

ACCOUNTING AND SPORT IN A CRISIS

GIVE SENSE TO KEEP RACING?

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Accounting and Sport in a Crisis – Giving Sense to Keep Racing?

Abstract:

This study aims to explore how the budget is implicated in the process of how organizational members in a sports organization make sense during a crisis. By using the lens of sensemaking theory, an explanatory single case study has been conducted in the Swedish organization RunningCo during the Covid-19 pandemic. Semi-structured interviews have been conducted to answer the research question. Two identified themes in previous literature within accounting and sport have focused on institutional logics and soft budget constraints and external stakeholders, we provide insights to complement these. First, we contribute by showing how the sensemaking strategy compromising and balancing becomes essential in maintaining and prioritizing the sports logic in a crisis as the budget is not used to make the most profitable decision. Second, we contribute to previous literature by showing how the budget in a crisis is primarily used to give sense to external stakeholders by bridging and contextualizing while using the budget for internal financial planning becomes secondary.

Keywords:

Budgeting, Sensemaking, Sensegiving, Covid-19, Sports Organization

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1. Introduction

“On March 11, we understood the importance of [the Covid-19 pandemic]. I just thought that finally, I can breathe for a few weeks. Then we went into the strangest period I have ever been through, where we had meetings every day in the management team. We called it ‘war room’ and it really was like that. We sat down every day and thought: What are we doing now?” – CFO, RunningCo

On the 27th of March 2020, the Swedish Government announced the prohibition of public events and public gatherings to counter the Covid-19 pandemic. From Sunday the 29th of March and until further notice, it was forbidden to arrange public events and public gatherings exceeding 50 participants in Sweden (Regeringskansliet, 2020a). The regulation concerned public events and public gatherings with a need for permission by the police, including sports events, amusement parks, markets, fairs, etc. (TT, 2020). At the same time, six sports organizations expressed the difficulty and likeliness of going bankrupt if offering refunds, without receiving financial support from the government (Aftonbladet, 2020). It was clear that the pandemic caused financial instability and uncertainty in sports organizations dependent on participation fees as revenues (Hancock, 2020). To mitigate the economic consequences of Covid-19 for sports organizations, the Swedish government agreed to provide a financial support package of SEK 1 billion for the year 2020 for Swedish sports organizations during the autumn, as a complement to the support of SEK 0.5 billion distributed in spring 2020 (Regeringskansliet, 2020b).

Previous research shows how the fields of accounting and sport are connected (Baxter et al., 2019; Carlsson-Wall et al., 2016, 2017; Clune et al., 2019; Jane Baxter et al., 2019). We have identified two broad themes in the previous literature. One field is discussing the institutional logics in sports organizations (Carlsson-Wall et al., 2016; Clune et al., 2019) and the other field is discussing soft budget constraints and external stakeholders in sports organizations (Baxter et al., 2019; Krauss et al., 2020; Storm & Nielsen, 2012). However, we have identified two main gaps in the previous literature.

Firstly, the existing research shows that institutional logics might coexist in different ways by exploring management control systems (Carlsson-Wall et al., 2016; Clune et al., 2019). The previous literature is focusing on how to maintain a specific logic and how different situations lead to different compromising behavior. Sports organizations are operating under two coexisting demands: the demand for financial success and financial sustainability, and the demand for excellence in sports (Carlsson-Wall et al., 2016) These demands do not only create tensions in terms of different institutional logics, but they also play a role in the organizational members' sensemaking process (Carlsson-Wall & Kraus, 2020). However, institutional logics have not been studied in the context of a crisis in a sports organization. Moreover, there is a call for further research to relate how these organizations deal with unexpected problems (Carlsson-Wall et al., 2017). The

sensemaking process of organizational members is still unexplored within the field of accounting and sport.

Secondly, the current literature is focusing on the soft budget constraints, the definition of the accounting entity, and communication of the budget to external stakeholders (Baxter et al., 2019; Krauss et al., 2020; Storm & Nielsen, 2012). However, in terms of soft budget constraints and the definition of the accounting entity, how the budget is implicated for multiple stakeholders in a crisis remains unexplored. Moreover, (Krauss et al., 2020) show that a budgetary controversy was actively maintained by stakeholder groups, which resulted in a lack of public support. However, Krauss et al. (2020) do not study this with a sensemaking perspective. Hence, the sensemaking process in how the budget is implicated to receive public support is still unexplored.

These two unexplored areas cause a need to challenge previous literature by studying how the budget is implicated in the process of how organizational members in a sports organization make sense in a crisis. Also, there is a call for further research in “the way that accounting is used to help organizational participants make sense of strategic situations” (Tillmann & Goddard, 2008, p. 83). As such, this allows us to cover a gap in previous literature, as we aim to study the research question: *How is the budget implicated in the process of how organizational members in a sports organization make sense in a crisis?*

We conduct a single case study on RunningCo, a sports event organizer of running races in Sweden. A critical reason for studying RunningCo is the cancellation of one of its main races in 2020 for the first time in history due to the pandemic. In this paper, the cancellation of this running race will be referred to as a crisis. The study has been conducted through an abductive research process using semi-structured interviews to contribute to the domain of accounting and sports. As the purpose is to understand what budgeting means to the organizational actors, an adapted framework of sensemaking by Tillmann & Goddard (2008) will be applied as a theoretical lens to study this phenomenon.

We contribute to the domain of accounting and sports in two ways by exploring the research question. First, we contribute to the previous literature (Carlsson-Wall et al., 2016; Clune et al., 2019) by showing how the sensemaking strategy of compromising and balancing becomes essential in maintaining the sports logic in a crisis. This as the budget, regarding innovations, is not used to make the most profitable decisions. Second, we contribute to previous literature in accounting and sports with a focus on external stakeholders (Baxter et al., 2019; Krauss et al., 2020; Storm & Nielsen, 2012). We find that the budget in a crisis is primarily used to give sense to external stakeholders by using the strategy bridging and contextualizing, while using the budget for internal financial planning becomes secondary.

These contributions are also of practical value for sports organizations in a crisis. Firstly, these organizations need to understand how the budget can be used to maintain the sports logic in a crisis. Sports organizations can make decisions without the best financial outcome in favor of innovations to keep racing. Secondly, these organizations need to understand the importance of how to communicate with multiple external stakeholders in a crisis e.g., to receive financial support.

2. Theoretical development

In this chapter, the theoretical development will be presented. First, we present the previous literature in the domain of accounting and sports including the theoretical gaps. In the second section, sensemaking will be used as our method theory and theoretical lens. Finally, our theoretical framework is presented.

2.1. Accounting and sports

“The ‘business of sport’ is increasingly attracting the gaze of accounting researchers because it provides a range of intriguing, potentially complex and highly illustrative contexts in which to study the richness of accounting practice” (Baxter et al., 2019, p. 2). The role of sports has increased during the last decades and is now a multi-billion-dollar industry with a central role in the economy and culture in societies around the world (Andon & Free, 2019).

Budgeting in sport organizations is an essential part of the institutional demands representing the business logic prevailing in sport organizations (Carlsson-Wall et al., 2016). Budgeting has also been identified as one of the key components in management control systems for sports organizations (Carlsson-Wall et al., 2017). Carlsson-Wall et al. (2017) studied the role of management control systems within six major event sports organizations, including RunningCo. It was found that detailed action planning, connecting the evaluation based on non-financial measures with the budgeting, policies, and procedures was essential to guarantee flexibility and structure in the events.

We have identified two broad themes in the previous literature: 1) institutional logics in sports organizations and 2) soft budget constraints and external stakeholders in sports organizations.

However, there is a call for future research within sport organizations,” in particular, relating how these organizations deal with unexpected problems that are likely to arise during an event” (Carlsson-Wall et al., 2017, p. 32). Previous research shows how accounting and sports are connected (Baxter et al., 2019; Carlsson-Wall et al., 2016, 2017; Clune et al., 2019; Jane Baxter et al., 2019). In light of the current pandemic, a new context to explore sports and accounting has risen (Carlsson-Wall, 2020). As the budget is subject to organizational actors within the sports organization, it becomes relevant to understand how these organizational actors make sense of how the budget is implicated in a crisis. Given the context of a crisis, it is appropriate to apply the lens of sensemaking (Weick, 1995). This gives rise to the research question: *How is the budget implicated in the process of how organizational members in a sports organization make sense in a crisis?*

2.1.1. Institutional logics in a sports organization

A growing body of research in sports organizations has focused on the interplay and consequences of how institutional logics in sports organizations are managed by accounting systems (Carlsson-Wall et al., 2016; Clune et al., 2019; Siddiqui et al., 2019). The sports field has lately transformed into being more commercialized, with an increased focus on sponsors as a source of income (Andon & Free, 2019). This has raised the focus to manage two demands that the sports organizations are subject to: the demand for excellence in sports, and the demand for financial success and financial sustainability (Carlsson-Wall et al., 2016). Organizations with multiple institutional logics can be described as “organizations that constantly incorporate elements from different institutional logics at the very core of their identity” (Busco et al., 2017, p. 192)

In a study by Clune et al. (2019), the process of logic assimilation is studied in the Irish sports organization Gaelic Athletic Association, to understand how accounting influences the coexisting conflicting institutional logics and the maintenance of amateurism. The study is focused on financial reporting and shows how, when maintaining the amateur status of the Gaelic Games, accounting played a conflicting and discrepant role. They show that financial reporting both tempered and exacerbated the challenge to maintain amateurism when having the two coexisting logics of social welfare logic and commercial logic. The paper is focusing on financial reporting and how the management team shielded payments that contravened the Gaelic Athletic Association’s amateur status. Hence, what accounting makes visible is discussed regarding the traditional dominant social welfare logic.

Previously literature within accounting and sports study how management control systems can be used to manage tensions that arise due to coexisting logics (Carlsson-Wall et al., 2016, 2017). Carlsson-Wall et al. (2016) studied a football organization and the enactment of different institutional logics. Their study did not only show the previous compatibility of logics within fields and organizations but also contributed by showing the compatibility of logics depending on different situations in a sports organization. These situations were dependent on the sports performance i.e., league ranking. Their findings show how different rank in the football league affects the relationship between the sports and business logics, implying that different placements in the league result in different compromising behavior in between logics. They show how while the logics in some situations compete with each other, they are in harmony in other situations. Moreover, they show how performance measurement systems play an important role when managers enact logics and craft compromises.

As presented, existing research shows that institutional logics might coexist in different ways depending on how they are managed by management control systems (Carlsson-Wall et al., 2016; Clune et al., 2019). However, while Clune et al. (2019) are discussing how financial reporting is used to maintain amateurism in sports organizations, the

context of a crisis and its role in maintaining an institutional logic is not yet covered. Moreover, Carlsson-Wall et al. (2016) show how different situations result in different compromising behavior in between two coexisting logics. However, the study is focusing on different situations in terms of sports performance, and situations due to external situations such as a crisis are not yet studied. Moreover, sensemaking is still an unexplored area within the domain of accounting and sport, creating an interesting research area.

2.1.2. Soft budget constraints and external stakeholders in sports organizations

In previous literature, the budget constraints and the role of external stakeholders in sports organizations are deeply discussed (Baxter et al., 2019; Beech et al., 2010; Krauss et al., 2020; Scelles et al., 2018; Storm & Nielsen, 2012).

Storm and Nielsen (2012) conclude that one of the reasons for the financial distress in sports clubs is since the decision-makers are expecting bailouts and support in case of facing financial trouble. This softens the budget constraints. Their empirics consist of data from the top three European football leagues and aim to understand why the survival rate is so high among football clubs that perpetually generate losses. According to Storm and Nielsen, sports organizations operating under soft budget constraints can be “seen as too big to fail by their stakeholders and their behavior reflects similar expectations” (2012, p. 190). The study is focused on bailouts and financial support from socially and emotionally attached stakeholders such as investors and fans in case of financial trouble.

From an accounting entity perspective, Baxter et al. (2019) studied the cost allocation of sports-related violence and the importance of having a clearly defined accounting entity. The study followed the Swedish football clubs’ development of assigned responsibility with regards to allocation of policing costs, finding how the accounting entity is a changeable and contestable construction. The study is mainly focused on having the government as a single external stakeholder. The organizational structure, of either having commercial interests as a limited liability company or communitarian interests of amateurism and voluntarism, affected the assigned responsibility from the government, and therefore the allocation of policing costs.

Krauss et al. (2020) study public budgeting in the empirical setting of Sweden’s candidacy for hosting the Winter Olympics in 2026. They are problematizing public budgeting by focusing on a megaproject i.e., the Olympic Games. They argue for sports associations as a stakeholder, increases the need for accountability and transparency. With a long history of cost overruns, stakeholders get a chance to dramatize the budgetary controversy, strengthening their position in the budgeting process. The study shows that a budgetary controversy was actively maintained by stakeholder groups, which resulted in a lack of public support. Moreover, as the budget of a megaproject consists of several

assumptions and mere estimates, it is ill-suited for accurate forecasts and not to be challenged with too technical concerns from stakeholders.

As presented, the study by Storm and Nielsen (2012) discusses how bailouts and financial support in case of financial trouble are leading to softer budget constraints. However, the study is mainly focusing on stakeholders such as investors and fans with a social and emotional connection to the football club. Therefore, the budget constraint in a crisis when having expectations on receiving financial support from external stakeholders without an emotional or social connection becomes interesting to study. Previous literature has covered the importance of communicating the accounting entity to external stakeholders (Baxter et al., 2019). However, Baxter et al. (2019) are focusing on one specific stakeholder, the government. Hence, the importance of the definition of the accounting entity for multiple stakeholders remains unexplored. Moreover, the study is focusing on cost allocation depending on the definition of the accounting entity. To enrich the area, it is relevant to study how the accounting entity might affect the revenues. Moreover, Krauss et al. (2020) show how accounting is mobilized to legitimize a project in a public debate by explaining how stakeholders get a chance to dramatize budget constraints. However, Krauss et al. (2020) do not explain how the sensemaking process can play a role in achieving public support. Hence, it becomes interesting to further explore this in terms of how the budget is implicated in the sensemaking process.

2.2. Sensemaking and sensegiving

“Method theory in turn refers to a meta-level conceptual system, or theoretical lens, which originates from another field such as organization studies or sociology” (Lukka & Vinnari, 2014, p. 1312). Since this paper aims to understand what the budget means for organizational actors, the theoretical lens of sensemaking will be used. Sensemaking can be defined as “the discursive process of constructing and interpreting the social world” (Gephart & Pitter, 1993, p. 1485). It is a social process of how organizational actors understand their situation in the past, present, and future (Tillmann & Goddard, 2008). Moreover, it has been described by Weick (1995) as the shaping of organizational structure and behavior by the creation of reality as an ongoing accomplishment, taking form when people make retrospective sense of the situations in which they find themselves. Sensemaking has previously been used as a lens in studies trying to understand how organizational actors make sense of accounting issues in uncertainty (Carlsson-Wall & Kraus, 2020; Tillmann & Goddard, 2008).

In a crisis, it might not be enough to make sense for oneself and organizational actors tend to engage in sensegiving. Gioia and Chittipeddi (1991) conceptualize the distinction between sensemaking and sensegiving given their cognitive and contextual features as ‘sensemaking-for-self’ and ‘sensegiving-for-others’. Sensegiving has been defined as the “process of attempting to influence the sensemaking and meaning construction of others

toward a preferred redefinition of organizational reality” (Gioia & Chittipeddi, 1991, p. 442). Gioia and Chittipeddi (1991) study sensemaking and sensegiving in the setting of a strategic change at a large multi-campus university.

Sensegiving in organizations is also studied by Maitlis and Lawrence (2007). They study sensegiving within an empirical setting of British symphony orchestras with a focus on the difference in triggering and enabling factors between how stakeholders and organizational leaders engage in sensegiving. They find that leaders often shape the organization's sensemaking process through construction of narrative and symbols. Maitlis and Lawrence also found that highly uncertain issues and complex stakeholder environments lead to complex sensemaking environments, triggering sensegiving. For leaders, these environments were “those that were ambiguous and unpredictable and that involved numerous stakeholders with divergent interests” (2007, p. 80).

2.2.1. Institutional logics influencing the process of making and giving sense

According to Maitlis & Chrisitanson (2014), threats and uncertainty to the individual's taken-for-granted roles and routines triggers the sensemaking process and they state that “sensemaking begins when people experience a violation of their expectations, or when they encounter an ambiguous event or issue that is of some significance to them” (2014, p. 77). Additionally, Weick (1995) describes sensemaking as being triggered by a failure to confirm one's self. Maitlis and Lawrence (2007) also highlight how sensegiving is influenced by the sensemaking environment.

Moreover, sensemaking and sensegiving are influenced by the individual's underlying perspectives. Weick (1995) identify minimal sensible structures as being part of influencing the sensemaking process. These minimal sensible structures are for example ideology and decision-making that can influence sensemaking. Weick (1995) draws upon the following definition of ideology from Trice and Beyer (1993, p. 33) as “a shared, relatively coherently interrelated set of emotionally charged beliefs, values, and norms that bind some people together and help them to make sense of their worlds”. In addition to this, Weick (1995, p. 112) further explains that “Trice and Beyer's description of the sources of ideology allows us to connect work on sensemaking with work on institutional theory”. This allow us to see different institutional logics as minimal sensible structures being part of influencing and triggering the sensemaking process. ‘Institutional logics’ are often described in institutional theory as diversity in demands (Thornton et al., 2015). Institutional logics have been defined as “the socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules by which individuals produce and reproduce their material subsistence, organize time and space and provide meaning to their social reality” (Thornton & Ocasio, 1999, p. 804).

2.2.2. Accounting and sensemaking

Tillmann & Goddard (2008) explore how management accounting is used to assist the process of sensemaking and further develop a grounded theory. Consciously and unconsciously, management accountants undertake sensemaking activities using the three strategies of: 1) structuring and harmonizing, 2) bridging and contextualizing, and 3) compromising and balancing. It is carried out in both an internal and an external context, where the intervening conditions of ‘sets of information’, ‘professional know-how’, and ‘a feel for the game’ had an impact on the sensemaking activities. Tillmann & Goddard's (2008) interactional strategies contributing to sensemaking will be described below.

First, “*structuring and harmonizing* contributed directly and indirectly to sensemaking efforts by allowing information to become more coherent and understandable” (Tillmann & Goddard, 2008, p. 90). For example, management accountants used this when faced with complex and not comparable information, thus more difficult to analyze. As information is condensed and structured comparably, it reduces the complex context and enhances transparency and understanding.

Second, *bridging and contextualizing* enhance sensemaking when there is a need to bridge information across time and contextualize information across space (Tillmann & Goddard, 2008). Bridging is used when relating the actual information to projected or past information. Contextualizing is used, both consciously and unconsciously, when using benchmarking exercises comparing information sets with each other. For instance, when predicting the future, it can only be done in relation to the past and the present. These strategies are employed when it is difficult to understand and assess the performance based on a single number. Altogether, Tillman and Goddard (2008) conclude that it appears to be no sensemaking without the tools of bridging and contextualizing.

Third, the strategy of *compromising and balancing* is rather a part of the underlying process of sensemaking (Tillmann & Goddard, 2008). This part of the sensemaking process is involved when there is a lack of relevant and reliable information in a complex context. Compromising is a way of adapting to unavoidable circumstances in the best possible way. For instance, compromising is done when there are limitations in available information, monetary resources, or time. Balancing is similar to compromising but is “related to the weighting of different issues at stake” (Tillmann & Goddard, 2008, p. 92). As compromises are made, consequently a certain level of balance can be reached. This balance is described as obtained through ‘a feel for the game’.

2.3. Theoretical framework

To answer the research question, a theoretical framework has been developed. The framework combines the concept of institutional logics (Thornton et al., 2015) with the

sensemaking and sensegiving perspective (Maitlis & Lawrence, 2007; Tillmann & Goddard, 2008; Weick, 1995). Additionally, the framework will be adapted to understand how the budget is implicated in a sports organization. As the crisis evokes a violation of expectations of an event that is of significance to organizational members (Maitlis & Christianson, 2014), it will trigger the sensemaking process. To further explore the process of sensemaking and sensegiving and how the budget is implicated in the process, we take into account the minimal sensible structures e.g., institutional logics, identified as factors subsequently influencing the organizational members (Weick, 1995). These are used as a starting point and will be incorporated in the paradigm model of sensemaking developed by Tillmann and Goddard (2008). This will further result in consequences of how the budget is implicated in the process of how organizational members in a sports organization makes sense in a crisis. The use of Tillman and Goddard's (2008) paradigm model of sensemaking in a strategic context is adapted in three ways.

Firstly, instead of studying the implication on the management accountant's skill profile, we focus on the accounting perspective of how the budget is implicated in the process of sensemaking. To be able to answer our research question we have integrated the budget aspect in Tillman and Goddard's (2008) framework. The budget section in the framework allows us to investigate the design of the budget and the budgeting process. Hence, these aspects will be analyzed using Tillman and Goddard's three strategies. Moreover, the framework is adapted to explore the consequences of how the budget is implicated and made sense of by the organizational actors.

Secondly, the framework includes the minimal sensible structures influencing the sensemaking process in a sports organization, seen as the institutional logics of sports and business. The sports organizations are mainly operating under two coexisting institutional logics: the business logic and the sports logic (Carlsson-Wall et al., 2016). In this study, the demand for sports can be identified as a will to improve public health and engagement in sports associations, while the demand for business can be identified as the demand for financial success. Hence, we draw upon institutional logics to understand how actors within a sports organization will engage in the sensemaking strategies by Tillman and Goddard (2008). The previous causal and intervening context are reduced to the two factors of: 1) crisis and 2) institutional logics. This creates a combination of Tillman and Goddard's (2008) paradigm model of sensemaking in a strategic context and institutional logics (Thornton & Ocasio, 1999).

Finally, as complex sensemaking environments trigger the process of sensegiving (Maitlis & Lawrence, 2007) we adopt the theoretical framework to further explore and include the role of sensegiving.

In Figure 1 the expected relationship of the building blocks within the theoretical framework is outlined. Due to an abductive research process are the adaptations to the

framework neither mutually exclusive nor completely exhaustive. They are rather an identified set of variables deemed to influence the sensemaking process.

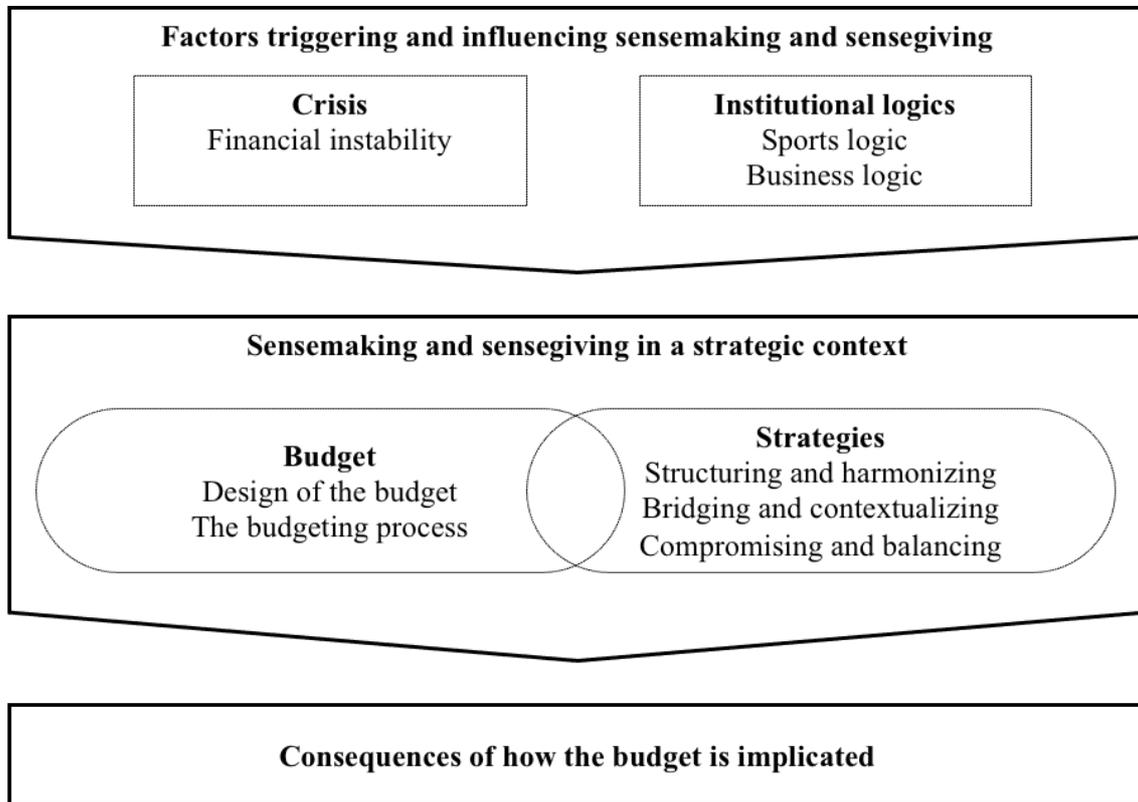


Figure 1. Theoretical framework

3. Method

The following chapter describes the research method. The first section describes the research design, the second section describes the data collection, the third section describes the data analysis, and finally, the data quality is discussed.

3.1. Research design

The study was carried out as a qualitative single case study to answer the research question. It was chosen because “case studies provide unique means of developing theory by utilizing in-depth insights of empirical phenomena and their contexts” (Dubois & Gadde, 2002, p. 555). The choice of a single case study is motivated by how extensive single case descriptions make it possible to take the rich context surrounding the cases into consideration (Dyer & Wilkins, 1991). Furthermore, previous research within accounting and sport has been conducted through single case studies (e.g., Baxter et al., 2019; Carlsson-Wall et al., 2016; Clune et al., 2019; Dyer & Wilkins, 1991; Krauss et al., 2020)

Since the field of accounting and sport is still emerging and has not yet been explained in the context of a crisis, it was appropriate to carry out the single case study in an explanatory way with a focus on the ‘how’. Explanatory case studies use theory to explain and understand empirical observations (Scapens, 1990, 1994). Using a method theory in a single case study applies an “orienting set of explanatory concepts” (Ahrens & Chapman, 2006, p. 823). The method theory also allows us to appropriately answer the ‘how’ in the research question as the method theory “is a statement of concepts of their interrelationships that shows how and/or why a phenomenon occurs” (Corley & Gioia, 2011, p. 12). The analysis was performed on an individual level to capture how the budget was implicated in the sensemaking process of organizational members in a sports organization in a crisis. Hence, it was appropriate to make a single case study, as the sensemaking process takes place in each individual (Weick, 1995).

The research setting took place during the crisis when the pandemic was still ongoing, the restrictions for public gatherings were still in place and the future was uncertain. At the beginning of the pandemic, the organization (hereafter RunningCo) had to cancel their oldest running event (hereafter Race A) for the first time since the 1980s. In this paper, the cancellation of Race A will be referred to as the crisis. The following criteria had to be fulfilled to be a satisfactory company: 1) allow for interviews with individuals from all parts and levels of the organization, 2) be located in the Stockholm area or be available for video interviews, and 3) have a canceled event due to the pandemic which could be considered as a crisis for the organization.

3.2. Data collection

To study RunningCo, in-depth-interviews were conducted, complemented by internal and public documents as a second source. The interviews were conducted in a fairly unstructured manner since they are “allowing respondents to focus on the issues that were of particular concern for them” (Tillmann & Goddard, 2008, p. 84).

A total of 16 interviews were conducted (see Table 1 for overview and Appendix 1 for details) one by one. After conducting 16 interviews, we reached theoretical saturation as no new interesting insight was found (Eisenhardt, 1989). The interviews had a diminishing marginal return in terms of empirical findings in the data collection process, where no new empirical observations were made during the last interviews.

In the study, a majority of the employees at RunningCo were interviewed to get a diversified view of how the budget is implicated in the sensemaking process on all organizational levels. From a sensemaking perspective, Tillmann and Goddard (2008) state that “interviewing a breadth of people allows for different perspectives to emerge”. In addition to the CEO, five managers and five employees were interviewed, to reach an equal weight of organizational members from different levels interviewed. Moreover, one additional key member in the industry association has been interviewed for a broader view of its creation, function, and purpose.

Table 1. Overview of interviewees

Role	Number of organizational members	Total number of interviews
CEO	1	2
Managers	5	8
Employees	5	5
Member of Industry Association	1	1
Total	12	16

Out of 16 interviews, 15 interviews were conducted in person or by video and lasted on average for 45 minutes. As the interviews were conducted from September to November 2020, in an ongoing pandemic, no interviewees were held at the office. The interviewees got the mandate to decide what option they felt most comfortable with, by video or physically. Hence, one interview was conducted by phone, eight interviews were conducted by video, and seven interviews were conducted in person. Moreover, all interviewees were informed about their anonymity and the aim of the study. All interviewees accepted the request of being recorded for the purpose to have the interviews transcribed at a later stage. During the interviews, one author was responsible for guiding

the interview, while the other one was responsible for taking notes and asking follow-up questions, in line with Bryman and Bell (2011). As all interviewees' native language was Swedish, interviews were conducted and transcribed in Swedish, and the quotes were later translated into English.

First, an initial interview was held with the CEO of the company to understand the organization and potential challenges connected to the research area. Second, an interview guide was developed based on the theoretical framework to guide the interviews. We conducted the interviews in a semi-structured manner since it has historically been used for sensemaking studies and "emphasis must be on how the interviewee frames and understands issues and events — that is, what the interviewee views as important in explaining and understanding events, patterns, and forms of behavior" (Bryman & Bell, 2011, p. 467). Questions were asked on the same themes to all interviewees to collect data from different organizational levels. The interviews started with general questions about the interviewee's role, position, and background in the company. Moreover, the overall themes in the interview guide were before, during, and after the cancelation of a major event, with underlying questions to understand how the budget was implicated in the sensemaking process of organizational members. In line with Tillmann and Goddard (2008), the focus was to understand what management accounting means to organizational actors. Finally, the second round of interviews was made with some managers to fill the empirical gaps.

Internal and public documents were collected as secondary data to complement the data from the interviews. The secondary data consisted of the revenues and costs published on RunningCo's website. A PowerPoint with an internal presentation with the development of the virtual race was shared by the Sales Manager. Moreover, the Sales Manager also shared internal copies of the evaluations in terms of participants and revenues for the newly introduced products during the pandemic i.e., virtual races.

3.3. Data analysis

To be able to interpret the empirical findings we developed a theoretical framework for data analysis. The aim was to contribute to the domain of accounting and sports, and we used a method theory, which is often used to produce such contributions (Lukka & Vinnari, 2014). The method theory and developed theoretical framework used, are based on the concepts of sensemaking (Weick, 1995), sensegiving (Maitlis & Lawrence, 2007), institutional logics (Thornton et al., 2015), and the strategies involved in the sensemaking process (Tillmann & Goddard, 2008).

The research process was highly iterative as empirics were gathered and data points were continuously tested against theory, due to an abductive approach (Lukka, 2014). Abductive reasoning was chosen to allow theorizing since it "has the potential of contextualizing the empirical findings, possibly including causal elements, to form a

theoretically more encompassing and consistent set of arguments” (Lukka, 2014, p. 564). This is used to generate plausible explanations in interpretive research as the “iterative movement between empirical materials and theory elements” contributes to making the “set of explanations more holistic and theoretically contextualized” (Lukka, 2014, p. 565).

Qualitative studies have previously been challenged to prove the basis for their conclusion (Gioia et al., 2012). To perform the analysis in a structured way to produce high-quality research we chose to do a first-order (informant-centric terms) and a second-order (using researcher-centric concepts, themes, and dimensions) analysis in line with Gioia et al. (2012). This because “the tandem reporting of both voices – informant and researcher allowed not only a qualitatively rigorous demonstration of the links between the data and the induction of this new concept, sensegiving, but also allowed for the kind of insight that is the defining hallmark of high-quality research” (Gioia et al., 2012, p. 18).

In the first-order analysis, data points were gathered from transcribed interviews and thereafter coded into identified emerging themes. We tried to identify the themes using informant terms with the purpose to stay close to the interviewees’ lived experiences (Gioia et al., 2012). These identified themes hence became the base for categories in the first-order analysis. The empirical categories were the following: 1) the industry association, 2) the voucher, and 3) the virtual race.

The second-order analysis was made with a theoretical level of dimensions to answering the question ‘What is going on here?’ (Gioia et al., 2012). In the second-order analysis, we tried to understand if the theoretical “themes would help us describe and explain the phenomena we are observing” (Gioia et al., 2012, p. 20). The theoretical categories in our developed framework were used to understand how the budget was implicated in the empirical observations. The theoretical themes were: 1) institutional logics, 2) crisis, 3), structuring and harmonizing 4), bridging and contextualizing, and 5) compromising and balancing. Moreover, we made sure all presented quotes adhered to sensemaking, sensegiving, and accounting.

3.4. Data quality

According to Bryman & Bell (2011), it is crucial to evaluate if measures are following the criteria of reliability and validation for the concepts they are supposed to be tapping. However, Dubois and Gadde (2014) argue that these criteria are not relevant for the evaluation of deep-probing qualitative studies. Moreover, Weick (1989, p. 524) states that the potential of the contribution from social science “does not lie in validated knowledge, but rather in the suggestions of relationships and connections that had not previously been suggested”. Since we are conducting an explanatory case study, using theory to understand and explain empirical observations, we use the interpretive research of Lukka and Modell (2010) drawing upon the concepts of authenticity and plausibility.

In terms of authenticity, Lukka and Modell (2010, p. 469) state that "giving voice to multiple 'Others' can enhance the impression of authenticity as it may reduce suspicions that researchers take a partial view of the world privileging those with the power to speak in attempts to advance singular and universally valid truths". Hence, the research aims to use the interviewees' extensive descriptions from multiple organizational levels to enhance authenticity by showing the sensemaking process even when consisting of inconsistencies, paradoxes, and irrationalities. By describing the case company RunningCo and the sequence of events during the crisis, the study aims to facilitate the reader with descriptions and necessary background information.

In terms of plausibility, Lukka and Modell (2010, p. 469) state that "the notion of plausibility is here used to denote whether an explanation 'makes sense' and whether it can be inter-subjectively accepted as a likely one". Our study is abductive and drawing upon the well-established theoretical area of sensemaking helping us to achieve an explanation that makes sense to the reader. This enhances the plausibility as "the difficulties in convincing academic audiences would seem to increase where less well-established, well-known or accepted theories are invoked" (Lukka & Modell, 2010, p. 470). Moreover, our explanatory study focuses on the 'how' to reach an explanation of a phenomenon and the study aims to provide a justifiable balance between the emic and etic perspectives. To be noted, our case study is situation-specific and should not be generalized, and as Weick (1979) states, case studies are better tools than first imagined but it should be noted that they will not be stable over time and should be viewed as an ongoing process. However, the study does not aim for statistical generalization but rather a theoretical generalization. The aim is to use a single case study to provide evidence on the particular phenomena of how the budget is implicated in the sensemaking process of organizational members in a sports organization in a crisis and to offer theoretical concepts allowing to understand such a phenomenon.

4. Empirics

The following chapter will present the empirics. The chapter starts with a background of the case company including an organizational chart (Figure 2) and a sample of RunningCo's running races (Table 2). Thereafter, the sections are structured in line with the theoretical framework: 4.2 factors triggering and influencing sensemaking and sensegiving, 4.3 sensemaking and sensegiving in a strategic context, and 4.4 consequences of how the budget is implicated.

4.1. Background

The case company in this study is one of Sweden's largest running race organizers named RunningCo, established in the 1980s. The company has approximately 20 employees. RunningCo is a hybrid organization in nature, founded by two sports associations creating a partnership. Over the years RunningCo has transformed into becoming more commercialized. The entity is today subject to the partnership between the two associations and a limited liability company.

RunningCo's main purpose is to promote public health by organizing running competitions for all ages and capabilities. The profits are returned to sports associations all over the country to promote public health. RunningCo contributes with an essential share of the sports associations' yearly revenues. The main races discussed in this paper are found in Table 2.

Table 2. A sample of races offered by RunningCo

Race	Characteristics
Race A	20 000 runners from all over the world. A longer distance for enthusiastic runners. Takes place in the Stockholm area.
Race B	Similar to Race A but a shorter distance. Around the same number of participants.
Race C	Concept provided by RunningCo and implemented by several partner associations. RunningCo's biggest event in terms of total participants. Organized all over Sweden.

Five years ago, a new CEO with a business background was recruited to the company. The CEO made severe changes to improve internal routines and increase profitability, by

for example changing the suppliers for medals and t-shirts. Before the new CEO was recruited, RunningCo had a flat organizational structure leaving the employees with no clear assigned responsibilities or managers. Most of the employees had a sports association background with a passion for the purpose of enhancing public health. The CEO reorganized RunningCo into new divisions and employed a few more people with a business background to strengthen the commercial parts in the organization.

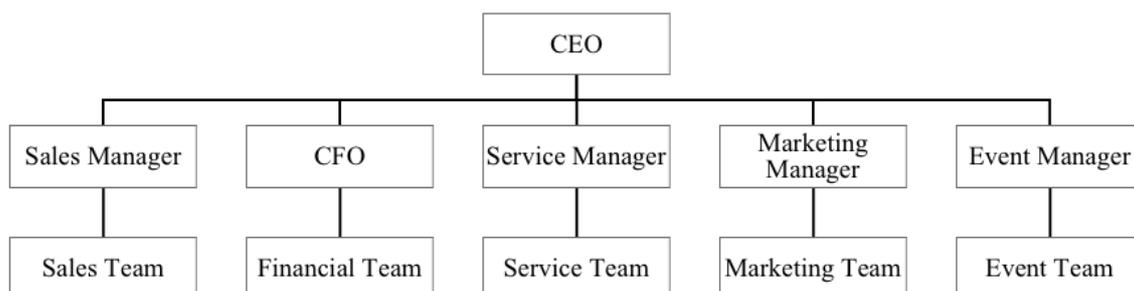


Figure 2. Organizational chart

In 2020, for the first time, the company had to postpone and ultimately cancel Race A originally scheduled to take place at the beginning of summer. The events leading up to the decision began with the spread of Covid-19 at the beginning of 2020. As the spread of the virus evolved to a pandemic it eventually also spread to Sweden. To reduce and manage the spread the Swedish government introduced restrictions and guidelines for public gatherings, which became limited to a maximum of 50 people (Regeringskansliet, 2020a). Such restrictions hit sport event organizers particularly hard as their original business models were completely disrupted and non-pursuable.

RunningCo had to abruptly adjust its way of organizing races introducing new challenges as business was not as usual. To maintain its reputation to stakeholders such as runners and sponsors and to pursue its purpose to improve public health, Race A was initially postponed to the fall. Due to no ease in restrictions when the fall approached, the race was ultimately canceled without any repayments to the registered runners. During the same period as Race A was canceled, RunningCo opened up the registration to the next year's race.

4.2. Factors triggering and influencing sensemaking and sensegiving

Weick (1995) state that sensemaking is triggered when organizational actors experience violation of their expectations, or when they encounter an ambiguous event or issue of significance to them, such as the context of a crisis. He suggests that minimal sensible structures such as different sources of ideology (Trice & Beyer, 1993), that can take form as institutional logics are influencing the sensemaking process. Hence, we review the

context of the crisis and the institutional logics in RunningCo and how the sensemaking process is triggered and influenced.

4.2.1. In the context of a crisis

In the empirical findings by interviewing organizational members at RunningCo, it is clear that the sensemaking process was triggered by the pandemic and a crisis.

“On March 11, we understood the importance of [the Covid-19 pandemic]. I just thought that finally, I can breathe for a few weeks. Then we went into the strangest period I have ever been through, where we had meetings every day in the management team. We called it ‘war room’ and it really was like that. We sat down every day and thought: What are we doing now?” – CFO

Even though the virus was still spreading within Sweden. The Marketing Manager's mindset was still to go through with Race A as planned at the beginning of June 2020.

“I would say that from around the 7th of March, the organization was running in some kind of continuously absolute crisis. But still definitely with the perspective of going through with Race A without any problems.” – Marketing Manager

While one competitor chose to cancel their event and repay all registration fees, RunningCo instead chose to postpone Race A and only refund international runners. RunningCo planned to merge Race A with Race B in September 2020, explained by the Event Manager: “We made a giant decision to merge Race A with Race B and have them the same day. In some terms, it was a historical decision.”

Even though Race A was postponed to take place in September 2020, the feelings of uncertainty and despair started to arise as the outlook regarding restrictions for public gatherings showed no signs of easing up. There was no way of getting hold of the authorities to achieve more clarity in the situation.

“[Initially when Race A was postponed] everyone was optimistic, but as time passed, we saw that nothing was happening [with the restrictions]. Easing of restrictions was not even discussed, nor how it could be eased. That made it messy emotionally, I believe, it was not until then we realized that we might not be able to [organize any events]. It was then it became a grieving process, I would say.” – Event Manager

Regarding repayments of registration fees as the race was canceled, it was a lot of discussions about whether the event organizer could claim force majeure or if the customer had the terms on their side. Repaying all registration fees would be devastating for RunningCo as it is the only source of income and because costs are front-loaded. The Marketing Manager describes how RunningCo was completely dependent on external stakeholders such as The General Complaints Board to issue guidelines regarding canceled events and repayments of registration fees.

“At the beginning of June, quite late, The General Complaints Board issued their first guiding statements that gave off a sense of assurance that maybe we have interpreted the terms correctly. At the end of June, a statement was made that was really in our favor. [...] If The General Complaints Board had issued a statement saying that the consumer was entitled to full repayment, it could have meant that we would not be able to be here today with a roof over our heads.” – Marketing Manager

4.2.2. In the context of institutional logics

In the empirics of RunningCo, two different purposes and logical thinking can be identified. While some employees argue that the purpose of the organization is sport i.e., public health, some employees argue that the purpose of the organization is to work as a business i.e., commercialize races. Employee 1 identifies the sports logic within the company.

“I would describe the organization as an association. [...] Partly because I come from a life within the association and have performed sports in one of the owner clubs. That is the way I ended up here. From the beginning, I worked during the summer when [Race A] started. I come from the sports part and the non-profit part.” – Employee 1

Furthermore, the reasoning of the two different perspectives seems to originate from how deep-rooted history the individuals have in the sports industry. While employees with a history within RunningCo argued from sports logic, the more recently joined employees tend to argue from a stronger commercial logic.

“I absolutely think that we operate as a company. I do not have a long background within the organization, but I think you would see greater differences in how it has developed if you had been here longer. Some have been here since [Race A] started, and they would probably say that they started working as an association and as the organization has grown and expanded with many new events, you have to work more as a company.” – Employee 3

Moreover, the Event Manager describes how raising money for the sports associations is an underlying purpose for acting commercially. The Event Manager also emphasizes the different institutional logics of sports and business as different ways of thinking in the organization. While some employees have a strong sports logic, some are stronger in commercial thinking.

“We act commercially. That must not be forgotten. We count SEK and pennies: If we do this campaign, will we earn the money? If we make this change, will it affect [RunningCo]? This is how we reason for being profitable. We have a very clear reason for why we should be profitable: For sports to have access to the money. [...] There are [employees] who have a deep-rooted foot in sports who are a strong part

of what we do. Then we have some [employees] who are a little sharper when it comes to commercial thinking so we can pursue that part. I think it is a very good mix.” – Event Manager

Furthermore, this is also the main challenge for the industry as a whole, and a Member of the newly formed industry association points out the balance between logics in the industry when making budgeting decisions.

“How should we use the money? Should we invest or should we walk the non-profit path? It is really a balancing act between the commercial and the non-profit. But that is the balancing act we always live in.” – Member of the Industry Association

4.3. Sensemaking and sensegiving in a strategic context

Tillmann and Goddard (2008) suggest that the sensemaking process consists of three different strategies: 1) structuring and harmonizing, 2) bridging and contextualizing, and 3) compromising and balancing. Hence, we will, according to the theoretical framework, evaluate how the budget is implicated in terms of design and budgeting process in the sensemaking process of the organizational members by evaluating these strategies in RunningCo.

4.3.1. Structuring, harmonizing, and budgeting

The budget is designed in line with the calendar year, from the beginning of January to the end of December, meaning that RunningCo’s financial year is not adapted to when the specific races take place throughout the year. This makes it tricky for many divisions to adhere to the budget since they must allocate their resources and activities before the budget is set, with little information at hand.

“[...] it is a technical issue, but all revenue from participants is accrued to the year of the event, while the marketing costs must be taken in the year they occur. So, there is often a glitch here, which results in that I have no clear view of the money I have to spend on this year’s project until the regular budgeting process is over in February/March. Until then I will lean on: I had this amount from the beginning, and if nothing exceptional has happened, I must know already in January year 1 know what I want to do to affect sales in August for [Race A] occurring in year 2.” - Marketing Manager

To manage the tensions arising between RunningCo and the registered runners regarding not repaying the registration fees, the company felt a need to increase transparency in their communication to external stakeholders and educate the runners. Employee 3 emphasizes the time and effort spent on communicating the implication of the budget. This had to be done in a structured and harmonized way.

“We have had a big article on [Running Co's website] where we have described the economic consequences and really dug into detail in how our company is constructed and which costs we take. We have tried to be as transparent as possible.” – Employee 3

The Marketing Manager also explains how it required structuring of data to harmonize and understandably present the financials since the participants did not understand why they were not reimbursed.

“We started to talk about how we compensate our runners. We are in accordance that we cannot repay registration fees. We created so much material to explain it. We make transparent calculations where we display our economics and put it on our website [See Appendix 2]. We will lose 20 million if we cannot organize any events.” – Marketing Manager

On an industry level, it was important to clarify the role of the entity, and hence the role of the budget towards external stakeholders. Sport event organizers started to communicate with each other to structure and harmonize their terms and conditions to become a stronger voice toward the General Complaints Board and the Swedish Sports Confederation.

4.3.2. Bridging, contextualizing, and budgeting

When designing the budget, the budget was usually bridged over time and designed in comparison with previous years.

“I report once a month to [the CEO]. [...] How much money have we earned? How much money is expected to be earned in the close future? Compared with the previous year and towards the target.” – Sales Manager

During the crisis, RunningCo struggled with the bridging over time as both sponsor revenues and participation fees were unsure, both in terms of amount and timing. Usually, there was a price ladder connected to the revenue goal with milestones throughout the year, which was hard to adhere to during the crisis.

“Many fixed costs are taken up until the race. We have a good track of the history of when costs need to be taken, often, it is done several months before [the race]. Of course, this has also become a big problem for us during the crisis. It is also connected to the amount of sponsor revenues. [...]” – Employee 3

Usually, the process of budgeting was straightforward. However, there was a lack of contextualizing across space since races had been canceled. The CEO tried to contextualize and benchmark with competitors' strategies regarding participation fees.

“Usually, I, and hence the rest of the organization, have a very good overall perception of our numbers and participants in comparison to the other major sports events in Sweden. This year, this has not been possible due not to having anything to compare with. What we have tried to compare ourselves with, and benchmark ourselves against, is our small group of [comparable sports events]. [...] Okay, will [comparable event] refund the participation fee? No? Okay. Then we tried to find some sort of calibration there.” – CEO

Throughout the crisis, a comparison was instead made through bridging how much support money RunningCo previously received from the government and the Swedish Sports Confederation, but also contextualized with how much financial support other organizations most likely would receive.

“We have received support money from the government. First one round before the summer, and [during autumn] there is a second round where we most like also will receive a part, but it is very hard to say how much. But it was 500 MSEK in the first round [distributed in total to sports and culture]. This time it is 1000 MSEK and we have the same turnover as during spring.” – CFO

It was difficult to bridge across time and contextualize over space in the crisis. This gave rise to an industry collaboration.

"Quite early during the pandemic, in the second half of March, we began to feel a need to compare with other players in the industry in terms of how they acted and what they did [regarding new restrictions], and [the competitors] felt the same way. Also, very early on, we felt the need to jointly try to push the politics in some direction and to some extent also the Swedish Sports Confederation.” – Marketing Manager

The evaluations of the innovations in terms of participants and financial sustainability become important when making decisions for the future. Evaluations of the new virtual races will be a point of reference regarding how RunningCo will think in the future about whether they will continue organizing these. As Employee 3 states, the challenge with this was that “we have to look at the sponsorship agreements we have had and what we have actually been able to perform. What have we been able to deliver to our sponsors digitally instead of when they should have been present at the actual event?”

4.3.3. Compromising, balancing, and budgeting

When compromising and balancing, it is clear that the design of the budget for internal purposes is of less importance compared to external purposes when there is a question of survival.

"I think the situation meant that everyone got less mandate. We have fewer opportunities to choose in between and less capacity. Now it is about survival. I have

a full mandate to assess liquidity and release capital. But now, it is not about making tiny changes in the budgets." – CFO

Instead, when designing the budget, the Event Manager describes how calculations were made to be communicated with external actors to receive financial support from the Swedish Sports Confederation.

"We have received some of the support that the Swedish Sports Confederation has distributed from the government, where each special federation has asked their members to provide them with calculations of how much money they have lost. Then we have received money, and we have shared it with the functionaries' associations that were booked to work at our events." – Event Manager

The CFO further emphasizes that the application process to receive financial support was extensive.

All [financial] support applications are quite extensive. [...] For them to get an idea, one would describe what it looks like in a normal year and what it looked like this year. What costs have been taken compared to what we had budgeted?" – CFO

RunningCo used scenario planning to compromise and balance to adapt to the new unavoidable circumstances. The CFO stated that they had "three scenarios in numbers".

"We sketched out different scenarios. That was how we worked. Partly to understand the consequences and to calculate on: If these restrictions are eased at a certain date, what does it mean? One best case and one worst case, a qualified best guess. Then we translated it into money. We had a range of 10 MSEK where the result could differ in between the best and the worst." – CFO

The CEO of RunningCo described how the effect of compromising and balancing in the budgeting was that the organization decided to offer as many opportunities as possible for the runners to stay physically active, even if it was not necessarily the most profitable decision. This was a balance between the two institutional logics.

"But we knew this spring that the most economically favorable thing we can do now is to cancel everything and run on our compensation package, introduce a short time work allowance and just outlast the [pandemic] and invest towards 2021. But since our vision is to pursue public health, we did not choose that path, instead, we chose to keep the door open and try to offer an opportunity to get physically active. An opportunity for people to keep their goals to run [Race A] by moving the spring event to the autumn, even though it is not financially profitable. There you see that conflict. This generally applies to the thinking regarding next year as well. We will try to offer what we can, even if it does not necessarily mean that we get a positive gross margin." – CEO

The CEO concludes the new virtual races are not financially sustainable since they are not driving the required revenues. However, there was a possibility to create a product where the purpose of contributing to public health could be combined with the purpose of financial success.

“But this type of virtual product is not something you build any business upon. I do not think it is good enough to charge even 200-300 SEK [in participation fee]. If you want to do that, you have to create a different type of digital or virtual product. [...] You could use it as a digital component in a physical experience. You could take the most appreciated parts of [the virtual race] and then you can make it an integrated part of our usual experiences.” – CEO

4.4. Consequences of how the budget is implicated

Sport event organizers started to communicate with each other to structure and harmonize their terms and conditions and clarify the role of RunningCo's accounting entity to become a stronger voice toward the General Complaints Board and the Swedish Sports Confederation. When analyzing this, expecting financial support from external stakeholders leads to soft budget constraints. Hence, RunningCo and its industry colleagues needed to show a united front towards external stakeholders. Consequently, a new industry association was created.

“[Sports event organizers] talked about what each other's registration terms and conditions stated, and somewhere along the way, we started to draft new registration terms and conditions. We have shared these with each other so that we would maybe reach a level of 95% coherence between each other.” – Sales Manager

When events were canceled, contextualizing over space in regard to competitors became a challenge. RunningCo had to find other sources in the budget process and design. Hence, contextualizing over space was made by using the industry association. By doing this, it became easier to communicate with external stakeholders, using the budget to make them understand the effects of the crisis.

“In the past [the current members of the industry association] have kept their information about data and results [to themselves]. Now we are more open. We do not compare balance sheets, but we want to gather statistics for the industry in crises. At the same time, our numbers are quite consistent within the industry.” – Member of the Industry Association

The budget design already made it hard to assess the allocation of resources for the employees for the upcoming year since the budget was set in advance. A voucher was introduced to reduce the uncertainty for runners since they could choose close to the event if they wanted to use it or not depending on how the pandemic would develop. This gave RunningCo an indication of the interest in running as a way to bridge with previous years'

physical races and belonging budgets. Hence, the need to cancel the event was reduced and scenarios could be kept open as close to the event as possible.

“But we should be honest about mentioning that we do not sell that many starting spots at all right now. But this voucher becomes more and more demanded and there are more incoming questions in customer service: Oh, I chose a normal way to [register] and now I noticed [the voucher] way, can I switch to do that?” – Marketing Manager

When asking the CFO of RunningCo whether seeing a future for the virtual races he points out the importance of keeping employees and volunteers balanced with the financial decisions dependent on the fact that the current organization should be intact.

“It's an option, but we do not make the money we need on virtual races. I think we will run virtual races in parallel as a complement. But only virtual running races? No, I do not see that as a way forward. Not with the current organization. Then we have to be much, much smaller. Everyone's goal is to be intact. That everyone should be able to stay.” – CFO

This implies, when moving into the future there is a need to compromise and balance between logics. The organization needs to consider both logics in the company when the effect of the budget triggers innovations, with the sports logic as a priority. RunningCo introduced a new concept to compromise and balance with the logics regarding the virtual race: a digital hub to combine the sports with a commercial component.

“Then came 2020 and we realized: Damn it was a shame that we were so heavy live! The sponsorship revenue will not be what we expected! We need to create more digital values. [...] Instead of only offering virtual races, we now build a digital hub. Which contains lots of different things. [...] Then you could commercialize everything!” – Sales Manager

5. Discussion

The following chapter discusses the empirical analysis of RunningCo in comparison to previous research in the domain of accounting and sports. In section 5.1, we discuss accounting and sensemaking strategies in a sports organization. In section 5.2, we discuss accounting and sensegiving to external stakeholders. The contributions to the existing literature in the domain of accounting and sports are summarized in Table 3.

5.1. Accounting and sensemaking strategies in a sports organization

While several studies are focusing on institutional logics in a sports organization (Carlsson-Wall et al., 2016; Clune et al., 2019), there is a research gap in the area of accounting in combination with sensemaking in a sports organization during a crisis. When evaluating different scenarios in a crisis, a clear connection can be made between the institutional theory of coexisting logics of sports and business and the sensemaking strategy of compromising and balancing. This as the organizational members of RunningCo had to compromise and balance in between different demands.

Firstly, Clune et al. (2019) find that financial reporting both tempered and exacerbated the challenge of maintaining amateurism when having two coexisting institutional logics. However, in our study, there is a focus on how the budget is implicated in terms of budget design, budget process, and the consequences of this. In terms of budgeting in a crisis, accounting is mainly used as a tool to temper the challenge to maintain the sports logic and do not exacerbate the challenge with coexisting logics. In a crisis, the strategy of compromising and balancing is used to maintain this sports logic with the purpose to pursue public health in the organization. In the case of RunningCo, they decided to proceed with virtual races without them being profitable. When facing a crisis with the challenge to stay profitable, this was a strategy to maintain the sports logic. The case study of RunningCo shows, by using the budget, how the strategy of balance and compromising can temper the challenge in maintaining the sports logic.

Secondly, we contribute to the understanding of how different situations affect the relationship between the sports and the business logic in the case of RunningCo. Carlsson-Wall et al. (2016) explain how different situations affect the relationship between sports and business logic leading to different compromising behavior. However, as the study by Carlsson-Wall et al. (2016) is focusing on the situations depending on the sport performance in a club, the case of RunningCo is instead focusing on an external crisis. While different situations lead to different compromising behavior (Carlsson-Wall et al., 2016), an external crisis leads the sports logic becoming a priority in the organizational actors' sensemaking process in a sports organization. Even though the three innovations of the voucher, the virtual race, and the industry association coming from how the budget

was implicated in the crisis, adhere to both logics, we argue that they must first and foremost prioritize the sports logic. This, as organizational members in RunningCo highlight that they did not choose the most economically favorable decision and cancel everything, which would characterize a business logic. When the vision is to prioritize the sports logic of pursuing public health, the organization had to compromise and balance with a focus to still offer an opportunity for runners to stay physically active. Therefore, the sports logic becomes a priority in the situation of a crisis, even if the business logic still had to be considered.

Hence, combining our findings in relation to previous literature (Carlsson-Wall et al., 2016; Clune et al., 2019), we contribute with our finding of the sensemaking strategy compromising and balancing becoming essential in maintaining the sports logic in a crisis. This is mainly seen in regard to innovations as the budget is not used to make the most profitable decisions. By using the budget to balance the logics, with a priority of the purpose of pursuing public health when facing a crisis, the sports logic can be maintained in the organization. By adhering to the consequences of how the budget is implicated the sports logic can be maintained.

5.2. Accounting and sensegiving to external stakeholders

While there are studies explaining soft budget constraints in sports organizations (Storm & Nielsen, 2012), the importance of defining the accounting entity (Baxter et al., 2019), and how external stakeholders are playing a role in the budgeting process (Krauss et al., 2020), the context of a crisis is yet to explore. The crisis makes it necessary to explore multiple stakeholders i.e., the Swedish Sports Confederation, the General Complaints Board, customers, and public health authorities.

Firstly, we contribute to the understanding of soft budget constraints in sports organizations. Storm and Nielsen (2012) argue that decision-makers in sports clubs expect bailouts and support in case of financial trouble. In particular, they argue for football clubs considering themselves ‘too big to fail’ expect support from stakeholders with a social and emotional connection such as investors and fans, leading to softer budget constraints. We argue that this can be connected with having a purpose to enhance public health, leading to the ‘too big to fail’ argument within the sports logic. In contrast to Storm and Nielsen (2012), our study shows that decision-makers in sports organizations with the ‘too big to fail’-syndrome also, when in a crisis, expect financial support from other external stakeholders such as the government and the Swedish Sports Confederation. Additionally, they expect an understanding from external stakeholders such as customers and the General Complaints Board. These expectations of financial support of multiple stakeholders are softening the budget constraints in the case study of RunningCo, even if these stakeholders lack a social and emotional connection to the

organization. This insufficient structure in the budget design and process, leading to soft budget constraints, makes it possible to receive financial support.

Secondly, Baxter et al. (2019) explain the importance of defining the accounting entity to the government to reduce costs. However, the study focuses on the government as a single stakeholder and the effect on the cost allocation. We argue that it is important to define the accounting entity to multiple stakeholders. In a crisis, the case organization also shows how it is important to communicate the needs of financial support to other external stakeholders i.e., the Swedish Sports Confederation, the General Complaints Board, customers, and public health authorities. Hence, the purpose of defining the accounting entity to external stakeholders is not only in terms of cost allocation. We argue that the need to define the accounting entity in a crisis also is important to receive financial support from the government and decrease the need to refund customers. This further increases the need to communicate with multiple stakeholders to receive this financial support.

Finally, Krauss et al. (2020) argue that when having a long history of cost overruns, stakeholders get a chance to dramatize a budgetary controversy to legitimate the budget. In addition to this finding, we contribute by showing how organizational members structure information by using the strategy of bridging and contextualizing as a way of giving sense to external stakeholders which becomes important for leaders in unpredictable situations with numerous stakeholders. The case company RunningCo uses bridging over time with historical costs to communicate with customers and The Swedish Sports Confederation. Moreover, they communicate by contextualizing the financials over space with other organizations to Public Health Authorities and The General Complaints Board. Furthermore, the budget is designed to, in a structured way, bridge and contextualize the financials to external stakeholders. By bridging and contextualizing the situation to multiple external stakeholders, RunningCo uses sensegiving to receive financial support and beneficial regulations.

Hence, when comparing our findings in relation to previous literature in accounting and sports with a focus on external stakeholders (Baxter et al., 2019; Krauss et al., 2020; Storm & Nielsen, 2012), we contribute with the finding that the budget in a crisis is primarily used to give sense to external stakeholders. This is done by bridging and contextualizing. Moreover, using the budget for internal financial planning becomes secondary. This as the internal budgeting is uncertain and unstructured in a crisis. By bridging and contextualizing to external stakeholders it is possible to influence their sensemaking process i.e., sensegiving. Hence, the external stakeholders are given sense of why financial support is needed and why registration fees cannot be refunded.

Table 1. Findings compared to existing literature in the domain of accounting and sports

	Previous accounting and sports research	Accounting and sport in a crisis – Give sense to keep racing? (Almersson & Sand, 2020)
5.1 Accounting and sensemaking strategies in a sports organization	<p>1) <i>Financial reporting</i> both <i>tempered and exacerbated</i> the challenge to <i>maintain the amateurism</i> when having two coexisting institutional logics (Clune et al., 2019)</p> <p>2) Different <i>situations dependent on sports performance</i> affect the relationship between sports and business logic leading to <i>different compromising behavior</i> (Carlsson-Wall et al., 2016)</p>	<p>1) <i>In a crisis, budgeting</i> is used as a tool to <i>temper</i> the challenge to <i>maintain the sports logic</i> when having two coexisting institutional logics</p> <p>2) <i>A crisis</i> affects the relationship between the sports and business logic leading to <i>the sports logic becoming a priority</i></p>
5.2 Accounting and sensegiving to external stakeholders	<p>1) Decision-makers in sports clubs expecting bailouts and support from <i>socially and emotionally attached stakeholders</i> in case of <i>financial trouble</i>, which softens the budget constraints (Storm & Nielsen, 2012)</p> <p>2) Define the accounting entity for <i>the government to reduce cost</i> (Baxter et al., 2019)</p> <p>3) Due to a long history of cost overruns, stakeholders get a chance to dramatize a budgetary controversy (Krauss et al., 2020)</p>	<p>1) Decision-makers in sports clubs expecting support from <i>stakeholders without an emotional connection</i> in case of <i>a crisis</i>, which softens the budget constraints</p> <p>2) Define the accounting entity for <i>external stakeholders</i> i.e., the government, the Swedish Sports Confederation, the General Complaints Board, customers, the Public Health Authorities, to <i>receive financial support and minimize costs</i></p> <p>3) When stakeholders get a chance to dramatize a budgetary controversy, <i>bridging and contextualizing can be used for sensegiving to external stakeholders</i></p>

6. Conclusion

In light of the Covid-19 pandemic, a new context to explore sports and accounting has arisen (Carlsson-Wall, 2020). There is a call for future research within sport organizations and how these organizations deal with unexpected problems (Carlsson-Wall et al., 2017). Hence, the study aims to investigate how the budget was implicated in the sensemaking process of organizational members in a sports organization in a crisis. To answer the research question, a qualitative single case study with semi-structured interviews of the organizational members in RunningCo during Covid-19 was performed. Sensemaking theory has previously been applied as a theoretical lens to study crises (Weick, 1995). By applying an adapted version of the framework by Tillmann and Goddard (2008), the study aims to answer the research question: *How is the budget implicated in the process of how organizational members in a sports organization make sense in a crisis?*

Firstly, we contribute to the previous literature on accounting and sports, with a focus on institutional logics (Carlsson-Wall et al., 2016; Clune et al., 2019). We study a crisis and provide a sensemaking perspective to the previous literature on institutional logics. We find that the sensemaking strategy of compromising and balancing becomes essential in maintaining the sports logic in an organization with the coexisting institutional logics of sports and business in a crisis. When compromising and balancing, the budget is used to maintain the sports logic in a crisis, and not used to make the most profitable decisions.

Secondly, we contribute to the previous literature on accounting and sports, with a focus on soft budget constraints and external stakeholders (Baxter et al., 2019; Krauss et al., 2020; Storm & Nielsen, 2012). We study a crisis and provide new perspectives on why the budget constraint can become softer and the external stakeholder's role in the sensemaking process. Our study contributes with the finding that the budget in a crisis is primarily used to give sense to multiple external stakeholders, mainly done by bridging and contextualizing the financials in a structured way to the external stakeholders. Hence, the budget for internal financial planning becomes secondary.

The practical value for similar sports organizations in terms of our first contribution is to understand how the budget can be used to maintain the sports logic in a crisis. Sports organizations can prioritize the sports logic when making decisions in terms of e.g., repayments or cancellation of events. They can make decisions without the best financial outcome in favor of innovations to keep racing. Moreover, the purpose of public health can be maintained by always adhering to the consequences of how the budget is implicated for the dependent stakeholders i.e., functionaries and owner associations.

The practical value for similar sports organizations in terms of our second contribution is to understand the importance of communicating the accounting entity. By communicating the accounting entity to multiple stakeholders, they can make them understand e.g., why financial support is needed in a crisis. This can be done by communicating the historical

financial performance and the competitive environment to multiple external stakeholders such as the government, the Swedish Sports Confederation, the General Complaints Board, customers, and the Public Health Authorities. The internal financial planning in a crisis is uncertain and hence of less importance.

However, the study is subject to limitations. Firstly, the study focuses on how the budget is implicated in the process of sensemaking, it might be of value for sports organizations to explore how other management control systems are implicated in the process of how organizational members make sense in crisis. Secondly, the factors influencing the sensemaking and sensegiving process might differ depending on the context. We want to acknowledge that we study a sports organization in a crisis, and there might be additional factors to the institutional logics, influencing the sensemaking and sensegiving process of organizational members under different conditions. Lastly, the study is conducted in a limited time period of a crisis, and the long-term effects of how the budget is implicated remain unexplored.

In the future, it would be valuable to extend the research in the domain of accounting and sport from a sensemaking perspective. Firstly, it could be valuable to investigate the implications of other management control systems, e.g., focusing on performance management systems such as KPI's, in the context of a crisis in a sports organization. Secondly, additional factors influencing the sensemaking and sensegiving process would be of value to further explore in other empirical settings. Finally, it would be valuable to explore the long-term effects of how the budget is implicated in the sensemaking and sensegiving process of organizational actors in a crisis.

7. References

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8. Appendix

Appendix 1. Summary of interviewees

Interviewee	Number of interviews	Interview context	Interview length	Interview date
CEO	2	By phone	15 min	2020-09-18
		By video	50 min	2020-11-04
CFO	1	In person	45 min	2020-10-08
Sales Manager	2	In person	45 min	2020-10-07
		By video	55 min	2020-10-29
Event Manager	2	In person	65 min	2020-09-29
		By video	30 min	2020-11-05
Marketing Manager	2	In person	60 min	2020-10-01
		By video	30 min	2020-11-03
Service Manager	1	In person	65 min	2020-10-01
Employee 1	1	In person	50 min	2020-10-07
Employee 2	1	In person	55 min	2020-10-07
Employee 3	1	By video	50 min	2020-10-13
Employee 4	1	By video	35 min	2020-10-14
Employee 5	1	By video	35 min	2020-11-03
Industry Organization Member	1	By video	35 min	2020-11-05
Total interviews	16	Average time	45 min	

Appendix 2. Anonymized illustration of revenues and costs published on RunningCo’s website

Revenues	Notes
Participation fees	+ 0 revenues for X runners during year 2020 given for free to youths
Sponsor revenues	+
Total revenues for RunningCo and owning sports associations	+
<hr/>	
Costs	
Personnel costs (including social fees, pensions, education costs, health support, etc.)	– All personnel on short-term working allowance since the 1 st of April
Marketing, rent and non-event specific costs	–
Event costs - already taken	–
Event costs – for autumn events and postponed events	–
Costs for sports practices within sports associations	– All sports association personnel on short-term working allowance since the 1 st of April, additional savings made
Support to local Race C sports associations and functionaries associations	– 2019 this support was X MSEK
Support to welfare	– 2019 this support was X MSEK
Total costs for RunningCo and owning sports associations	–
Profit	– A normal year the profit for RunningCo is 0