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**SCHOOL OF BUSINESS, ECONOMICS AND LAW**

# Use of Management Accounting Under a Grant Administrated Project

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## Abstract

**Background** – Covid-19 pandemic has triggered responses for financial supports, governmental actions, and subsidies directed to specific industries in several countries inferring administration of projects under non-routine situations, including actors of various organisational structures. The aim of this thesis was to learn more about the use of management accounting under a new, non-usual situation from two interlinked levels, namely the societal and firm under a public grant administrated project context.

**Purpose** - The purpose was to study the use of management accounting under a public grant administrated project for the tourism industry on Svalbard, initiated as a public budget response for the Covid-19 pandemic. The societal level through a public organisation, and the firm level through private firms that received grants to perform projects.

**Frame of reference** – The study relies on traditional research for management accounting practices for public organisations and private firms. Thereafter situations of use of management accounting and design of management accounting investigated by summarizing into a framework of the categories and findings within the field of management accounting for a project context as two conventional dimensions: use, and design.

**Methodology** - The study was based on qualitative semi-structured interviews. The sample consisted of seven private small and medium sized firms and one public organisation.

**Findings** - Our results indicate that management accounting was used by small firms and a public organisation to the required extent (i.e., based on the design of the grant), for decision-making, controlling and reporting under a public grant administrated project. Both for the private firms, operating within the same industry but from different initial core operations and different initiated projects due to the grant. For the public organisation, conventional use of management accounting practices was identified, also to the required extent according to the external requirements set in the ordinance of the grant. The study contributes to the research field as a first study exploring a project of similar kind, from two actors according to the best knowledge of the authors. A public, grant administrated project triggered by the Covid-19 crisis whereas the study provides insights to the importance of the importance of project design for how management accounting is used under a non-routine setting.

**Keywords:** Management accounting, Grant administration, Project, Public budget response, Private organisation, Public organisation, Tourism, SME, Adaptation, Svalbard, Local Government Financial Grant

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# 1. Introduction

## 1.1 Background

The Covid-19 pandemic and health crisis has affected people on a bottomless, wide, and severe level over the last two years. The Covid-19 pandemic has also triggered responses as well as research activities across fields since the outbreak (Rinaldi, 2022). Research focusing on broad topic areas such as public budget responses, public sector and (potential) alleviating effects of the pandemic have received considerable attention (Rinaldi, 2022). Moreover, 'Governments used a wide range of accounting and accountability tools to respond to the COVID-19 pandemic and mitigate its impact on the economy and society' (Rinaldi, 2022, p. 9), and caused local governments to take actions to support the livelihood of businesses. Economic/fiscal stimulus packages, relief measures, financial supports, governmental actions and subsidies directed towards specific industries and individuals have occurred in a number of countries, such as UK (Ahrens & Ferry, 2020; GOV.UK, 2022), Australia (Indigenous Business Australia – COVID-19 Support, n.d; Support for businesses in Australia, n.d) and Russia (Klimanov et al., 2021). Some local government financial equalisations or grants have been directed towards small businesses, others have been directed towards geographical region or municipality, such as in Norway (Prop. 142 S [2019-2020]; Prop. 127 S [2019-2020]) and industry-specific, such as the tourism industry (Oppdragsbrev Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard, 2020).

The general features of the use, or function of management accounting in different contexts, such as Covid-19 (Kober & Thambar, 2022; Leoni et al., 2021) and projects (Bisbe & Sivabalan, 2017; Janssen et al., 2011; Nixon, 1998) are priorly researched. Albeit, prior research on the use of management accounting in a project context exists more specifically for new product development and/or R&D (Bisbe & Sivabalan, 2017; Janssen et al., 2011; Nixon, 1998). However, project management is not solely related to new product development or R&D, albeit they go under the broad field of project management topics (Malagueño et al., 2021). Further, prior research within the field of management accounting has mainly considered larger organisations in stable contexts, thus marginally addressing the context of small and medium-sized enterprises (SMEs) (Bisbe & Sivabalan, 2017; Chenhall, 2003; Janssen et al., 2011). The common research approach for implementation and usefulness of management accounting in a specific project phase has thus mainly focused on the firm-level (Bisbe & Sivabalan, 2017; Rezanian et al., 2016).

Recently, a call for research considering "various aspects of performance measurement in projects and project management" (Pesämaa et al., 2020, p. 559) was published. According to Pesämaa et al., (2020), due to raising complexity and uncertainty of the project environment and the actors being involved in the projects, the traditional performance measurements are questionable for the purpose of project controls. Moreover, there are additional studies showing how project managers implement both formal and informal controls to ensure that the project goals are met (Lenfle & Loch, 2010). Such studies are aligned with research within the field of management accounting that encourage "measurement of performance to the management of performance" (Otley, 1999, p. 364). Management accounting (MA) include broad (Ferreira & Otley, 2009; Malmi & Brown, 2008; Simons, 1994) and according to Chenhall (2003, p. 129) it "refers to a collection of practices such as budgeting or product costing". In this research it also relates to a combination of tools and practices to navigate

organizational decision-making process towards achieving its organisational goals and objectives (Merchant & Van der Stede, 2017).

However, a lack of interdisciplinary research and more specifically research within the field of management accounting, as well as research including both public and private organisations to potentially grasp 'the considerable breadth and depth of complex underlying societal problems' (Rinaldi, 2022, p. 5), is important but scarce (ibid). Thus, important through investigating "the complex interrelationships and interdependencies between accounting and society during and after the COVID-19 crisis" (Rinaldi, 2022, p. 20), to understand the role of management accountings' contribution to the challenges of the crisis. In addition, the use of public resources is of great concern retrospectively, and for the future. Despite these two years of Covid-19 related research across fields, it is not clear how management accounting is used in responses to the pandemic, neither the assessments or impacts of reorganization of businesses through public budget responses and eventual alleviating effects in the form of projects. Hence, the opportunity to compare the use of management accounting between public and private organisations under a Covid-19 triggered response is of interest. There are not many impact evaluations of publicly subsidised business counselling on objective outcomes, such as growth in employment, turnover, or value added but rather related to monitoring and subjective outcome criterias (Widerstedt & Månsson, 2015).

For the tourism industry, Altin et al. (2018) develop the multidimensional aspects and characteristics as *"including the complexity of service business, intangibility, hefty capital investment, sensitive production processes, customers being part of service and production processes, the importance of location or labor factors, high vulnerability to the external environment, for example, the political, social and economic environment"* (Altin et al., 2018, p. 1173). A specific response to the Covid-19 pandemic for the tourism-industry on Svalbard was initiated during the fall of 2020 (*Oppdragsbrev Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard*, 2020) causing firms, and a local public organisation to do something they are not used to in the form of a grant administrated project. The main objective of the grant was for the receivers to get through the pandemic and be better equipped for the future (ibid). The grant objectives infer a societal level to the firm's project performance, to become better equipped partly financed by the grant (i.e., public resources) but also a firm level, to deliver an (undefined) output for the firm performing the project. Investigating this situation can contribute to an increased understanding of grant administrated projects under an extreme situation, specifically focused on the use of management accounting.

Thus, the aim of this thesis is to learn more about the use of management accounting under a new, non-usual situation from two interlinked levels, namely the societal and firm under a public grant administrated project context. Our results indicate that management accounting is used by small firms and a public organisation to the required extent (i.e., based on the design of the grant), for decision-making, controlling and reporting under a public grant administrated project.

## 1.2 Research Purpose and Research Question

Following the aim presented in the preceding section 1.1, the purpose of this thesis is to study the use of management accounting under a public grant administrated project for the tourism industry on Svalbard, initiated as a public budget response for the Covid-19 pandemic, from two interlinked levels: societal, and firm. The societal level through a public organisation, and the firm level through private

firms that received grants to perform projects. Answering to the recent calls for research on performance measurements in project contexts (Pesämaa, 2020), performance measurement for SMEs in the tourism industry (Altin et al., 2018), including both public and private organisations related to the Covid-19 crisis, responses and effects (Rinaldi, 2022), whilst broadening the research field of management accounting. To achieve the research purpose, the following empirical research question will be addressed:

*What is the use of management accounting by private SME's and a public organisation under a grant administrated project triggered by the Covid-19 crisis?*

### 1.3 Delimitations

This study encompasses a vital underlying question whether such grant administration result in a balance or matching between need and response, and if so, also compared to alternative programs or responses? For the case of this thesis, one grant administrated response to the Covid-19 crisis is addressed from two groups of actors: private SME's receiving the grant, and the grant administrator. By addressing this case, and special project context and non-routine situation, our study provides insight into project management, grant administration and use of management accounting by private firms and a public organisation, although not direct insight into if the need and response matched, nor an actual evaluation of the grant. Albeit this thesis does not focus on the results of practices in terms of evaluating a performance, neither by private firms nor the public organisation or the grant administration. Instead, we focus on exploratively investigating use of management accounting under the project context.

### 1.4 Structure of the Report

The remainder of this thesis is divided into seven chapters. The following chapter presents the grant administrated project, followed by a literature review, which presents relevant existing research ended into a summarized framework. Thereafter, the research method is described and discussed. Chapter five presents the empirical results stemming from the collected data, followed by an empirical analysis and discussion to the presented summarized framework. The thesis is finalised with a conclusion and suggestions for future research.

## 2. The Local Grant Administrated Project

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*The following chapter describes the grant administrated project “Svalbardpakke 1” divided into three intertwined phases: initiation, execution, and closure, following characteristics for project evolution. Thereafter, involved actors are delineated to exhibit the public organisation and private firms into the project context. Lastly, to contextualise the project and assessment-setting for the public organisation and private firms for the scope of this thesis an overview of the assessment focus for the project is provided.*

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This thesis focuses on a specific public budget response to the Covid-19 pandemic with certain characteristics of a project. A project is defined as “a temporary endeavour undertaken to create a unique product, service, or result” (Project Management Institute, 2017, p. 13), inferring an organisational change. A project will result in a change in an organisation with the use of allocated resources (Tonnquist, 2021). Although the projects are temporary, the need to manage and measure its performance is supported by implementing controls at project levels (Schiller, 2010). Performance reporting and process controls have been considered as vital for the success of a project (Tonnquist, 2021). Moreover, project evaluation can be unique from one project to another as the project size, industry, and resource availability to achieve specific objectives can vary. According to Haass & Guzman (2020, p. 573) “Project evaluation can be useful to demonstrate project transparency, accountability and allows for project lessons learned to be shared, constructing knowledge and expertise”. Rozenes et al., (2006) priorly explored in project management literature how project controls spread over a wide range of control mechanisms yet refers to Bourne et al.(2000) and Pillai et al. (2002) by highlighting the recent shift towards project performance management.

Related to public budget responses of the Covid-19 pandemic, relief measures, and governmental actions, the Norwegian government suggested during September 2020 to administrate 25MNOK for a new, temporary grant for tourism-related companies on Svalbard, to help the tourism industry (Nærings- Og Fiskeridepartementet, 2020a). The temporary grant was included in the governmental financial packages for handling the Covid-19 outbreak, to maintain settlement and activities specific for Svalbard after being subject to stricter restrictions than the Norwegian mainland (Nærings- Og Fiskeridepartementet, 2020a). In this specific public budget response, two main actors are identified for this thesis: Longyearbyen Lokalstyre (LL, the community council of Svalbard) and grant receivers who are actively involved in the process including evaluation of how the grant objectives are fulfilled. Therefore the activities following upon the initiation of the grant, including applying for and receiving this grant can be viewed in several intertwined phases following project characteristics according to Tonnquist (2021). Commonly, describing projects as lifecycles with several phases or stages are done (Tonnquist, 2021 pp. 38-40). Idea, pre-study, planning, execution, closure and impact are describing the project lifecycle with pre-study or initiation, planning, execution and closure maintain a project, while idea and impact infer the preceding and context of a project (ibid). Similarly, Marle & Vidal (2015, p. 3) present the “commonly-accepted project management process which is composed of five steps: project initiation, project planning, project execution, project monitoring and control, project closure”. In addition, phases can be intertwined and happen timely, such as an impact can occur before a project is finished. “In the project organization, there are four categories of roles with different focal points: Governing, Organizing and managing, Executing and Supporting” (Tonnquist, 2021 p. 45). Three phases are outlined for the sake of this thesis as initiation, execution, and closure whereas the inclusion of activities differ slightly between the project itself, the receivers of the grant and the administrator (public organisation) as will be described in the following section.

## 2.1 Description of The Project

The project, referred to as “Svalbardpakke 1” (Longyearbyen Lokalstyre, 2022) is divided and presented into three phases and contextualized into a figure illustrating the project evolution for two actors.

The initiation phase and initial objectives

During September 2020, the Norwegian government suggested to administrate 25MNOK for a new, temporary grant for tourism-related companies on Svalbard, to help the tourism industry (Nærings- Og Fiskeridepartementet, 2020a). In the governmental press release the Norwegian Minister of Trade and Industry of that time Iselin Nybø is quoted stating “The tourism industry is the largest industry on Svalbard. The companies had a very demanding six-month period behind and is now facing a low-season period ahead. Because of that, we are now creating a temporary scheme to possibly contribute to reconstruction, adaptation, and new thinking of tourism”<sup>1</sup> (Nærings- Og Fiskeridepartementet, 2020a, [transl.]). The temporary grant was included in the governmental financial packages for handling the Covid-19 outbreak, to maintain settlement and activity and specific for Svalbard after being subject to stricter restrictions than the Norwegian mainland (Nærings- Og Fiskeridepartementet, 2020a).

In December 2020, another governmental press release then announced that Longyearbyen Lokalstyre (LL) was commissioned to administrate the grant of 25MNOK for reconstruction, adaptation and development of the tourism industry on Svalbard (Nærings- Og Fiskeridepartementet, 2020b), and that the Norwegian Ministry of Trade, Industry and Fisheries (Nærings- og Fiskeridepartementet, NFD) had decided upon the grants’ regulation and the application deadline as of 22<sup>nd</sup> of January 2021 (Nærings- Og Fiskeridepartementet, 2020b; Forskrift om midlertidig tilskuddsordning for gjenoppbygging, omstilling og utvikling av reiselivet på Svalbard, 2020). The grant should help to ensure that the serious tourism-actors on Svalbard do not go bankrupt by targeting actors that operate under Norwegian working conditions, support the «Svalbard Policy Objectives<sup>2</sup>» and contribute to a year-round society (Nærings- Og Fiskeridepartementet, 2020b).

The Norwegian Minister of Trade and Industry of that time Iselin Nybø exemplified in the press release “Examples of arrangements to receive grant are rebuilding of current business operations, infection prevention measures that enable operation, changes in business operations, shifting to new customer-groups, updating of skills”<sup>3</sup> (Nærings- Og Fiskeridepartementet, 2020b [transl.]).

The grant was stated to be less than 1MNOK per receiver, but certain forms of projects might be above 1MNOK, and the grant can maximum stand for 75 per cent of the project’s costs (where working hours can be part of the equity-part of the project) (Forskrift Om Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard, . In the letter of assignment to Longyearbyen Lokalstyre regarding the objectives of the grant, organisations receiving the grant

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<sup>1</sup> Translated from “Reiselivsnæringen er den største næringen på Svalbard. Bedriftene har et svært krevende halvår bak seg og går nå en lavesong i møte. Derfor oppretter vi nå en midlertidig ordning som kan bidra til gjenoppbygging, omstilling og nytenkning av reiselivet, sier næringsminister Iselin Nybø” (Nærings- Og Fiskeridepartementet, 2020a).

<sup>2</sup> Translated from «Svalbardpolitiske målene» (Nærings- Og Fiskeridepartementet, 2020b).

<sup>3</sup> Translated from “Eksempler på tiltak som kan få støtte er gjenoppbygging av eksisterende drift, smitteverntiltak som muliggjør videre drift, endringer i driftskonsept, vridning mot nye kundegrupper, kompetanseheving, sier næringsminister Iselin Nybø” (Nærings- Og Fiskeridepartementet, 2020b).

should get through the pandemic and be better equipped for the future (*Oppdragsbrev Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard, 2020*). Longyearbyen Lokalstyre decides based on a judgement of each application and prioritising of what contributes to the greatest possible overall goal-achievement (Forskrift Om Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard, 2020 §5). The purpose was to remedy negative consequences for the tourism industry after the Covid-19 outbreak, and to rebuild, develop and restructure the activities in accordance with the Svalbard policy objectives through employment and value-creation based on local possibilities (Forskrift Om Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard, 2020 §1). Several actors with varying roles were appointed during the initiation and ordinance of the grant, further developed under section 2.2 Stakeholders and Actors.

The execution phase

To monitor and administrate the local government financial grant, a web portal was provided by Longyearbyen Lokalstyre with requirements for application (Longyearbyen Lokalstyre, 2021). In addition, a digital information meeting was held by Longyearbyen Lokalstyre together with the official, member-based tourism board for Svalbard, Visit Svalbard AS (n.d.) on the 14<sup>th</sup> of January 2021 regarding “What Norwegians demands during the summer 2021”, information about the procedure, the administration and monitoring of the project and the web portal for applications, and a Q&A session (Longyearbyen Lokalstyre, 2021). An extraction from the ordinance was provided (Forskrift Om Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard, 2020 §2) with eight presented requirements:

- a. Significant turnover related to tourism in Svalbard,
- b. Year-round or almost year-round operations in Svalbard,
- c. Enterprise should be fiscally registered in Svalbard, a sole proprietorship run by a Svalbard tax-resident, or a firm with tax-residents of Svalbard as participants,
- d. The enterprise follows rules and regulations for bookkeeping, accounting, and auditing. If the enterprise was established during or prior to year 2019, financial year 2019 must be in accordance with rules and regulations,
- e. The company had to be registered no later than the 1<sup>st</sup> of March 2020 in the Register of Business Enterprises or in the Central Coordination Register for Legal Entities (sole proprietorship),
- f. The enterprise should not be exempt from submitting income statement,
- g. The enterprise operates with Norwegian wage conditions similar to or according to existing collective agreements if available on the mainland (e.g., Norway), or else common wage conditions for similar work on the mainland (e.g., Norway),
- h. The enterprise should be wholly- or partly owned by Norwegians.

Enterprises that fulfil the requirements (a-h above) could receive the local government financial grants, but an exception clause to avoid unintended effects was stated as grants can be supplied for measures that clearly support the objectives even if all requirements were not met (Forskrift Om Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard - Lovdata, 2020 §2). Albeit, projects contributing to reconstruction, restructuring and development of

enterprises with a significant turnover related to tourism could receive the grant (Forskrift Om Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard - Lovdata, 2020 §3). A clarification for the objective of maintaining operations, grant could also be received for activities, measures or operations that were not tourism related (Forskrift Om Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard, 2020 §3). The application-form presented the requirements, requested information about the applicant, a description of the project for the purpose of the grant, how the project would meet the objectives of the grant, expected outcome/results of the project, information about the arranging of the project and a progress plan, potential collaborators, inclusion of applied employment conditions within the operations, information about owner-structure and citizenship(s), a budget of project expenses and revenues, a financing plan including forecasted revenues and specification of equity and grant-requested amount, and expected quantified result (Longyearbyen Lokalstyre, 2021). The applicant was informed to explicate potential other applications for financing (or grants) and to explicate what objectives their project would fulfil (such as year-round employment, possibility to be started quickly, potential to promote value creating with a local connection, promotion of sustainable tourism activity). In addition, annual report from 2019, certificate of company registration, information about revenues on Svalbard 2019 and 2020, annual plan showing monthly activities/operations, health-environment-safety plan according to the Working Environment Act of 2019 and attachment of salary and working conditions for employees during 2019 were to be submitted (Longyearbyen Lokalstyre, 2021). Applications were to be submitted latest on the 22<sup>nd</sup> of January 2021. (Longyearbyen Lokalstyre, 2021). Confirmations were sent out beginning mid-March 2021, including an acceptance form to be signed for receiving the grant according to stated conditions to the grant (Longyearbyen Lokalstyre, 2021a). Confirmations and acceptance schemes are publicly available information, while applications are confidential (see further description under Chapter 4. Methodology section 4.1). Each confirmation included a brief information about the planned project, the amount of the grant, the decision by Longyearbyen Lokalstyre about requirements, and clarifications of judgment(s). Amounts specified in each application were presented together with confirmed amount, and approved financing of each applicant's project. The confirmation thus outlined project plans (briefly), as well as defining the requirements for disclosure. As the acceptance form was signed and received by the Longyearbyen Lokalstyre, 75% of the total confirmed grant was paid out (Longyearbyen Lokalstyre, 2021a).

During the execution phase, each confirmed application and thus reimbursed grant amount could be defined as started subprojects according to the definition by Tonnquist (2021, p. 536) "an isolated part of a project with a clear, obvious purpose and goal". For each grant receiver, these subprojects represent projects with an initiation phase including the process of creating the application. But from a societal and broader perspective for the local government financial grant project setting, these will be defined as subprojects and thus part of the execution phase, although each subproject includes three phases as well (i.e., also the following phase of closure and impacts individually).

The closure and impact phases (benefit realization)

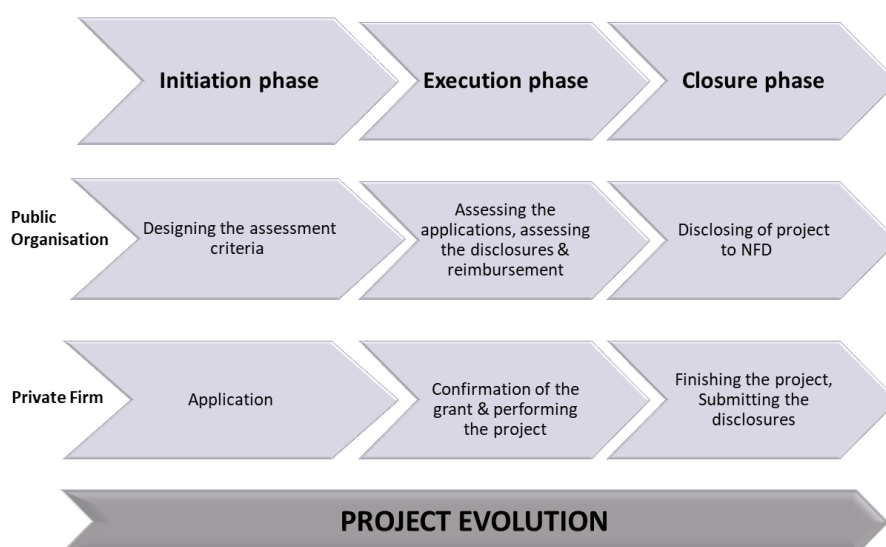
At the time of this study the Svalbardpakke 1-project was not finished, therefore the closure phase for the project is described in future tense, focused on the grant receivers and the grant administrator in the ordinance of the grant (Forskrift Om Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard , 2020) and thus, the project for the scope of this thesis. Included



in the closure phase for the grant administrator (LL) is reporting to the NFD on approved grants and accumulated fulfilment of the objectives (Forskrift Om Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard, 2020 §11). In the closure phase for the grant receivers, there are outlined requirements stated in the confirmation approved by the applicants. Disclosing a comparable project accounting to confirmed expenses and financing plan is required, as well as a description of how the grant has been utilized in relation to the objectives of each subproject as well as in relation to approved expenses and financing. Also, a description of implemented results is to be stated (Longyearbyen Lokalstyre, 2021). In addition, the disclosure should be audited or approved by a certified accountant, which should follow the report and be received by Longyearbyen Lokalstyre initially before 1<sup>st</sup> of May 2022 but changed to 1<sup>st</sup> of September 2022 as pr. 7<sup>th</sup> of April 2022 (Longyearbyen Lokalstyre, 2022). If the project report is not received before the final reporting deadline, the full amount will be withdrawn without notice (Longyearbyen Lokalstyre, 2021). 75% of the 75% of the total project costs were paid out upon confirmation, the remaining 25% of the 75% upon accomplished requirements (Forskrift Om Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard, 2020 §7).

### Project Evolution

Albeit the project evolution of Svalbardpakke 1 (i.e., the grant) divided into three phases have been presented. Each phase infers different activities for different actors, related to Svalbardpakke 1 which also create a project evolution. For the grant administrator, i.e., the public organisation the initiation phase includes implementing the objectives into designing requirements and criteria according to the ordinance. The execution phase consists of assessing the applications and disclosures, control, and reimbursements. The closure phase includes disclosing the Svalbardpakke 1 to the grant initiator (NFD) according to the ordinance. For the enterprises, such as private firms, the application process represent the initiation phase. The execution phase starts at confirmation and is about project performance, from the first 75% of the approved grant amount was received. The closure phase for actors who received the grant, is about disclosing the project and the remaining grant amount to (potentially) be received. This is presented in figure 2.1 below.



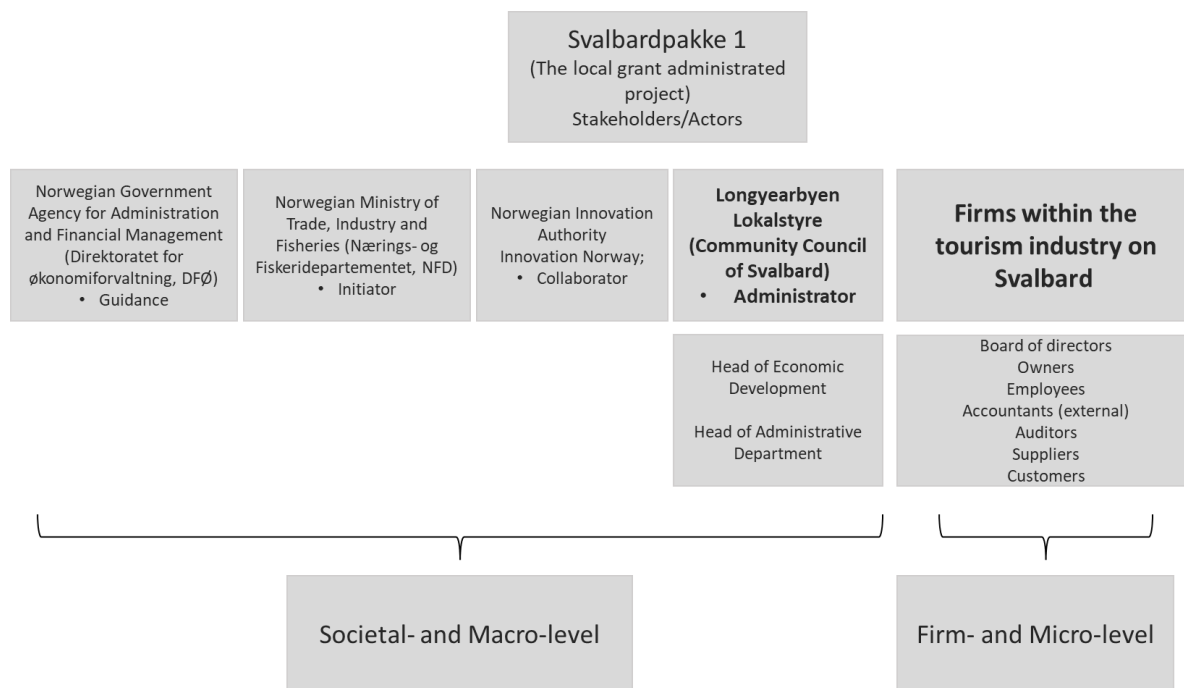
**Figure 2.1 Project Evolution for the Public organisation and the Private Firms**

For all actors and the project itself, activities are likely to occur over several phases and phases be intertwined. Additionally, potential impacts may be longer than as per the final disclosure is reported to NFD. But if to put a timeline, the applications were submitted during January 2021, reimbursements started mid-March 2021 and the grant receiver's disclosure date (to LL) is set to 1<sup>st</sup> of September 2022.

## 2.2 Actors

Defining actors or stakeholders involved in management accounting and/or project evaluation is context dependent. The Norwegian government of September 2020, through the Norwegian Ministry of Trade, Industry and Fisheries (NFD) initiated the local government financial grant (Nærings- og Fiskeridepartementet, 2020a) and appointed the community council of Svalbard, Longyearbyen Lokalstyre to administrate the grant according to the ordinance (Forskrift Om Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard, 2020). According to the letter of assignment to Longyearbyen Lokalstyre, also the grant is governmental thus accordingly to settled restrictions through "Reglement for økonomistyring i staten og Bestemmelser om økonomistyring i staten" (Oppdragsbrev Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard, 2020). The involved governmental actors are thus the NFD, delegating the administration to Longyearbyen Lokalstyre, but with guidance-obligations, together with the Norwegian Government Agency for Administration and Financial Management (Direktoratet for økonomiforvaltning, DFØ). Longyearbyen Lokalstyre also has disclosure-obligations to the NFD, also about the assessment of goal-achievement for the grant (Oppdragsbrev Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard, 2020). Additionally, there was an addressed demand of collaboration between Longyearbyen Lokalstyre and the Norwegian Innovation Authority (Innovation Norway, IN), an affiliated enterprise under the Norwegian Ministry of Local Government and Regional Development (Kommunal- og distriktsdepartementet, KDD) (Ministry of Local Government and Regional Development, n.d.). to "appropriately avoid double funding" (Oppdragsbrev Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard, 2020, p. 2).

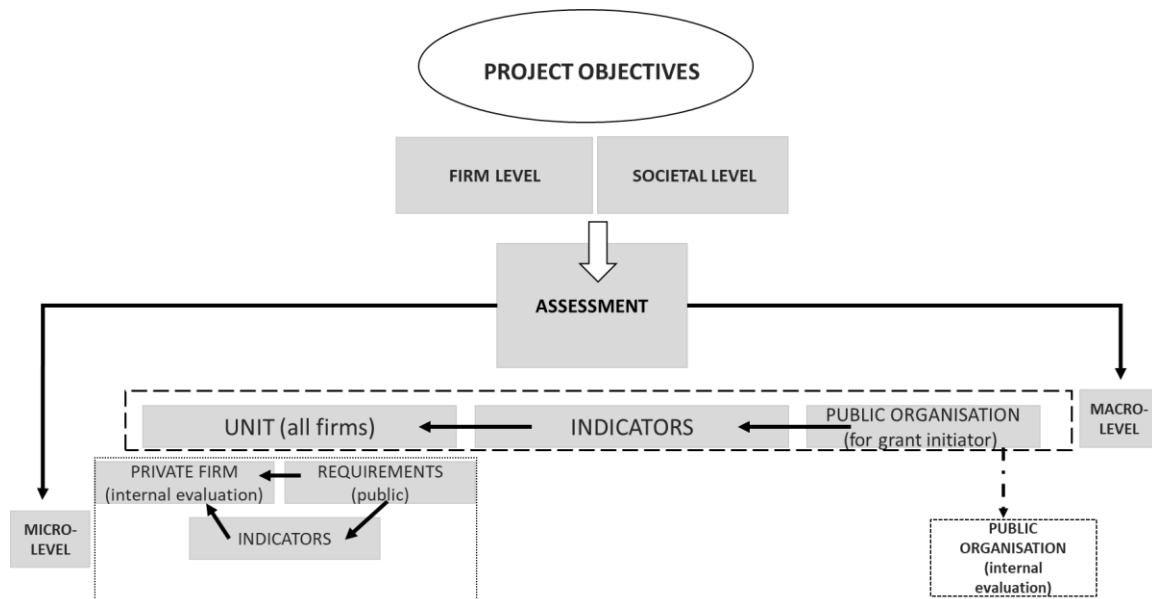
In addition, enterprises within the tourism industry on Svalbard acts as actors within the project, and customers, owners, board of directors, employees, suppliers, internal or external accountants, and auditors are among the relatable stakeholders acting as actors related to the project with different involvement and functions that are situation-dependent. Figure 2.2 below delineates the involved actors in the grant administrated project. The actors marked in bold (the grant administrator and firms within the tourism industry on Svalbard) are the main focus of this study.



**Figure 2.2 Actors of Svalbardpakke 1**

### 2.3 Focus of Assessment

Assessment is closely linked to and depend on expectations from each stakeholder in a specific project, whose nature of accountability may differ. Thus, the scope of this thesis addresses use of management accounting in situations under a grant administrated project as a public budget response to the Covid-19 pandemic. This involves assessment under several project-related situations, two broad perspectives of focus (micro- and macro) and two intertwined levels of assessment (firm- and societal): under stated project objectives. This infers assessment of a specific project (Svalbardpakke 1), evaluation of the effects/impacts of the project: on a micro-level, internally by each firm as well as by each firm according to the public requirements, and on a macro-level, by the aggregation of all enterprises receiving the grant and the public organisation. To illustrate this complexity, or system of assessments, in relation to the overall objectives that pervades assessment through the project, Figure 2.3 below is presented as a simplified delineation outlining the levels of assessment-processes in the following sections for the two actors in focus of the thesis: the public organisation as the grant administrator and private firms as the grant receivers (carrying out the subprojects).



**Figure 2.3 Assessment-focus map**

As indicators, not only measures or producing measures are included for the sake of this thesis. Techniques, use, design supporting doings and actual doings are included in the illustration of “Indicators” within the presented map of levels and actors of assessment.

The arrows in the figure, shall not be understood as direct relations since we cannot assure the direction based on our empirical data, but rather present an indication for a possible direction.

### 3. Reference Frame

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*This chapter presents a theoretical reference frame of prior research. Initially, contrasting prior research on management accounting in mainly public organisations and under organisational change are presented. Thereafter, research on grant administration by public organisations, grant programmes for regional development and for SME's are follows. This is followed by prior research on situations of use of management accounting and design of management accounting, mainly from the context of private organisations. The chapter ends with a summarized framework of the categories and findings within the field of management accounting for a project context as two conventional dimensions: use, and design. The summarized framework is then used as a foundation for the empirical data.*

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#### 3.1 Management Accounting in Public and Private Organisations

Prior research on management accounting for public organisations are not extensive (Pollanen, 2011). The author reviews prior research on management accounting in public organisations and categorises Goddards (2010) review of management accounting and control (MAC) research for the topic's performance management, budgeting, costing, revenue forecasting and general management accounting as "typical management accounting topics" (Pollanen, 2011, p. 385), implying conventional management accounting topics as priorly used for both private and public organisations. Although, the author stresses "While some issues, such as cost allocation and accounting, may apply to both private and public sectors, other issues, such as fixed revenue budgets and short-term planning horizon, are quite unique to public organizations" (Pollanen, 2011, p. 388). More specifically, cost management, non-financial performance measures, management control systems, budgeting, performance measurement, managerial evaluation and incentives, use of MAC information in decision making were found, i.e., included, in the reviewed articles of MA in public organisations. Also, governance, accountability in combination with regulatory control have been researched for public organisations rather than private (Pollanen, 2011).

Practices and use of management accounting techniques under organisational change (reform-focused) into decision-making and organisational performance for local governments has been researched by Lapsley and Pallot (2000) for New Zealand and Scotland. Management accounting was found as a driver for the changes in NZ, whereas of less importance for the changes in Scotland (change was instead found to potentially be driven by institutional isomorphism). For New Zealand local governments, importance of participation through communication between management and inhabitants was important for a city, whereas a rural area implementing marketization (outsourcing and contracting tasks) as management styles but both styles to a large extent relying to influence and integration of accounting into practices and decision-making – whereas the actual practices differed (activity-based costing for the smaller community for example, deciding to outsourcing many activities).

#### 3.2 Grant Administration by Public Organisations

Priorly, performance accountability for grant administration has been addressed from a contracting aspect of agency theory (problems) by Collins and Gerber (2008). The authors stress

"Therefore, it is critically important for managers to avoid adverse selection and moral hazard problems by selecting the "right" recipients and monitoring post grant performance. This possibility of implementation failure makes performance accountability a major and costly concern, as managers must bear significant search, negotiation, and monitoring costs to mitigate agency problems" (Collins & Gerber, 2008, p. 1130).

The authors developed a framework upon “the selection and allocation decisions” (Collins & Gerber, 2008, p. 1130), into a four-field matrix for the practices into the selection and decision-making process related to grant administration, although from a different type of grant administration (public to public for the Community Development Block Grant (CDBG) program compared to public to private organisations as in the case of our thesis).

Out of four studies on the Norwegian public sector included in a review by Pollanen (2011), three related to health care and hospitals (Nyland & Pettersen, 2004; Østergren, 2009; Pettersen, 2001), and one to school districts (Bjørnenak, 2000). Further related to Norway, Estensen et al., (2014) expanded insights for the role of competence brokering and knowledge transfer (or technology transfer) for local or regional development and innovation performed through competence brokering and firm-specific projects, with region-applied funding through, inter alia, Innovation Norway (i.e., administrated by a public organisation). The authors refer to programmes of technology transfer, R&D focused, within Norway as existing for over 40 years sometimes including collaborations between Nordic universities and often focused on projects with SME’s to “connecting companies to relevant research knowledge” (Estensen et al., 2014 p. 311). Actors involved in a described programme by Estensen et al. (2014) were industry-specific private SME-firm’s, a broker (contact and collaboration-focused), a university, and Innovation Norway – designed as projects with varying duration and success factors. Trust, will, and interest of project-development and support in funding-processes were addressed as crucial for a successful project, but “looking at the effects of competence brokering, it is difficult to distinguish between the brokering itself and the specific company projects that are being implemented” (Estensen et al., 2014 p. 318). Firm-specific focus and the broker being “able to see the world from the company point of view” and “Support in the administrative system for an ‘un-bureaucratic’ system with regard to funding is crucial” (Estensen et al., 2014 p. 318). As a tool, the competence broker “shall initiate, implement and monitor a project that has a certain level of R&D content, and is something new for the company to raise it further and help it become more competitive” (Estensen et al., 2014 p. 319), this required an informed actor in terms of “business life and companies in the region, and the same as it comes to the scope of expertise and area of knowledge at the R&D institutions, and also the relevant financial instruments for financing the projects” (Estensen et al., 2014 p. 319). Similar R&D-focused programmes with local (district-related) competence brokers still exist in Norway, both for private and public organisations through different R&D focused projects (Forskningsrådet, n.d.).

Budgeting and budget controls within the Norwegian public sector has been addressed by Pettersen (2001), and back then “According to the Norwegian planning tradition in public sector management, budgets are considered as the central element of management control” (Pettersen, 2001 p. 569). A normative view of exceeding budgets, seen as a management control problem at the management of hospitals for the time of 1991-1997, Pettersen (2001) findings showed that implementing new payment reforms at the hospitals, systematically exceeding budgets was used as budget drivers resulting in opposite effects to the governmental intention of the changed system.

More specific on small- and medium sized enterprises (SME) but for Swedish firms, Widerstedt and Månsson (2015) found added value for Swedish SME’s that received counselling from a business development grant program compared to firms that did not receive similar counselling, but to a low extent. Due to the design of the grant, the sample of firms receiving the grant were mainly operating in manufacturing and tradable services in rural areas of Sweden, with R&D focused projects

(Widerstedt & Månsson, 2015). The authors address potential explanations of their ambiguous findings, one that the grant program does not impact the objectives (increased growth), or that the control-group that did not receive grant, thus did not receive counselling, might anyway have successes in business development to the same effects. This, stressed by the authors, could thus question if the grant is a “misuse of public funds: firms that have applied for grants implement the investment plan whether or not they have been granted a voucher, and therefore the outcome will be comparable with firms that received grants” (Widerstedt & Månsson, 2015, p. 663). Thus, assessing the design of the grants and objectives is found to be of importance.

### 3.3 Usage Situations

The role of management accounting in this study is attached to specific situation of use. Management accounting is concerned with providing vital information for management in different situations (Seal et al, 2019). This research delves into how the prior literature has identified the situations of uses to identify how information produced by management accounting are used in certain situations by different users. There are several frameworks that exists in the literature attached to these certain uses. According to Simon (1947) the three uses of management accounting are “score-keeping”, “attention-directing” and “problem-solving”. Similarly in recent years Robert Simons (1994) introduced interactive use and diagnostic use in his framework of “Levers of Control”. Other studies such as Mellemvik et al. (1988) explains uses such as decision making and control as the intended functions of accounting, whereas legitimation and power as the unintended functions of accounting. In this study, we are interested in looking at the intended uses as it serves the objectives of management accounting and can be viewed in the venue of any organisation regardless of its context (Mellemvik et al,1988, Seal et al, 2019). Several use situations have been identified in the literature. However, the study is not necessarily limited to these. The following ten are the examples of use situations (Samuelson, 1986; Mellemvik et al., 1988; Chenhall, 2003; Poister, 2003; Henri, 2006; Merchant and Van der Stede, 2017, Seal et al, 2019)

- Division of responsibility
- Decision-making
- Monitoring/Evaluation/Control
- Signalling (“attention-directing”)
- Negotiation
- Benchmarking
- External communication
- Improvement/Rationalisation
- Coordination
- Feedback/Reporting

According to Franco-Santos & Otley (2018), the management accounting design or methods adopted in a specific situation may depend on the management belief on the organisational goals and objectives. The discussion about basic objectives of accounting has delved in to the discussion of the purpose, design and the users of accounting information (Mellemvik et al., 1988). The intended functions of accounting, as presented by Mellemvik et al. (1988) in the assessment of accountability the function of reporting will ensure, if the allocated resources are managed effectively for the performance of the organisation. Moreover, the decision-making role of accounting will provide information for the purpose of arriving at most rational decision for a firm. Thus, with the available

information, management accounting will support the effective allocation of available resources for the purpose of reaching a firm's objective(s) (Mellempik et al., 1988). Similarly Merchant & Van der Stede (2017) describes planning & budgeting as important controlling system to be able to achieve organisational objectives. The authors Merchant & Van der Stede (2017) suggests that planning and budgeting relates to decision making done in advance. As the day-to-day tasks makes individuals distance from the organisational long-term strategic engagement, decision making in advance will provide the necessary encouragement assessment of long term effects (Merchant & Van der Stede, 2017). Secondly the authors suggest coordination as for the purpose of sharing information and creating awareness about the planning and budgeting systems in place. Thus the information will flow from top down with communication of organisational goals and objectives and as a result the bottom-up communication will provide information for resource requirements, opportunities and available risks (Merchant & Van der Stede, 2017).

Accounting as a language is used for communication in the venue of "*improving control and decision making*" (Mellempik et al., 1988, p. 104). Controlling and monitoring is a vital function of any organisation. According to Merchant & Van der Stede "Management control is the back end of the management process" (Merchant & Van der Stede, 2017, p. 05). Thus suggests that when designed well the control and monitoring process can be used for the purpose of influencing employee behaviour to achieve common objectives of the organisations (Merchant & Van der Stede, 2017).

López & Hiebl (2015) in their systematic literature review, explore how management accounting is used in small and medium (SME) firms. The authors highlight how SMEs face challenges due to diverse characteristics in resources. López & Hiebl (2015) lists the outcomes of management accounting systems under four themes: business outcomes, people, customer/market and performance. López & Hiebl (2015) discusses how SMEs rarely use management accounting for decision making purposes, on the contrary other research according to Chand & Dahiya (2010) & Hakola (2010) highlights how the sophisticated information produced through management accounting can facilitate forecasting, industry analysis and SWOT analysis. By giving importance to internal control mechanisms which will improve organisation's overall controls for better business outcomes (Chand & Dahiya, 2010; Hakola, 2010). According to Manville (2007) by integrating management accounting aspects such as performance indicators with the organisational plan will provide better outlook to daily business activities in the overall business while optimizing the limited recourse availability. When management accounting is operationalized in SMEs people will experience the outcome of more professionalization with responsibility centres and standardized internal control processes (Amat et al., 1994). In the context of market/customer outcomes López & Hiebl (2015) shows that when operating in uncertain environments, using less management accounting tools may restrict organisational performance. Conversely better management accounting practices will aid SMEs to adopt into fast phased environments by using better internal controls (Gul, 1991). Moreover, according to Barrar et al., (2002), the competitiveness of SMEs will be restricted due to lesser management control. When considering performance outcomes SMEs with sophisticated management control practices will be exhibiting higher performance with efficient forecasting (Marriott & Marriott, 2000).

### 3.4 Design of Management Accounting

Methods/ techniques refer to both formal and informal controls carried out by the organizations (Langfield-Smith, 1997). For example, formal control includes budgets, variance analysis, forecasts, and liquidity analysis. These are more visible control techniques and easier to examine. Formal



controls methods consist of output or results which are generally financial oriented and can be used in feedback form (Langfield-Smith, 1997). These controls target to address a unique outcome. Monitoring, measuring, and rectified actions are used as elements of guidance. Widening the scope of these activities, we can identify four types of formal controls. They are Feedforwarding, personal, administrative, and behavioural controls.

Feedforwarding controls are also known as “ex-ante controls” (Langfield-Smith, 1997). Personal controls are the general HR policies established in an organization specially developing a sense or reporting and accountability. Administrative controls are the helpful controls that focus on smoothing the day-to-day operations while behavioural controls establish ethical standards and set of core values and control behavioural actions of employees to work towards company intended goals (Langfield-Smith, 1997).

Khandwalla (1972) identified there is a unique relationship between formal control systems and competition. Considering product, process, and marketing forms of competition he found that higher the competition greater the reliance on formal controls. Formal accounting controls such as standard costing, flexible budgeting, internal auditing, use of ROI, and inventory control were tested in the research (Khandwalla, 1972).

Informal designs are highly influenced by organisational culture. They are not designed by a rule or policy formulation process. According to Ouchi (1979), these are known as the Clan controls. Clan controls are subjected to changes of micro forces of an organisation hence these controls will be different from one organisation culture to another, but influence from organisational culture could not be present as a profound differentiator of formal and informal controls. Like the aforesaid vision mission of an organisation is a formal control guides behavior and administrative matters yet, there is a significant influence from company culture in forming these formal controls. These two controls seem interdependent (Langfield-Smith, 1997) However, according to Langfield-Smith (1997) informal and formal control mixed management accounting will only allow a manager to perform what has already been done but more effectively.

López & Hiebl (2015) emphasize that, due to the availability of limited resources SMEs are often unable to recruit professional management accountants and this is also reflected in inadequate skills in management accounting tasks among employees and owners. Although to be able to compete with large corporations it is crucial for the SMEs to manage their limited resources with better management controls (López & Hiebl, 2015). According to prior research, the usage of management accounting is often linked with the size of the firm. With organisational complexity and the size, SMEs happen to utilize and implement less sophisticated management accounting techniques compared to larger organisations (Becker et al., 2011; Brierley, 2011; Davila & Foster, 2005).

Moreover, the studies show that among SMEs, medium sized enterprises have a higher usage of management accounting compared to small firms and thus more comparable to that are in use at larger organisations (Chand & Dahiya, 2010; Laurinkevičiūtė & Stasiškienė, 2011). Not only the firm size, the age of the firm is also another determinant of the level of management accounting used in a SME. Older firms tend to follow fewer formal controls and therefore have lower knowledge transfers from the founders to newer management using comprehensive management accounting techniques including performance management systems may aid SMEs to better transfer knowledge among management teams (Heinicke, 2018).

Seemingly the adaptation of management accounting techniques does not solely depend on the size and the age of the firm. The education level of the top management as well as the willingness among the employees for exchange of knowledge and opportunity to get external consultation will also play a role in the use of management accounting in SMEs (Haas & Speckbacher, 2017; Heinicke, 2018). According to Hiebl et al. (2013), when family-owned SMEs transition into non-family firms they are likely to adopt more management accounting tools and thus become more professionalized in management accounting practices.

Following the discussion by Chenhall (2003) on the meaning of management accounting often used interchangeably with management control systems and management accounting systems, Chenhall (2003) discusses how the definitions have evolved with the use of more formal controls with the aid of financial or quantifiable information towards broader use of information. This broader information may include customer data, market competitor data and also production data that can be mostly non-financial data which can be used in aiding decision support mechanisms (Chenhall, 2003). According to Chenhall (2003) the use of non-financial data is connected with informal controls as mentioned earlier and can be further explained by informal personal and social controls. According to Malmi & Brown, (2008) management accounting research has identified budget, financial measures, non-financial measures and also hybrid of financial & non-financials in its core of measures. The study by Azofra et al. (2003) investigates the relationship between some financial and non-financial measures with the profitability of SMEs. Azofra et al. (2003) further explains how SME strategy implementation and success is supported by both financial and non-financial performance indicators specifically highlighting the equal importance of the usefulness of non-financial information which leads to design of performance indicators for continuous organisational improvement. Regarding financial and non-financial information addressed in management accounting and control research in public organisations, Pollanen stated over a decade ago that “Although financial reporting is a well-established and studied accountability tool, formal non-financial reporting practices may still be rare or developing” (Pollanen, 2011, p. 406).

SMEs are not acting as homogeneous groups. According to Grafton et al. (2010) SMEs use management accounting for both *feedback and feed-forward* tasks. Feedbacks are focused on existing strategic capabilities and feed forward aim to seek new strategic capabilities. Moreover, in practice SMEs use both financial and non-financial performance measurements (Ismail, 2007). Whereas many studies confirm benefits of using performance management (Chenhall & Langfield-Smith, 2003; Grafton et al., 2010). The combination of non-financial measures in the organisational performance measures linked to rewards mechanisms, will increase organisational performance (Chenhall & Langfield-Smith, 2003) However, some studies show SMEs do not largely depend on management accounting for decision making purposes (Halabi et al., 2010). Although SMEs use management accounting information for the purpose of keeping external institutions, such as banks and other government organisations informed about their practices (Halabi et al., 2010; Lohr, 2012).

According to Sainaghi et al. (2017) regarding tourism firms, the individual firm, size, governance, strategy and context matters. In their tourism performance measurement framework, the five approaches link efficiency metrics with strategy, knowledge about “measurement of competitiveness”, “difficulties in measuring productivity in services”, “effective metrics can be used for strategic control purposes” and “the little to no agreement concerning the activities and characteristics used to describe” the performance measurement systems (Sainaghi et al., 2017, p. 40).

Employees importance for the competitiveness and the productivity (through service quality), translates to performance level according to the review on performance measurement in tourism firms by Sainaghi et al. (2017). About metrics, the authors remark: "Ideally, the metrics used should be part of a metrics set, which can guide and influence management behaviour, which in turn affects stakeholders" (Sainaghi et al., 2017, p. 41), pointing out occupancy, and several room-related revenue metrics ex-post focused, rather than ad-hoc (ibid). Sainaghi et al. (2017) maps out the multidisciplinary field and multidimensional conceptualisation of management accounting in prior tourism-related research; broad and apt. A wide range of offered services; accommodation, tours, retail, restaurant-related production, transportation are included within the tourism industry, and thus individual firms, affecting the prerequisites of performance measures (Altin et al., 2018).

### 3.5 Summarized framework

Summarizing prior literature and dimensions of research on use of management accounting for and by private firms and public organisations, a condensed framework is presented in Figure 3.5 below. Hence, several elements in the presented literature review mainly attached to the conventional use and design of management accounting, applied to both private and public organisations (as referred to in Section 3.1 and Pollard, 2011). The use of management accounting in this study focusses on the usage situations under a project context.

It is important to note that the purpose of use and the users of MA can differ within a specific use situation for a public and a private firm, due to the organizational as well as project related context. However, we consider both private and the public firms in the same framework under a broader use of MA. Thus, the framework comprises of use situations, purpose, and the users as the main dimensions under the use of management accounting in this study.

The design dimension of management accounting is thus comprised of several elements, as addressed under section 3.4. For the purpose of our study, we have derived the following components for the design of management accounting for both private firms and the public organization: methods, information, time-perspective, object and measure. Methods in this study refer to both formal and informal controls carried out by the organizations (Langfield-Smith, 1997). Thus, these methods can vary from budgets, variance analysis, forecasts, and liquidity analysis to method based on prior experience. Thus, we aim to delve into both these types of controls as it can provide us a glance of a firm's actual practices attached to the grant projects. Information refers to both financial and non-financial information. As prior studies (Azofra et al., 2003; Chenhall, 2003) has explained both financial and non-financial information are important for the process for the management accounting methods used and accurate information will support the firm in their management usage situation. The perspective of the time will be focussing on three types of time indications identified as ex ante, ex post and interim. Any type of forward-looking activities involved with decision making, budgeting and planning can be situations for the perspective for ex ante. Ex post is the situation of use of information after an event has occurred. Interim is the use of information at present, related to usage situation thus either not looking forward nor looking back at event. For example, the use of management accounting for ongoing control, follow-up. In this study the MA related objects are the focus towards, for example, project (as in an identified use of management accounting focused on the project performance), customer, market or people similar to López & Hiebl (2015) outcome for SME's of the use of MA. Connected with the type of information used, measure can relate to both quantitative and qualitative indicators (or financial and non-financial information). For example, costs, revenue, salary

costs, hours spent, and other estimation based on prior experience related to customer-defined non-financial measures (Malmi & Brown, 2008).

The two dimensions of management accounting, use and design, are presented as a derived, summarized framework in Figure 3.5 below. The dimension 'use' includes three columns: type, purpose and user and the dimension 'design' includes the components: method, information, time-perspective, object, and measure.

Use of management accounting			Design of management accounting				
Type of usage	Purpose of usage	User	Method	Information	Time-perspective	Object	Measure
Allocation of responsibility	Planning	Board	Budgets	Financial	Ex-ante	Project	Cost
Decision-making	Budgeting	Employees	Experience	Non-Financial	Interim	Customer	Revenue
Monitoring/Evaluation/Control		External institutions	Variance analysis		Ex-post	Market	Cash
Signalling			Liquidity analysis			People	Hours
Negotiation			Forecasts				
Benchmarking							
External communication							
Improvement/Rationalisation							
Coordination							
Feedback/Reporting							

**Figure 3.5 Summarized framework of literature.** The figure should be read vertically (column by column).

## 4. Methodology

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*In the following chapter a description and motivation of the research design and method is presented to increase the transparency of the research. Then, the data gathering process is described including the research's population, sample, and semi-structured interviews. Thereafter, the data analysis is described followed by a presentation of general information of the sample of seven private firms, performed projects and the eight respondents, including the respondent for the public organisation.*

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### 4.1 Research Setting

To better understand and learn more about the use of management accounting under a project context that has not been priorly researched according to the best knowledge of the authors, an exploratory research design (Collis & Hussey, 2014) was used. Use of management accounting has been priorly researched for specific tools (Guenther, 2021; Guenther & Verbeeten, 2021; Kober & Thambar, 2022; Leoni et al., 2021) and specific project phases (Bourne et al., 2000; Pillai et al., 2002) but a Covid-19 response for a number of small and medium sized firms' practices and a public organisation have not been investigated before and the combination provided an interesting opportunity to learn more about the use of management accounting. Therefore, a qualitative and exploratory research design allowed to provide insights of situational usage (Collis & Hussey, 2014). According to Parker (2012), qualitative research is suitable to gain knowledge on the field of management accounting towards its use and design implementation.

Opposite to Collins and Gerber's (2008) research focus on grant administration from an overall grant program (in four US-states during 1999-2001), our scope is focused on use of management accounting for specific projects funded by the grant program as well as use of management accounting for the grant administrator. Recent research on use of management accounting in public organisations in Norway lacks. Some prior research on health sector (Nyland & Pettersen, 2004; Østergren, 2009; Pettersen, 2001) is found, with used research methods as qualitative case studies based on interviews (Nyland & Pettersen, 2004; Pettersen, 2001). Conference proceedings on competence brokering in regional R&D-development programmes have been published using action research (Estensen et al., 2014), but not for a comparable project type of the two main actors as private SME-firms and a public organisation as grant administrator, according to several literature searches through Google Scholar and Scopus database of a number of keywords (such as "grant administer\*", "management account\*" and "public organi\*", "innovation norway", "grant fund\*", "grant program\*", "management control\*", "project management\*"). A thoroughly review of prior literature within the fields of management accounting, project management, small and medium-sized enterprises within the tourism industry, Covid-19 responses (economics, crisis), performance measurements, project evaluation, led to a broad recognition and identification of our summarized framework that were used for focusing the scope and analysing the empirical data, but not limited to pre-defined categories. Thus, an inductive data collection (Collis & Hussey, 2014) was used since the empirical data (interview-based) compiled the structure of the framework as the main data source to develop the understanding by focusing the field dynamically. More specifically, while investigating small and medium-sized firms management accounting practices the definitions and terminology is ambiguous therefore several combinations as suggested by López and Hiebl (2015) such as performance evaluation, performance management as well as Chenhall (2003) such as management accounting systems, organisational controls was needed. Back- and forward citation analysis has been used, through both Scopus and Google Scholar.

Access to publicly available documents for applications and confirmations were obtained upon request for the sake of this thesis by the grant administrator Longyearbyen Lokalstyre (Freedom of Information Act, 2006) and allowed semi-structured interviews to be chosen as the main research method, due to the complexity and importance of follow-up questions to reach situations and practices for several organisations (Collis & Hussey, 2014). During a specific and unusual situation compared to the organisations ordinary business operations, following externally designed project (grant) objectives, where the private firms applied for, performed, and disclose projects while the public organisation published, approved, and will report the projects. The two levels enabled a comparison of two perspectives related to the same Covid-19 governmental response and thus, insights into non-routine processes for two interlinked organisations under a project context.

Albeit an iterative rather than straightforward research process, including broad areas and aiming to identify quite complex practices and pure entrepreneurial ways which potentially infers a lack of transparency (Bell & Bryman, 2019). For this reason, the methodology chapter is exploratory to a rather extensive and detailed level. To explore the uses from several phases and levels to add insights to better understand the use of management accounting under a specific project context, different organisational contexts, referring to private firms and a public organisation was considered contributing. The choice to focus on practices from two perspectives (private firms and a public organisation) during a project evolution but from a specific timestamp although spanning over approximately 14 months, from a three-phase divided process rather than delving into every specific situation and thus context. This included data collection from several firms and one public organisation reflecting the practices performed under a Covid-19 related project with external funding involved in a project process. However, anonymization of firms and respondents limited the ability to contextualize each firm characteristics, respondent role, function, and prior experiences as well as each situation and project (developed throughout the following sections).

## 4.2 Limitations of the Research Method

Whether a need for management accounting research to be specified for public organisations compared to private are necessary when “general MAC [management accounting and control] topics that are potentially applicable to all sectors” (Pollanen, 2011, p. 403), our study had a two-sided approach. To cover practices under a non-routine situation formed as a project, the opportunity to include both private firms and the public organisation as the grant administrator involved in the same project but from different roles arose. Therefore, the public organisation has a specified project evolution<sup>4</sup>, is separately addressed under the theoretical chapter (section 3.1), had a focused interview guide (appendix F), is highlighted in the analysis and discussed separately even though the summarized framework and presented empirics are similar to the presentation of the private firms. This choice was taken due to the general dimensions of management accounting found (use and design), as discussed by Pollanen (2011) as a potential reason to the few numbers of public organisations represented in devoted management accounting journals. More specified research has although been published in specialty journals such as *Accounting, Auditing and Accountability Journal*

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<sup>4</sup> The public organisation had a specified project evolution (presented under section 2.1) due to the tasks undertaken. Exemplified for the execution phase for the public organisation, both decision-making for the initial approval or rejection and to what extent in terms of total amount, and the final decision-making as to the remaining grant amount and/or potential draw-back of grant amount after the firm’s project(s) was disclosed. In comparison, following conventional project characteristics for the private firms the process of disclosing represents the closure phase.

and Accounting, Organizations and Society for example, and Pollanen (2011 p. 405) stress “However, the findings of this study indicate that public organizations can face unique issues and challenges that warrant sector-specific research”. Acknowledging this as a limitation for our study and providing some further suggestions under section 7.2.

Reaching assessment, or evaluation, for a local grant administrated project necessarily include some kind of impact evaluation between the outcome and the grant’s objectives, similar to Widerstedt and Månssons (2015) research. For the scope of our thesis, and the local grant administrated project in focus, the objectives were to remedy negative consequences for the tourism industry after the Covid-19 outbreak, and to rebuild, develop and restructure the activities in accordance with the «svalbardpolitiske målene» through employment and value-creation based on local possibilities. To perform an impact evaluation of the aid on the project objective then, requires the main outcome to be estimated as for example employment and/or value-creation, and a comparison – either to pre-Covid 19, a control group of firms that did not receive the grant, or did not apply for the grant. Due to the scope of this thesis and the time of the data gathering (before or during the individual firm’s closure of their projects), this was not performed but remains as a possibility for future research.

In addition, asking practitioners about doings, has its limitations. Observing on-going practices and processes actively might find different practices than something being described. The research sample was limited to few grant receivers at a snapshot in time (during April and May 2022, i.e., not longitudinal). Investigating assessment of an on-going response to Covid-19, involves a limiting time-aspect. To fully address assessment from several stages of a certain project, that is somewhat far from daily operations for both public and private organisations compared to for example 12 months earlier (if comparing the situation for the actors involved in January 2020 compared to 2021 for example), this will differ. Having a myopic possibility to assess, rather than at a later point in time, will affect the results and thus the insights through the empirical data. On the other hand, situations throughout different stages and project contexts were still covered. Firm size is undefined, but according to the European Commission definition (European Commission, 2020), micro-firms, small firms and medium firms cover the full register of firms within the population for the applicants and receivers of the grant. This might infer sample-bias but chosen as we were interested in studying the grant related project time span. Also, a multiple perspectives approach combining public and private organisations, employees and external consultant can result in complexity due to varying prior experiences, social & cultural but also political aspects affecting the study.

Considering that the study was focused on a small town, sensitive information, ownership, and people occurred several times. To handle sensitivity and anonymity, the authors asked each respondent about being recorded and informed about the possibility of choosing not to be recorded, and each respondent was informed that the recording would only be available to the interviewers, i.e., authors of this research and the direct supervisors of Gothenburg University and would in no way be used other than for the analysis of this research. Respondents were also informed that in the resulting thesis his/her participation would be anonymized. To this aspect, a further reflection and limitation regarding the publicly available documents regarding the Svalbardpakke 1-projects, and a small town and few companies do infer a higher risk of a respondent or firm to be identified by local actors, inhabitants and thus, competitors. Also, a risk of identification due to the type of projects might be identifiable so to our best attempt to assure anonymity, and for the research purpose of this thesis, the presentation of each firm, project related to Svalbardpakke 1, and respondent was separated and

not presented together with the presentation of use of management accounting. This was done to assure as much confidentiality and privacy as possible, and ethical awareness by the researchers. Assuring anonymity in a town with 2200 inhabitants, publicly available information of the research population, and easily accessible information into firm and project specifics imprint the research design. This resulted in that context information is presented below (see Chapter 4. Methodology in Section 4.5 Firms, projects, and respondents), without specifying firm in case letters. This resulted in a less detailed situational description of responses which affects the generation of practices and uses but hopefully in a balanced way regarding the situation of just above 2000 inhabitants over 18 years (as per 1 of July 2021 for Longyearbyen and Ny-Ålesund [Statistics Norway, 2021]).

### 4.3 Data Gathering

224 documents for the applications and confirmations were accessed upon request for the sake of the thesis and were initially sorted into organisation, decision (accepted grant or not), date for acceptance, type of organisation (sole proprietorship, privately owned, governmentally owned), approved grant-amount, specifics about project and subprojects, name and date of acceptance of requirements upon approval by Longyearbyen Lokalstyre to overview the number of firms to apply for and receive the grant. Publicly available documents, websites, annual reports, local newspapers, press releases, firm's internal documents, and emails have been used to reach an understanding of the tourism industry on Svalbard throughout the process although the empirics are based on semi-structured interviews with one respondent per firm or public organisation. The population and sample are described in the following subsections.

#### 4.3.1 Population

The public organisation was initially contacted as the grant administrator. By compiling the received public documents 42 firms in total applied for the grant to approximately 31,4 MNOK in total applied amount (Longyearbyen Lokalstyre, 2021a). The research population consists of 33 enterprises that received and confirmed the grant between March and September 2021. Of these 33 enterprises, one firm (AS) was under liquidation, four were sole proprietorships (ENK) (The Brønnøysund Register Centre, 2022a), one was a member-organisation, and two governmentally owned firms were excluded based on access of data and internal organisation. The remaining 25 grant receivers were Norwegian limited companies (AS) (The Brønnøysund Register Centre, 2022) not under liquidation until April 2022, which the sample was chosen from. Through the compiled public documents for the applicants, the first-person to contact was decided upon as the person who signed the confirmation and the requirements of the project. Most often, the document was authorized signature by the formal chief executive officer or chairman of the board, according to the registration of the company in the Norwegian Register of Business Enterprises (The Brønnøysund Register Centre, 2022a). Within the accessed documents, the allocation and decision from Longyearbyen Lokalstyre together with the requirements for each firm, and a short information about each firm's applied projects (project information and Longyearbyen Lokalstyre's assessment of it) were accessed (including a table of Costs, Requested amount by the firm, Approved amount by Longyearbyen Lokalstyre). Annual reports and information about number of employees were gathered (The Brønnøysund Register Centre, n.d.) for all firms at two specific points in time. First, mid-February 2022 before contact with firms was established, and then early May 2022 (reporting employees during March 2022) to see updated information about number of employees for each firm in the population close to the time of the interviews as well as for the sample to have an overview of each firm's size in terms of number of employees. The number of employees is fluctuant and discussed as a characteristic of firm size, in



addition there are several ways to account for a firm's number of employees. The monthly updated numbers presented (The Brønnøysund Register Centre, n.d.) are based on firms monthly reporting per social security number (personal communication, 2022), independent of number of hours worked or type of employment seen through the fluctuating changes dependent on seasonal variances for most of the firms within the sample. To compare, the numbers of employees stated in the annual reports for the firms of 2020 were compared for the population, as well as for 2019 for the sample.

Fifteen firms were contacted within the population, initially based on a categorization on number of employees and biggest amount of grant within the group. We expected a difference on practices dependent on number of employees within the population due to competence inclusion, and to present a sample of varying number of employees as a characteristic (the requirements of the grant were the same for all types of organisations and actual grant amount). This sample selection was although not the final sample presented in the research, due to accessibility. The study involved only Norwegian based firms, as a criterion under the terms of Svalbardpakke 1 with revenue streams mainly from tourism. The sampling method was a purposeful sampling presenting varying number of employees spread over the population, and varying grant amounts. Priorly, size represented through number of employees have been found to explain use of management accounting (Davila, 2005). Also firm age as a characteristic has occurred (Davila, 2005). Educational background or managerial experience (Davila & Foster, 2005) are also found to play a role for the use of management accounting on a firm-level.

#### 4.3.2 Sample

An initial email was sent to 15 private firms, in combination with telephone calls and social media messages to attain contact with the most adequately informed respondent. The email stated that the firm received Svalbardpakke 1 during the Spring of 2021 and a request for contact information to the most informed potential respondent within each firm (a draft for the initial contacting email is provided in Appendix D Request for Master Thesis Interview). The initial email was sent directly to the person who signed the acceptance and requirements for Svalbardpakke 1 according to the publicly requested documents, or to a stated email address from the firm's webpage. Including respondents who has been involved from the application-process until disclosure of each project (i.e., the project evolution) was perceived as beneficial for insights of a firm's activities regarding Svalbardpakke 1, and not just one specific phase or situation.

Eight representatives have been interviewed and seven of those make the sample of private firms (1 of the 15 contacted private firms was a pilot interview, excluded from the empirics) in addition to the public organisation, equalled to eight interviews presented empirically. Seven firms were included in the sample, for firms with number of employees varying between 6-193 for March 2022, 3-64 approximate full-time year-round employees according to the annual reports for fiscal year 2020. For comparison of the seven sample-firms had 4-140 approximate full-time year-round employees according to the annual reports for fiscal year 2019 (prior to Covid-19). According to the European 2020 thresholds (article 2) (European Commission, 2020), for March 2022 only according to the number of employees the sample consist of one microform, four small firms and two medium sized firms. But the definition of firm size differs also in relation to annual turnover and/or annual balance sheet total according to the European Commission's definition.

According to The Accounting Act in Norway five of seven firms are small enterprises and two are large enterprises (Digitaliseringsdirektoratet, 2021). According to the Accounting Act small enterprises must

have two of three criteria for at least two consecutive years (revenues less than 70MNOK, balance sheet total less than 35MNOK, fewer than 50 employees [average FTE during the financial year]) (Digitaliseringsdirektoratet, 2021). No matter the definition chosen, all seven firms are SMEs according to the European Commission definition (European Commission, 2020), according to the number of employees as per March 2022, although the number of employees differ greatly among the sample firms, the population and monthly. Most of the 25 grant receivers (AS) had less than 7 employees during March 2022 (13 firms), seven firms (7) had between 9 and 17 employees, one firm (1) had 22 employees, one firm (1) had 23 employees, one firm (1) had 41 employees, one firm (1) had 99 employees and one firm (1) had 193 employees (The Brønnøysund Register Centre, n.d.). Concludingly, micro and small enterprises according to both the European Commission (2020), and Norwegian definition (Digitaliseringsdirektoratet, 2021).

#### 4.3.3 Semi-structured interviews

Two interview guides were used to structure the scope and the research field for the interviews (Collis & Hussey, 2014) and each interview started with a description of research purpose and the project evolution phases. Emphasis was put into the situation of the private firm's application processes as doing something more or less new, involving innovation or development of business operations led to formulating a broad interview focused on the project process as much as situations. Thus, the terminology 'management accounting' was not used during the interviews, and a lot of follow-up questions were asked situated to the context and specific project the respondent explained during the interview. By using this approach, it was believed to be possible to identify use of management accounting throughout the different project phases. The structure for the interview guides were developed initially through mapping out prior findings on use of MA (derived from broad research fields as described in section 4.1) under project contexts, and formulated through explorative, practical questions to grasp use from a broader perspective than directly derived from prior literature on management accounting under (different) projects contexts and organisational structures.

An interview guide was used as a basis (presented in Appendix E for private firms and Appendix F for the public organisation), for structuring the themes for the interviews, but every question has not been used in every interview rather directed towards observations and follow-up questions to specific situations. Thus, as a guide to balance between being too flexible and receiving comparable data from the respondents. Several improvements were made to the interview guides during the process to improve the validity and focus, and initially two pilot interviews were conducted. The first pilot was done with one of the smallest firms according to number of employees within the population (i.e., received the grant), and the second pilot was performed with an external accountant who had been involved until the closure phase but not in the disclosure report for one firm within the population. Based on the pilot interviews, the interview guide was improved to more focus on being practical while phrasing the questions (such as asking, "how did you decide upon what project to include in the application?") and the importance of being able to address the same question in multiple languages. The second pilot interview was held with an external accountant, which resulted in excluding external actors as an accountant from relevant to our research purpose due to lack of insight for situations. Important from the pilots were to assess whether we could reach identification of situations and usage, plan for analysing, assess the length and formulating the questions so the respondent could recall back in time and practices, without the interviewers stating the research question (Collis & Hussey, 2014). From the pilot interviews, an understanding of the importance of the business context and the firms core operations under the situations from March 2020 and the restrictions on Svalbard,

until May 2022 facilitated the importance of asking general questions, less relevant to use of management accounting, to understand the situations and context of the use to the empirical research purpose. Before each private firm-interview, small adjustments were made to the interview guide to better fit the interview situation based on the publicly available documents about each firm's approved application and projects as well as an understanding of their operations (mainly through websites). This was mostly due to asking more suitable follow-up questions about practices used. Each phase was introduced with a broad and open question, followed by more specific and practical questions such as "After the confirmation was signed, how did you start the project?" Followed by follow-up questions such as

- o What did you do?
- o Were tasks divided?
- o Any type of decisions to start? Type of information used.
- o In what situation and for what purpose?

While a situation was found, method, information, time-perspective, and purpose were specifically asked if needed according to the initial reading-upon the field expecting varying practices, assessments, and experiences among the respondents. Questions although allowed for interpretations and elaboration by the respondents. To reach insights into what practices were performed due to the project, and why and preferably in comparison to "usual" practices, where the respondent might have individual experiences affecting the actual use and information reflected. The focus on assessment, and results, possibly triggered financial associations for certain respondents, especially when asked detailed questions about the use of budgets and the requirements in accordance with budgets from the terms/requirements of the grant. A balance of using words and questions as results, effects, outcome, output, impact, assessment, evaluation has been asked directly but not initially, rather as follow-up questions and sometimes reflected to the application requirements, such as "how did you describe the expected outcomes in the application?"

The interviews were conducted over Teams, Zoom, and telephone with a duration between 40 minutes and 90 minutes, but on average one-hour during the period of April and May 2022. Both authors took part in the interviews, whereas one held the interview, took notes, and handled the progression following the interview guide and follow-up questions while the other focused on capturing the essence. The interviews were recorded and transcribed by at least one of the authors. The transcriptions were used for the presented quotations in the empirics to illustrate responses and situations described by the respondents. Interviews were conducted in English, Norwegian or a mix of both languages due to the respondent requests. Translation has been conducted with sensibility as important as suggested by Feldermann and Hiebl (2020). Quotes have been used to as authentically as possible project the situation and context for assessments, illustrate practical doings and use of management accounting by the respondents. Translations have thus desired awareness which required several processes, transcriptions, re-listening, and processes similar to coding in order to transparently present the data. Continuous discussion on categorisation of practices and situations between the authors have been important to have a transparent process and ensure agreement on interpretations, categorisations, insights and possibly avoid bias (Collis & Hussey, 2014).

#### 4.4 Data Analysis

To enable a profound data analysis for the gathered data, the levels of analysis has been of importance. The aim was to achieve a distribution use of management accounting through the semi-

structured interviews, rather than a complete mapping of all use throughout each organisation to increase the probability of gathering patterns for usage-situations. As priorly described, an explorative research approach was used and thus, random observations from the two-way communication, semi-structured interview approach to reach practices where terminology differs is described. Follow-up questions and curiosity were important and the structure for associating what have been done, why, how, when, by and for whom and with what information retroactively to describe situations and use that has occurred. These are described as answers to direct questions and presented/extracted into a table following each phase for each organisation initially.

Starting with the transcriptions, notes, and the derived theoretical framework (see Figure 3.5 Summarized Framework), a process of coding the interviews were performed for categorising the findings, similar to a bottom-up or inductive coding process (Collis & Hussey, 2014) . This was done in several steps of coding, to allow for unexpected uses and in the analysis attain patterns and cluster the uses into categories. Categorisations were frequently discussed to avoid researcher-bias and forcing findings into theoretically pre-defined frames (Collis & Hussey, 2014). Situation-related findings were categorised into use (type, purpose, and user) and design (method, type of information, time-perspective, object, and measure) of management accounting. A certain situation might fit into several categories, therefore discussions between the authors to the empirically presented 'best fit' section by section for each private firm and the public organisation was performed to avoid researcher bias (Collis & Hussey, 2014). For the sake of language differences, the research purpose was more focused in practices, use and design than values and underlying meanings hence the findings and detailed information about specific subprojects, values and (political) opinions were excluded from being presented. At the same time, such information was reflected upon and discussed before exclusion, due to the description of certain situations. The research purpose relates to processes, practices and solutions performed by practitioners, entrepreneurs, owners, consultants, and employees of different organisations under a non-routine situation, which could make the balance of inclusion versus exclusion critical for the context.

The scope involved and addressed assessment which can be value-connected to the respondent, and a feeling of 'being evaluated or assessed' which might affect the validity of the sayings. To try to address this, it was addressed prior to the interviews and in the beginning of each interview, that 'results does not matter for us, we are not evaluating any firm or the Svalbardpakke 1 but searching for patterns over situations and type of information being used'. A type of self-assessment, and subjective assessment as addressed by Chenhall (2003), is included in the scope, and reflected in the empirics, since assessment, or evaluation, is somewhat impossible to do objectively, if not agreeing into the measures to assess beforehand, as is not the case as the underlying assumption research purpose for this thesis. Albeit care is required when analysing use or characteristics (Chenhall, 2003), and this goes for the scope of this research as well. Especially, when some description of expected and achieved results are mandatory within the terms of the grant, respondents' idea about the use, usefulness and evaluation could be reflecting a 'forced' practice, from the terms of the grant as a correct way of acting even if the respondent find it of little use. To handle this, a dynamic approach for investigating performance, objectives, and goal-achievement or outcomes from a specific project, also addresses the process of the formulation process of the goals, reflected in the objectives for the grant. Addressing use and usage also for the public organisation, might reflect a dynamic approach for this scope, even though the terms were given to the public organisation, it was in their role decision-making process as the first instance to assess the applications. To address the project context, the

assessment focus was included in the presented empirics indicated through descriptions of situations and practices by the respondents. Illustrated in Figure 2.3, the use and design of management accounting (Figure 3.5) is included in the 'Indicators' on micro- respectively macro-level.

The main empirical data is presented as eight sections under chapter 5. Empirical Results. First, the seven private firms according to their project evolution's three phases respectively. Thereafter, the public organisation according to its project evolution's three phases as the grant administrator. After these presentations, a comparison of the usage of management accounting for the private firms was aggregated and compared to the public organisation. These results were then discussed (chapter 6). Overall, an extensive descriptive presentation of use of management accounting under a grant administrated project is presented for seven private firms and one public organisation. Use of management accounting by practitioners within small firms and a small public organisation for change projects includes complex situations, several levels, and multiple dimensions why descriptive and extensive presentations of data from semi-structured interviews were needed to be contextualized to learn more about the use of management accounting under a new, non-usual situation from two interlinked levels under a public grant administrated project context.

#### 4.5 Firms, projects, and respondents

A brief overview and description of the comprised data gathered from the seven sample-firms, their projects and eight respondents (including the respondent for the public organisation) follow. The private firms, projects and respondents are presented in random orders (due to sensitivity) apart from the specified public organisation-representative in Table 4.5.3.

##### 4.5.1 Overview of Private Firms

The seven private firms included in the sample are rather established in age but vary in terms of number of employees and core operations. All firms have revenue streams related to tourism, and core operations are mainly service-related, but also within production. Most of the firms have prior experience of receiving similar funding, often through Innovation Norway, even though size of the projects and grants have varied. Two firms had only experience from other public grant administrated projects due to the Covid-19 pandemic whereas several firms had on-going grant administrated projects through other public measures during the same period of time as Svalbardpakke 1. Overall, prior experience was addressed in several situations, as one respondent stated about applying and performing the project *"if it wasn't for my experience in advance, we probably wouldn't have done it"*. For some firms several projects run timely, more or less related to the Covid-19 pandemic, and the size of the Svalbardpakke 1-operations varied in how big part of on-going operations between the firms. Several respondents addressed that the projects would not have been started without the Svalbardpakke 1 funding, at least not during the Covid-19 pandemic. Three out of seven firms have family represented as large shareholders within the firms, and all of those have family active within the firm operations. All firms have full-time, all year-round employees, but all firms have a seasonal-variance in regard to the number of employees (presented numbers for high-season [March] 2022). The number of active members for the projects vary between the firms, but several firms have employees with specialist competence involved in the projects. Two firms hold stake (shares) in another sample-firm, and there are representatives, owners, managers active in several firms that received the grants. An overview for the general information for the seven private firms included in the sample is presented in Table 4.5.1 Overview of Private Firms below.

**Table 4.5.1** Overview of Private Firms

<b>Age of the Firm</b>	<b>Size (Number of Employees March 2022)</b>	<b>Prior experience in grant administrated projects</b>	<b>Ownership</b>
Over 20 years	17	No	Private, few, active
Over 20 years	99	Yes	Private, few, active
Less than 10 years	10	Yes (only Covid-19 related)	Private, partly family
Over 10 years	16	No	Private, partly family
Over 10 years	6	Yes	Private, partly family
Over 20 years	193	Yes	Subsidiary of Group
Over 10 years	22	Yes (only Covid-19 related)	Private, few, active

An overview for the general information for the seven private firms included in the sample

Information on prior experience of similar grants, applications, or projects with external funding through governmental measures have been accessed through the respondents and checked through Innovation Norway (Innovasjon Norge, 2022). Some respondents also referred to similar Covid-19 responses, such as the “Business Compensation Scheme, September 2020 – February 2022” (Brønnøysund Register Centre, n.d.; Brønnøysundregistrene, n.d.) (that was build up as compensation for fixed costs and decreased revenues, as well as the similar local directed “Svalbardpakke 2” (Longyearbyen Lokalstyre, 2021b; Forskrift om kompensasjonsordning til reiselivsnæringen på Svalbard, 2021).

#### 4.5.2 Overview of the projects

For all seven private firms included in the sample several subprojects were applied for and received funding for within the Svalbardpakke 1. Several firms' subprojects focused on investments related to energy consumption, such as solar panels. Marketing, and investments for facility-development (measures for reducing the spread of infection by re-building customer-areas, accessibility for new customer-groups) were subprojects receiving funds through Svalbardpakke 1. Developing firm operations (strategy, UN-sustainability goals implementation and developing web portals), new product development (educational focus and equipment-investments) and internal competence enhancement were also funded through subprojects. Several firms had as a subproject to assist in the development of a new masterplan 2030 for the destination Svalbard through Visit Svalbard AS (a member-based organisation). Respondents described that project were initiated because of the

Covid-19 crisis and the terms of the Svalbardpakke 1, through brainstorming between top managers to find suitable projects in a situation where liquidity was the main challenge. As a solution (an overview is presented in Table 4.5.2 below), some priorly started projects were developed and further improved after mutual consultation and allocation of available competences through current employees, to avoid layoffs and thus loose competence. Some subprojects were started prior to the pandemic and were developed in a way that fitted the terms of the grant while other projects, such as the rebuilding of customer-areas, not would have been performed if it was not for Svalbardpakke 1 and thus was initiated because of the grant. All interviewed firms except from two still had remaining subprojects to complete at the time of the interview (April/May 2022) while several subprojects were completed (including written drafts for the disclosure reports). One respondent commented *“if the deadline was not moved until September, I am not sure if we would have been able to finish what we are supposed to do”*. The size of the projects varied between the firms in comparison to time-consumption and budgetary numbers compared to usual operations.

**Table 4.5.2 Overview of the Private Firm’s Project Organisation**

Tool	Priorly discussed	Employees involved	Finished April/May 2022
Excel	Yes	Less than 5	Not completely
Calendar / meetings	No	More than 5	Not completely
Meetings	No	Less than 5	Yes - Disclosed
-	Yes	Less than 5	Not completely
-	Yes	Less than 5	Not completely
Project management tool, Meetings	Yes	More than 5	Yes - Disclosed
Excel, Word, Meetings	Yes	More than 5	Not completely

An overview for the Private Firm’s Project Organisation for the seven private firms in the sample

#### 4.5.3 Respondents

Eight respondents are the source for the presented empirical data, seven represents a private firm that received the grant, and one representing the public organisation as grant administrator. Overall, the respondents for the private firms represent owners, founders and are actively involved in the firms and Svalbardpakke 1-projects and as expressed by one respondent *“hands-on about everything since we have built this business up from nothing”*. One firm was represented by an external consultant, although a former employee. The majority of the respondents are well-experienced within the tourism industry and running businesses on Svalbard (far over 10 years, tourism-related). In several firms, owners came up with the projects and wrote the application for Svalbardpakke 1. Most of the respondents has an operative role within the firm and board of directors. At least one respondent was involved in the political process of initiating a Covid-19 response for businesses on Svalbard.

The public organisation was represented by one employee well experienced from operating within the tourism industry and a similar position within a Norwegian municipality. The public organisation respondent holds a certification within project management through Innovasjon Norge, specified on adaptation processes. The respondent started working for the public organisation in January 2021, during the application process for the private firms in regard to Svalbardpakke 1.

An overview of the respondent information is presented in the table 4.5.3 below.

**Table 4.5.3 Description of the Respondents**

<b>Owner</b>	<b>Role</b>	<b>Owner/ Active since</b>	<b>Prior exp.</b>	<b>Role in the project</b>
Owner	BOD	Approx. 6 years	Tourism, project management, chef	Initiator of project and application (throughout)
Owner	BOD, management	Over 20 years	Tourism	Initiator of project and application (throughout)
Owner	BOD	Almost 4 Years	Tourism	Partly responsible of project and application
Owner	Owner, management	Over 10 years	Tourism	Initiator of project and application (throughout)
Owner	Founder, BOD, management	(Over 40 years on Svalbard)	Several industries on Svalbard	Initiator of project and application (throughout)
No	Employee, Business Controller	Almost 3 Years	Auditor	Planner and controller, not the initiator
No	External Consultant (prior employee)	Approx. 4 years	Tourism, business development, project management, sales manager	Project manager
Public organisation	Head of Economics	Jan-21	Tourism, business management, project management, adaptation-specification	Grant administration (not designing the grant)

A Description of the Respondents for the seven private firms and the public firm in the sample



## 5. Empirical results

*In the following section, the results of the conducted interviews are compiled and presented firm by firm, followed by an aggregated compilation before a presentation of the conducted interview with the public organization as the societal level. Thereafter, empirical findings of the use of management accounting for evaluation processes of the local government financial grant-projects are presented according to the project evolution phases (initiation, execution, and closure). Lastly, a short description of the public organisation and its role in the project is presented followed by the findings of the use of management accounting for evaluation processes of the project from the societal level is presented. Each phase of the firms presented are summarised under a table of the framework for the MA use and design*

### 5.1 Private Firm A

#### 5.1.1 Use and Design of Management Accounting under the Initiation Phase

During the initiation phase, decision making was identified as the first management accounting usage situation while writing the application for Firm A. The projects had been discussed and somewhat planned before the grant was published, but the respondent claimed that prior experiences in project management was vital for submitting the application. External funding (bank) was also discussed prior to the criteria for the grant was published, but according to the respondent the grant helped to secure the funding during the time of Covid-19. Moreover, the planning for the project was rather overall at the initiation phase followed by step-by-step planning during the execution phase to make sure the project budget was not exceeded. There was no communication between the firm and LL during the application process but according to the respondent the firm did participate in the digital Q&A session conducted by LL together with Visit Svalbard AS.

The main goal of the project was to increase the firm's total revenues with 20%, however this was not arrived by any specific financial information or measure, instead it was an estimation based on the respondent's experience in the ongoing business. The goal was planned to be achieved by diversifying their customer base.

The main stakeholders of the projects were the board of directors who had the same objectives towards the project. Moreover, according to the respondent the project was highly customer focussed so that ensuring high product quality would also result in marketing through the "word of mouth".

#### 5.1.1 Table of Private Firm A – Use and Design of Management Accounting under the Initiation Phase

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Decision-making	Planning	BOD	Discussion, Budget	Non-financial (experience), Financial (budgets)	Ex-ante	Project	Revenues, Costs	MICRO from public to firm

#### 5.1.2 Use and Design of Management Accounting under the Execution Phase

During the execution phase for Firm A there was apparent situations of monitoring and control. The progression of the projects was said to be visible however not finalized due to delays in completing the project as pre-planned. According to the respondent the start was delayed due to other pandemic-related prioritisations but when started, purchases of equipment were accomplished first. Respondent A further explained how the project costs have increased 15%-20% compared to initially budgeted, followed up through project accounting-function within the ordinary accounting system. To overview and control the project. Respondent A mentioned that "Developing slowly and taking everything step-

*by-step so it was possible to see changes and developments*” was important during the execution phase. Respondent A was keeping records of different milestones internally throughout the project to be able to deliver the disclosures at the end of the project. Moreover, for Firm A allocation of responsibility within project tasks for approval of budgets, purchase decisions and accounting were important for daily operations and the project progress. Thus, it was allocated between the board members to be able to ensure transparency for reporting costs and revenues. Cash flow analysis was performed prior to the project to secure the funding for the already planned subprojects, but not during any practices or situations related to the project.

The respondent further mentioned that regardless of the funding through the grant they planned to perform the project but over a longer time-horizon compared to what was made possible through the Svalbardpakke 1.

**5.1.2 Table of Private Firm A – Use and Design of Management Accounting under the Execution Phase**

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Monitoring/ Control	Control, Reporting and monitoring of the budget/funds	BOD, LL	Accounting system, Budgets	Financial (reporting oriented)	Interim, Ex-post	Project	Costs, Time	MICRO from firm to public

**5.1.3 Use and Design of Management Accounting under the Closure Phase**

During the closure phase for Firm A two main situations of management accounting usage has been identified: for reporting and for internal evaluation. The respondent stated, *“we are increasing our revenue; we get a new customer base within our business”*. For firm A the requirements of the grant did not impact the project as the respondent explained that it was already planned and fitted the requirements, but *“we would not have done that [estimated revenues into the budget] if it was not required”*. Further the respondent highlighted the importance of continual development of the current project to potentially harness benefits, as in at the *earliest* upon completion of the disclosure due to the type of the project (but rather a longer time horizon than 2022, i.e., also for the initially estimated revenue increase). According to respondent A if the deadline for disclosing was not extended, they would not have been able to finalise the project according to their plan due to lack of time, but also due to the increased costs that distorted the budget. The respondent although stated that the project hopefully *“will help [the firm] more during the time after it is completed, than during the ongoing project”*.

**5.1.3 Table Private Firm A – Use and Design of Management Accounting under the Closure Phase**

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Reporting	Disclosures, Control	LL, BOD	Project milestones, Accounting compared to budget	Financial	Ex-post	Project	Costs	MICRO from firm to public
Potential internal evaluation	Decision-making: continue developing/improving or stop loss (I.e., failed but finished project)	BOD	Investment calculation	Financial	Interim (for a longer time horizon)	Firm	Revenues, Costs	MICRO from firm to firm

## 5.2 Private Firm B

### 5.2.1 Use and Design of Management Accounting under the Initiation Phase

During the initiation phase for Firm B, one main situation with use of management accounting has been identified. In the situation, decision-making of what projects to include in the application for sending a realistic application regarding available employees, to maintain employment and engage employees was performed by the management and then decided upon by the board of directors. Allocation, availability, and employee-motivation were described as core aspects for the decision. Internally, several ideas and potential projects were discussed by internal departments. The final decision for the application were taken by the board of directors, after consideration *“to best fit the strategy for the firm for the upcoming 3-7 years”*. As a clear objective or goal, the employment and possibility to achieve something through the projects were mentioned. According to respondent B *“the chosen projects are not seen on the bottom line but are needed to drive the industry and develop the organisation. Also, by building competences internally, and successively retaining employees for a longer time-period”*.

The focus for the initiation phase according to Respondent B was to make sure to receive funding by putting the focus for the application to the terms of the grant, through *“attempts to estimate salary costs to run the projects with employees we assumed to be involved, together with some outsourced consultancy services”*. The required amount of equity did not affect the decision of which projects to apply for. Regarding allocation of resources, respondent B explained *“initially, it was decided on what projects to apply for, then the project budget was created with mainly salary costs for employees we planned to involve [in the execution], followed by a risk-evaluation to the budgeted costs”*. Overall, the planning was set to the time-limit given in the terms of the grant but *“through estimations for each subproject’s needed time amount”*, referring to prior experience and the budgeted margins of expenditures as a guideline.

### 5.2.1 Table of Private Firm B – Use and Design of Management Accounting under the Initiation Phase

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Decision-making	Planning (realistic application: business strategy and Svalbardpakke 1-terms)	BOD, Management	Discussions, Competence mapping, Budgets	Non-financial	Ex-ante in relation to the projects, firm and employees; interim for the available resources (employees)	Project, Employees, Firm	Available hours, Costs (salary)	MICRO from public to firm

### 5.2.2 Use and Design of Management Accounting under the Execution Phase

In the execution phase for Firm B, two main situations with use of management accounting were identified. First, the execution started by creating a plan and deciding upon starting point for each subproject. Which employees to use in what subproject and when was *“discussed briefly prior to the execution, but in more detail for both the number of hours to use, during what time-period (month), which employees, and when it should be finished”* according to Respondent B after the confirmation. Two timestamps were addressed by the respondent *“it was important to be done prior to the expected high season, that never came”*, and also the deadline, and thus *“to extend the deadline for the project, otherwise I am not sure if we would have been able to accomplish and fulfil the requirements”*.

Secondly, to assess the progress, Respondent B explained that internal dialogues and *“contact with Longyearbyen Lokalstyre throughout [the project evolution] to clarify too detailed aspects that have changed during the project, and to ask about detailing spacious aspects to assure inclusion within the requirements”*. All involved in the projects’ performance, employees including management and Respondent B took part in discussions, as a way of reporting and keeping track of the execution subproject by subproject, but also for an overview of Svalbardpakke 1 as a project. About costs, approval as well as follow-up was performed by Respondent B, together with an internal accountant. The respondent worked actively with the progress of the projects, somewhat as the project manager, and had ad-hoc discussions and meetings with *“external consultants as well as involved managers, to follow-up the time-schedule and budgeted hours consistently”*.

Firm B followed a process the firm had been using before for similarly funded projects, but different compared to internal projects for reporting and disclosure. No cash-flow related analysis was performed during the projects according to Respondent B.

### 5.2.2 Table of Private Firm B – Use and Design of Management Accounting under the Execution Phase

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Decision-making	Planning (detailed plan including milestones )	Management	Discussions, Tme-plan, Purchasing controls	Non-financial	Interim	Employees, Project	Time (when and number of hours)	MICRO from firm to public
Follow-Up	Control	Management, LL	Discussions, Project accounting	Financial	Interim	Project	Salary costs (hours spent), Consultancy costs, Purchases	MICRO from public to firm

### 5.2.3 Use and Design of Management Accounting under the Closure Phase

Under the closure phase, one situation with use of management accounting has been identified (evaluation) but for two time-horizons (myopic and ex-post for the disclosure, long-term for the firm). So far, the main output of the project has been through internal competence development *“the output of the project is that things have been set-up, and now it is about developing it further and improvement”*. Respondent B described that the terms for the application facilitated the projects and thus, its performance by describing a decision-making and planning to fit the requirements in the initiation phase but controlling the projects retrospectively through the disclosures.

The focus for the results were non-financial, according to Respondent B *“we did not focus on the results of the project, rather just focused on what type of projects could fit under the Svalbardpakke 1, which was somewhat hard to find out initially because of the word ‘adaptation’<sup>5</sup>, what does that mean? Change what we do? Start a new firm? No initial association to the wording”*. The process of disclosing the project is done accordingly for other similar projects but has not been performed for internal projects or changes in operations before. Retrospectively looking back to the writing of the application (from late in the execution phase and under the disclosure phase), Respondent B stressed *“we should have specified more what we included in the budgeted expenses, to simplify the disclosing of the project”*.

Employees were kept due to the project, *“during the project we managed to have work to be performed for the employees, and liquidity for salary costs for key personnel we wanted to keep during an uncertain period in regard to lay-offs, and at the same time to motivate the personnel, and thus the firm is better off today than before we received the grant a year ago”*. Responding to a question regarding the most important task for the respondent during the project evolution, Respondent B said, *“the most important while applying was to assure salary costs to be covered, we had projects we wanted to do, but we tried to find projects to assure employment for our employees, that was the main focus, but then of course doing exciting projects”*.

**5.2.3 Table of Private Firm B – Use and Design of Management Accounting under the Closure Phase**

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Evaluation	Reporting, Funding	LL	Project budget, Project Accounting	Financial	Ex-post for the project, Ex-ante for possible outcomes for the firm	Project, Employees, Firm	Costs	MICRO from public to firm

## 5.3 Private Firm C

### 5.3.1 Use and Design of Management Accounting under the Initiation Phase

During the initiation phase, one main situation with use of management accounting has been identified. The situation included decision-making by the board of directors, with little involvement by employees nor for an objective of maintaining employment. Reflecting the terms of the grant, Respondent C explained *“the project focused on a development of customer-groups to include also local inhabitants”*. The project was created after the Svalbardpakke 1 was published, and costs for

<sup>5</sup> Adaptation as the translation for the Norwegian word ‘Omstilling’.

material and services were estimated based on prior experiences (internal and external, by an external consultant) and discussed with the responsible persons for handling the applications at Longyearbyen Lokalstyre prior to the application was sent. The required amount of equity did not affect the decision on what projects to apply for, and the allocation of resources was included in the overall planning of the project prior to the application was sent.

Stakeholders mentioned as important by Respondent C were the owners, board members, and new customers. Also, an external consultant was hired to write the application, plan the project and disclose the project *“to maintain quality and performance throughout the project”*.

### 5.3.1 Table Private Firm C – Use and Design of Management Accounting under the Initiation Phase

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Decision-making	Planning (creating ideas)	BOD, External consultant	Experience	Financial	Ex-ante	Project, Customers	Costs	MICRO from project / grant objectives fitted into firm

### 5.3.2 Use and Design of Management Accounting under the Execution Phase

During the execution phase, one main situation in use of management accounting has been identified, with follow-up related practices. After the confirmation was sent the management started the execution according to already discussed plans, *“since it was more the management performing the activities rather than the employees”* apart from the usual business-operations. The subprojects situated over *“a longer time-period even though it was not many subprojects within the project, but still different starting points and ending points for activities to be performed”*. An external accountant followed-up the costs together with the management of Firm C, to keep track of costs related to the consultant, and material according to the approved budget. Firm C followed a priorly used process in Covid-19 related projects but also according to board members experiences from similar projects/fundings prior to the pandemic for other firms than Firm C, but if it was not for the grant-related funding, planning, execution nor disclosure would have looked the same. No cash flow analysis, nor liquidation budgets have been performed under the execution phase as key inputs for guiding decisions or situations while creating the projects fulfilling the requirements were prioritized and a large part of the decision-making process to what projects to apply for. Respondent C explained that *“we created the projects quite spacious, vague, and broad, so that each subproject included a lot but not very detailed in the application which made the follow-up’s and disclosing of each subproject easy”*.

The possibility to have a glance at, i.e., follow-up the progress of the project has been *“somewhat easy, by looking at the facility”* whereas the planning *“was set to the given time limit from Longyearbyen Lokalstyre”*.

### 5.3.2 Table Private Firm C – Use and Design of Management Accounting under the Execution Phase

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Follow-Up	Control	Management, LL	Discussions, Project accounting	Financial	Interim	Project	Salary costs (hours spent), Consultancy costs, Purchases	MICRO from public to firm

### 5.3.3 Use and Design of Management Accounting under the Closure Phase

For the closure phase, one main situation for use of management accounting has been identified (reporting). According to Respondent C, evaluating the outcomes are somewhat “too early, but they are to be developed and put into the services after the actual project is finished”. The respondent stresses that owners and board of directors are satisfied with the outcomes” since *they have accelerated the strategy-plan in a way that would not have happened without Svalbardpakke 1*”. One important objective was to increase the usability of the facility also to new customer-groups to harness benefits of the project. Respondent C described that the terms were initially used for the application and decision to what projects to apply for, whereas the closure phase will be an evaluation and control of the project ex-post by Longyearbyen Lokalstyre. Evaluating Svalbardpakke 1 for Firm C is “quite straight-forward for the disclosure report, but the effects of it we cannot see before the summer season starts”. Firm C through Respondent C put “more focus on the actual project than the results of it”. Closing the project, or evaluating it, would not have been performed if it was not required according to Respondent C. Employees were kept due to the projects, although mainly management performed work with the projects

**5.3.3 Table Private Firm C – Use and Design of Management Accounting under the Closure Phase**

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Reporting	Control	LL	Project accounting	Financial	Ex-post (myopic)	Project	Cost-focused	MICRO from firm to public

## 5.4 Private Firm D

### 5.4.1 Use and Design of Management Accounting under the Initiation Phase

During the initiation phase for Firm D, use of management accounting for reporting was identified. The subproject’s Firm D applied for were straightforward and “simple, practical things” involving investments although the actual planning looked different and involved different actors. The subprojects were already discussed and somewhat planned prior to Covid-19 within the firm, whereas the respondent stated that “we had to pack in ideas we already had into an application to survive”. The application consisted of purchasing orders and offer from suppliers, “to receive figures to realize the projects”. To apply, Longyearbyen Lokalstyre was contacted several times prior to the application, to facilitate the subprojects and assess the possibility for realization.

The main goal of the project was for the firm to survive, but also with a focus on local inhabitants rather than tourists. To apply, Firm D received help from a prior experienced controller. The application and processes related to the project were performed by the management, external suppliers and internal administration (accountant included) for putting together “we had a budget meeting and got help from the controller throughout the application, during and will receive help to close the project”.

#### 5.4.1 Table of Private Firm D – Use and Design of Management Accounting under the Initiation Phase

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Reporting	Budget	LL, Firm	Prior application experience, Budgets	Financial (purchasing orders and survival)	Ex-ante	Project, Local inhabitants	Purchasing orders (costs)	MICRO from public to firm

#### 5.4.2 Use and Design of Management Accounting under the Execution Phase

During the execution phase for Firm D, no characteristic situation of management accounting usage was identified. The allocation of resources was not discussed before the application was sent and the firm had received the confirmation, and then *“we had to finance it and hope to be able to cover the remaining [equity-amount] ourselves after, which we are lucky that deliveries got postponed so we can cover the costs”*. To have a glance at the process, the respondent commented that it was *“visible [eyesight], it has been a simple process”*. Subprojects were started right away upon confirmation by utilizing the received funds to purchase items as per the purchasing orders included in the application, and the respondent described it as a *“smooth project apart from delays”*.

#### 5.4.3 Use and Design of Management Accounting under the Closure Phase

During the closure phase for Firm D, two main situations of management accounting usage was identified (reporting and evaluation). The respondent stressed that one subproject was not finished yet, and that the firm awaits delayed investments and cost(s) for it. Regarding the disclosure of the project, the respondent emphasized that *“we will just send all the expected numbers and attach the information [invoices]”*.

Regarding any type of evaluation, the respondent stated that it would be *“difficult to evaluate so early because it just happened so it will be easier to evaluate in a few years when we can look back over a longer period of time. Everything changed after Corona, so nothing normal any longer. It is like a time before and after corona, and we just came out of it. It will take years before we can start seeing what differences those projects created and how we actually might gain from it”*. Potential aspects to consider then will be through potentially reduced costs, whereas the operations for the firm has changed and that is noticeable almost every day. The respondent developed the reasoning by stating *“this has been a dream since all years I have lived on Svalbard, it might actually have been realised due to Corona, but not only because of Svalbardpakke 1 but rather several factors that made it possible”*. Whether this change would have any financial benefits for Firm D, the respondent made clear that it was other values than quantifiable by stating *“no, and it won’t. It is a difficult project in that sense, but it has created a more cosy atmosphere [for the locals] and our employees. That can never be measured financially”*.

#### 5.4.3 Table of Private Firm D – Use and Design of Management Accounting under the Closure Phase

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Reporting	Control	LL	Project accounting	Financial	Ex-post	Project	Costs	MICRO only public (requirements)
Evaluation	Experience	Firm	Experience	Non-financial, Financial	Long-term	Firm, Employees, Local inhabitants	Well-being, Cost-reduction	MICRO only firm



## 5.5 Private Firm E

### 5.5.1 Use and Design of Management Accounting under the Initiation Phase

During the initiation phase, the decision to what investments to apply for Svalbardpakke 1 with, represent one main situation where use of management accounting has been identified by the actively involved and “hands-on” board member. All investments were planned prior to the Svalbardpakke 1 but for a longer timeframe and thus for applying, updated offers were included from the suppliers into the application. For Firm E, practices followed *“an ordinary investment-process, where we check for clever alternatives to use according to industry-standards, and in the end, it is about improving the product, being more efficient, and that means in a few years we operate more financially since it is cheaper to operate while using less energy in the production as well”*. About estimating outcomes within the application, the *“budget was quite straightforward, since we knew that the cost reduction is around 80% compared to 2019, and in addition the machinery needed costly maintenance”*. During the Covid-19 crisis, the firm has increased the cost-awareness, and *“reducing costs has been the main focus”* whereas the chosen projects were described to be *“reasonable investments, since these are large investments that fitted for applying for Svalbardpakke 1”*.

**5.5.1 Table Private Firm E-Use and Design of Management Accounting under the Initiation Phase**

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Decision-making	Reporting (application)	BOD	Experience, Project budget	Financial	Ex-ante	Project	Costs (purchasing orders, cost reduction)	MICRO Both ways (from grant objectives into prioritization of needed investments)

### 5.5.2 Use and Design of Management Accounting under the Execution Phase

During the execution phase, two related categories of use of management accounting was identified, related to decision-making guided through follow-up (assessment). While the confirmation was sent, Respondent E remarked that *“we immediately decided to start with two of the three subprojects that was of biggest need in the operations, instead of all three since the equity-part was reduced compared to what we applied for”*. The same projects would not have been performed at the time being if it was not for the Svalbardpakke 1, but Respondent E highlighted that *“it was just a matter of time and prioritisations”*

Respondent E explained that the progress of the projects has been *“a slow transition”* due to awaited special competence. The respondent also developed the reasoning by stating *“it is better and more reasonable to let the machinery wait for 3-4 months before installing it, than paying all costs for specific competence to enter the island even though all the waiting-time infers more costly production, those are just costs to take in the meantime over the ordinary operations”*. While things happen that deviate from planned or budgeted expenses, Respondent E pointed out *“everything is like rough estimates, since the operations are complex even though it is a small company. So that does not include any deep analytics but rather rough estimates, experience and then we take a decision based on that”*

About if the respondent would have changed something within the application with the information known today, the respondent stated that *“for each project started, the takeaway is that the ‘other*

costs' increase for every investment, and that is a lesson to be learned and use in each situation". Firm E has not been in contact with Longyearbyen Lokalstyre after the confirmation but to check a potential re-distribution within the applied amounts between the subprojects due to increased equity-amount and exceeded budget "I would rather use an external consultant to have a look, than all firms receiving the funds to call Longyearbyen Lokalstyre to follow-up such changes".

**Table 5.5.2 Private Firm E-Use and Design of Management Accounting under the Execution Phase**

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Decision-making (prioritisation) & Follow-up	Planning	BOD	Experience (rough estimates)	Financial, Non-financial	Ex-ante (decision-making) & interim (follow-up)	Firm, Product	Costs, Time	MICRO from firm to proj/grant objectives

### 5.5.3 Use and Design of Management Accounting under the Closure Phase

Under the closure phase, some insights regarding evaluation were identified to show a type of ongoing, continuous assessment and reporting according to the requirements.

Further regarding overall ex-post project evaluation, the respondent E highlighted that "assessments are performed during the whole process, up inside my head as an owner, and I don't think that my evaluation will change as per the 1<sup>st</sup> of September or December". The respondent further stated that as a firm their evaluation of the projects will be done when the disclosures are confirmed meanwhile "it is an ongoing assessment and decisions, as to how and why something was done and decisions and assessments around every step".

The investments should not have been performed during the Covid-19 situation without Svalbardpakke 1. Since March 2020, "we have become champions in cost savings, and that we will continue to use throughout and in addition we are here with machinery and equipment we desperately need to continue operating, as well as to reducing costs related to operating". Regarding survival of Firm E, the respondent concluded "we have survived financially, because of the situation. We sold enough to keep us up and about, we have received financial support from the government's packages, and we have received Svalbardpakke 1 that will help us to be better equipped operationally to be able to better handle a business as usual/normalization situation and production according to that situation"

**5.5.3 Table Private Firm E - Use and Design of Management Accounting under the Closure Phase**

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Evaluation	Reporting	LL	On-going thinking process	Financial	Ex-ante, Interim	Firm development, Project	Costs (Spent & reduced)	MICRO from firm to public

## 5.6 Private Firm F

### 5.6.1 Use and Design of Management Accounting under the Initiation Phase

The initiation phase started with calling out for internal departments to come up with projects from a pool of projects priorly discussed and assessed as feasible with proper timing and funding. Thus, when decided to apply for the grant the management had to make a clear decision-making to select which projects to apply for, which is one of the main situations with use of management accounting.

Meetings were conducted with LL to follow-up on any questions to better prepare for the application along the guidelines provided. According to the respondent the firm had a clear plan for all the projects that they proposed by obtaining cost estimations from suppliers to internal costs allocation and more specific into salaries of their employees related to the hour estimations for project purposes. Allocation of responsibility as a management accounting usage situation was also identified as all the departments of the selected projects were involved in preparing the budget for each project. These were mainly done through emails and meetings and the final budgets were decided with a buffer. All the selected projects had clear objective and goals and to get prepared for the "high season". According to the respondent the financing required by the firm was not a challenge for the organisation although used estimated revenues as part of planned financing of the budgeted costs. The stakeholders in this project were considered as different departments and which they had different objectives internally.

#### 5.6.1 Table of Private Firm F – Use and Design of Management Accounting under the Initiation Phase

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Decision-making, Communication, Negotiation, Allocation of responsibility	Planning	Management	Budgets, Project planning design, Routines	Financial (Mainly financial)	Ex-ante	Projects	Costs, Estimated revenues	MICRO public to firm and/or firm to public

#### 5.6.2 Use and Design of Management Accounting under the Execution Phase

During the execution phase, feedback/ reporting use of management accounting situations were identified for Firm F. Controlling tasks were performed across departments to attain project awareness, set responsibilities and a time plan. Subprojects were followed-up and discussed regularly on monthly meetings as part of ordinary business reviews, to control budgets and employee hours in accordance with the application (both ex-post and forecasts). Reviews of employee hours twice per month to assess and assure project progress. Budget controls and assurance of non-exceed supplier quotations were regularly performed. If employee hours were spent more than the estimated hours, the required hours were re-assessed not to exceed their budget margin. Certain subprojects were followed-up and controlled by statistical tools in addition to expenditures. Thus, all deviations from the initial budget were approved by the top management. Further the employees were able to see the progress of all ongoing projects and available budgets in monthly business update emails. The respondent communicated with Longyearbyen Lokaltstyre frequently to make sure changes were dealt with according to the requirements, also by meetings at Firm F during the execution phase.

#### 5.6.2 Table of Private Firm F – Use and Design of Management Accounting under the Execution Phase

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Feedback reporting	Control	Management, Employees, LL	Budgets, Meetings, Emails, Monthly reviews	Financial	Interim	Projects	Costs	MICRO from firm to public

#### 5.6.3 Use and Design of Management Accounting under the Closure Phase

During this phase reporting as a management accounting usage situation was identified. At the time of the interview all projects have been completed and disclosed according to the stated requirements (including audited ISRS 4400). Also, during the closure phase the respondent were in communication

with Longyearbyen Lokalstyre as the firm needed further information for the disclosure. The firm conducted several meetings with managements who were leading the subprojects to finalize the overall costs and hours spent. According to the respondent the disclosure focused on costs, no estimates of generated revenues was *“required or possible, since it only would have been an estimate that would have been difficult to audit test for samples”* since it was closely connected towards Firm F’s core operations. However, expected cost reductions will be assessed internally at a later period than the disclosure was sent.

### 5.6.3 Table of Private Firm F – Use and Design of Management Accounting under the Closure Phase

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Reporting	Evaluation and Control	LL	Project accounting, ISRS 4400	Financial	Ex-post	Project	Costs	MICRO from public to firm

## 5.7 Private Firm G

### 5.7.1 Use and Design of Management Accounting under the Initiation Phase

Under the initiation phase for Firm G, one main situation with use of management accounting were identified, focused creating the application.

For Firm G the project included a development based on an earlier, yearly demanded service by a specific group that required extra administration, planning and equipment. A group of employees together with an external consultant created the application and figured out the subprojects that resulted in the application, although the main planning of the projects was accomplished after the confirmation was sent, *“only a rough draft was included in the application”*. During the initiation phase, Firm G tried to be in contact with Longyearbyen Lokalstyre *“for several purposes, by phone, email and attending the Q&A-Teams meeting”*. The terms of the grant to a large extent influenced the projects and the application according to the respondent who illustrated discussions of *“what to apply for, what do the firm need now versus in the future? What do the firm need to strengthen? How to create a project that involves the need?”*

Three main goals were indicated for sending the application *“keep the guides employed, develop another pillar for a comprehensive business and to invest in equipment needed for a longer period of time to strengthen the liquidity through upcoming years business operations”*. Firm G’s focus for applying was the employees through a motivational project including collaboration and knowledge transfer, the owner through updated equipment and retaining key employees, and a potential new customer-group different from *“a typical Svalbard-tourist”*.

The project budget for the application included estimated needed hours and salary for each involved employee, estimated costs for external administration and needed purchases. An assigned employee did an estimation over needs related to each subproject such as the purchases of equipment *“mostly based on prior experience, and then we [administration] asked suppliers for purchasing offers and added the costs into the budget”*. In addition, Respondent G claimed that *“we knew that the maximum grant-amount was 1MNOK, and the firm should put 25% in, so then we created the application for 1,25MNOK to receive the maximum amount”*. Regarding expected results or outcomes of the project and revenues in the project budget, respondent G commented *“the application-scheme was not fitting the purpose for Svalbardpakke 1, so we simply saw that part as irrelevant and put 0 into revenues”*.

For required amount of equity, the respondent explained *“no matter the application, the firm has an obligation to pay the salaries for the administration-employees and there was never a discussion about laying off all employees, so it was better to put some salary costs into the project budget and thus remain employment for the employees --- salary costs were taken over the operations, without a discussion”*. Prior to the application was sent, the board read, commented, and approved it. An important aspect to the respondent considered in the application-process was to apply for projects that included investments that could be used in ordinary operations, *“to make sure that even if the new product did not work out, we kept employees and maintained more experience and had updated equipment to use for several years”*.

#### 5.7.1 Table of Private Firm G – Use and Design of Management Accounting under the Initiation Phase

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Reporting	Application	Management, BOD, LL	Budget, Experience	Financial	Ex-ante	Project, Firm	Estimated costs (hours, salary, purchasing offers)	MICRO from public to firm (then prioritisation within firm)

#### 5.7.2 Use and Design of Management Accounting under the Execution Phase

In the execution phase for Firm G, two main situations including use of management accounting was identified. Shortly after the confirmation was signed and funding received, meetings with employees of different functions and specialist competences (both administrative and guide-managers) were held followed by *“a workshop with all guides to discuss and brain-storm how to develop a product that could fit the target group”* of larger groups with a more educational content. Prior experiences of employees were an important input for planning to perform an activity different to ordinary operations, as illustrated by the respondent *“compare bringing 8 people versus 28 into an ice cave with minor space and polar bear-guards needed outside meanwhile”*. Larger groups require several guides, and *“they have to work different than usually, more together”*. Firm G applied for a project budget of 1,25MNOK, and after a downward adjustment by Longyearbyen Lokalstyre, Respondent G commented *“since the grant was adjusted, the firm cannot finance the equity to the full extent, so we adjusted the project budget similarly and prioritized the subprojects we applied for based on the approved amount instead”*. The workshop and discussions resulted in a decision for prioritizing and planning the Svalbardpakke 1-projects for Firm G.

The second identified situation of use of management accounting during the execution phase, consisted of following-up on costs according to the project budget and approved amounts in the grant, both ex-ante and ex-post to adjust the total purchases and hours spent. The board approved all costs, and continuously follow-ups between administration, management and employees have been held through meetings, emails and through a time-keeper program (for salaries) where the subprojects were added for all employees to report number of hours used for each subproject. Throughout, less time than planned was used under periods of more ordinary business activities during the high season, resulting in *“a relief that the deadline got extended”* according to Respondent G. The respondent followed-up progress through a spreadsheet, *keeping track of accounts administratively to assure the firm stays close to the plan. So not to control, but to manage the progress by checking and follow-ups, also from the accounting-firm who reported actual costs to each subproject to see how much of the grant is left to use at a certain point in time”*.

To assess the product and maintain quality within the product, a pilot-test was performed and a written evaluation by the customer was received. Examples from the evaluation have been used as development of the product, and as exemplifying outcomes of the product into the project report.

Meetings were held with management for status and follow-ups for several timely Covid-19 related projects. Main challenges throughout the execution phase were *“balancing the project plan and real-life, the focus changed between delivering the ordinary services versus project-related work, with prioritising revenues over project-progress. Also, delayed supplies for several months and seasonal changes resulted in that when the goods were delivered the season was over so we could not test it properly”*.

### 5.7.2 Table of Private Firm G – Use and Design of Management Accounting under the Execution Phase

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Decision-making (prioritization and planning)	Planning	Management	Discussions of needs during workshop, Decision by management	Employee experiences & competence	Ex-ante	Firm	Costs	MICRO individual firm only
Follow-up	Control	Management, BOD	Communication (Meetings, & pilot w. customer-feedback), Timekeeper, Project accounting	Financial, Non-financial (customer feedback)	Interim	Project, Customer	Costs (hours spent, purchases)	MICRO from firm to public

### 5.7.3 Use and Design of Management Accounting under the Closure Phase

Two main situations of using management accounting under the closure phase have been identified including reporting according to the requirements of Svalbardpakke-1, and a potential later evaluation for Firm G.

Firm G routinely do evaluations during the season changes for knowledge transfer whilst regarding the final disclosure, Respondent G emphasized *“we are only reporting according to the requirements, as simple as possible so it is a fast read-through before sealing: APPROVED”*. According to the respondent the process of doing *“project planning and follow-ups to Svalbardpakke 1 have been very time-consuming but throughout the firm, higher awareness among employees and management for how important it is to review the portfolio of products frequently has been achieved which can maintain continuous improvement and business development”*. Thus, for the firm and due to Svalbardpakke 1, several employees were kept, knowledge transfer, updated equipment for the operations, and a review of every product, cost, routine has been performed and in addition, new products have been developed. Thus, according to the respondent Firm G is more aware of the total portfolio of offered services and products.

A process of sorting and deciding retrospectively what investments (i.e., purchasing costs) to include into a specific subproject was explained by the respondent. First a firm-need was addressed initially, followed-by a matching-process into which subproject the cost fitted under. Each purchase was overall sorted into a subproject mainly through the amount of equipment that was acquired. Respondent G explained that *“if it was a need of eight of something for the firm, the cost most likely went into [another] project, if the need was 25 of something, it went into the Svalbardpakke 1-project”*. Sorting and assessing costs were thus done in several steps: initially of a prioritization of needs related to the

projects and the firm, then into which specific subproject. But the respondent described the process as every purchase always centred from the overall firm needs, rather than a specific subproject.

Profitability analysis will most likely be performed for the developed product through Svalbardpakke 1 in a few years, including employee hours, overhead costs, wear, and price to see if the product is profitable or not but the product is *“likely to be profitable in maybe 2-3 years, but that is an estimation based on just experience. Like a good guess. But no matter that, it strengthens the business operations for the firm anyway”*. But *“a seasonal effect will be of need to include in that analysis, since it will affect the outcome. A product offer like this will not be sold in the end of march [high season], while in the beginning of June or during September, it would fit well”*. Until the Svalbardpakke 1-project was started, demands of a similar product have required a lot of administration, planning and meetings but through the project *“now we have a product offer, we know the costs for it and thus over a longer period of time, we have taken the costs and can focus on developing the offer”*.

### 5.7.3 Table of Private Firm G – Use and Design of Management Accounting under the Closure Phase

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Reporting	Control (required)	LL	Sorting, Project accounting	Financial	Ex-post (myopic, required)	Project	Costs (hours spent and salaries, purchases)	MICRO from firm to public
Evaluation	Control	BOD, Management	Profitability analysis	Financial	Long-term (a few years ahead)	Product, Firm	Cost, Revenue	MICRO firm only

## 5.8 Public Organisation H

The community council of Svalbard, Longyearbyen Lokalstyre is the employer of Respondent H who has an administrative and facilitating role for the businesses on Svalbard, closely connected to the elected politician’s decision-making on objectives and budgetary matters for the town. For Svalbardpakke 1, Respondent H had a *“role divided between political, businesses and the Norwegian government to connect needs and frame conditions, and create a solution based on fundamental needs for the firms”*. Respondent H has former experiences of founding and running tourism-related businesses, project management, and in a similar role as of the position within Longyearbyen Lokalstyre for a Norwegian municipality whereas the current position since January 2021, but the assignments/work to be performed changed the priorities due to the Covid-19 situation and the governmental responses.

Communication and assessment have been and will be of importance throughout the project evolution about applications, disclosures, and project performance according to Respondent H. Addressed as a main stakeholder *“is the politics and the politicians”*. Communication occurred between the advisors to assess descriptions and applications and between January 2021 until January 2022, three different ‘Head of Administration’<sup>6</sup> has been involved in the Svalbardpakke 1. Contact with firms that received, firms that got rejected and firms that felt *“excluded from applying through the*

<sup>6</sup>Longyearbyen has a high turnover rate of approximately 20% per year (Longyearbyen Lokalstyre, 2021, p. 17) and over the last years (Statistics Norway, 2016, p. 11).

*terms of the grant, almost discriminated, has also been important to communicate with". Innovasjon Norge is also a collaborator since "certain subprojects for certain firms are related".*

Experience and knowledge transfer was also initiated through contacts with other Norwegian municipalities *"to exchange experiences, competence and receive a template to use for the assessments of the applications. No matter a decade of experience of municipality-related grant administration and industrial development, challenges occur in such situations. And these municipalities used the routines and practices already built up for grant administration also for handling the Covid-19 responses"*.

#### 5.8.1 Svalbardpakke 1 - Initiation phase

For Svalbardpakke 1, Respondent H was involved in the administration of the grant but not developing nor designing it. According to Respondent H the public organisation *"lacked former competence within the organisation for the task at hand and that is shown through the design and terms of the grant being very ambiguous, which burdensome the administration process also in regard to prioritisation, intensified the uncertainty and forced a need to establish a judgement-practice to assess the applications to fulfil the objectives of the grant"*. The respondent exemplified by questioning *"For example, how large percentage of ownership declares a wholly or partly owned Norwegian company?"*. The respondent remarked that *"in practice, we used a lot of time to clarify anticipation after the application deadline through dialogues together with NFD to establish a guideline of how to practically assess and interpret the grant"*. The solution and way to handle the assessment was through *"creating a system of the criteria and grade applications towards these to end up with a justification"* and the system *"ended with assessment-points per criteria, and some criteria were resolute and thus the application was rejected"*. The respondent emphasised that *"every criteria received ambiguous assessment, then the total points for the application were handled within intervals. Some were rejected completely, some received further assessment before the decision to accept the application and approve funding"*. Respondent H claimed that *"this assessment-guide for how to handle the applications should have been created ahead of the application-deadline, and used thoroughly thereafter"* and in addition *"proper process-related regulations were not completely followed, for example were all firms sent the reply as a acceptance or rejection, usually if rejected upon lack of documents, the firm should have been called prior to the reply was sent to assure the process but this was due to lack of capacity"*. The decisions were *"practising the assessment-guidelines we then had created, which included challenges throughout the process"*.

Throughout the process, the administration of Longyearbyen Lokalstyre has *"tried to follow the traditional guidelines and regulations so there are no flaws in the attempts, but remains difficult when planning and processes in the design, you will bring those system errors throughout the process and the final disclosure [of Svalbardpakke 1 in total] will then highlight the flaws and what should have been done"*.

For the public organisation several types of management accounting usage were thus identified, whereas the main type was to monitor and control by creating an assessment-scheme to use for assessment into the actual decision-making of the applications (i.e. pre the actual decision and grant administration) based on the given regulation and terms of the grant.



### 5.8.1 Table of Public Organisation H – Use and Design of Management Accounting under the Initiation Phase

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Monitor & Control assessment, Pre-decision making	Decision-making	LL	Assessment-scheme, Guide for judgments (by points)	Financial, Non-financial	Ex-ante	Applications	Grading by judgement	MACRO from public to the application (the indicator)

### 5.8.2 Svalbardpakke 1 - Execution phase

For the execution phase for Svalbardpakke 1 as a project for the public organisation, two situations are identified. First, the decisions to distribute the grants involve handling the applications. Second, the decisions to the final disclosures after the firms' projects have been closed and reported to the grant administrator (i.e. the public organisation).

#### 5.8.2.1 Handling the applications

To handle and overview the applications, a list of received applications and total requested amount was created, which showed *“clearly that the requested amount exceeded the funds of 25MNOK”*. Respondent H illustrated *“we [group of two] then decided to do a percental distribution so all had the possibility of receiving the same percental applied amount, but this was not thought of before the situation, which also was a lack in the preparation of the grant that no guideline or recommendations existed”*. To handle all the applications, a group of 4-5 advisors to assess each application to the created system for assessing the applications, and then all applications and assessments related to the system *“was checked and controlled, application by application, to the created assessment system and to the terms of the grant for a conclusion and decision before it was sent to the head of administration for final acceptance”*. Discussions were held between the advisors and Respondent H, and a few questions between Respondent H and the head of administration were sorted out during the decision-process, but nothing that resulted in decision-changes. This decision-making characterises the main dimension of use of management accounting for distributing the grant amount. The respondent described the process as a *“more haste, less speed kind of a situation. Lack of structure, planning, decision plans, milestones, risk analysis, resource allocation for hours and competence, and a time plan. So, the whole process is characterized by this haste and crisis-situation, which is a huge challenge since it affects so many people, in a small community with many actors”*.

An ordinary way of handling business development through an actor such as Longyearbyen Lokaltstyre *“is characterised by consultations, hearings, processing, tying and adjustments throughout. In this situation, none of this competence regarding business development or grant administration were available within the organisation”*. High turnover at the department, working remotely with something the organisation had no experience nor competence of doing, the respondent claimed, *“we should have connected us more closely to a municipality on the mainland to help us with the administration of the grant”*. Signals were sent to NFD as *“we asked of acceptance for using resources from the grant (the 25 MNOK) to the administration, adaption, and process for the grant administration, but it was rejected”*, in addition *“it was clear signals from the local businesses that every krone should go to the businesses, nothing for the administration of it - - - Handling 65MNOK as grant [25MNOK Svalbardpakke 1 and 40MNOK Svalbardpakke 2], establishing the routines and processes together with administrating a system for it on few employees, then experience and competence is not enough”*. The discussion, and evaluation, will be political since that is where the funds are approved for the role, and *“changes and more resources have been approved for the upcoming establishment of business development”*. The respondent described that reporting on the

expenditures and results is expected, will be delivered, and evaluated to be improved compared to the grant administration and processes illustrating Svalbardpakke 1 as *“lack of established routines, clear criterias and procedures, haste, and the risk of one person doing everything with a high risk of conflict of interest and ethics challenges”*.

#### 5.8.2.1 Table of Public Organisation H – Handling applications under the Execution Phase

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Decision-making (grant-amount)	Control	LL-administration (2 people), Svalbard-firms	Point-scheme, Discussions	Applications	Ex-ante	Project	Costs	MACRO unit to micro private firm

#### 5.8.2.2 Handling the disclosures

In May 2022 with the extended deadline to September 2022, Respondent H stated, *“so far, the evaluation is only related to pure monetary numbers: disbursements, re-assessments of applications and nothing about the outcomes yet”*. Throughout the process *“notes have been taken on the progress, challenges and solutions related to these responses [Svalbardpakke 1 + 2] to report back to NFD while all the [sub]projects are disclosed and finally assessed, maybe during 2022 or 2023”*.

According to the respondent *“actual projects’ effects are the grant administrations rule no. 1: you need clear, defined goals and objectives to achieve. But such goals and objectives are not included in Svalbardpakke 1 and 2, since they are crisis related”*. The criteria are *“result-based, so the firms have to report on the requirements stated in the confirmations. And they are designed so we can measure what has been done, for each [sub]project. And that will give some information about the results of the grant”*. Illustrating that this is done through *“costs from the project budget. We evaluate based on criteria from the terms of the grant, and the practical assessment (guidelines they created) and the planned projects, if within or outside the terms and then we either approve or decline/reject it”*. The planned process according to Respondent H included a comparison for each firm’s specified subprojects, then for the firms' total expenditures, according to the application followed by an aggregated comparison (number of applications, planned projects, performed projects). To retrospectively assess outcomes of projects that are not defined ahead of project-start, Respondent H stated, *“it is almost impossible to evaluate the effects through the projects”*, followed by *“maybe it would require using a method of interviewing some firms and ask them: what effects have this given for you?”*. Respondent H pointed out that the method of interviewing some firms might be applied. For the applicants, the clear goal to formulate was to *“handle the consequences of the pandemic for the tourism-industry on Svalbard”*, Respondent H continued the reasoning by saying *“then expectation needs to be addressed as in what you should measure to. Because it says something about how you (grant administrator) should steer the use of resources and what is the goal? For adaptation, are the expectations the same for government, firms and Lokalstyre?”*. But it is a broad inclusion of the definition, and it was not limited in the grant ahead of starting to handle the applications: *but it should have been a strategy for handling the consequences of the pandemic, where Svalbardpakke 1 and 2 should have been two out of several ways”*.

The respondent emphasized the complex process included in accomplishing reconstruction, adaptation, and development, *“competence development should have been included, but here it was more of jumping to the conclusion: we need money”*. Lessons learned and evaluated practices are taken into use in frameworks and routines for upcoming situations, *“routines and guidelines as tools for unexpected situations have been included in frameworks for current working practices through the*

*guidelines and regulations for grant administration, as it should always be instinctively”, concluded with “and then it’s about using it under new situations”. Respondent H denies any interim follow-ups of ongoing projects for individual firms due to lack of time (i.e., resources).*

For assessing the disclosures from the firms, the respondent remarked that *“it is to create a table similar to the approved project budget and explaining how the funds are used including time sheets, an explanation on accomplished or not accomplished results compared to the initial plan”* that are required from the firms, and that this has been a common ‘how to’-request from firm-actors during the last weeks of time. Respondent H declared *“because this is essential information to NFD, so much guidance according to that, and it has been discussed with NFD initially as ‘what are we trying to achieve? What should the money do for the firm?’ Then you need a budget, to illustrate when the effects are planned to be realized: 1 year, 2 years? When is it planned to have an effect in the firm? But this was not done in the terms of the Svalbardpakke 1, so it has not been possible to change or require, and thus no one was required to deliver a plan for the firm”*. But in addition, the disclosure needs to be *“declared and controlled by an auditor or accountant”*.

**5.8.2.2 Table of Public Organisation H – Handling the disclosures under the Execution Phase**

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Decision-making (final grant amount)	Control (Evaluation of the firms' disclosures)	LL, NFD, Individual firms (final grant amount decided)	Disclosures compared to approved budget and application objectives of the grant	Monetary	Ex-post	Project	Costs (actual compared to project budget & Svalbardpakke 1 terms/criteria)	MACRO public to private firms (micro)

**5.8.3 Svalbardpakke 1 - Closure phase and potential impacts**

The closure phase of Svalbardpakke 1, and thus the project (i.e., grant administration) for the public organisation were not started at the time of the interview. But a few insights into planned practices and situations were identified, whereas two accentuated the use of management accounting: reporting (required) and evaluation (internal). Overall, Respondent H indicated that *“the results are not bad, the outcome of Svalbardpakke 1 will not be bad, but it is characterised by the conditions of the grants and the seriousness of the situation”*. The respondent also stated, *“in a small community with a high turnover, the setting was not optimal, but things had to be done”*. Whether Longyearbyen Lokalstyre should have accepted to administrate Svalbardpakke 1, Respondent H commented *“Longyearbyen Lokalstyre could have said: someone else should do this. A discussion was held, but the decision and conclusion were to administrate the grant”*. The respondent although emphasized that after *“almost a year of full crisis, then it was important to get the money in circulation and do what you can according to laws, regulations, frameworks and the guidelines for grant administration”* but the content and criteria are not aligned and sufficient, and results/effect-goals are not specified, and those factors are flaws throughout the whole process. The respondent concluded that *“if then any sponsor won’t realise the flaws and evaluate these, then the same challenges and failures will occur again and again”*.

Evaluating Svalbardpakke 1 ex-ante (since the deadline for firms to disclose their projects got extended) respondent H claimed *“I do believe that negative consequences have been reduced, that the grant has helped - subjectively assessed. But it remains to be seen to the final disclosure of Svalbardpakke 1 and it is possible that we might do interviews since we do not have any goals, or indicators for results nor effects included in the terms of the grant within the final disclosures. But it*

*depends on the expectations from NFD to the disclosure report we [LL] are supposed to deliver". As an outcome of the experiences with the processes of Svalbardpakke 1 an initiation phase of a new project including competence development through project management for a local restructuring program is started about "how this could be co-developed with the idea behind as focus on business development in Longyearbyen. For collaboration between firms and LL, to develop innovation".*

### 5.8.3 Table of Public Organisation H – Use of Management Accounting under the Closure Phase

Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
Reporting (to NFD)	Control	NFD	Aggregating project accounts	Monetary	Ex-post	Project objectives	Reimbursements	MACRO public (aggregated)
Evaluation	Decision-making, Development, Support	LL, Local firms, Inhabitants	Lessons learned, Interviews, Frameworks/ routines, Competence development	Financial, Non-financial	Ex-post, Ex-ante	Business development support	-	MACRO public & unit

## 6. Analysis

*The following chapter presents an overall analysis of the empirical findings according to the summarized framework into the two dimensions conventional dimensions of management accounting, use and design followed by time-perspectives and assessment-focus. The chapter finishes with a discussion of empirical findings related to prior research.*

This chapter aims to discuss the use and design of management accounting on an aggregated level for the private firms contrasted with the empirical findings from public organisation. The project evolution for the organisational types involves the same phases, but their roles differ in the Svalbardpakke 1 project context as presented in section 2.1. The empirical findings compiled phase by phase are provided in Appendix A, B and C.

### 6.1 Use of management accounting during the project evolution

Aggregating the identified situations to the dimension 'use' of management accounting during the project evolution for the private firms and public organisation indicates that the Svalbardpakke 1-project infer similar and required types of MA usage during the project phases, through the design of the grant.

**6.1 Table of Use of Management Accounting Over the Project Evolution**

Type of MA usage situation	Initiation	Execution	Closure
Decision Making	n=5	n=5	-
Reporting	n=2	n=1	n=6
Control	n=1	-	-
Follow Up	-	n=7	-
Evaluation	-	-	n=5

*Number of organisations = n, maximum 8 (7 private firms, 1 public organisation)*

The type of management accounting usage is related to the project phases. For the initiation phase (Appendix A), decision-making about what project or subprojects to include within the application of the grant is the most identified use of management accounting for the seven firms. Decisions seemed to be taken by the management, upon assessing available resources in the terms of key employees and clear investment-decisions. Most of the firms decided to apply for already discussed or planned projects, whilst a few described a process of creating ideas to apply for that fitted the grant (such as Firm B and C). Conversely, at the initiation phase for the public organisation an assessment-scheme was designed to be able to make decisions during the execution phase according to the grant objectives and requirements (categorised as control-related use).

The main type of management accounting usage found during the execution phase (Appendix B) were several types of follow-ups for the private firms, performed by management to control the progress towards the grant requirements for the approved projects. The situations involved to keep track of the project progress through milestones, time-schedules, budget deviations and controls (costs). Also, decision-making was identified for several private firms during the execution phase, mainly for the purpose of prioritising and planning subprojects by time-plan and/or financial resources due to the percentual downward adjustment of the grant amount. Though the execution phase for the public

firm differed somewhat (handling the applications & handling the disclosures) it also reflected decision making as the main MA usage situation for each stage identified in the phase. For the decision making towards the selection of firm applications to make sure the grant amount is distributed efficiently designed assessment-scheme was used when handling the applications. Further when handling the disclosures, the public organisation will be the decision makers of the disclosed projects to make sure if the completed projects satisfy the initial approved application as well as the grant objectives and requirement.

During the closure phase (Appendix C), the main type of management accounting used by the firms was reporting-focused according to the externally required through the design of the grant. Several firms explained performing a required reporting from the firm to Longyearbyen Lokalstyre (grant administrator), but that no reporting would have been done if it was not a required control. Also, a use of management accounting in terms of evaluation was identified for several firms, where an associated differentiation of time-horizons was recognized as reporting the *project* for the required closure but evaluating the results of the project internally through a profitability analysis a few years ahead in time for the project-developed product. I.e., a myopic evaluation was performed by some firms for closing the project according to requirements. As explained by one respondent, no specific process was used rather than continuously on-going "*up inside my head*". For the identified usages of management accounting during the closure phase, both evaluation and reporting as situations are similar and can be intertwined. Similar findings considering the public organisation, as reporting of the project accounts to NFD (initiator and sponsor) is necessary as a requirement to fulfil the project closure. Internally for the public organisation further evaluation of lessons learnt from the project and its administration was seen important for a development of the administration processes.

## 6.2 Design of management accounting during the project evolution

The dimension 'design' of management accounting during the project evolution for the private firms indicates that the Svalbardpakke 1-project through the requirements (i.e., design of the grant) infer similarly designed use of MA and required design during the project phases in terms of methods, information, object and measures among the private firms.

Aggregating identified designs of management accounting in the initiation phase, budgeting and experience were predominant for most of the firms. The firms which had prior experience in managing similar internal projects used their experience into the planning. Forward -looking (ex-ante) estimations was used into the budget in the application. Costs estimations received from supplier quotations were used to submit realistic applications. Although the firms were still interested in both financial and non-financial information; for example, the employee resource allocation for project was indicated as important for some firms.

Further control practices were identified through prior experience in some firms as indicated by project size. One firm specified that this certain project was a small-scale compared to usual operations although for other firms the project summed up to their entire operation at the time of the execution. Costs were the main measure used by all firms.

For most firms, discussions and meetings were identified as an important method and technique for control and follow-ups throughout the phases, both internally and externally, for several firms with the public organisation I.e., grant administrator for support and recommendations. During the closure

phase of the project, project accounting was necessary for the purpose of disclosures. Thus, it was also identified as the foremost method used by the firms.

When considering the public firm, some situational differences for design components compared that of the private firms was found as the assessment of the applications, projects and final project disclosures were the focus for each phase of their project role. The need for creating an assessment process to selecting (approving/rejecting) the firm’s applications under the grant requirements through creating an assessment-tool prior to opening the applications, but after they were received. The scheme was then used for decision-making under the first part of the public-organisation’s execution phase, and the outputs (i.e., approved amounts and subprojects) constitute the implementation of the grant (i.e., the firms projects). The second part of the execution phase for the public organisation in terms of the MA design components will be a cost-focused control between approved application-budget and project accounts according to the objectives of the grant to take the final decision of grant amount. As such, the tools used for the decision-makings under the execution phase for the grant administrator differ and the time-aspect, as expected for the role of the actor and the nature of the project. The design components for the closure phase are as expected used similarly to the private firms, due to the requirements of the grant (financial).

### 6.3 Time-perspectives, project evolution and situation

**6.3 Table of time perspective Over the Project Evolution**

<b>Time-perspective</b>	<b>Initiation</b>	<b>Execution</b>	<b>Closure</b>
Ex-ante	n=8/8	n = 1/1	
Interim		n=6/7	
Ex-post		n=1/1	n=8/8

*Number of organisations (firms = max 7, public organisation = max 1) = n, maximum 8*

The time-perspectives used by the firms under different management accounting situations are related to the phases of the project evolution. Ex-ante is used by all firms (7/7) and the public organisation (1/1) during respectively initiation phase. For the firms, combinations are used under the execution phase but somewhat categorised as interim then such as ex-ante for decision-making under the execution phase and ex-post for following-up costs related to one subproject to assess the available amount ex-ante for planning, as well as keeping track and reviewing repeatedly i.e., interim (6/7 in some form). For the public organisation, during the execution phase ex-ante (1/1) is used for the decision of each application (i.e., approved maximum grant amount), and ex-post (1/1) for the assessment of the firms' disclosures (i.e., decision of final grant amount). Also, during the closure phase as expected, the ex-post perspective characterises the perspective to close the projects as required and is used by all firms (7/7) and the public organisation (1/1). Thus, different time-horizons appear for ex-post analysis during the closure phase as well as ex-ante for longer time horizons than the project duration described by several firms in estimated revenues for the applications.

Although a described critical situation and uncertain period for the firms, minor focus on quantifiable/financial expected, or actual, results were seen. Follow-ups are thus well-used, and both time (non-financial) and cost-related (financial) during the execution phase towards the project budget. A few cost-reducing projects were described, although with an expected *potential* cost-reduction a few years ahead in time. As financial information during the initiation phase and writing of the application a cost-focused budget was the main driver, which might reflect the design of the

grant or the ordinary operations of the tourism industry being paused while travel restrictions are current, indicated by several firms' reflections about an uncertain 'new normal' and processes for coming up with ideas to apply for the grant. This was also addressed by the respondent for the public organisation through reflection on expected results was forecasted but without a specification on time. Albeit, the grant was designed as a Covid-19 response, a myopic time-horizon, but less focused on financial outcome was indicated by the private firms.

Use of MA apart from required according to the terms and design of the grant, was thus found to a minor extent addressed by two private firms for a longer time-horizon.

#### 6.4 Assessment-focus

For the assessment focus it is evident that it is related to requirements (i.e., design of the grant) throughout the project evolution. During the initiation phase for the private firms, the assessment focus is mainly situated on the micro-level, from the requirements to the individual firm through one or another way. For the public organisation, the focus is mainly on a macro-level, from the public perspective (grant administration and terms of the grant) to the application (indicator), as the created assessment-scheme based on the terms of the grant. During the execution phase, the private firms (6/7) focus of assessments is situated on the micro-level, from the firm compared to the public perspective (grant administration through approved application). The public organisation focuses on the macro-level, from unit (all applications in total) to micro-level of each firm's individual application (by using the assessment-scheme created based on the terms of the grant). Through the firms' disclosures, the public organisation has a macro-level focus as the starting point for the public (requirements and terms of the grant) to the micro-level and each firm's disclosure report through controlling (i.e., control towards approved application). Though, the directions are not tested but indicated.

Under the closure phase, several focuses occur among the private firms whereas micro-level, and from firm to public (i.e., compared to approved application) was performed by four (4/7) firms. Two firms described a focus on the micro-level but as a comparison from the approved application to or Longyearbyen Lokalstyre into how to disclose the project (see for example section 5.7.3 Firm F) or the process of assessing the projects through the requirements also internally (Firm B). For the public organisation under the closure phase, reporting the aggregated grant administration to the initiator (NFD) focuses on a macro-level assessment on the public perspective, closely related to the total grant administration in monetary terms. In addition, a potential macro-level analysis for a local public perspective (the total) but through the unit-perspective by interviewing a sample of firms (for LL or NFD) to evaluate outcomes of the grant to potentially catch some lessons learned and future development was reflected upon. Overall, the focus of assessment is closely related to reporting and assessing what is required (i.e., grant-design), to whom it is required for. This was indicated by all firms and the public organisation. Some firms described attempts to match subprojects to the firm's core operations for motivational aspects to keep core employees (service-related businesses and small firms with specific competence needed which is hard to replace) and the situation of Covid-19 initiating the grant. The respondents are throughout closely involved in operations into details and so also for the project, a reflection of small firms with two years of halted business operations. Involving more than financial aspects, but rather hands-on experiences and varying time-horizons; no matter private or public organisation Collaboration, communication and prior experiences seems to be core inputs to get what need to be done.



## 6.5 Discussion

Prior research as the foundation for an analysis on management accounting in public and private organisations under a grant administrated project context initiated under a quite extreme situation cover broad research fields, due to an explorative research design. Although, some theoretically informed insights have been extracted.

As per January 2022 a revised ISRS 4400, “International standard on related services (ISRS) 4400 (revised)” got effective, by the International Auditing and Assurance Standards Board (IAASB). The revised standard is introduced as “ISRS 4400 (Revised), *Agreed-Upon Procedures Engagements* has been revised to respond to the growing demand for these engagements, particularly in relation to the need for increased accountability around funding and grants” (IAASB, 2020). Whether this is a response to Pollanen’s addressed “formal non-financial reporting practices may still be rare or developing” (Pollanen, 2011, p. 406) in terms of management accounting and controls by public organisations, guidelines seem requested, as the design of the grant required an audited report and the ISRS4400 was mentioned by one of the private sample firms to be sent to the grant administrator. In any way, in terms of accountability and control of grant administrated projects the main influencer of MA-practices used for the SME’s and public organisation in our study is reliant upon the design of the grant.

Collins and Gerber (2008) stressed the selection and monitoring under grant administration from a public perspective as important, but costly, to mitigate agency problems. From the societal level of the grant administrated project context indicated in our empirics, this selection and monitoring was a vital part of the public organisations role, due to the fact that the grants are publicly funded to support an industry through the grant objectives. In addition, the public organisation described a time-consuming, difficult yet important administration-process reflecting to the ordinance of the grant and the core of the organisation. A thoroughly assessment of applications was described, after an initial assessment-scheme was created to assure a thoroughly analysis of each application including communication with the project initiator (NFD) throughout the project evolution, which could be an indication of a guideline or framework used for the selection and decision-making process although between interorganisational perspective for the purpose of public funds to private firms unlike Collins and Gerber (2008) between different public organisations. Albeit, developed through collaboration between two public organisations but for a firm-level recipient.

Prior research on management accounting for the Norwegian public sector are rare, thus our empirical findings contribute with grant administration from a public organisation similar to a municipality, for a specific industry that is different from health care (as Nyland & Pettersen, 2004; Østergren, 2009; Pettersen, 2001) and education (Bjørnenak, 2000). Estensen et al. (2014) researched regional development projects from the firm level also administrated by a public organisation and found that for a successful project through knowledge transfer supported by a public organisation, engagement into the projects was crucial whereas difficulties to assess the effects were extensive. This is similar to our finding reflected through the private firms as describing a reliance to cost-related measures and preferably long-term effects to be shown in terms of revenues or cost-reductions in core operations (exemplified by energy reduction). The public organisation indicated a potential method of interwiewing firms to assess the outcomes of the projects towards the project objectives, due to undefined measurable goals through the grant design (as in including a forecasting of results including time-horizon), or due to the fact that the grant was “crisis related” (see section 5.8.2.2) but described

as a reimbursement (cost) focused control mainly towards the confirmed application, that was assessed with the project objectives for the grant. Also, this might indicate that budgeting and budget controls within the Norwegian public sector still are considered as the “central element of management control” (Pettersen, 2001, p. 569). Whether an effect of a budget driven grant administrated project result in unintended consequences for the societal level, in the studied case might be possible, but not investigated. Although, our findings indicate that the design of the grant matters, since private firms described a change between amounts for subprojects while something was less costly, the amount was re-arranged into something else. If not, the firm would receive less than the approved amount. In turn, this could infer a less cost-effective project potentially resulting in opposite effects then intended through the design of the grant, similar to what Pettersen found (2001).

Although the types of grant programmes differ between our focus prior by Estensen et al. (2014) and Widerstedt and Månsson (2015) but contact and collaboration for knowledge transfer and business development was the focus of the investigated program by them, and contact and collaboration was identified as important for all actors in our research. The public organisation to the funder in regard to interpretation of grant objectives and judgements as well as between the private grant receivers and the public organisation throughout the project evolution to assure alignment according to the objectives and requirements. Thus, this might indicate that no matter the core objectives of a specific grant, discussions, and follow-ups (i.e., supporting role) seems to be of importance for guidance, not only for control but also for project initiation. The project settings differ to Estensen et al. (2014) and Widerstedt and Månsson (2015), but a societal financial involvement and objective of achieving business development remains, and some insights into guidance, support and understanding of business context on a firm-level seems as evident to perform business development also under a crisis versus prior researched counselling methods.

Estensen et al. (2014) also addressed the importance of contextual understanding under a grant program. In the case of our research, both types of organisations addressed the complexity with the focus on ‘adaptation’ within the grant objectives. This might indicate the complexity of interorganizational projects, or conventional project management involving several stakeholders. An understanding of the objectives, the industry and the actors seems to be a facilitator for the project performance. Our findings indicate that support and guidance for performing a grant administrated project is needed align the focus. Potentially, more monitoring is needed the smaller the firms involved due to “less focus and resources on administration, more focus on daily operations” as expressed by one respondent requiring more resources for the grant administrator to facilitate the process and thus, the project performance to increase potential benefits and goal-achievement according to designed objectives. An implication of this indication might be the inclusion of support through grant administration, and preferably with local connection. Local governmental financial grants might thus benefit from collaborative design, involving the target group. Despite the low extent of added-value through counselling (Widerstedt & Månsson, 2015) and the difficulty of distinguishing cause and effect relationships from brokering itself (Estensen et al., 2014), district-related innovation programmes still occur (Forskningsrådet, n.d.). I.e., understanding what depends on what and how to evaluate an impact seems to start from the design, and objectives of a grant, where inclusion of a defined time-horizon is indicated as key through our findings. Focusing on rural areas for grant administrated projects (Widerstedt & Månsson, 2015), and for use of management accounting by local

governments (Lapsley & Pallot, 2000) are seen as a driver for organisational change. Thus, further research on management accounting and project management seems to be a value-adding scope regardless of organisational structure and geographical area, due to the ambiguous findings of value-adding but long history of occurrence forming a scope with great extent of development, including the use of resources.

For the focus on the derived conventional MA-practices categorised into the summarized framework and presented in the empirical results and analysis, the results are depicting MA use situation parallels such as decision making, control and reporting as presented by Samuelson (1986) Mellemvik et al. (1988) Chenhall (2003) for both private and public organisation. This gives the notion that the intended functions of MA as discussed in Mellemvik et al., 1988 serves the objectives of management accounting and can be viewed in the venue of any organisation regardless of its context. When analysing the results for the private firms, decision making was identified as one of the most critical uses of MA in the entire project evolution phase were in the project evolution (Chand & Dahiya, 2010; Hakola, 2010). For the majority of the private firms using both internal and external information in taking decisions on which projects to take on and how to allocate resources seemed similarly important when writing and submitting a realistic application to be able to obtain the grant. In this venue prior research such as Chand & Dahiya (2010) & Hakola (2010) on SME about the use of information for the purpose of decision making related to forecasting seems like a possible explanation.

## 7. Conclusion

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*In the following chapter conclusions and contributions of the study are presented, followed by limitations and suggestions for future research.*

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### 7.1 Findings

In this study we have investigated the use of management accounting under a local public administrated grant project for reconstruction, adaptation, and development of the tourism industry on Svalbard for a sample of small- and middle-sized private firms and the administration of it by a public organisation. The grant was a response to the Covid-19 pandemic financed by the Norwegian government and administrated by Longyearbyen Lokalstyre, as a tool for reaching goals not only on individual firm level, but for an industry and destination, including local inhabitants through employment. From an explorative and descriptive research design this study shed light to this specific type of project, that is not priorly investigated to the best of our knowledge. The private organisations that received the grant belong to the same industry and are reliant of the same customers to a large extent, but with somewhat different core operations (varying from production, hospitality, tours of varying types to restaurant). The public organisation lacked experience of prior grant administration to private organisations of similar kind, and project context. Also, the study focuses on the use of management accounting under a project process for two neglected, or at least less researched characteristics: a public organisation and small private firms.

Thus, the study set out to examine:

*What is the use of management accounting by private SME's and a public organisation under a grant administrated project triggered by the Covid-19 crisis?*

Our main findings are to some extent explicit. For the private firms, although operating within the same industry but from different initial core operations and initiated projects due to the grant, a pattern of similar use of management accounting under the project phases are indicated to the extent of what was required, i.e., used according to the design of the grant (external influence). For the public organisation, conventional management accounting uses were identified, also to the required extent according to the requirements set in the ordinance of the grant. This finding highlights the importance of grant, or project design. Use of management accounting apart from the required was only found to a potential extent from a time-horizon past the disclosures of the actual projects. Thus, impact evaluation or project output, is difficult to assess ex-ante, interim and ex-post, no matter the project role. Making use of experiences and situational knowledge into the performances, are essential. Replying to the research question, our findings show that management accounting is used according to conventional practices, but as a response upon the design of the grant. In this case, management accounting was used according to the requirements and terms in the local governmental grant administrated project for the sample of private firms and the public organisation.

### 7.2 Contributions

The study contributes to research for a couple of reasons. Firstly, to the best of our knowledge this is the first study that looked at this type of a project which is important because it shows how management accounting is used, and designed, under a setting of a non-routine need of organisational change. The grant was triggered by the Covid-19 crisis, but the grant objective infers reconstruction,

adaptation, and development of the biggest industry for a destination under a non-routine extreme situation. Thus, the study provides detailed insight into how management accounting is designed and used in a project of this type, which is apart from core operations for the firms involved, such as firm-project-management for an externally influenced initiated project. The specific use and design per se, is rather conventional use of management accounting, no matter the role or function within the project but in this case apart from a fully internal investment decision-making. Management accounting practices are used to the extent they are required in the design of the grant, i.e., the frame of the project context. Thus, the contribution is insights and knowledge about the use of management accounting under a new situation from two levels, as a tool for project progress related to changes in the firms' operations. In addition, use of management accounting under a project context should be phrased with accordance to phase. The insights provided might be of use for public organisations and grant administrating processes since it shows the importance of the design into how projects are created. Thus, our study contributes to the knowledge to grant administration process designing and implementation for assessment of the efficient use of public funding. Lastly, this study contributes to interdisciplinary, explorative research and more specifically research within the field of management accounting from a project context, including both public and private organisations capturing societal aspects.

### 7.3 Limitations & Suggestions for Future Research

A limitation of the performed study is that we cannot show anything for the population of grant receivers out of our sample, neither for SMEs on Svalbard due to all applicants did not receive funding, nor there might be reasons for not applying, and thirdly SME's were excluded from applying due to the criteria (such as the sector code). There might be administrative underlying reasons as in being easier to approve firms investing in administration rather than actual needs (potential agency problem), but this is out of the scope for the thesis (but indicating the need of controls for the public organisations decision-making processes/procedures/routines even for small public organisations). reason to not evaluating the overall grant. Due to the time period for the study, a proper impact evaluation as referred to by Widerstedt and Månsson (2015) was not possible, neither for the private organisations due to the extended deadline for the closure of the projects. If the extension would not occur, the overall grant would still not have been possible to design the research as an impact evaluation, although the projects undertaken by the firms would have been early, but doable. Perhaps in addition to a comparison group of firms that did not receive the grant. This leaves an opportunity for continuing the scope in future research. Investigating expected outcome as survival of firms and actual effects or realised benefits. For the specific project or other, potentially with supportive/competence brokers/counselling involved, from financial, economics, or project management approaches and broad, intertwined research fields as well as empirical settings (i.e., does not have to be tourism-focused).

Linking measurement to management, adages, and provocative logics such as *"If you can't measure it, you can't manage it"* (Zak, 2013) and whether it is the availability of numbers that gets things done (or discussed, and then potentially performed) in the area of grant administrated projects. This includes discourses to unpack due to the involvement of actors and organisations of different natures: also in the studied case between the private firms and the public organisation could contribute to a better understanding of the outcomes of the project, performativity of accounting and to project evaluation of the studied project.

Some insights have been presented to use of management accounting for the different organisations (both private and public) compared to ordinary operations, doings, or practices. But no performance measurement systems, management control systems or management accounting systems have been investigated holistically for any organisation. We have studied situations related to the projects of Svalbardpakke 1. Further research on use of management accounting for SME's, and relations with public organisations, focused on communication and collaboration, would be worthwhile to examine for understanding on what supports development. Focusing on the use and effects of reports, and perhaps also numbers, for different actors as well as organisations to grasp, and potentially contribute to development for costly project management overall, but especially related to grant administration and grant administrated projects. For more specified research on public organisations and interorganisational roles as indicated by Pollanen (2011) the delegation of administration from NFD to LL, and decision-making process involved represents a situation involving management accounting, and control, with contracting and outsourcing issues to be further researched, perhaps also linked to incentives.

Further, focusing on the designed control and/or judgment system created by the public organisation (the assessment-scheme), and its design for decision support and decision control, perhaps seen as (and designed as) an instrument for control. Potentially, this could be contributing to performativity of (management) accounting and effects of change.

Our research concerned practices used for a small number of private firms, and one public organisation without prior experience of grant administration under an uncertain situation and crisis-related setting. Researching grant administrated projects for the practices, routines, and outcomes for organisations where grant administration was already institutionalised, could provide reflexivity, but also allow for further insights into the matter of grant administration in innovation or community-led local development project research important implications, for private firms performing the projects, and for public organisations in administrating, supporting, and controlling the grants, and thus, with societal implications.

This research contributed to explorative insights of a sample of private firms and a public grant administrator while performing local grant administrated projects under a crisis-related situation for an Arctic town that is melting. Change projects and business development are, and will be of need, providing possibilities for developed research combining firm- and societal levels.

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## Appendices

### Appendix A – Summary of results Initiation phase

#### Aggregated Private Firms & Public Organisation

Firm	Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
A	Decision-making	Planning	BOD	Discussion, Budget	Non-financial (experience), Financial (budgets)	Ex-ante	Project	Revenues, Costs	MICRO from public to firm
B	Decision-making	Planning (realistic application: business strategy and Svalbardpakke 1-terms)	BOD, Management	Discussions, Competence mapping, Budgets	Non-financial	Ex-ante in relation to the projects, firm and employees; interim for the available resources (employees)	Project, Employees, Firm	Available hours, Costs (salary)	MICRO from public to firm
C	Decision-making	Planning (creating ideas)	BOD, External consultant	Experience	Financial	Ex-ante	Project, Customers	Costs	MICRO from project / grant objectives fitted into firm
D	Reporting	Budget	LL, Firm	Prior application experience, Budgets	Financial (purchasing orders and survival)	Ex-ante	Project, Local inhabitants	Purchasing orders (costs)	MICRO from public to firm
E	Decision-making	Reporting (application)	BOD	Experience, Project budget	Financial	Ex-ante	Project	Costs (purchasing orders, cost reduction)	MICRO Both ways (from grant objectives into prioritization of needed investments)
F	Decision-making, Communication, Negotiation, Allocation of responsibility	Planning	Management	Budgets, Project planning design, Routines	Financial (Mainly financial)	Ex-ante	Projects	Costs, Estimated revenues	MICRO public to firm and/or firm to public
G	Reporting	Application	Management, BOD, LL	Budget, Experience	Financial	Ex-ante	Project, Firm	Estimated costs (hours, salary, purchasing offers)	MICRO from public to firm (then prioritisation within firm)

Public Organisation	Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
H	Monitor & Control assessment, Pre-decision making	Decision-making	LL	Assessment-scheme, Guide for judgments (by points)	Financial, Non-financial	Ex-ante	Applications	Grading by judgement	MACRO from public to the application (the indicator)

Appendix B – Summary of results Execution phase  
**Aggregated Private Firms & Public Organisation**

Firm	Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
A	Monitoring/ Control	Control, Reporting and monitoring of the budget/funds	BOD, LL	Accounting system, Budgets	Financial (reporting oriented)	Interim, Ex-post	Project	Costs, Time	MICRO from firm to public
B	Decision-making	Planning (detailed plan including milestones )	Management	Discussions, Tme-plan, Purchasing controls	Non-financial	Interim	Employees, Project	Time (when and number of hours)	MICRO from firm to public
B	Follow-Up	Control	Management, LL	Discussions, Project accounting	Financial	Interim	Project	Salary costs (hours spent), Consultancy costs, Purchases	MICRO from public to firm
C	Follow-Up	Control	Management, LL	Discussions, Project accounting	Financial	Interim	Project	Salary costs (hours spent), Consultancy costs, Purchases	MICRO from public to firm
E	Decision-making (prioritisation) & Follow-up	Planning	BOD	Experience (rough estimates)	Financial, Non- financial	Ex-ante (decision-making) & interim (follow-up)	Firm, Product	Costs, Time	MICRO from firm to proj/grant objectives
F	Feedback reporting	Control	Management, Employees, LL	Budgets, Meetings, Emails, Monthly reviews	Financial	Interim	Projects	Costs	MICRO from firm to public
G	Decision-making (prioritization and planning)	Planning	Management	Discussions of needs during workshop, Decision by management	Employee experiences & competence	Ex-ante	Firm	Costs	MICRO individual firm only
G	Follow-up	Control	Management, BOD	Communication (Meetings, & pilot w. customer-feedback), Timekeeper, Project accounting	Financial, Non-financial (customer feedback)	Interim	Project, Customer	Costs (hours spent, purchases)	MICRO from firm to public

Public Organisation	Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
H	Decision-making (grant-amount)	Control	LL-administration (2 people), Svalbard-firms	Point-scheme, Discussions	Applications	Ex-ante	Project	Costs	MACRO unit to micro private firm
	Decision-making (final grant amount)	Control (Evaluation of the firms' disclosures)	LL, NFD, Individual firms (final grant amount decided)	Disclosures compared to approved budget and application objectives of the grant	Monetary	Ex-post	Project	Costs (actual compared to project budget & Svalbardpakke 1 terms/criterions)	MACRO public to private firms (micro)



## Appendix C – Summary of results Closure phase

### Aggregated Private Firms & Public Organisation

Frim	Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
A	Reporting	Disclosures, Control	LL, BOD	Project milestones, Accounting compared to budget	Financial	Ex-post	Project	Costs	MICRO from firm to public
A	Potential internal evaluation	Decision-making: continue developing/ improving or stop loss (i.e., failed but finished project)	BOD	Investment calculation	Financial	Interim (for a longer time horizon)	Firm	Revenues, Costs	MICRO from firm to firm
B	Evaluation	Reporting, Funding	LL	Project budget, Project Accounting	Financial	Ex-post for the project, Ex-ante for possible outcomes for the firm	Project, Employees, Firm	Costs	MICRO from public to firm
C	Reporting	Control	LL	Project accounting	Financial	Ex-post (myopic)	Project	Cost-focused	MICRO from firm to public
D	Reporting	Control	LL	Project accounting	Financial	Ex-post	Project	Costs	MICRO only public (requirements)
D	Evaluation	Experience	Firm	Experience	Non-financial, Financial	Long-term	Firm, Employees, Local inhabitants	Well-being, Cost-reduction	MICRO only firm
E	Evaluation	Reporting	LL	On-going thinking process	Financial	Ex-ante, Interim	Firm development, Project	Costs (Spent & reduced)	MICRO from firm to public
F	Reporting	Evaluation and Control	LL	Project accounting, ISRS 4400	Financial	Ex-post	Project	Costs	MICRO from public to firm
G	Reporting	Control (required)	LL	Sorting, Project accounting	Financial	Ex-post (myopic, required)	Project	Costs (hours spent and salaries, purchases)	MICRO from firm to public
G	Evaluation	Control	BOD, Management	Profitability analysis	Financial	Long-term (a few years ahead)	Product, Firm	Cost, Revenue	MICRO firm only

Public Organisation	Type of usage	Purpose of usage	User	Method	Type of information	Time-perspective	Object	Measure	Assessment-focus
H	Reporting (to NFD)	Control	NFD	Aggregating project accounts	Monetary	Ex-post	Project objectives	Reimbursements	MACRO public (aggregated)
	Evaluation	Decision-making, Development, Support	LL, Local firms, Inhabitants	Lessons learned, Interviews, Frameworks/ routines, Competence development	Financial, Non-financial	Ex-post, Ex-ante	Business development support	-	MACRO public & unit

## Appendix D – Initial Request for Interview

Hi,

We are two students at the Gothenburg School of Economics who are currently writing our master's thesis in 'accounting and financial management', and we are reaching out to you since your firm received the Svalbardpakke 1 (Midlertidig Tilskuddsordning for Gjenoppbygging, Omstilling Og Utvikling Av Reiselivet På Svalbard) last year.

We would like to get in contact with a person from your firm who has been actively involved in Svalbardpakke 1, to see if it would be possible to interview him/her?

A brief info about the scope follows.

We are currently doing our research on assessment-processes, in this case related to Svalbardpakke 1 as a public budget response to the Covid-19 crisis. More specifically, we are interested in how projects were initiated, executed and will be assessed, including the flows of information. We are including several actors involved in Svalbardpakke 1, among them approx. 10 firms that received grants to look for patterns over situations and type of information being used. Information will be handled carefully and will be anonymized in the resulting thesis.

Please do not hesitate to contact us at your convenience.

Thank you for taking the time reading our request, and we hope to hear from you!

Sincerely,

Therese Brodin and Anne De Silva

## Appendix E – Interview Guide - Private Firms

Before the interview, all respondents were briefed about how we have divided the Svalbardpakke 1 into three phases and that we were more specifically interested in knowing what they did, why they did something and how they did it related to Svalbardpakke 1 project.

### GENERAL RESPONDENT & ORGANIZATION INFORMATION:

1. What is your function within the project (organisation)?
2. What is your educational and professional background? Project management-experiences?
3. For how long have you worked at this organisation/ for this project/on Svalbard?
4. When was the organization established on Svalbard?
5. How many employees today? How many involved in this project?
6. How many projects do your organization run today?
7. What is the size of the projects on-going? (Time-horizon, employees).
8. Do you use any kind of tool for organizing your project/subprojects activities/work?
9. What does the ownership-structure of your firm look like?

### INITIATION PHASE

10. What did you receive Svalbardpakke 1 to do?
11. How was the project initiated?
12. Why did you do the project?
13. Did the project have a clear objective/goal?
14. What were the expected outcomes or results of the project?
15. Was this a project you had discussed beforehand?
16. Have you had any contact with LL at any time?
17. How was the resource allocation dealt with?
18. How did you source the prerequisite equity? (25% from overall project cost)
19. Has it been possible (for a stakeholder) to have a glance at the progress of the project at any time?
20. Did you present an overall project plan while applying? How did you create it?
21. Who are stakeholders in the project?
22. Can you explain the communication process among members during the project?
23. How did you align the project with application requirements?

### EXECUTION PHASE:

24. How did the project start upon confirmation?
25. Important elements for progress?
26. What was the reporting structure?
27. Can you explain the administration process at this stage of the project? Approved costs?
28. Different process compared with other changes, developments, projects?
29. Would you perform the same project even if you didn't receive the grant?
30. Challenges in the execution?
31. Did you perform business/financial analysis?
32. If you were applying for a grant for the same project today, changed something?

### CLOSURE PHASE:

33. Can you explain the closure?

34. How do you assess the results of the project? Achievements?
35. Do you think your project creates value for other parties?
36. Have you fulfilled the objective? Is the project finished?
37. What was the overall progress of the project?
38. Does overall focus change in different stages of the project?
39. Was benefit identification and quantification more important in the project initiation phase?
40. Has the emphasis on benefits receded? Replaced during the progress of the project?
41. Closed and finished as the disclosure is sent (approved) or continue?
42. Employ or maintain employees? Helped through negative consequences due to Covid-19 crisis? Related to the project?
43. Has the project led to any changes in your organization so far?
44. Your most important task?
45. New projects started because of the project?

## Appendix F – Interview Guide - Public Organisation

### GENERAL RESPONDENT & ORGANIZATION INFORMATION:

1. What is your function within the LL?
2. What is your educational and professional background? Project management-experiences?
3. For how long have you worked at this LL/ for this project/on Svalbard?
4. How many involved in this Svalbardpakke 1?
5. Similar projects run by LL? You?
6. Do you use any kind of tool for organising Svalbardpakke 1?
7. Starting point for the organisation with Svalbardpakke 1?

### INITIATION PHASE

8. How did the application process start?
9. What were the expected outcomes or results of the project?
10. Was the assessment or developed in relation to the grant?
11. Have you had any contact with NFD at any time? Other organisations?
12. How was the design of how the applications were to be made and contained? Discussions about information of importance in the applications?
13. Planned resources (financial, employees, time) for the grant distribution? When?
14. During the design of application how was the communication process among actors?
15. How did LL plan to evaluate the applications? Any goals or indicators most important? Time perspective?
16. Is it important that each application had a clear goal / objective with the project?
17. How did you align the application requirements with the assessment of application?

### PROJECT PHASE:

18. How did to assess the applications?
19. Did you discuss the assessment of applications before applications were received in January? Was there a plan for how the assessment should be done?
20. In your opinion what were the most important elements?
21. How did you decide/ assess the funding requirement for applications?
22. What was the administration process in assessment?
23. Were there any noticeable differences compared with other grants you have handled?
24. Would you perform the same assessment process?
25. Can you brief the main challenges in the execution?
26. Did you have any communication with grant receivers after the applications were confirmed? Any follow-up of project budgets?
27. Have you had the opportunity to take a look or had an insight into the progress or development of the project at any time?
28. Has LL reported to NFD about the progress? Controls during?
29. What type of decisions were made in connection with the extension of the reporting deadline?
30. How will the disclosed project going to be assessed?
31. What would you mainly look for in disclosed project?
32. How is the process for evaluating final reports?

CLOSURE PHASE:

33. Today, in your opinion, how has Svalbardpakke 1 worked?
34. How/when will you evaluate results of the grant? What results?
35. Who/how will benefit from Svalbardpakke 1?
36. What was the overall progress of the project?
37. Had you changed anything, show of experience, of follow-up of the projects? Any indicators?  
Has any interested party asked any questions or followed up the project along the way?
38. Do you evaluate the process internally or for some other reason? For learning purpose from experience?
39. Has the package helped the tourism industry on Svalbard from negative consequences from the Covid-19 pandemic? How?