

# Accounting and strategizing

## A case study of a public sector agency's event program

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### **Abstract**

Accounting research that draws upon the increasingly popular strategy-as-practice perspective has mainly been concerned with the private sector. This paper seeks to counter this orientation by way of a single-case study of a public service agency. It examines the role of accounting in organizational practices through which strategy is enacted as well as the relationship between accounting and strategy. Actor-network-theory and the notions of framing and overflowing (Callon, 1998) are employed to investigate how accounting and strategizing interact over time. This study demonstrates the active and mutual role of accounting in the continuous process of adopting and adapting a strategy. Accounting establishes a shared understanding of the importance of social sustainability across hierarchical levels and in lateral relations across organizations through continuous strategizing in intra-municipal forums. The study also identifies specific accounting practices that are unique to the public sector and are constitutive of strategizing.

**Keywords:** Strategy, Strategizing, Strategising, Strategy-as-practice, Accounting-as-practice, Public sector

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# 1. Introduction

While traditionally associated with military confrontation (See e.g. Von Clausewitz, 1968), strategy is an activity that is required from all purposeful entities in society and has significant implications on our lives (Carter et al., 2010; Whittington, 2004). Large amounts of financial and human capital are invested in the name of strategy formulation and implementation (Chua, 2007), activities that are tightly coupled with accounting (See e.g. Simons, 1995).

However, in recent years, the views on accounting, strategy and the relationship between the two have experienced many changes in organizational and accounting research. A broader “practice turn” in organization and social theory that dates back to the 1980s (Bourdieu, 1990; Schatzki et al, 2000) has permeated into accounting research and accounting scholars have called for studying accounting as a practical activity (Chua, 2007); unboxing strategy and investigating “strategizing” (see e.g. Boedker, 2010; Chua, 2007; Jørgensen and Messner, 2010; Skærbæk and Tryggestad, 2010); and examining the dynamic relationship between accounting and strategy in greater detail (Chapman, 2005; Chua, 2007).

Scholars who subscribe to these sentiments perceive strategy as an iterative and continuous process (Johnson et al., 2003; Whittington 2004); strategy formulation and implementation (Johnson et al., 2003) as well as strategy and accounting are intermingled (Whittington, 2011). Accounting is a catalyst of transformation (Boedker, 2010) and not merely designed to follow or implement predefined intents (see e.g. Simons, 1991).

Therefore, accounting scholars have in recent years sought to understand how strategy is formulated and implemented via accounting (Chua, 2007), the extent to which accounting may transform strategy (Boedker, 2010) and the extent to which strategizing may complement, or even replace, the reliance on accounting (Jørgensen and Messner, 2010).

Research has found that accounting may shape the strategizing efforts through specific rules (Cuganesan et al., 2012; Jørgensen and Messner 2010; Miller and O’Leary 2005) and by providing a general understanding of desirable outcome (Ahrens and Chapman, 2007; Jørgensen and Messner 2010) or capacity (Cuganesan et al., 2012) across hierarchical levels (Ahrens and Chapman, 2007; Cuganesan et al., 2012; Parker and Chung, 2017) and in lateral relations (Cuganesan et al., 2012).

However, this literature has primarily been concerned with the private sector while the public sector is increasingly implicated by accounting and strategizing as well as has important characteristics that influence processes of strategizing, such as monopoly positions and joint-delivery networks (Cuganesan et al., 2012). A more balanced research agenda is, therefore, necessary in order to advance the understanding of accounting and strategizing (Cuganesan et al., 2012). In addition, a more nuanced picture of the accounting-strategy relationship from the perspective of accounting research perspective may also highlight how accounting shapes strategy and, thus, the possibilities of accounting (Boedker, 2010).

This improved understanding, in turn, carries practical implications as it facilitates more informed strategizing work and influences the future role of management accounting. For example, strategizing may in itself be a form of accounting that reduces the reliance on accounting representations (Jørgensen and Messner 2010). By identifying the skills that strategists need and how they may acquire them (see e.g. Hansen and Mouritsen, 2005; Skærbæk and Tryggestad, 2010), management accounting may regain its “lost relevance” (Johnson and Kaplan 1987).

Therefore, this paper aims to further problematize the dynamic relationship between accounting and strategizing by addressing the empirical gap related to public service agencies (“PSAs”). It is this interest that informs the following research question:

How does accounting influence the strategizing process?

Actor-network theory (“ANT”) is employed as a theoretical lens. Accounting and strategizing are continuous, vibrant activities (Chua, 2007; Johnson et al., 2003; Whittington 2004), and ANT offers some useful tools for describing these dynamics (Callon, Law and Rip, 1986; Latour, 1987). Indeed, ANT has helped theorize practice in accounting (Ahrens and Chapman, 2007) and has highlighted the integral role that accounting might play in accounting research (Lukka and Vinnari, 2014). ANT focuses on processes of fabrication rather than what is fabricated (Ahrens and Chapman, 2007), does not discriminate between actors (Callon, 1998), and offers less prominence to the function of intent. These features are particularly valuable for this paper as it aims for an unbounded and nuanced analyses of the many potential relationships between accounting and strategizing. It is less concerned with the content of the resulting constructions or the key actors and their intentions. Furthermore, the theory’s processual perspective and the concepts of (re)framing and overflowing enable investigating how

accounting and strategy interact and evolve in distinct episodes (See e.g. Skærbæk and Tryggestad, 2010). Thus, ANT ultimately facilitates a better understanding of how accounting may influence strategizing in a PSA.

The single-case study concerns the municipality, the City of Stockholm (“City”) and its event strategy. The event strategy has existed in different forms since 2012 and was revised in 2014 to address organizational challenges, including ones related to the accounting. During the period of study, the municipality worked on implementing the latest strategy and associated accounting representations and -systems.

This study demonstrates the active and mutual role of accounting in the continuous process of adopting and adapting a strategy. Accounting situated the interrelationships between technical and interpretive accounting processes in the wider field of organizational practices, and defined the setting for active cognitive work. A shared understanding of the importance of social sustainability was established across hierarchical levels and in lateral relations across organizations through continuous strategizing as members in the intra-municipal forums contextualized accounting information by relating it to strategic objectives and operational activities, and sought mutual understanding and joint accommodations. The study also identifies specific accounting practices that are unique to the public sector and connected to PSAs’ particular strategizing imperative and were constitutive of strategizing.

### *Definitions*

This paper adopts similar definitions of accounting and strategizing as Jørgensen and Messner’s (2010). The definition of accounting is general and includes all form accounting information, -representations, and -systems; the particular accounting information or tools are of less interest for this paper. However, Boedker and Chua’s (2013) definition of accounting technologies as inscriptions and reports that mold and transform human action and Simons’ (1995) definition of “management control systems” as formal and information-based tools that are used by managers to alter patterns in organizational activities constitute valuable references, particularly the latter, due to the prevalence of such tools in the case organization. Likewise, “strategy” may be understood as a plan, a pattern of actions, a competitive position or an overall perspective (Simons, 1995), and “strategizing” denotes the various activities through which strategy is enacted (Jørgensen and Messner, 2010).

The research tradition that examines the inter-relationships between strategy and accounting will henceforth be referred to as accounting and strategizing.

The remainder of this paper is structured as follows. Section 2 reviews previous accounting and strategizing research, the method theory employed and the theoretical framework developed to guide the empirical inquiry, while section 3 discusses the research methodology. The empirical findings are presented according to the theoretical framework in section 4 and discussed in section 5. Finally, section 6 provides a summary of conclusions, discusses implications, acknowledges limitations and offers suggestions for future research.

## **2. Theoretical Foundation**

### **2.1 Accounting and Strategizing: A Review of the Literature**

This section describes the theoretical foundation of the paper. Section 2.1 reviews the development of the accounting and strategizing literature. Section 2.2 discusses the method theory employed and its suitability. Finally, section 2.3 presents the theoretical framework that informs the empirical inquiry.

#### **2.1.1 The evolution of the accounting and strategizing literature**

In recent years, the views on accounting, strategy and the relationship between the two have experienced many changes in organizational and accounting research. Strategy has in the past been perceived as deliberate (see e.g. Abernethy and Brownell, 1999) and a property of organizations (Whittington, 2006), rather than an activity. An implicit separation has been made between strategy formulation and implementation (Chua, 2007), with the former carried out by senior managers (see e.g. Abernethy and Brownell, 1999; Anthony, 1965; Wilson, 1997) and the latter by middle and lower-level managers (Chua, 2007). Likewise, accounting has been considered a tool to implement and follow up on strategies (see e.g. Bhimani and Langfield-Smith, 2007; Nixon and Burns 2012), and, thus, an output of strategy (Boedker, 2010; Chenhall,

2003). Accounting research has, therefore, traditionally treated strategy as a black box (Hansen and Mouritsen, 2005).

However, there has been a broader “practice turn” in organization and social theory since the 1980s (Bourdieu, 1990; Schatzki et al, 2000) in response to two separate calls for organizational researchers to study verbs instead of nouns (i.e. “strategizing” and “to strategize” instead of “strategy”) in order to “re-envision organizations as processes rather than states” (Weick, 1969: p. 44), and work on managerial practice and problems (Tranfield and Starkey, 1998). The resulting “strategy-as-practice” perspective (see e.g. Whittington, 2003, 2004, 2006) studies in detail and with a sociological lens (Whittington, 2003, 2004) the micro-dynamics of strategy-making (see e.g. Whittington, 2006), and seeks to turn this understanding to practical advantage for managers (Whittington, 2003, 2004).

The practice turn has permeated into accounting research, albeit to a limited extent, and accounting scholars have called for studying accounting as verbs, not nouns (Chua, 2007); unboxing strategy and investigating strategizing (see e.g. Boedker, 2010; Chua, 2007; Jørgensen and Messner, 2010; Skærbæk and Tryggestad, 2010); considering accounting’s role in a network of power relations that are embedded into organizational and social life (Carter et al., 2010; Chua, 2007; Miller and O’Leary, 1987); and examining the dynamic relationship between accounting and strategy in greater detail (Chapman, 2005; Chua, 2007). Accounting researchers have, in particular, questioned the old assumptions of stability during the strategy implementation process (Boedker, 2010) and the limited and subordinated role of accounting in relation to strategy (Boedker, 2010; Chapman, 2005; Chua, 2007; Hansen and Mouritsen, 2005; Skærbæk and Tryggestad, 2010).

Consequently, strategy is, in literature inspired by this turn, perceived as an iterative and continuous process (Johnson et al., 2003; Whittington 2004) that is influenced by both internal and external forces as well as has both internal and external effects (Whittington, 2006). Strategy formulation and implementation (Johnson et al., 2003) as well as strategy and accounting are intermingled (Whittington, 2011). Finally, strategy and accounting are formed by the hands through which they travel, and accounting is therefore also a catalyst of transformation (Boedker, 2010) and not merely designed to follow or implement predefined intents (see e.g. Simons, 1991).



The strategy-as-practice literature seeks to understand what is done, how it is done and by whom (Whittington, 2003, 2004), and emphasizes the organizational practices through which strategy is enacted (Whittington 2003, 2006), e.g. which organizational practices are constitutive of how strategizing occurs (Whittington, 2003) and how organizational practices distribute shared meanings or mediate between diverse interests and interpretations of strategic activity (Jarzabkowski, 2003). Therefore, accounting scholars have sought to understand how strategy is formulated and implemented via accounting (Chua, 2007), the extent to which accounting may transform strategy (Boedker, 2010) and the extent to which strategizing may complement, or even replace, the reliance on accounting (Jørgensen and Messner, 2010).

### **2.1.2 Management accounting may promote shared understanding**

Accounting has representational limits, e.g. in a pluralistic and uncertain context (Jørgensen and Messner, 2010). Yet, organizational members draw upon these practices nonetheless (Ahrens and Chapman, 2007), e.g. due to a belief that the numbers generated are consistent and factual enough to hold together diverse purposes (Chua, 1995). More importantly, accounting may be complemented by strategic objectives to compensate for these representational limits and help actors from various functional practices reconcile competing objectives (Ahrens and Chapman, 2007; Cuganesan et al., 2012; Fauré and Rouleau, 2011; Jørgensen and Messner, 2010; Miller and O’Leary, 2005; Mouritsen et al., 2010).

Mouritsen et al. (2010) studied the relationship between accounting calculations and innovation in three firms. Accounting calculations connected innovations to firm-wide concerns and influenced how intensely and in which direction innovation activities were pursued due to their partial rather than total calculations of firms’ affairs and value. Single calculations, or “translations”, that related innovation activities to a variance from a standard or a budget could result in either an increase or a decrease in innovation activities. Multiple calculations could problematize what innovation should be and where it should be located in time and space, thereby developing competing contexts, organizational tensions and dialogues beyond innovation activities and pressuring innovation activities to show their strategic significance. Thus, the tensions between calculations bent organizational activities such as innovation to considerations such as growth, productivity, profitability, and liquidity (Mouritsen et al., 2010).

Jørgensen and Messner (2010) studied new product development projects in an R&D intensive company and found that accounting information was used in tandem with strategic objectives when particular design choices or action alternatives were evaluated during the innovation process, both as specific rules at critical points in time in the form of a stage-gate model, and as a general understanding of desirable outcome and the importance of profitability throughout a continuous process of strategizing (Jørgensen and Messner, 2010).

These findings were consistent with Miller and O’Leary’s (2005) findings from their investigation of the capital budgeting practices within and between organizations at Intel Corporation. The capital budgeting process prevented subunits from evaluating investments individually and required investment proposals to both promise a positive cash flow return and be aligned with the shared expectation of various stakeholder groups in order to incorporate coordination within and between organizations and balance investments (Miller and O’Leary, 2005).

Likewise, accounting information was mobilized alongside strategic objectives in Cuganesan et al. (2012) through a prioritization matrix that required managers in a public service agency to both account for a proposed law enforcement operation’s future impact and how it enacted the strategic position of the organization (Cuganesan et al., 2012). The paper, however, made a few important additions to Jørgensen and Messner’s (2010). First, Cuganesan et al. (2012) found that cost in terms of the human resources of the organization, and not profitability, created a shared understanding when law enforcement operations were evaluated.

Second, accounting created a shared understanding across hierarchical levels and in lateral relations across organizations. Decisions made by higher levels on priorities and what directions the organization should take were captured in spreadsheets that represented the full-time equivalent employees of the organization and informed lower-level decisions on resource allocation (Cuganesan et al., 2012). This particular observation was expanded by Parker and Chung (2017) who found that the pre-eminence of financial controls and business case tests framed bottom up expression of employee values and their personal commitments to practically advancing a social and environmental agenda in a hotel (Parker and Chung, 2017).

Third, the spreadsheet and the value chain costing allocations in Cuganesan et al. (2012) also provided a common language of both capacity and value in negotiations with partner organizations. In addition, attempts were also made to measure the performance of the network

to which the case organization belonged, further demonstrating how accounting was turned to in order to craft new inter-organizational boundaries for strategizing (Cuganesan et al., 2012).

Fourth, in Cuganesan et al. (2012), accounting and strategy talk were not only mobilized in tandem in a continuous process, as in Jørgensen and Messner (2010), but strategic concerns were also mobilized through accounting and in a discrete practice, towards different strategy practitioners; concerns about resources and organizational capacity were emphasized through accounting and conveyed to external strategizing practitioners (Cuganesan et al., 2012).

Finally, Cuganesan et al. (2012) illustrated how accounting is not only capable of aligning diverse objectives (see e.g. Jørgensen and Messner, 2010; Miller and O’Leary, 2005), but also of recasting them as being in opposition by shaping priorities as substitutive rather than additive (Cuganesan et al., 2012).

Similarly, Ahrens and Chapman (2007) elaborated the ways in which organizational members in a restaurant chain in the UK (“Restaurant Division”) understood and mobilized accounting to achieve organizational objectives of their units, e.g. during the practice of menu design. Managers in Restaurant Division appeared to regard their accounting systems as imperfect but adequate for rendering visible approximate representations of physical and financial flows. Once contextualized by being related to strategic messages and operational activities, these established a shared understanding of what it meant to do well and helped construct future lines of action.

A strategic agenda set out by head office provided a starting point in the process of menu design to the marketing planning manager but did not provide for a sufficient understanding as the complex array of business activities and targets that he was implicated in could be achieved in a number of ways. Functional knowledge was, therefore, required.

Furthermore, area managers structured activities that incorporated corporate objectives with restaurant managers’ personal understandings on how to manage their restaurant in order to facilitate the achievement of those goals through division-wide financial control workshops and weekly business development meeting where restaurant managers and their area managers discussed restaurant performance, the possibilities implied by management control information, how different actions related to the company’s strategic priorities and what financial consequences they would likely to imply.

Thus, accounting information was contextualized through the array of activities that were accomplished by organizational members when pursuing central objectives in local contexts (“the situated functionality of numbers” in Ahrens and Chapman, 2007). Accounting situated the interrelationships between technical and interpretive accounting processes in the wider field of organizational practices, defining the setting for the active cognitive work of managers (“structures of intentionality” in Ahrens and Chapman, 2007).

Managers’ efforts to improve their restaurants were both informed by and constructive of the financial and strategic imperatives advertised by senior management as the practice of accounting that emerged in the company was a product of the rules and objectives inscribed in accounting information, the general understanding expressed in the organization’s strategic messages and the practical understandings that managers had of the operational practices they were familiar with. Managers were engaging in accounting and strategizing simultaneously (Ahrens and Chapman, 2007).

Fauré and Rouleau (2011) expanded on Ahrens and Chapman (2007) and investigated the budgeting conversations in a large construction firm. Accountants and middle managers enacted strategy in their daily conversations around numbers by contextualizing the knowledge that they had of the organizational strategy and seeking mutual understanding of the respective constraints and tasks generated by individual but interdependent accountabilities.

Consequently, literal rule-following, including accounting rules and individual role-responsibilities, were abandoned in favor of practical and joint accommodations, sometimes unconsciously. The accountants and middle managers informally collaborated in order to produce accounts that simultaneously conformed to accounting norms, gave a fair appraisal of strategy realization, and facilitated relevant operational decision when they were making a budget. By making numbers useful, acceptable and plausible, accountants and middle managers successfully addressed strategic issues related to a new partnership strategy (Fauré and Rouleau, 2011).

### **2.1.3 Management accounting may influence the strategic options and the external economic conditions of an organization**

Accounting may also precede strategy. Mouritsen and Kreiner (2003) studied an Internet start-up firm's use of management control to achieve profitability and capitalize its management competencies to be realized in a merger. Systematic management of internal resources was considered a prerequisite for being flexible in relation to customers' demands and, consequently, for being attractive to potential partners and buyers.

Skærbæk and Tryggestad (2010) studied the role of accounting in shaping the strategic options and the external economic conditions of Scandlines, the ferry division of a Danish government-owned railway company and traced a chain of events related to matters such as cost rationalizations, capital investments, and new competition. The authors found that accounting not only constrained or hampered the implementation of a corporate strategy, but simultaneously participated in its actual (re)formulation. Accounting was adopted and adapted to fit strategy in a subordinate role BUT the strategy adopted was also successively adapted to and mutually constituted by accounting (see also Briers and Chua, 2001). For example, a strategy of adaptation prevented capital investments in one period and established the conditions from which an expansive strategy of capital investments and growth could emerge and be executed in subsequent periods.

The process of reframing a strategy was continuous and consisted of temporary, negotiated achievements involving a stream of interdependent accounting tools that were used and replaced with respect to their co-adaptation with strategy. Moreover, the identity and intentions of the key strategic actor depended on the accounting and seemed to transgress formal hierarchical boundaries. For example, accountants who successively acquired calculating equipment could become the key strategic actors and obscure the strict distinction between strategy formulation and implementation. Thus, accounting representations could be actors and also shape corporate strategy by mobilizing lay people and concerned groups.

### **2.1.4 Identified gaps in the accounting and strategizing literature**

As the above discussion illustrates, more management accounting scholars have answered the calls for practice-oriented studies and many diverse studies have been made during the last decade on accounting and strategizing.

However, private sector orientation has dominated accounting and strategizing literature to date while the public sector is increasingly concerned with accounting and strategizing as well as has important characteristics that influence processes of strategizing, such as monopoly positions and joint-delivery networks (Cuganesan et al., 2012). This paper, therefore, aims to provide a useful counter-point to this and investigate elements unique to PSAs through the following research question:

How does accounting influence the strategizing process?

The paper aims to study in detail the specific roles that accounting plays within organizational practices through which strategizing occurs and examine how accounting may influence strategizing. The manner in which formal practices distribute shared meanings or mediate between diverse interests and interpretations of strategic activity are important aspect of the strategy-as-practice (Jarzabkowski, 2003; Cuganesan et al., 2012), and formal processes are dominant in PSAs due to requirements of transparency and accountability.

## **2.2 The Actor-network-theory Perspective**

Practice research ultimately relies on the empirical inquiry into practice but is informed by the conceptual vocabulary of the theoretical framework (Jørgensen and Messner 2010). There is a wide variety of different theoretical approaches. Ahrens and Chapman (2007) and Jørgensen and Messner (2010) use the practice theory of Schatzki (2002) in their study of accounting and strategizing because it emphasizes managerial intent (Ahrens and Chapman, 2007; Jørgensen and Messner 2010). Chua (1995), Mouritsen et al. (2010), Skærbæk and Tryggestad (2010) draw upon ANT, which has contributed to the theorizing of practice in management accounting (Ahrens and Chapman, 2007) and is sometimes regarded as a practice theory as it seeks to explain practice by looking at the practicing of the entities (Jørgensen and Messner, 2010).

This paper seeks an unbounded and nuanced analyses of the many potential relationships between accounting and strategizing and is less concerned with, e.g. the content of the resulting constructions or the key actors and their intentions. ANT emphasizes the active role that various non-human elements, such as accounting systems and tools can play in enacting and formulating strategies, and offers tools for describing dynamic situations (Callon, Law and Rip, 1986; Latour, 1987). Some of these tools are elaborated upon below and motivate the application of ANT as a theoretical lens in this study.

ANT is largely based on the work of Callon and Latour (see e.g. Callon 1986; Latour 1987, 2005). It takes a constructivist or performative perspective on action (Callon 1986; Latour 1987) and offers a vocabulary and principles for studying processes of construction (Latour 1987). Reality is perceived as a continuously generated effect of networks of relations between human and non-human entities (Law, 2009). The processes of construction, or “fabrication”, are perceived to occur perpetually and networks are continuously created (Latour, 2005). ANT researchers are therefore mainly interested in studying how a certain notion of reality is socially constructed from momentarily interconnected actors with aligned goals, i.e. how a network emerges and survives (Chua, 1995) through an ethnographic approach (Latour, 1987).

Central to this perspective is a “principle of symmetry”; the hierarchical levels and the forms (i.e. whether human or non-human) assumed by an agency are irrelevant as long as they impact the surrounding world (Latour, 1996).

ANT networks come into existence through the travel of actants and provide the travelers with their attributes in the process (Latour, 1999; Law, 1999). Each amendment of actants along their path is denoted a “translation”. Translations that gather support through alliances and survive trials of strength constitute fabrications (Latour, 2005). Thus, constructions of accounting and strategy, their content and identity are mere network effects of collective fabrication efforts by a group of actors (See e.g. Hansen and Mouritsen, 2005). However, networks are inherently fragile as they are continuously made and constant maintenance is required to keep a network of alliances from dissembling (Latour, 1987).

Framing is the process of creating boundaries for interactions between actors, e.g. between the conditions that are accounted for in a strategy and those that are considered to be outside of the strategy (Skærbæk and Tryggestad, 2010). However, since actors are networks and networks are actors (Latour, 2005), travel is always bidirectional. Actors inside the frames contribute to

the arrangement specifically through their network of connections with the outside world (Callon, 1998). Thus, elements simultaneously frame the interactions and enable access onto wider networks (Callon, 1998).

As the network of interaction in which the actor is involved is constantly reconfigured, the actor's identity is also continuously reconfigured (Latour, 1999; Law, 1999), causing "overflows", or influences from relationships that are not accounted for by the frame. This perspective specifically emphasizes the active and dual role that accounting can assume during the framing attempts (Skærbæk and Tryggestad, 2010). ANT emphasizes these extensive connections with the outside world and the consequent irrepressible and productive overflows but offers some useful tools for investigating these confused situations and reframing the interactions to contain overflows (Latour, 1987).

This paper is, as elaborated upon in section 2.1., concerned with understanding how accounting may influence strategizing. Accounting and strategizing are continuous activities and not stable properties (Chua, 2007; Johnson et al., 2003; Whittington 2004), which is consistent with the constructionist view on action. ANT focuses on untangling processes of fabrication and is less concerned with what is fabricated (Ahrens and Chapman, 2007), refuses precedence to any single network location (Callon, 1998) and does not offer prominence to the function of intent.

These principles relieve researchers from imposing predetermined categories on the subjects examined (Latour, 2005) and are, therefore, particularly valuable for open-ended inquiries that aim to produce suggestive theory and invitations for further research in nascent fields (Edmondson and McManus, 2007; Hakim, 2000). Indeed, the principle of symmetry has expanded accounting research to incorporate the integral role that management accounting might play (Lukka and Vinnari, 2014), and research that has emphasized the constitutive role of accounting in relation to strategy is to large extent inspired by ANT (Skærbæk and Tryggestad, 2010). Likewise, this paper aims for an unbounded and nuanced analyses of the many potential relationships between accounting and strategizing and is less concerned with the content of the resulting constructions or the key actors and their intentions.

Finally, ANT's processual lens and the separation of the empirical findings into distinct temporal episodes of (re)framing and overflowing can help describe how accounting and strategy interact and evolve. The concepts of framing and overflowing were used by Skærbæk and Tryggestad (2010) who share an interest in accounting and strategizing.



## **2.3 Theoretical Framework**

In this section, the theoretical framework that guides the empirical inquiry is developed based on previous research on accounting and strategizing.

As elaborated on in section 2.1, more scholars have answered the calls for practice-oriented studies and many diverse studies have been made during the last decade on accounting and strategizing. Yet, an empirical gap exists with respect to PSAs and this paper aims to contribute to the domain of accounting and strategizing by addressing this gap.

Accounting and strategizing are continuous activities (Chua, 2007; Johnson et al., 2003; Whittington 2004) and ANT's interest for untangling processes of construction as well as the processual perspective are specifically appropriate for the study of iterative activities. Specifically, the concepts of framing and overflowing create chronologies and highlight temporal and spatial links between accounting and strategy.

The theoretical framework of this paper, therefore, entails the separation of the empirical findings into distinct, sequential episodes of (re)framing and overflowing in order to understand how accounting, strategizing and their interrelationship develop in each episode as well as how they relate to the same in preceding episodes.

For example, this approach allowed Skærbæk and Tryggestad (2010) to demonstrate that the future possibilities for strategy were highly dependent on how the balance sheet described the present corporate state of affairs. That ultimately helps explain how accounting may influence strategizing in the PSA and answer the research question.

## **3. Research Methodology**

This section discusses the research methodology of the study. Section 3.1 elaborates on the research approach, the empirical method and the case selection. Sections 3.2 and 3.3 describe the data collection and analysis respectively. Finally, a critical evaluation of the research quality is presented in section 3.4.

## **3.1 Research Design**

### **3.1.1 Research approach**

High-quality field research requires a “methodological fit” where prior work, the research question, the research design, and the theoretical contribution are consistent (Edmondson and McManus, 2007). Abductive research, the continuous alternation between the theoretical framework, empirics and analyses seeks to develop informed explanations to new observations (Lukka and Modell, 2010) through flexible theoretical frameworks and continuous synthesizing of empirical discoveries. It is, therefore, particularly useful when the research topic has not yet been extensively explored or if the aim is to discover new phenomena (Dubois and Gadde, 2002; Edmondson and McManus, 2007). Specifically, the iterative use of empirics to both test and develop theory (“systematic combining” in Dubois and Gadde, 2002) enables the researcher to develop a deeper understanding of the two (Dubois and Gadde, 2002) and determine the important elements in a nascent theory (Edmondson and McManus, 2007). Deductive research, where propositions are formulated based on current theory and then tested, and inductive research, where theory is systematically generated from empirics are more common research approaches but take a linear research process for granted (Dubois and Gadde, 2002). Those approaches are, therefore, less suitable for nascent theory research (Edmondson and McManus, 2007).

An initial review of extant research in highly recognized accounting journals on the topic of accounting and strategizing suggested that the field is nascent. Furthermore, from the ANT-perspective, everything is, in principle, possible a priori, and the processes in which black boxes emerge are perceived to occur perpetually (Latour, 2005). Therefore, the analysis in this paper has been based on non-linear, abductive reasoning and systematic combining. The iterative movement between data and theory (Ahrens and Chapman, 2006) has allowed for flexibility with regards to the research question, theoretical framework and working hypotheses as the understanding for the topic and the case organization continuously improved. Most importantly, the abduction process informed the research question; focused the empirical inquiry on the public sector; identified the concepts of “framing” and “overflowing” (Callon, 1998) from ANT as particularly appropriate for this inquiry; and indicated the suitability of the case organization.

Likewise, the interest for intra-organizational forums as well as the selection of respondents resulted from this process.

### **3.1.2 Empirical method**

As opposed to quantitative studies, which focus on statistical relationships between variables and modelling, qualitative studies emphasize broader context and interpretations (Holme and Solvang, 1997). They perceive the world in terms of people, situations, events and the processes that connect these (Maxwell, 2012), and enable intensive and detailed assessments (Bell and Bryman, 2007). Qualitative studies also explore organizational dynamics, different perspectives to it and factors affecting it (Merriam, 1994), e.g. through interviews, observations and documents (Eisenhardt, 1989). Open-ended research questions and qualitative data are also particularly valuable in nascent theory research (Edmondson and McManus, 2007; Hakim, 2000), for producing suggestive theory and invitations for further research on the topics opened up by the study (Edmondson and McManus, 2007), which includes providing the foundation required for quantitative studies (Hakim, 2000). Specifically, case studies which seek deep, rather than broad, insights regarding complex processes (Dyer and Wilkins, 1991; Merriam, 1994) can help explain a new research topic and the interaction between the object or phenomenon that is studied and its real-life context when previous research is limited (Dubois and Gadde, 2002; Yin, 2009). This holds in particular for single-case studies as they focus scope (Dubois and Gadde, 2002; Dyer and Wilkins, 1991) and consider the rich context (Dyer and Wilkins, 1991), while multiple-case studies risk generating more breadth than depth (Ahrens and Dent 1998) and focusing on relationships *across* cases, rather than relationships *within* cases (Dyer and Wilkins 1991; Eisenhardt and Graebner, 2007).

As elaborated upon, the field of accounting and strategizing is nascent and the aim of this paper is to investigate the relationship between the two in detail within a short period of time. In addition, accounting and strategizing are inherently dynamic and complex activities that emphasize the context, individual interpretations and intra-organizational activity (see e.g. Ahrens and Chapman, 2007). For these reasons, a qualitative single-case study with an organizational-level analysis has been preferred for this paper. Single-case studies have proven to be appropriate for capturing the processual nature of accounting and strategizing, including

when ANT has been employed as a theoretical lens (see e.g. Chua, 1995; Skærbæk and Tryggestad, 2010).

This paper studies the role of middle managers, which previous research in the accounting and strategizing domain has preferred, and thus further enables comparability. However, this study also consider the role of other strategic actors as well in order to answer the research question and contribute to the existing research field of accounting and strategizing.

### **3.1.3 Case selection**

Single cases may be selected because they are unusually revelatory, extreme exemplars, or opportunities for unusual research access (Eisenhardt and Graebner 2007; Flyvbjerg, 2006; Maxwell, 2012). A case company does not have to be representative of any particular population (Eisenhardt and Graebner 2007). Rather, it is more important that the case has a good foundation for theory development (Scapens, 1990). Multiple data sources are especially encouraged for an objective view and greater depth (Dubois and Gadde, 2002; Maxwell, 2012).

A number of factors were considered when concluding on City as a suitable case organization for this paper. Naturally, access to strategic information and members from different hierarchical levels is a precondition for understanding the dynamic process of strategizing from different perspectives and contexts. Consequently, PSAs headquartered in Stockholm were preferred for physical interviews with senior members and opportunities for additional data gathering and trust-building. In addition, internal support from a senior “sponsor” was deemed important to overcome opacity (Meyer 2001). Finally, larger and older PSAs were preferred to ensure established processes, especially with regard to accounting; progression; and vertical and lateral breadth.

City has existed since the early 1920s and has over 39.000 employees. The actors actively involved in formulating and implementing the municipality’s recently adopted event strategy work in different administrations and companies with different functions. In addition, the event strategist who would become the organization-sponsor showed great interest in the study, which indicated sufficient support for conducting a sound study. Thus, the activities related to City’s event strategy and the corresponding intra-municipal forums were deemed appropriate for a case study.

### **3.2 Data Collection**

Diverse data sources and methods for collecting data, such as interviews, observations, documents and other relevant material from field sites are important in open-ended research in nascent fields (Edmondson and McManus, 2007; Yin, 2013). Flexible data collection is particularly valuable for case studies, as they rarely follow a linear process (Langely, 1999). Interviews range from highly structured, with detailed interview guides, to non-structured interviews, with open conversations (Alveson, 2011). Semi-structured interviews create consistency (Bell and Bryman, 2007) and facilitate data comparison and cross-referencing with different people and across settings (Maxwell, 2012), e.g. through interview recording and transcription. In addition, semi-structured interviews can help researchers answer predetermined questions to evaluate working hypotheses and guide follow-up questions (Merriam 1994), while maintaining flexibility to adapt to unexpected observations.

For the purpose of developing an understanding for accounting and strategizing in the case organization within a short period of time and through a limited number of interviews, a diverse composition of interviewees, albeit with roles and experiences relevant to the topic of the paper, and thoughtful descriptions and reflections were sought (Maxwell, 2012). The organization-sponsor facilitated access as expected, recommended candidates for interviews, and initiated contacts with the candidates that were considered appropriate for the purpose of this study.

15 interviews were conducted in Swedish between April and September, 2018. Each interview lasted between 25 to 70 minutes and 46 minutes on average. All but three interviews were carried out on-site while the remainder were carried out via telephone. Only two individuals were interviewed twice while brief follow-up discussions were carried out with several interviewees. The interviewees were primarily senior and middle managers who head or work in related administrations and companies as well as partake in the event program's intra-municipal forums. These individuals enact the event strategy on different levels and through different functions. In addition, two external consultants who have been involved in this process were interviewed in order to improve understanding of continuous accounting and strategizing. The broad vertical and lateral coverage was deemed particularly important in order to obtain a nuanced understanding of accounting and strategizing.

An interview guide with a list of questions and topics to be covered (Bell and Bryman, 2007) was prepared for and referenced in all interviews. The first set of interviews were broad and explorative (Dubois and Gadde, 2002) to facilitate a rapid understanding of the municipality; identify a few key informants, i.e. insiders that are deemed “helpful in guiding [the] researcher through the setting studied” (Alveson, 2011: p. 13); identify potential research focus; avoid restricting responses; and build trust, e.g. through less formal conversations.

The interview guides were continuously updated to leverage observations (DiCicco-Bloom and Crabtree, 2006; Maxwell, 2012) and became more rigid as the foundation for more focused, richer discussions was built in terms of improved personal relationships and, more importantly, understanding for the case organization (see e.g. Ahrens and Dent, 1998; Alveson, 2011). This process enabled focus on select strategic activities and the role that accounting played in those activities. Interview questions mainly concerned the interviewees’ experience, behavior and opinion (Patton, 1980), and were personalized on the basis of the interviewee’s particular function and expertise as well as previous discussions with the interviewee or his or her colleagues.

Two explorative introductory interviews with the sponsor and the individual that was responsible for City’s strategic events during the time of the study facilitated broad understanding and helped guide the theoretical inquiry. Themes such as social sustainability and cooperation were elaborated upon and informed the first theoretical framework. Likewise, the subsequent nine interviews were of more explorative nature while greater focus was afforded in the final four interviews, after the theoretical framework was revised another time even though the composition of interviewees was mixed in both rounds.

All interviews were initiated with a relaxed description of the researcher’s background, the purpose of the study and the measures that had been taken to address resistance to transparency, i.e. the endorsement by influential sponsors within City and the ultimate anonymization of the interviewees in the publicized study. The interviews investigated, in the following order, the interviewee’s profile, unit and role; the event strategy; accounting and strategizing activities related to the interviewee’s role, including the interviewee’s role in the formulation and implementation of the event strategy; and specific processes and actions that were deemed relevant for accounting and strategizing. Questions that were deemed significant were occasionally rephrased and repeated within and across interviews for veracity while some topics were indirectly covered due to their perceived delicate nature. In turn, this translated into a more

nuanced view; fewer, more detailed questions; more efficient use of the interviewees' time, and more beneficial discourses. Consequently, a few brief follow-up conversations could conveniently be carried out via telephone.

All interviews were recorded with the consent of interviewees (Yin, 2009) to facilitate active discussion without compromising on details. Notes were transcribed during the interviews and central excerpts from recordings were transcribed subsequently to form the foundation for analysis and facilitate cross-referencing. Recorded interviews also enabled more detailed analyses of wording, consistency and coherence (Alvesson, 2011; Bell and Bryman, 2007).

In addition, legislative records; directives; internal documentation and manuals; pre- and post-event studies; diagnostic control reports; and public information were referenced both when preparing interview questions and for a more detailed understanding for the research setting in subsequent analyses.

### **3.3 Data Analysis**

Data analyses in nascent theory research mainly seek to identify patterns (Edmondson and McManus, 2007). Since the analysis in this paper followed an abductive approach (Dubois and Gadde, 2002), the research area was incrementally focused as the understanding for the case organization improved through continuous iteration between data and theory.

Each interview was analyzed separately immediately after the interview (Eisenhardt, 1989) in order to codify impressions, reflections and non-verbal expressions. A more comprehensive analysis followed after reviewing the recording of the interviews. The purpose of this exercise was to identify questions for future interviews (Laughlin, 2004) and continuously reflect over the matching between theory and data (Maxwell, 2012) by referencing and informing the theoretical framework described in section 2.3. After the second analysis, the observations were coded and categorized based on the theoretical framework (Edmondson and McManus, 2007) and themes in spreadsheets in order to delineate the setting and detect patterns to help answer the research question, a discussion covered in section 5.

Alvesson (2011) warns of too much emphasis on systematic codifying and categorization of interview accounts at the expense of critical and creative thinking. Furthermore, and paradoxically, Bruno Latour, one of the most prominent developers of ANT, rejects the idea of

researchers imposing predetermined theoretical frameworks or categories on research subjects (Latour, 2005). However, this has not prevented researchers in various fields, including accounting, from adopting ANT as a method theory (Lukka and Vinnari, 2014). To address this, the abovementioned categorization-exercise was limited to a minimal number of categories and central observations. The themes analyzed include: calculative practices, social impact and cooperation.

### **3.4 Research Quality**

Research quality relates to trustworthiness (Lincoln and Guba, 1985). Given assumptions of the existence of an objective world and that the role of the researcher is to correctly describe it, trustworthiness is traditionally measured through reliability (how well a study measures what it set out to measure) (Merriam, 1994; Yin, 2009), and validity (the replicability or repeatability of observations and results) (Bell and Bryman 2007, Merriam 1994; Yin 2009)

ANT is an ontologically constructivist approach where knowledge is perceived as being constructed and not discovered. The actor, time and space influence the result of the inquiry. Thus, the idea of an abstract “truth” and “reality” is shunned, and the concepts of validity and reliability are less applicable (Latour, 2005). The trustworthiness is then instead related to the study’s credibility, transferability, dependability and confirmability (Lincoln and Guba, 1985).

Credibility relates to the confidence in the ‘truth’ of the findings. The development of assumptions and interpretations have been documented throughout the study (“progressive subjectivity” in Lincoln and Guba, 1985) and findings that did not fit the original interpretation and other explanations have been considered to enable inclusive explanations (“negative case analysis” in Lincoln and Guba, 1985). The purpose of this exercise has been to reduce the risk working hypothesis-driven (Lincoln and Guba, 1985). In addition, important findings have been rephrased and confirmed interactively during interviews and cross-referenced with various interviewees (“member checking” in Lincoln and Guba, 1985; “triangulation” in Merriam 1994) to ensure veracity. Secondary data has been used to the extent possible to further scrutinize findings.

Transferability relates to the ability to demonstrate the applicability of findings in other contexts (Lincoln and Guba, 1985). This paper purposefully include a comprehensive empirical account



(“thick description” in Lincoln and Guba, 1985) in order to provide readers with enough detail to evaluate the transferability of conclusions. However, single-case studies have limited generalizability by default as it is difficult to identify the idiosyncratic influences and their implications (Dubois and Gadde, 2002).

Dependability relates to the ability to demonstrate that the findings are consistent and could be repeated (Lincoln and Guba, 1985). The purpose of this section (3) has been to thoroughly document the research approach to allow other researchers to repeat the study and arrive at the same results (Yin, 2009). Interviews have been systematically recorded and important parts have been transcribed to address the challenge posed by semi-structured interviews with respect to dependability.

Finally, confirmability relates to the extent to which respondents and not the researcher shape the findings (Lincoln and Guba, 1985). This has been addressed in this paper through the systematic documentation of data, sources and how the data has informed the findings in order to distinguish the empirical- and analytical accounts.

## **4. Empirical Findings**

This section presents the empirical findings according to the theoretical framework discussed in section 2. Section 4.1 offers a background to the case studied while sections 4.2, 4.3 and 4.4 describe three separate phases in which an event strategy was formulated and enacted.

### **4.1 Empirical Background**

#### **4.1.1 The City of Stockholm**

City is Sweden’s largest municipality by population, with more than 900.000 residents, and encompasses the capital of Sweden, Stockholm. The administration of the municipality is based on the Swedish Local Government Act (“the SLA”). Elected officials govern the municipality while more than 39.000 civil servants are responsible for implementing the political vision through an array of departments, corporations and foundations that provide services ranging from administration and education to culture and sports.

The highest political body, City Council, is composed of 101 elected officials and defines the overall guidelines for the municipality by setting the yearly budget for the municipality, which includes a number of goals and an operational plan, as well as by electing councilors to the boards and committees that oversee the municipality's various administrations and companies. This includes City Executive Board, which is chaired by the mayor of the municipality and has the overall responsibility for the implementation of the political guidelines in the municipality, and the Corporate Executive Board, which is the parent company of the municipality's 16 companies. These two boards are, together with City Council, authorized to issue directives.

In addition, City Council also elects councilors to committees that oversee one of the municipality's 14 district administrations and 17 specialist administrations, as well as the boards of the municipality's companies.

The highest department with non-elected officials is Executive Office, which is responsible for assisting City Executive Board in governing the municipal operations.

City's administrations and companies develop yearly budgets and operational plans for their specific organizations based on guidelines that City Council sets and disseminates through the respective committees and boards. These budgets and operational plans translate organization-specific guidelines into activities and must also conform to separate central directives. These documents are then submitted to City Council, which, in November decides on the final budget for the subsequent year. The budget forms a part of a responsive three-year financial plan and describes the municipal tax rate, which is City's main source of revenue; the distribution of funds between the municipality's organizations; and a forecast on the year's financial results. The final budgets and operational plans guide City's administrations and companies in the subsequent year and are tracked in four-month reports. After the year end, the committees and boards describe the final financial result, target achievement in terms of the politically set goals and recommendations in annual reports that are submitted to City Council and compiled in comprehensive reports.

This paper is primarily concerned with City's event strategy which falls under the responsibility of Executive Office's Communication and the outside world-division ("Public relations") and its Event Unit. However, by virtue of City's decentralized structure and the diverseness of events, multiple other municipal entities are to varying extent affected by and

involved in the recruiting, guiding, supporting or evaluating of events. The most pertinent organizations and their relation to events are described briefly below.

### *Specialist Administrations*

The Cultural Affairs Administration with its approximately 1.000 fulltime employees is responsible for facilitating cultural exposure in the municipality through libraries, museums, exhibitions, education, funding of art and events. The approximately 40 individuals that make up the administration's event department are responsible for the municipality's own three large yearly events and special unexpected events, such as the Swedish royal wedding in 2010. In addition, the department manages together with the Traffic and Public Transport Authority ("the Traffic Authority") Kungsträdgården, a park in central Stockholm that hosts external events throughout the year.

The Sports Administration is mainly responsible for facilitating physical activity for City's residents through sports, outdoor activities and voluntary organizations. The administration supports sports organizations and manages the municipality's 450 facilities, including Stockholm Stadion and Zinkensdamms IP where sporting- and other events are held. The mandate also formally requires the administration to support professional sports for inspirational purposes, and events are considered important in this activity. However, the administration is not explicitly commissioned to work with events and has sought to leverage the administration's knowledge and relationships with various sports associations to benefit the city by supporting events that are connected to children and youths, per the requirements of its mission.

The Traffic Authority is responsible for ensuring a high level of passability and road security. The administration is also responsible for all permits related to the public space. While some events, such as marathons, are performed in the public space, other events require permits for parking and transportation; traffic redirection; set up of banners and structures; and use of the municipality's digital maps and billboards. In addition and as described above, the Traffic Authority manages Kungsträdgården together with the Cultural Affairs Administration.

## Companies

Stockholm Business Region (“SBR”) is responsible for promoting and developing Stockholm internationally as an attractive city to live, work and invest in through two subsidiaries: Invest Stockholm Business Region which is responsible for promoting Stockholm as a business destination and Visit Stockholm which is responsible for promoting and developing Stockholm as a travel destination, e.g. by recruiting international events, meetings and conventions. SBR grants marketing support of 6 MSEK in total every year to events with international exposure and manages large events in extraordinary cases for which City does not have a permanent designated organization, such as the Eurovision Song Contest 2016.

Stockholm Hamn [Stockholm Port] is responsible for the municipality’s ports, namely management and maintenance of berths and facilities, as well as services to related traffic, including events on water.

Stockholm Globe Arena Fastigheter [Stockholm Globe Arena Real estates] manages the event arenas Ericsson Globe, Hovet, Annexet and Tele2 Arena as well as adjacent facilities.

Organizational charts of City and Executive Office are presented in figure 1 and 2 respectively.

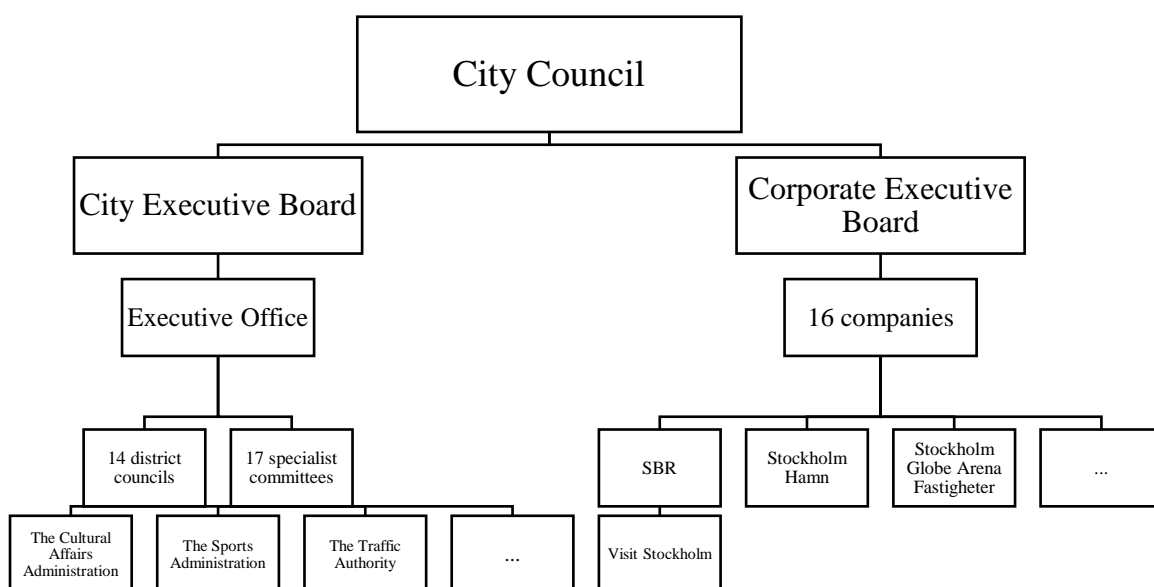


Figure 1: an organizational chart of City

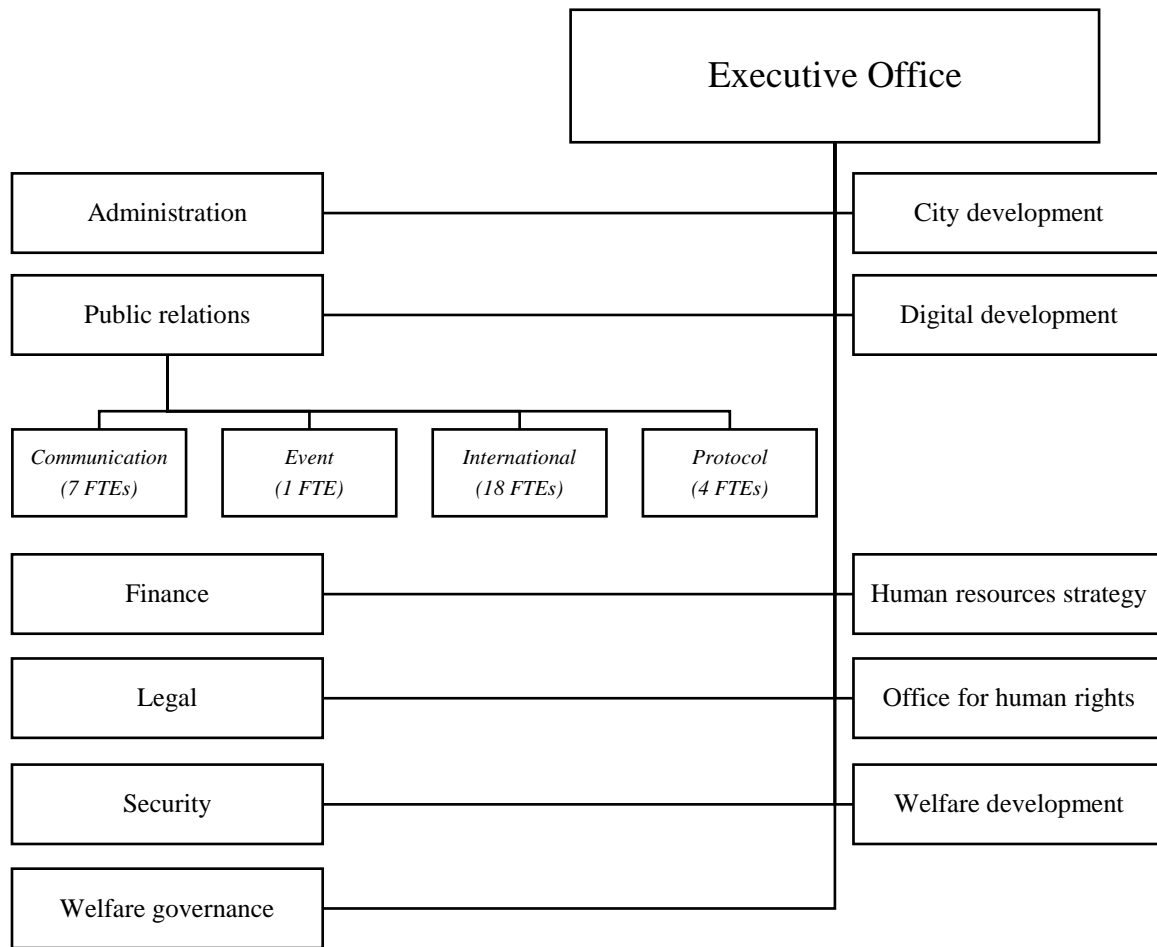


Figure 2: an organizational chart of Executive Office

#### 4.1.2 Event strategies

*“When I joined the Cultural Affairs Administration 12-13 years ago, events were seen as ‘the icing on the cake’.” - Head of Public relations, Executive Office*

Cosmopolitan cities are increasingly concerned with city branding to attract citizens, corporations and tourists, partly as a consequence of the spread of ranking tables (see e.g. Kornberger and Carter, 2010). Events, having previously been considered superfluous, are now considered vital in this process, and many large cities have developed event strategies to coordinate dispersed activities and host larger events. The process of developing an event strategy in City dates back to 2010 and the formulation as well as the implementation of the

strategy are elaborated upon as three separate episodes of (re)framing and overflowing in section 4.2 through 4.4.

## **4.2 Episode 1: Framing – the first event strategy is developed**

### **4.2.1 Control challenges**

The view among politicians in City on financially supporting events had been positive for many years up to the end of the 20th century but changed dramatically in the summer of 1999 after a disappointment in the World Police and Fire Games, which the previous regime had supported. Many events were aborted and new policies were introduced to prevent the municipality from supporting larger events; four separate decisions by City Council were required in order to provide financial support to events. Consequently, the extent to which events received financial support long depended on the sitting regime and the mayor in particular, although the view towards financial support of events improved in the years 2012-2013 across the political spectrum.

Yet, throughout this period, events remained an important part of municipal operations and various administrations and companies were passionate about working with events. For example, although the Cultural Affairs administration was formally responsible for organizing the Swedish royal wedding in 2010, many other municipal organizations, including SBR, financially supported the administration to preserve the centrally approved budget for the event.

*“That’s how you solve it. It’s not advanced financial control. It’s not. But it works because everyone wants this to happen and for this to be solved.” - CEO, SBR*

However, the City’s routines that related to events at the time have been described as disunited, disorganized, reactive and arbitrary by many of those involved. Roles and responsibilities were sprawling and overlapping across large and independent administrations and companies with different directives and objectives.

*“Between the years 2000-2010, I think, the city spent on average between 25-50 million SEK on events, 25 million of which to external events, each year through different administrations and companies.” - Head of the event unit, the Cultural Affairs Administration*

SBR remained the only intermediary between organizers and the city hall, and potential financial support would pass from City Council through SBR to organizers. Its subsidiary, Visit Stockholm was responsible for attracting international events and supported organizers with administrative matters but this process was arbitrary and disorganized. The company struggled to find a systematic way of evaluating events and mainly relied on manual calculations on the economic impacts of tourism, although more complex evaluations were made for larger events. The solicitation of events also required certain promises to organizers regarding permits and support, and Visit Stockholm, therefore, depended on other administrations and companies, which caused some confusion. Consequently, large organizers criticized the city for being challenging to host events in and had difficulties reaching the right authorities and obtaining permits.

This coincided with discord between the city hall and the Cultural Affairs Administration following the royal wedding in 2010. An investigation was spearheaded in 2010 by the then head of Public Relations in Executive Office and involved concerned personnel from the Cultural Affairs Administration, the Traffic Authority and Visit Stockholm. The objective was to establish a long-term perspective on which events to support and recruit; a single point of contact for information and permits for organizers; and a standardized model for evaluating and monitoring events.

The vision for the platform was colored by the municipality's overall vision at the time and was, not surprisingly, supported by the sitting regime; "a world-class Stockholm" translated into "world-class events".

A broad event strategy was accepted by City Council in 2012 and sought to establish:

- a steering group with strategic responsibility for positioning Stockholm as an event destination and coordinating the City's activities that related to events; and
- definitions on which events were strategic and matched the vision "a world-class Stockholm", against which events could be evaluated.

## **4.3 Episode 2: (Re)Framing and overflowing – the second event strategy is developed**

### **4.3.1 Exacerbated control challenges**

*“It was not implemented in practice. It was written down and discussed on an executive level but did not really trickle down. [. . .] There were three core things that we identified that were missing. [. . .] We lacked models for organizing, financing and prioritizing support for events.”*

#### **- Project manager, Visit Stockholm**

The event strategy was, however, never implemented in practice and, therefore, did not improve the control and management of events, which it was intended to solve. In addition, the event strategy did not propose any solutions for how support for events should be coordinated across City’s various administrations and companies. The process through which events passed through City’s various organizations remained disorganized. Various administrations and companies were implicated in the organizing of events in different ways, all of which employed unique approaches.

*“You also need to look at ROI, the return of investment value. Just like if we were a corporation and would make an investment. [. . .] If I invest one million on event A and one million on B, and the effect of one is ten times better than the other, it’s self-evident what should be done and it sounds very logical but that is not how the city has worked.”* - **Head of the Event Unit, the Cultural Affairs Administration**

Models for controlling financial support and evaluating events were also missing while an international trend for better control of public spending on events developed. However, measuring and demonstrating the value of events is inherently complicated. Crowd figures do not indicate the number of visitors, which is the most important aspect for a municipality. In addition, many events are free and have benefits that are not limited to ticket-sales, and the economic impacts of tourism, the traditional way of evaluating events, emphasize benefits that accrue to the government in the form of VAT-revenues, although those calculations include benefits to the municipality through higher tax revenues.

*“Economy is only one parameter. What is being discussed a lot nationally and internationally is how to measure the social effects because that is possibly the most interesting and important aspects from a municipality’s perspective, in particular. [. . .] No standards or established methods exist to provide guidance on how to go about this. Instead, we have to develop our*



*own method and strive to define our own qualitative and quantitative numbers for matters. It becomes approximations more or less that have to be supported.*” - **Event strategist, Executive Office**

Scholars (see e.g. Getz et al., 2012) and contrasting experiences from the 2012 and 2014 Olympics in London and Sochi respectively emphasized non-financial and long-term effects from events. The 2012 Summer Olympics was celebrated as a socially sustainable event with the Olympic Village situated strategically to contribute to long-term social development and many arenas subsequently recycled. The 2014 Winter Olympics in Sochi was a more somber affair with little social impact and investments in high-speed railway with little use later.

#### **4.3.2 Towards a new event strategy**

In 2014, the individual who headed Public relations during the period of this study assumed this position and was explicitly assigned the strategic responsibility for events. With previous experience from large events, she submitted together with the head of Executive Office a request to City Executive Board for a mandate to develop an event program that outlined a more organized and deliberate process for evaluating and managing events. This coincided with a regime-change in the municipality and, thus, a revision of previous central directives to match the new vision, “Stockholm for all”.

The head of Public relations subsequently created working- and steering groups with representatives from City’s most affected organizations in order to develop a proposal to City Council. The working group consisted of operational personnel who worked on events daily while the steering group consisted of department heads.

The working group developed a first draft based on the existing event strategy, experiences and external benchmarks, and the various implicated administrations and companies then proceeded to contribute with their individual competence and perspectives, based on their mandates. A final draft was processed in each organization to their respective committees and boards.

Consistent with City’s new vision, the final draft emphasized diversity, benefits to residents and cooperation. The event strategy was accepted as a new central program by City Council in November 2016 and replaced the event strategy from 2012. It defines the following four goals and emphasizes evaluation-tools as a way to achieve these objectives:

- city should be a leading sustainable event-city,
- city should strive to host at least one large championship each year,
- city should act to attract particularly large and unique events with consistency, and
- city should work on developing current recurring events.

*“The strategy is mainly a clarification of activities and processes that already existed in the various administrations and companies.” - Director of the Sports Administration*

The event program formally outlines structures and processes for the management of events in City. The head of Public relations is now responsible for strategic events, and an event unit consisting of one event strategist was created in the Public relations-division. Cross-sectional working- and steering groups were also developed with a similar composition of personnel as the working- and steering groups that were used to draft the event program. Operational responsibility for the implementation of the program remained spread out across different administrations and companies, in line with the decentralized and formal nature of the municipality. Neither the event unit nor the steering group have authority to issue directives to any of the concerned organizations who have separate mandates.

However, the municipality’s various administrations and companies must conform to the event program when developing their yearly operational plan that are submitted for approval to their respective committees and boards, e.g. by describing the content of the events strategy as it relates to the respective organization. This process was facilitated by the various organizations’ participation in the drafting of the event program. This is especially the case for operational departments with specific mandates to support other administrations and companies, such as the Event Unit in the Cultural Affairs Administrations, and organizations with overarching goals. For example, the Cultural Affairs Administration are only required to prioritize activities for children and youths while the Sports Administrations is explicitly required to address children and youths in all their activities. To actively work with events and receive additional resources, the administrations and companies must, however, formally adopt the program by requesting new directives from their respective committees and boards.

Nonetheless, the centrally accepted document demonstrates support from highest political level for working with events and legitimizes event-related spending and activities, especially for the Sports Administration, which does not have an explicit mandate to work with events and where an unwillingness to work with events previously existed.

The working group consists of the event strategist and operational personnel from Visit Stockholm, the Cultural Affairs Administration, the Sports Administration and the Traffic Authority. It is responsible for preparing material to the steering group.

The steering group is chaired by the head of Public relations, and consists of the event strategist and the heads of the Cultural Affairs Administration, the Sports Administration, the Traffic Authority, SBR, Visit Stockholm, Stockholm Hamn and Stockholm Globe Arena Fastigheter. Their main objective is to develop common interpretations of the event program and evaluate events against these interpretations. Proposals on financial support to specific events are submitted through the chairman of the group to the mayor or the head of Executive Office.

An illustration of the organizations implicated by the event program is presented in figure 3.

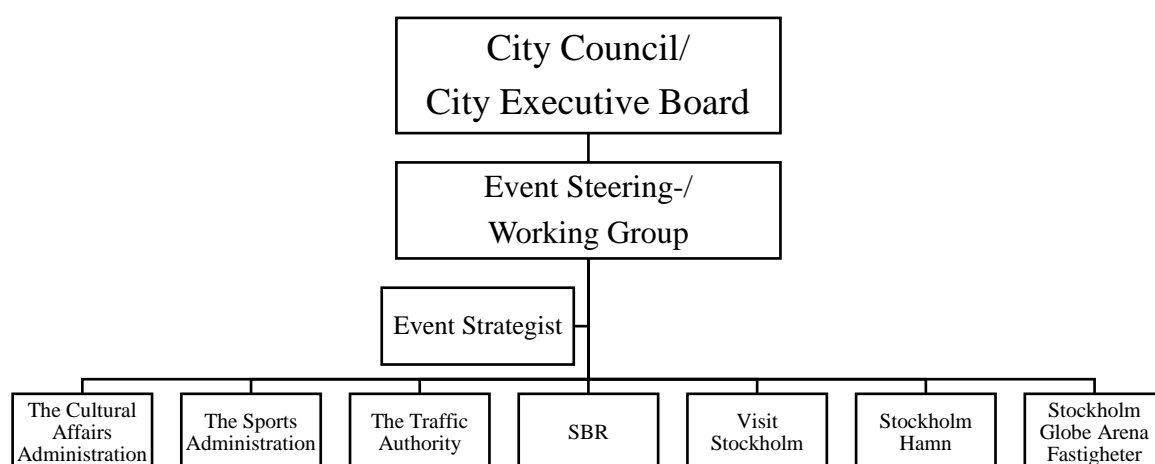


Figure 3: an illustration of the event program

#### **4.4 Episode 3: (Re)Framing and overflowing – the second event strategy is implemented**

##### **4.4.1 New processes**

This final period describes the early stages of the implementation of the second event strategy. Control systems and targets have not been developed yet as the members of the working- and steering groups are actively interpreting and defining the strategy, and many members have expressed that such targets require a holistic perspective. However, the steering group has

identified some challenges related to the existing budgeting practices. The event strategy has highlighted the need for solutions to formalize long-term commitment in the municipality's budget as well as for investments in fixed assets that do not relate to any administration or company's specific mandates.

In addition, there is a need to address subsidized use of public space for event-related activities and the consequent losses in revenues. The Traffic Authority is not authorized to subsidize any rates; the rates related to the public space that the Traffic Authority administers are decided on by City Council. The Cultural Affairs Administration may subsidize use of public space but are restrained by the principle of equality in the SLA, which prevents municipal organizations from giving special treatment to other municipal members. Activities related to children and youths, and those that the city co-organize, which come with legal and financial responsibility, are, however, fully subsidized.

Moreover, financial support for events that has been approved by City Council or City Executive Board mainly pass through the administrations or companies that are represented in the working- and steering groups. When these payments are made by the Sports Administration, they must conform to the administration's main mandate of facilitating physical activity for children and youths. Thus, organizers that receive financial support through the Sports Administration must provide side activities for children and youths. The steering group has decided that financial support should pass through the administration and company with a mandate that most closely aligns with what City hopes to achieve with the event.

However, the steering group has been mainly concerned with creating a structure and process for the management of event-related activities across City's administrations and companies in order to achieve standardized processes and facilitate coordination. The ambition is still to achieve one single point of contact for permits, financial support and communication during the bidding, signing and organizing of events. The Traffic Authority created in 2016, while this strategy was being developed, an event-unit with five employees to manage permits related to all events on public space. Moreover, the administrations and companies have agreed to create an event coordination-course for operational personnel that work on events on a regular basis to avoid gaps and overlaps in responsibilities, and increase the administrations and companies' resources by broadening the level of competence. The steering group has also agreed that individuals from the Sports Administration, the Cultural Affairs Administration and Visit

Stockholm will be responsible for supporting the organizing of sporting events; cultural events; and tech-, food-, and design events respectively.

Responsibility for recruiting events has been given to Visit Stockholm as no other organization in the working- and steering groups has a recruitment role. Thus, Visit Stockholm's main task with respect to the event program is to recruit one big championship per year. This process involves cultivating relationships with important organizers and sports associations that want to host larger events, and, more importantly, tracking future luminous events. Visit Stockholm tracks championships up to twenty years ahead, documenting how often they recur, how often they are hosted in Europe, and when applications for world championships are accepted. The distribution of events over and within years is also an important aspect as City aims to spread out tourism effects and leverage existing infrastructure. There are, for example, many events in May-June and August-September but fewer in July and January. Visit Stockholm, therefore, uses an "event-portfolio" with the events that they have planned for different periods. To distinguish between events, the steering group has also developed a pyramid with five levels to rank events by size. International- (5th level) and larger national events (4th levels) are discussed in the steering group.

#### **4.4.2 Evaluating events**

Visit Stockholm describe the value of events and the investments required in pre-event studies. These documents are now submitted to the working- and steering groups, which bring together different mandates and perspectives, and the pre-event studies have, therefore, gained greater importance in recent years.

The pre-event studies consist of three separate documents. They are based on experience and seek to compile all relevant information in one generic format to ensure consistent treatment.

The first document is a report from the Event Impact Calculator. It is a free, simplified, pedagogical tool developed by the Swedish Sports Confederation and a Ph.D. to improve the quality of research and control of events, and provides a rough estimation of the expected financial, environmental and social, impacts of events. A number of general, pre-programmed parameters, based on research and previous experience, ensure the integrity of the tool. Inputs are limited to information that event organizers can easily estimate, e.g. the number of participants from outside of the city and how they travel to the event.

The second, “matching document” evaluates events against 20 criteria that are based on the event program, including whether the event helps spread out the tourism. A score of 1 to 5 is assigned and the aggregate is converted into a percentage. Events that receive scores between 60-70% are considered for financial support.

The third document is a descriptive text on the nature of the event, the expected benefits to City and the support recommended. The text motivates why City should support the event against the event program and whether the event matches the ordinary mandate of any of the administrations and companies in the working- and steering groups, in which case those organization contribute to the report.

These documents form the basis of discussion for whether the steering group should issue a formal proposal to City Council or City Executive Board to support a particular events. Separate support may be received from the administrations and companies as part of their ordinary mandates, such as a marketing support from SBR or event support from the Sports Administration. Although these are not decided on in the steering group, they may be discussed to track the total support that is given by the municipality to certain events.

One example of the implications of this format involves the world championships in figure skating. City and the Swedish Figure Skating Association wanted to host the World Figure Skating Championships 2021 and applied for the smaller, World Synchronized Skating Championship in 2018 in order to demonstrate an interest to the International Skating Union. The World Synchronized Skating Championship in 2018 had already been awarded to the city when the working- and steering groups were formed but by combining the two championships in the pre-event study, Visit Stockholm and the Sports Administration could request more support for the smaller championship. Formal proposals were submitted to City Council to support the smaller championship in the subsequent year, and the larger championship, if granted, three years later. The proposal was approved after a long process, despite the difficulties with formalizing long-term commitments in City’s budget.

#### **4.4.3 Changed mindsets**

Since the program is a central document, the implicated organizations have not had their mandates amended or resources extended, despite the increased expectations. As mentioned previously, the Sports Administration, the Cultural Affairs administration and Visit Stockholm

are required to support the organizing of events and Visit Stockholm has been specifically commissioned to recruit one large championship per year. Consequently, the company considered the program when implementing a planned reorganization in order to integrate event-related activities with the company's core activities, e.g. by leveraging events in its international marketing.

*"I struggle a lot with whether I should consider it as being about events or about what we can use events to succeed. And I interpret events as tools. [. . .] I don't strive to have an event-unit here. [. . .] Rather, I see an enormous power in getting everyone in the company to understand that if you want to reach that target group and you identify events as a tool to achieve that, raise it. Then we can look at whether it can achieve the purpose for Stockholm in enough ways, which would make it very interesting for the city to support in various ways. [. . .] But if I were to only look at the event program and achieving our part there, where the most important aspect is attracting and recruiting one main championship per year, we can approach it by looking at which event we can recruit that fit that definition. Those aren't always the events that create most commercial guest nights. And then the goals might be slightly conflicting. [. . .] We can have strategic discussions now that the city is working together on these questions, on what events can mean for them and achieve for them. We can generate a great deal of target achievement in many areas. We can work towards central target achievement instead of individual."* - **CEO, Visit Stockholm**

Furthermore, the event program requires holistic treatment of events. Forums with recipients that are interested in reading pre-studies now exist. Members in the working group describe how they have read the other administrations and companies' respective operational plans and learned about their objectives and perspectives over the past two years as a consequence. Visit Stockholm now prepares more thorough pre-event studies that consider the implicated administrations and companies' individual mandates, even though it is outside of their own mandate, as they expect the other organizations to object otherwise.

*"The effect of us having closer dialogues, that we work more citywide with events in general, is that we understand that if we're going to recruit this event, the main goal is not always to attract tourists. It has a wider meaning. And the fact that we've learned each other's mandates has increased our competence and consideration. Okay, what does this event achieve for the Sports Administrations? How many children and youth will come in contact with sports as a consequence of this event?"* - **Project manager, Visit Stockholm**

This new mindset has been questioned by senior managers, who refer to their organization's core mandate, yet, members in the working group insist that they have to cooperate across municipal organizations.

*"We talk a lot about becoming citywide both in cooperation and in contributing in the right way. [. . .] Every single company and administration has a relatively narrow mandate connected to this. No one has a mandate where they are actually supposed to work on this citywide."*

**- Project manager, Visit Stockholm**

Many members in the working group have described separate efforts to better understand what events, as a platform, can be used for, and that this is consistent with an international trend. The working- and steering groups now emphasize the development of basic, trial-based and more complex side-activities around events that are connected to one of the administrations or companies' core mandates, a process that occasionally involves organizers. Consequently, pre-event studies now include estimates of the investment required and what the organizers plan to spend in order to achieve a positive social impact, or "legacy".

*"Legacy was probably not considered when this organization was created. There has been much more reflection on the role of events today than ten years ago."* - **Head of Public relations, Executive Office**

When the Swedish Handball Association recently requested financial support for the 2020 European championship finals that had been awarded to Stockholm, City emphasized this increased concern for social sustainability. A pedagogical exercise-project was developed to encourage children in pre-school up to elementary school in certain districts to play with a green ball during breaks without any specific rules. This project has since been expanded into a two-year program to other areas with similar needs. The ambition is to introduce 1500-2000 kids to handball and open one local handball association in each of these areas. This "side-activity", which relates to both the event program and the Sports Administrations' core mandate, requires greater financial support than the actual handball finals.

*"It [the event strategy] is very open [. . .] clear, but general, not specific."* - **Director of the Sports Administration** (insertion in the brackets added by the author)



Because the event program is a central document that all administrations and companies in the municipality must conform to, it is, as multiple interviewees have described it, general, abstract and visionary. The program has been defined by politicians and political approval is required for amendments. However, members in the steering group believe that they are able to influence the strategy through their participation in the steering group, as it is slowly becoming concretized.

*“The strategy is constantly developed by being concretized and by developing processes for it.”* - **Director of the Cultural Affairs Administration**

SBR has formally adopted the program into the company's charter in order to receive new, complementing directives from their board while the Sports Administration is developing its own internal event strategy, based on this program. In addition, the working group is now drafting proposals to work with two-year horizons and are breaking down the event strategy into the program's five focus areas: sports, music, culture, design and gastro. Other examples of how the event program is being concretized that require less explicit political support include the Traffic Authority's new event unit and the Cultural Affairs Administration's decision to create a role for an internal event strategist to coordinate with other organizations, treat their own events more strategic and develop appropriate processes for maximizing social impact.

*“The strategy is long-term, is about sustainable development, positioning Stockholm and making citizens feel positive about events, and should aid economic development in Stockholm.”* - **Director of the Cultural Affairs Administration**

Today, when asked to describe the event strategy, many interviewees emphasize social sustainability. In addition, some members in the working- and steering groups today think that the event program should be revised soon to clarify or amend certain parts but also to better address the city's greater needs. Because the ability to leverage events depends on which administrations and companies participate in the working- and steering groups, these members propose involving members from more administrations, such as the Social Services Administration and the Education Administration in the forums.

*“We understand that we want to work with children and youths. How do we reach children and youths? Well, very much through schools. [. . .] With the challenges that we have in different parts of Stockholm, how can we use the event-platform to do good?”* - **Project manager, Visit Stockholm**

At the time of this study, an election has just passed but the outcomes are not clear. Even without a regime change, an updated vision and guidelines regarding events may follow and, thus, also cause a revision of the event program.

## **5. Analysis**

Following a recent “practice turn” in accounting research, strategy and accounting are today perceived as intermingled and continuous processes (see e.g. Boedker, 2010; Chua, 2007; Jørgensen and Messner, 2010; Skærbæk and Tryggestad, 2010). Accounting researchers have sought to understand this dynamic relationship in recent years and have found that accounting may shape the strategizing efforts through specific rules (Cuganesan et al., 2012; Jørgensen and Messner 2010; Miller and O’Leary 2005) and by providing a general understanding of desirable outcome (Ahrens and Chapman, 2007; Jørgensen and Messner 2010) or capacity (Cuganesan et al., 2012) across hierarchical levels (Ahrens and Chapman, 2007; Cuganesan et al., 2012; Parker and Chung, 2017) and in lateral relations (Cuganesan et al., 2012).

However, this literature has primarily been concerned with the private sector while the public sector is increasingly implicated by accounting and strategizing, and has important characteristics that influence processes of strategizing (Cuganesan et al., 2012). This paper, therefore, aims to address this empirical gap and further problematize the dynamic relationship between accounting and strategizing by studying a PSA with the following research question: How does accounting influence the strategizing process?

This section analyzes the PSA’s work of formulating and enacting an event strategy, which relied heavily on accounting, and the way in which accounting framed the strategizing while simultaneously producing overflowing.

### **5.1 Episode 1: Framing – the first event strategy is developed**

A strategy establishes a frame and boundaries for interactions by defining which conditions are taken into account and acted upon, and which conditions are considered outside of the strategy, e.g. through accounting. Relationships that are not accounted for by this frame, namely those between the elements that make up the strategy and the outside world, produce overflows.

### *The first strategic frame*

City's first event strategy was developed to address control issues related to the management of events in the municipality. The process was described as disorganized, reactive and arbitrary with responsibilities spread out and overlapping across various municipal organizations. Events were also primarily evaluated against the economic impact of tourism. Accounting, thus, necessitated a strategy and was constitutive of strategy (see e.g. Mouritsen and Kreiner, 2003).

The strategy was influenced by the sitting regime's overall vision and sought to achieve a long-term perspective on the management of events, a single point of contact for organizers, and a standardized model for evaluating and monitoring events.

A steering group was supposed to be created for the management of events and "strategic events" would be defined. The frame was also influenced by the SLA, which defines the administration of the municipality and the implementation of City Council's political vision in the municipality. This includes the election of councilors to the boards and committees that oversee City's organizations; setting of the budgets, goals and operational plans that guide the various organizations' individual operational plans; and issuing of central directives that these organizations must conform to when writing their operational plan. The strategic frame also includes the specific content and design of these tools, e.g. the emphasis on yearly-budgets; the general, abstract nature of central directives; and the individual municipal organizations' mandates. These accounting tools and inscriptions (Boedker and Chua, 2013; Simons, 1995) define the strategic frame and the conditions for overflowing in subsequent periods.

## **5.2 Episode 2: (Re)Framing and overflowing – the second event strategy is developed**

### *The overflows related to the first strategic frame*

The first formally adopted event strategy was, however, never implemented in the way intended, and caused a number of overflows. Unsurprisingly, the identified problems related to the control of events persisted. However, this event strategy did not propose any solution for the coordination of event-related activities across the municipality's various organizations nor a common method for evaluating events.

These control problems were, in turn, understood in the context of separate overflows. City was unable to directly measure the immediate financial benefits from events to the municipality (“the representational limits of accounting” in Jørgensen and Messner, 2010) while an international trend emphasized the social impacts of events. In addition, a regime change caused a formal revision of the municipality’s central document, including the event strategy.

#### *The second strategic frame*

To internalize the combined abovementioned overflows and establish an organized process for the evaluation and management of events, City developed a new event strategy and frame. An event unit was created in the Public relations-division. Cross-sectional working- and steering groups were developed to coordinate event-related activities by the implicated administrations and companies, as well as to evaluate events for financial support. Evaluation tools were explicitly described as critical elements of this strategy. Operational responsibility for the implementation of the program remained spread out across City and the various organizations were responsible for ensuring that their individual operational plans accommodated for the event strategy.

This new strategic frame still included the SLA and City’s established governance practices that were discussed above.

### **5.3 Episode 3: (Re)Framing and overflowing – the second event strategy is implemented**

The strategizing related to the recruitment of events was immediately shaped by the second event strategy. For example, the new frame legitimized event-related activities for administrations that lacked explicit mandates to work with events and the steering group only evaluated international and larger national events (4th and 5th levels).

#### *The overflows related to the second strategic frame*

The strategic frame was also, naturally, a cause of overflowing. Financial support for events that were approved by City Council or City Executive Board mainly passed through one of the administrations or companies that are represented in the working- and steering groups. This

support, therefore, had to conform to those organizations' main mandates and was associated with explicit requirements on the organizers.

More importantly, the intra-municipal forum brought together different mandates and caused dialogues. The members in the working- and steering groups had to learn about the other organizations' mandates and pre-event studies became more important and elaborate, e.g. to reconcile the various mandates. As the pre-events studies were expanded to include more documents and metrics, events were further problematized. A "matching document" evaluated events against 20 criteria while a written report described the nature of the event, the expected benefits to the city against the background of the event program, the support recommended, and whether the event matched the ordinary mandate of any of the administrations and companies. These multiple calculations, or "long translations" developed competing contexts and organizational tensions (Mouritsen et al., 2010) as members in the working- and steering groups had to reconcile different mandates.

These interactions were affected by the representational limits of accounting, a push for tighter control on spending on events and an international trend for social sustainability. In addition, the pressure on the implicated municipal organizations to enact the event strategy without increased resources caused a shift from focusing on activities to objectives. Events were understood as tools to achieve the objectives of the organizations' individual mandates and this helped facilitate cooperation, as objectives could more easily be matched across municipal organizations than activities. Because all individual programs are written to reconcile central programs, the city's core objectives were reinforced, namely those related to social sustainability. Thus, imperfect accounting information was contextualized by being related to strategic objectives and operational activities (Ahrens and Chapman, 2007; Cuganesan et al., 2012; Fauré and Rouleau, 2011; Jørgensen and Messner, 2010; Miller and O'Leary, 2005; Mouritsen et al., 2010), and this allowed the members in the intra-municipal forum to establish mutual understanding and abandon individual role-responsibilities in favor of joint accommodations ("strategic competence" in Fauré and Rouleau, 2011).

Objectives and priorities changed both within the administrations and companies, and within the event program. The main objective was no longer necessarily tourism in Visit Stockholm despite the company's main mandate to recruit international visitors. Employees also highlighted social sustainability and the need to revise the event program to better address City's various needs in interviews. Likewise, the main objective in the event program was no

longer any of those explicitly stated in the program, though the event program is formally defined by politicians. Social sustainability was not principal, formally explicated in the higher objectives nor elaborated upon in the second event strategy. Yet, when asked to describe the second event strategy, almost all interviewees stressed social sustainability. In addition, the working- and steering groups now emphasize social sustainability and side-activities in pre-event studies and discussions with organizers. Occasionally, these side-activities require greater financial support than the actual events.

Accounting, thus, established a shared understanding of the importance of social sustainability by situating the interrelationships between accounting processes in the wider field of organizational practices and defining the setting for the working- and steering groups' active cognitive work ("structures of intentionality" in Ahrens & Chapman, 2007). Accounting itself did not have a certain framing effect. Rather it was the combination of accounting and the context in which it existed. Indeed, ANT's "principle of symmetry" emphasizes that strategy and accounting are the result of fabrication that do not have powerful implications independent of the details of their fabrication (Latour, 1996). The international trend for socially sustainable events and the political election are examples of external influences that impacted the accounting and strategizing. These findings add to Cuganesan et al. (2012) and Jørgensen and Messner (2010), where accounting created a general understanding of cost and the importance of profitability respectively.

The specific accounting practices that were constitutive of strategizing in this paper are calculative practices in the forms of a central budget and pre-event studies, as well as intra-municipal forums. These practices enacted strategy (Whittington 2003, 2006); defined how strategizing occurred (Whittington, 2003); and distributed shared meanings and mediated between diverse interests and interpretations of strategic activity (Jarzabkowski, 2003). Moreover, they are unique to the public sector and connected to PSAs' particular strategizing imperatives. The governance of Swedish municipalities is regulated in the SLA. It is based on the dichotomy between politicians and civil servants as well as democratic values, such as local self-government, transparency and equality. Consequently, a municipality is required to develop yearly budgets with plans for activities and economic management during the fiscal year as well as an economic plan for a three-year period. The process in which budgets are developed and operational plans are reconciled with central documents are also defined in the SLA. In addition, principles related to decentralization and specialization guide the management of Swedish municipalities. The calculative practices in the forms of the central

budget and the pre-event studies, as well as the intra-municipal forums were means to coordinate for the coordination of largely independent, functional organizations. Likewise, these forums are advanced by a common interests for cooperation and solutions that serve the municipality's higher objectives, including those that depart from the respective organization's core mandate. An example of this is SBR's financial support for the Swedish royal wedding in 2010. Such practices are arguably less common in lateral relations within the private sector and the constitutive role of lateral, inter-organizational forums is unique to the public sector.

### *Towards a new strategic frame*

Finally, some attempts to internalize the overflows have also been made. An event coordination-course has been created for operational personnel to achieve standardization and increase the administrations and companies' resources. In addition, the working- and steering groups have identified the need for revised budgeting practices to accommodate for long-term commitments; investments that do not relate to any individual administration or company's specific mandates; and subsidized use of public space for event-related activities. Most importantly, some members believe that the event program needs to be revised to include other departments in order to improve the potential of events and redefining the "outside" of the strategy. The practice of accounting that has emerged is the result of the rules and objectives inscribed in accounting information; the central budget and -programs; and the practical understandings that the members in the working- and steering group have of the operational practices that they were familiar with, including the representational limits of accounting. The municipal organizations' efforts to enact the event strategy is both informed by and constructive of the financial and strategic imperatives (Ahrens and Chapman, 2007).

In addition, accounting simultaneously participated in reformulating the event strategy by establishing the conditions for overflowing from which a strategy that emphasized social sustainability could emerge. The members in the working- and steering group, therefore, engaged in "accounting" and "strategizing" simultaneously (Ahrens and Chapman, 2007), and accounting and strategy are mutually constitutive (see e.g. Briers and Chua, 2001; Skærbæk and Tryggestad, 2010). Accounting is active in the continuous process of adopting and adapting a strategy. These findings add to Skærbæk and Tryggestad (2010) by demonstrating this active role in intra-municipal relations.

## **6. Conclusion**

### **6.1 Conclusion**

The aim of this paper is to contribute to a better understanding of accounting and strategizing by investigating these practices in the context of a PSA. By drawing upon ANT and the processual concepts of “framing” and “overflowing”, this paper illustrates the actively constitutive role of accounting in relation to strategy.

City’s second event strategy outlined new routines for the coordination of event-related activities across the municipality. The resulting technical and interpretive accounting processes, especially the calculative practices in the forms of budgets and pre-event studies, actively shaped strategizing with respect to events in the municipality. The way that events passed through the municipality’s various organizations and the type of support that municipal organizations could provide were explicitly outlined. For example, the individual mandates of the Traffic Authority and the Sports Administration prevented the organizations from subsidizing the use of public space and supporting events that were not related to children and youths respectively.

More importantly however, the interrelationships between accounting processes in the wider field of organizational practices defined the setting for active cognitive work (“structures of intentionality” in Ahrens & Chapman, 2007). Different mandates, all delineated by a central budget and other central directives, were brought together in intra-municipal forums to enact the event strategy. Events were problematized through detailed pre-event studies (“long translations” in Mouritsen et al., 2010) and accounting information was contextualized by being related to strategic objectives and operational activities (Ahrens and Chapman, 2007; Cuganesan et al., 2012; Fauré and Rouleau, 2011; Jørgensen and Messner, 2010; Miller and O’Leary, 2005; Mouritsen et al., 2010). The representational limits of accounting and international trends emphasized non-financial values while capacity constraints caused the implicated organizations to focus on objectives instead of activities. With these new approaches, members in the intra-municipal forum sought mutual understanding of the respective mandates and abandoned individual role-responsibilities in favor of joint accommodations (“strategic competence” in Fauré and Rouleau, 2011). City’s central



objectives were emphasized as all individual mandates must conform to central directives, and social sustainability, in particular, gained greater importance both within the municipal organizations and within the event program. For example, attracting international tourist was no longer necessarily the only objective of Visit Stockholm.

Accounting, thus, established a shared understanding of the importance of social sustainability across hierarchical levels and in lateral relations across organizations through continuous strategizing (see e.g. Cuganesan et al., 2012; Jørgensen and Messner, 2010; Miller and O’Leary, 2005).

These findings depart from those made in previous research in the domain in two distinct ways. This paper illustrates how accounting created a general understanding of the importance of social sustainability while Cuganesan et al. (2012) and Jørgensen and Messner (2010) found that accounting created a general understanding of cost and the importance of profitability respectively. In addition, members in the working- and steering group employed functional knowledge to enact the strategic agenda when pursuing central objectives in functional contexts while Ahrens and Chapman (2007) found this to be the case in local contexts (“the situated functionality of numbers” in Ahrens & Chapman, 2007).

This study also identifies specific accounting practices that were constitutive of strategizing and connected to PSAs’ particular strategizing imperatives. The working- and steering groups as well as the pre-event study format, which were vital to the process of strategizing, were forums to coordinate largely independent, functional organizations. These practices relate to democratic principles, such as transparency, equality and anti-corruption as well as the dichotomy between politicians and civil servants, including the importance of functional organizations.

Finally, this study builds upon earlier findings on the active and mutual role of accounting in the continuous process of adopting and adapting a strategy (see e.g. Briers and Chua, 2001; Skærbæk and Tryggestad, 2010) by demonstrating the phenomenon in the context of intra-municipal and lateral relations. The first event strategy was developed as a response to control issues and a number of accounting tools and processes have developed and been proposed as consequence of City’s second event strategy. These include changes to existing budgeting practices and the inclusion of other municipal organizations in the working- and steering groups-forums. The practice of accounting that has emerged is the result of the rules and

objectives inscribed in accounting information; the general understanding expressed in the central- and individual budgets and programs; and the practical understandings that the members in the working- and steering groups have of their own operational practices. Moreover, accounting simultaneously implemented the adopted strategy and participated in reformulating it by creating the conditions for a strategy that emphasized social sustainability to develop. The members in the working- and steering groups, thus, engaged in “accounting” and “strategizing” simultaneously (Ahrens and Chapman, 2007), and strategy and accounting were mutually constitutive.

This better understanding of the possibilities of accounting in relation to strategizing has practical implication and facilitate more informed strategizing work. For example, this paper provides new ways of understanding the tensions between centralization vs. decentralization (see e.g. Busco et al 2008), which has particular significance in PSAs; structures to frame the enactment of strategy on a functional level (Ahrens and Chapman, 2007); and how workforces may be empowered to enact strategy (Chua, 2007). This paper specifically emphasizes the strategic role of middle managers as collaborative forces of influence between functional units and in lateral relations across organizations.

## **6.2 Limitations**

The findings in this study are subject to some limitations. The researcher might have failed to fully understand the links between accounting and strategizing. There may be other explanations to why social sustainability became central to the event program. The trajectory of the strategy could merely stem from the fact that it was new and vague, and had to be concretized.

In addition, the study is only based on 15 interviews, though interviews with key individuals and secondary data have supported the empirical inquiry. Likewise, the study only lasted for four months, and strategy was new and accounting was in flux at City during this period. It is possible that more would have been revealed if a longer study had been conducted and that new forms of accounting and strategy might emerge in the near future.

Moreover, this research is exploratory and the results cannot be generalized. The findings are subject to certain contextual factors and might not hold true in other empirical settings. For

example, even for a Swedish municipality, City is unique with its decentralized and formal nature, and the event strategy is very specific. Thus, some of the findings might not be fully applicable in other contexts and research on separate organizations is required in order to accommodate for these distinctive dimensions.

Finally, according to ANT, practices are continuously articulated. Thus, this paper can only describe past practice as ongoing practice is constantly evolving. For example, this paper may, theoretically, influence the behavior of reflexive actors within City, especially due to the participants' appeals for more research on the subject.

### **6.3 Suggestions for Future Research**

Research to date in the field has mainly illustrated the ways in which accounting influenced attempts to enact centrally imposed strategies (see e.g. Ahrens & Chapman, 2007; Cuganesan et al., 2012; Fauré & Rouleau, 2011; Jorgensen & Messner, 2010; Miller and O'Leary, 2005; Parker and Chung, 2017). With the exception of Skærbæk and Tryggestad (2010), fewer studies have documented an active role of accounting in formally redefining centrally imposed strategies. A formal amendment to City's event strategy to emphasize social sustainability and include other municipal organizations in the related intra-municipal forums, if carried out, would be an example of such a role. Thus, future research could, focus on the role of accounting in relation to higher strategy and its formal redefinition. Future research could also further examine the relationship between accounting and strategizing in other PSAs; the skills required of strategists and how they may be acquired; and the strategic role of middle managers as a collaborative process of influence between functional units and in lateral relations across organizations.

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## 8. Appendix

### Appendix A: Interviews

Interviewee title	Number of interviews	Interview length	Interview date
Event strategist, Executive Office	2	64 minutes; 25 minutes	13th of March; 23rd of March
Head of Public relations, Executive Office	1	64 minutes	13th of March
CEO, Stockholm Globe Arena Fastigheter	1	35 minutes	19th of March
Director of the Sports Administration	1	41 minutes	23rd of March
External consultant A	1	41 minutes	24th of March
Director of Sales and operations, Visit Stockholm	1	43 minutes	24th of March
CEO, SBR	1	56 minutes	25th of March
Director of the Traffic Authority	1	42 minutes	25th of March
Director of the Cultural Affairs Administration	1	50 minutes	25th of March
CEO, Visit Stockholm	1	50 minutes	26th of March
Project manager, Visit Stockholm	2	70 minutes; 26 minutes	2nd of May; 13th of September
Head of the Event unit, the Cultural Affairs Administration	1	60 minutes	3rd of May
External consultant B	1	27 minutes	27th of June