk and the project: Risk maps as mediating instruments. *Management Accounting Research*, 24(2), 156–174.
- Jørgensen, B., & Messner, M. (2010). Accounting and strategising: A case study from new product development. *Accounting, Organizations and Society*, 35(2), 184–204.

- Justesen, L., & Mouritsen, J. (2011). Effects of actor-network theory in accounting research. *Accounting, Auditing & Accountability Journal*, 24(2), 161–193.
- Kaplan, R. S., & Mikes, A. (2016). Risk management—The revealing hand. *Journal of Applied Corporate Finance*, 28(1), 8–18.
- Kaplan, R. S., & Norton, D. P. (1992). The balanced scorecard: Measures that drive performance. *Harvard Business Review*, 69, 71–80.
- Kaplan, R. S., & Norton, D. P. (2004). *Strategy maps: Converting intangible assets into tangible outcomes*. Boston, MA: Harvard Business School Press.
- Latour, B. (1996). On actor-network theory: A few clarifications. *Soziale Welt*, 47(4), 369–381.
- Latour, B. (2004). Why has critique run out of steam? From matters of fact to matters of concern. *Critical Inquiry*, 30(2), 225–248.
- Latour, B. (2005). *Reassembling the social*. Oxford: Oxford University Press.
- Lukka, K., & Kasanen, E. (1995). The problem of generalizability: Anecdotes and evidence in accounting research. *Accounting, Auditing and Accountability Journal*, 8(5), 71–90.
- Lukka, K., & Modell, S. (2010). Validation in interpretive management accounting research. *Accounting, Organizations and Society*, 35(4), 462–477.
- Mikes, A. (2009). Risk management and calculative cultures. *Management Accounting Research*, 20(1), 18–40.
- Mikes, A. (2011). From counting risk to making risk count: Boundary-work in risk management. *Accounting, Organizations and Society*, 36(4-5), 226–245.
- Mouritsen, J. (1998). Driving growth: Economic value added versus intellectual capital. *Management Accounting Research*, 9(4), 461–482.
- Mouritsen, J. (2005). Beyond accounting change: Design and mobilisation of management control systems. *Journal of Accounting & Organizational Change*, 1(1), 97–113.
- Mouritsen, J., Larsen, H. T., & Bukh, P. N. (2001). Intellectual capital and the ‘capable firm’: Narrating, visualising and numbering for managing knowledge. *Accounting, Organizations and Society*, 26(7), 735–762.
- Mouritsen, J., Larsen, H. T., & Bukh, P. N. (2005). Dealing with the knowledge economy: Intellectual capital versus balanced scorecard. *Journal of Intellectual Capital*, 6(1), 8–27.
- Nama, Y., & Lowe, A. (2014). The ‘situated functionality’ of accounting in private equity practices: A social ‘site’ analysis. *Management Accounting Research*, 25(4), 284–303.
- Power, M. (2004). *The risk management of everything: Rethinking the politics of uncertainty*. London: Demos.
- Preston, A. M., Cooper, D. J., & Coombs, R. W. (1992). Fabricating budgets: A study of the production of management budgeting in the national health service. *Accounting, Organizations and Society*, 17(6), 561–593.
- PricewaterhouseCoopers. (2009). *Seizing opportunity – linking risk and performance*. Thought Leadership Institute. PricewaterhouseCoopers LLP.
- Quattrone, P. (2009). Books to be practiced: Memory, the power of the visual, and the success of accounting. *Accounting, Organizations and Society*, 34(1), 85–118.
- Quattrone, P., & Hopper, T. (2001). What does organizational change mean? Speculations on a taken for granted category. *Management Accounting Research*, 12(4), 403–435.
- Quattrone, P., & Hopper, T. (2005). A ‘time–space odyssey’: Management control systems in two multinational organisations. *Accounting, Organizations and Society*, 30(7), 735–764.
- Quattrone, P., & Hopper, T. (2006). What is IT?: SAP, accounting, and visibility in a multinational organisation. *Information and Organization*, 16(3), 212–250.
- Schatzki, T. R. (2002). *The site of the social: A philosophical account of the constitution of social life and change*. University Park, PA: Pennsylvania State University Press.
- Schatzki, T. R. (2003). A new societist social ontology. *Philosophy of the Social Sciences*, 33(2), 174–202.
- Schatzki, T. R. (2005). The sites of organizations. *Organization Studies*, 26(3), 465–484.
- Schatzki, T. R. (2006). On organizations as they happen. *Organization Studies*, 27(12), 1863–1873.
- Schatzki, T. R. (2016). Praxistheorie als flache Ontologie. In H. Schöfer (Ed.), *Praxistheorie. Ein Forschungsprogramm* (pp. 29–44). Bielefeld: transcript Verlag.
- Soin, K., & Collier, P. (2013). Risk and risk management in management accounting and control. *Management Accounting Research*, 24(2), 82–87.
- Tekathen, M., & Dechow, N. (2013). Enterprise risk management and continuous re-alignment in the pursuit of accountability: A German case. *Management Accounting Research*, 24(2), 100–121.
- Tessier, S., & Otley, D. (2012a). A conceptual development of Simons’ levers of control framework. *Management Accounting Research*, 23(3), 171–185.
- Tessier, S., & Otley, D. (2012b). From management controls to the management of controls. *Accounting, Auditing & Accountability Journal*, 25(5), 776–805.

Appendix A. Overview of Collected Data.

1 Attended meetings

Attendance of formal meetings:

- 13 validation meetings with risk owners and officers:
 1. Risk update and validation meeting with Sales Business Unit A
 2. Risk update and validation meeting with Production
 3. Risk update and validation meeting with Purchasing
 4. Risk update and validation meeting with Business Development
 5. Risk update and validation meeting with HR
 6. Risk update and validation meeting with Sales Business Unit B
 7. Risk update and validation meeting with IT
 8. Risk update and validation meeting with Sales Business Unit C
 9. Risk update and validation meeting with Major Development Project
 10. Risk update and validation meeting with Project Managers
 11. Risk update and validation meeting with Finance
 12. Risk update and validation meeting with R&D
 13. Risk update and validation meeting with Foreign Subsidiary
- 1 quarterly risk board meeting
- 1 employee dialogue, addressing the division's reorganization of the CFO function, hosted by the division CFO
- 1 full-day workshop on central risk management software at headquarters with all divisional risk managers, headquarters' risk manager, and representative of software provider

2 Observations

Selection of observations beyond formal meetings:

- Entering new risks in the risk software
- Amending / updating risks in the risk software
- Aggregation of legal risks (first time done)
- Review of sales region risk reports
- Preparation of risk board presentation
- Preparation and post-processing of validation meetings

3 Included in e-mail conversations via 'c/c' function (own company email address)

Selection of type of e-mail conversations:

- Follow-ups on validation meetings
- Reminders to update
- Comments / Feedback to sales regions
- Employee information by company (part of mailing list)
- Employee information by divisional management control function (part of mailing list)

4 Demonstrations

Selection of demonstrations:

- Current risk software
- New risk software
- Preparations for rolling forecast review meetings for headquarters (optimistic / pessimistic scenarios)
- Presentation of sales forecasting tool

- Ad-hoc risk reporting and monthly negative declaration

5 Review of risk and opportunity department's shared drive
Complete access to company's shared drive was provided.

6 Daily field log book

7 Formal semi-structured interviews

- 7 formal interviews with risk owners/officers, capturing all 5 risk categories of the division (i.e. market, product, process, employee, and finance):
 1. Interview with Representative for Largest Sales Region (Risk Owner) (88 min)
 2. Interview with Finance Manager (Risk Owner) (64 min)
 3. Interview with IT Manager (Risk Officer) (64 min)
 4. Interview with Sales Manager (Risk Officer) (67 min)
 5. Interview with HR Manager (Risk Officer) (41 min)
 6. Interview with Manager Responsible for Cashflow Management, Liquidity Risk, Market Risk, and Credit Risk (Risk Owner) (58 min)
 7. Interview with Division Head of Production Plants (Risk Owner) (61 min)
- 5 formal interviews with risk manager, assistant, and head of planning
 1. Joint interview with Risk Manager and Assistant to Risk Manager (100 min)
 2. First individual interview with Risk Manager (37 min)
 3. Interview with Head of Planning (30 min)
 4. Second individual Interview with Risk Manager (94 min)
 5. Individual interview with Assistant to Risk Manager (80 min)