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Budgeting for gold or profit?

A case study on budget uses within a Swedish elite ice hockey organisation

This paper explores, through a single-case study, the budget uses and roles of budgeting within a professional ice hockey organisation that encompasses different and sometimes diverging logics. We identify a sport and a managerial logic to enable an exploration of how different logics affect budget uses and roles of budgeting within the case organisation. Drawing upon recent work by Amans et al. (2015), we find that sport and managerial logics shape the budget uses in various ways. Further, we find that budgeting plays certain roles during three different processes studied: budget setting, monitoring and revision. A particularly noteworthy role unfolds during the budget setting process, as a tension between the two logics arises when the size of the player budget is to be decided. By deploying the *Guardian* and *Advocate* terminology of Wildavsky (1975), we illustrate how different organisational actors help manage the co-existence of multiple logics during the budget setting process, which in turn plays the role of an arena for discussion allowing for compromise (cf. Chenhall et al. 2013). We use previous literature on roles of budgeting to discuss and substantiate our findings, which contribute to the growing field of budget research in organisations facing institutional complexity (Ezzamel et al., 2012; Amans et al., 2015).

Keywords: budgeting, institutional complexity, professional sport, ice hockey

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1 Introduction

During the last decades, the different roles that budgeting can play has been a popular topic for academic research (Hartmann and Haas, 2011). Initiating this field of research, Hopwood (1972) studied the profit conscious and budget constrained styles of budgets and was later followed by scholars such as Wildavsky (1975), who studied the role of budgeting and actors within governments, and Covaleski and Dirsmith (1983), who argued that budgets could be used as negotiation tools. Indeed, whilst much of early research within management accounting implicitly or explicitly assumed that budgets serve an instrumental, or 'diagnostic' role (Simons, 1995), this literature has also recognised that accounting and budgeting can serve other purposes and be used for dialogue, learning and rationalisation (Burchell et al., 1980).

This more sociological view of budgeting was echoed in Lounsburys's (2008) call for more application of institutional theory within accounting studies, as this theoretical perspective acknowledges norms, rules, values and beliefs as drivers of organisational structure and behaviour. In order to study competing 'institutional logics' and its impact on budgetary practices, Ezzamel et al. (2012) examined the introduction of a new budgeting regime within UK schools, concluding that the budget could be viewed as a mediator between competing logics. Building upon this work, Amans et al. (2015) explored budget uses in organisations experiencing institutional complexity, highlighting budgeting as a hybrid practice and the key role of certain actors in connecting logics.

> "It comes down to the classical 'how bad can we allow it to look financially versus the risk of worsening the sport performance?'
> There is really no formula for this."
> *– Board member, Färjestad BK*

Many professional sport organisations have been affected by the commercialisation of sport (Slack, 2003), affecting both organisational size and turnover. Stemming from the non-profit sphere, this has forced elite sport organisations to become more professionalised (Dowling et. al., 2014) and led to more business-like approaches. The new logic has however not crowded out the already existing logics but co-exists with these (Senaux, 2011). One example of this is that in contrast to more traditional shareholder value driven organisations, the purpose of maximising profits is in many professional sport organisations subordinated the goal of winning games (Smith & Stewart, 2010). This order of objectives could be assumed to cause friction at times. Thus, in an attempt to study budgeting in conditions where multiple logics, and perhaps conflicting rationalities, exist, the field of sport could be argued to be a suitable venue, as professional sport organisations are exposed to multiple values, goals, and expectations (Chelladurai, 1987; Trail & Chelladurai, 2002; Washington & Ventresca, 2008).

In this study we aim to study the *role* of budget*ing,* i.e. as a verb and not a noun (Chua, 2007), in order to explore how budgets are used in practice in organisations facing multiple and potentially conflicting logics. For this purpose, our research questions are three to the number. Firstly, we aim at crystalising the logics present within a professional sport organisation:

1) *What are the prevailing logics within a professional sport organisation and what values are associated with these?*

Secondly, we ask how these logics affect budgeting:

2) *How do different logics within a professional sport organisation affect budget use?*

Thirdly, we search for potential tensions between the different logics and ask if, and in that case how, budgeting plays a role in accommodating this. This is summarised in our third research question:

3) *What are potential tensions between the logics within a professional sport organisation and does budgeting play a role in accommodating these tensions?*

To address the first question and second question, we draw upon extant institutional budget literature and literature on sport specificity. For the third question, we draw upon the works of Wildavsky (1975), Frow et al. (2010) and Burchell et al. (1980) in order to discuss and substantiate our findings.

1.1 Scope

To generate an in-depth understanding of the research questions outlined above, we conduct a single-case study and explore budgeting within the Swedish elite ice hockey organisation Färjestad BK. We deem this organisation to represent a suitable study object for the purpose of this study, given its pluralistic nature and its extensive use of budgeting. Given the scope of this study, we have focused exclusively on the elite team activities within the case organisation, i.e. not reviewing the youth and junior sport activities.

1.2 Outline

The remainder of this study comprises five main parts. The first following section provides a review of previous literature relevant to our study. The second section consists of a discussion of our method of choice, and its implications for the quality of our study and the interpretation of our findings. The third section presents the empirical data on which we base our analysis. This section is divided into three parts: budget setting process, monitoring process and revision process, where the latter is constituted by an example from season 2013/2014. The fourth section analyses the empirical data on the basis of previous research. The final section summarises our concluding remarks and suggests areas for future research.

2 Previous research

2.1 Roles in budgeting

Being the heart of many management control systems (Anthony et al., 2014, p 333), budgeting has historically played an important role in organisations (Otley, 1994; Merchant & Van der Stede, 2003) and significant academic attention has been given to the function of budgets and the overall organisational effects of budgeting (Hansen & Van Der Stede, 2004).

In this study, as we conclude above, we are interested in the roles of *budgeting*, i.e. the process of developing and using budgets, rather *the budget* by itself, as a specific set of numbers. The notion that accounting practices could be studied as verbs and not nouns (Chua, 2007) has come to be acknowledged as a "practice turn", where a greater focus on accounting "in-practice" is advocated. Here, accounting is not only viewed as objective, black boxes but rather as processes taking place over time and space, affected and affecting agents interacting with these systems (see e.g. Ahrens & Chapman, 2007; Chua, 1995). Concluding that researchers often choose not to study accounting as a situated social practice but from a distance through mathematical formulas, surveys Chua (2007) argues that there is much more to know about how accounting is enacted in localised, contemporary business settings: "One route to greater knowledge is to rediscover accounting and strategy as contingent, lived verbs rather than abstract nouns" (p 493).

Taking a process perspective of budgeting, practically every aspect of management accounting can be implicated, as practitioners use budgeting for various purposes, such as planning and coordination, allocation of resources, motivation of employees and expression of conformity with social norms (Covaleski et al., 2007). When asked, managers state that they use budgeting for operational planning, performance evaluation, communication of goals and strategy formation (Hansen & Van der Stede, 2004).

A seminal study within the literature of roles of budgeting was Hopwood's study (1972) of the styles of budget system. Here, Hopwood identified two types of management styles, namely a *budget constrained* style and a *profit conscious* style. The former placed emphasis on meeting budget targets and performance evaluation constituted the main budget use, whereas the latter was characterised by a more long-term focus, seeing budget targets only as one of many parameters in evaluating performance.

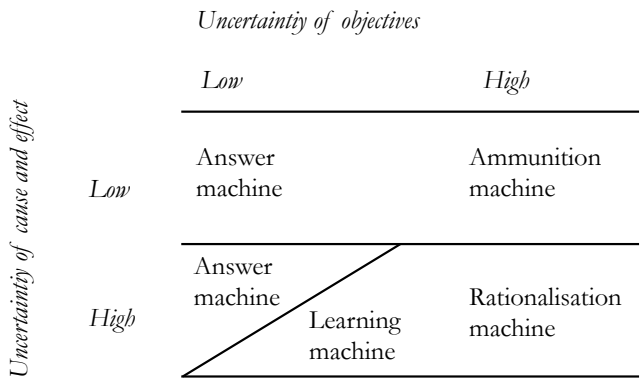
Another early contribution to this literature was Wildavsky's (1975) work on different roles of different organisational actors throughout budget processes. He distinguished between two types of roles, namely *advocating* and *guarding* roles. Seeing roles as the expectation on behaviour attached to institutional positions, Wildavsky (1975) theorised that administrative bodies, meaning those responsible for achieving the organisation's objective, would advocate for in-

creases in expenditures, while central functions would act as "guardians of the treasury". The rather rationalistic view of this framework, depicting a static reality with clear boundaries between different groups playing specified roles, was later nuanced through studies of local governments (Rosenberg & Tomkins, 1983) and hospitals (Harris, 1977). Both these studies implied that an organisational actor in fact could play different roles at different times.

In a paper seeking to contrast the roles commonly assigned to accounting with examples from practice, Burchell et al. (1980) utilised at the time extant theories on decision-making and uncertainty. They distinguished between four types of uses, each depending on uncertainty of cause-and-effect relations and uncertainty of organisational objectives. When both uncertainty parameters are low, the accounting practices can act as an *answer machine*, streamlining the decision-making process by providing detailed plans, formulas, rules and programmed controls. Budget deviations, for example, therefore function as a good indication of managerial performance in such a setting. The *learning machine* unfolds when uncertainty in cause-and effect relationships is high. Here, the accounting practices can help managers analyse the possible effects of changes in the organisational environment and develop action strategies to respond to opportunities and threats. As uncertainty of objectives increases, accounting can work as an *ammunition machine*, being used to manipulate information in the decision-making processes to promote the own agenda. Finally, when both uncertainty parameters are high, the accounting practices can be employed as a *rationalisation machine*. This means that managers use accounting figures *ex post* to legitimise and justify their actions and decisions. The two latter roles can be considered non-functionalistic as they reflect the role of accounting in the organisational politics surrounding decision-making processes rather than being potentially value-adding practices. In that sense, these roles are not "intended" outcomes but rather "unintended". Even though Burchell et al. did not provide any empirical data, a significant theoretical thrust was made towards understanding how accounting works in *practice*.

Figure 1

Burchell et al.'s (1980) machine analogy model



Since the early works of Hopwood, Wildavsky and Burchell et al., a significant body of literature on the roles that budgeting can play in various circumstances has accumulated. For example, Abernethy and Brownell (1999) acknowledged Burchell et al.'s framework as they surveyed the diagnostic and interactive budget use (Simons, 1995) throughout strategic change in Australian hospitals, and found support for the budget being used as a learning tool. Further, Ezzamel and Bourn (1990) utilised Burchell et al.'s machine analogy to study the roles of accounting information systems in a process study of an organisation experiencing crisis. They found that this normative framework somewhat depicted the use of accounting up until the crisis incubation phase, but later was used in other ways. Specifically, during the onset of the crisis, they found that the accounting reduced a crucial decision to a programmable problem and justified financial cuts by conveying them as based on logical and rational calculations.

The practice view of accounting and budgetary practices was recently echoed in a study by Frow et al. (2010), in which the authors sought to reconcile the potentially conflicting need of accountability for meeting financial targets and the need for more flexible modes of management necessary to cope with an uncertain business environment. The paper introduced the notion of 'continuous' budgeting, which by integrating the budget with other management controls promoted manager discretion and imposed accountabilities for mangers to follow financial targets. The identified budget use showed how an organisation could cope with an ever-changing environment whilst still keeping managers accountable for attaining financial targets.

The budgetary process in the case company, Astoria, started with the so-called 'performance excellence process' where a 'vital few' key priorities were set by top management. These were cascaded down the organisation for middle managers to form financial budgets and targets around. Drawing upon Simon's (1995) levers of control framework, the authors found that the budget was used *diagnostically* by "flagging" when deviations occurred. If the deviation was straightforward, the manager took corrective action. If the problem was more complex, managers firstly tried to understand the root causes of the deviations, often through discussions with others. Understanding the reason for the deviation was at least as important as the reconciliation of the target. Consequently, managers used budgetary information *diagnostically* as they were expected to continually monitor operational performance to check progress towards their 'outlook'. However, the continual monitoring also served the purpose of identifying risks and opportunities in order to revise plans and resource allocation to ensure achievement of the organisation's strategic goals. This budget use is consequently similar to Burchell et al's (1980) learning machine.

For more complex problems, managers were empowered to explore possible solutions with other managers, i.e. *interactively*. Here, the managers had discretion to negotiate reallocation of resources and/or make changes to their existing priorities, still expected to achieve their tar-

gets originally specified. If the situation required more drastic action, managers were empowered to set a new target, thereby revising the budget target already set. If this was the case, a 'management by fact statement' had to be included, specifying what new targets had been agreed and assigning who was responsible for their achievement. In such instances, both the *belief* and *boundary* systems would inform the discussions to ensure that due consideration was given to both the need to meet existing targets as well as to what was deemed most appropriate as assessed against corporate objectives.

Another study focusing on accounting in practice and the role of accounting in handling diverging rationales was put forward by Chenhall et al. (2013). The idea that accounting practice and accounts can work as fertile arenas where different actors can have productive discussions, resulting in compromises was explored. The authors found that through the process of designing a performance measurement system, different modes of evaluation, i.e. "what do we measure as good", challenged each other and created a productive debate. The final performance measurement system consequently constituted a compromise between the two different rationales. The authors highlighted the importance of incorporating 'give and take' when designing and operating accounting practices. That is, a frictionless system will not stir debate.

2.2 Budgeting and institutional complexity

As the purpose of this study is to examine the role of budgeting in organisations experiencing institutional complexity i.e. encompassing different logics and potentially diverging rationales, we draw upon works within institutional theory, concerning the concept of institutional logics. Below, after a short review of this literature, three different cases are presented.

Organisations facing multiple, and potentially competing values, rationales and norms has through history received significant attention from institutional theory. Thornton and Ocasio (1999, p. 804) defined institutional logics as "the socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules by which individuals produce and reproduce their material subsistence, organise time and space, and provide meaning to their social reality". In this sense, institutional logics could be seen as "rules of the game". Pluralistic organisations are organisations operating under multiple institutional spheres (Kraatz & Block, 2008), that is, organisations that are exposed to more than one set of "rules". Institutional pluralism has for example been studied in hospitals (Denis et al., 2001), universities (Cohen & March, 1986), rape crisis centres (Zilber, 2002) and arts organisations (Mouritsen & Skaerbaek, 1995). Facing multiple institutional logics could potentially lead to incoherence, goal ambiguity and instability within organisations (Kraatz & Block, 2008).

Within this string of research, Reay and Hinings (2009) studied the case of two competing logics that were sustained for a long period of time. Studying a Canadian healthcare institution, they identified how the newly introduced "business-like health care" logic was competing with an extant "medical professionalism" logic. As physicians did not agree with the new logic, especially not the new, more business minded managers, they fought back and still adhered to the medical professionalism logic fifteen years later in a manner characterised as an "uneasy truce". However, the authors found mechanisms that helped organisational actors to cope with the competing logics. For example, the new managers respected physician's opinions, constantly keeping them in the loop. Also, managers and physicians shared a common belief of "working together against the government" which unified them.

Originating from a call from this string of research (Lounsbury, 2008), there has been a growing body of research that incorporates neo-institutional theory in accounting research. The notion that organisations embody different and sometimes competing institutional logics has proven a fruitful starting point in assessing budgetary use. This has been the focus of study in the two articles presented below.

Ezzamel et al. (2012) examined the introduction of a new budgeting regime in a number of schools in the United Kingdom. Grounded in neo-institutional theory, the authors studied how business logic was introduced in the public school system as a result of a larger institutional change. The new business logic, together with the extant professional logic and governance logic was identified and the impact on budgetary practices was studied.

The authors used budget short falls, i.e. when redundancies and cost reductions had to be made, and budget carry forwards, i.e. surpluses, as a backdrop of their study. For budget short falls, the authors found that through all schools studied, a professional logic, theorising the necessary cost reductions as "bad financial news" for their fellow colleagues, existed. For this logic, the answer to the short fall was to in a collegial way encourage early retirement and redeployment. In contrast, in schools where the business logic, with strong focus on rankings and reports, was prevalent, the budget shortfall was handled through more abrupt enforced retirement. For the carry forwards, the professional logic was manifested through seeing budget surpluses as "evil", being viewed as a way of favouring the bank account on the expense of pupils' education. From the business logic perspective, the accumulation of carry forwards was seen as necessary to strengthen financial stability and dealing with uncertainty.

Consequently, the different logics influenced the theorising of a particular situation. The authors addressed the discussion of the usefulness of budgets and asked if institutional logics might illuminate this debate, as different logics seemed to lead to different theorisations. The authors concluded that even though budgeting to some extent by itself was a condition for

the tensions, it acted as a mediator between the competing logics, i.e. a mechanism handling the co-existence of logics, which is similar to the findings of Reay and Hinings (2009).

Further, Amans et al. (2015) explored the connection between institutional complexity and budgetary uses. As accounting literature drawing on institutional theory traditionally has been concerned with idiosyncratic behaviours, the aim of this study was to explore the heterogeneous uses within one organisational field. That is, the authors sought for explanations for differences in budgetary uses. Given their pluralistic nature, the chosen objects of study were two non-for-profit theatres in France.

In defining budget uses, the authors drew upon previous research on the instrumental and symbolic use of budgeting (e.g. Burchell et al., 1980). For the instrumental use, they made the distinction between a forecasting stage and a monitoring stage.

The authors identified three different logics, namely political, artistic and managerial, that impacted the budget use. In identifying the different logics, the authors constructed a thematic dictionary in order to connect the different logics to specific "values" that later were mapped to statements from interviewees. The political logic was associated with the values of accountability, democracy and formality, whereas the artistic logic was related to the values of sensitivity, inspiration and imagination, while the managerial logic referred the notions of efficiency, control, regularity and predictability, calculation and measurement.

The main feature distinguishing this study from Ezzamel et al. (2012) was their focus on organisational heterogeneity. They found that the funding situation, which differed for the two theatres, resulted in the budget being used as a negotiation tool for one of the theatres, as they had to negotiate with their funding counterparts, but only as a informative tool for the other. They also found that the budget appeared as a "hybrid practice" as identified by Smets et al. (2012). That is, it was used to manage connect the multiple budget uses stemming from the different logics.

2.3 Managing sport organisations

Operating in a new landscape

The sport context has been argued to be a suitable venue for studying the dynamics of potentially conflicting values and rationales, that might impact accounting practices, as professional sport organisations are exposed to multiple values, goals, and expectations (Chelladurai, 1987; Trail & Chelladurai, 2002; Washington & Ventresca, 2004). As highlighted by Smith and Stewart (2010), sport organisations are ambiguous when viewed from a management perspective. On the one hand, there exists a perception that sport is a unique cultural institution with a number of special features wherein application of traditional business practices not only

impedes managerial decision-making but also erodes the rich history, emotional connections and social relevance. On the other hand, sport is perceived to be but another standard business enterprise facing the same market factors as other firms and is as such best managed by applying regular business tools in assisting the different functions of the organisation.

The on-going process of commercialisation have further made the line between the two views fuzzy, as it has resulted in a revision of the concept of sport, transitioning from the earlier notion of non-profit associations to more business-like corporations (Robinson, 2008). Nowadays, sport has become big business: broadcasting fees and television rights have increased, athletes have become marketable commodities, there has been a dramatic increase in the cost of sponsorship rights, and the merchandising and licensing of sporting goods has become a multinational business (Slack, 1998, 2003). As a result of the increased commercialisation in the environments in which sport organisations operate, the level of professionalisation has also increased (Dowling et al., 2014). Robinson (2008), for example, argues that "one of the main consequences of the commercialism that has occurred in sport over the past few decades has been the increasing professionalisation of those who have been and are involved in managing sport organisations".

Senaux (2011) investigated French football clubs' evolvement from non-profit members associations with sporting objectives to more business-like, commercial companies. He found that French football clubs had changed radically over the past few decades from being characterised by amateurism, volunteerism and non-profit orientation, to addressing sport as entertainment and facing commercialisation and professionalism. The author drew upon institutional theory and found evidence for football clubs facing institutional pluralism as the new "commercial logic" had not replaced extant logics but rather added to the clubs' institutional context. The author argued that sport managers have to acknowledge that sport organisations differ from traditional business, something management practices have to accommodate.

Specificity of sport

Due to the trends described above and the need for refined management and accounting practices increases, Hoye (2008) argues that managers must pay attention to the specificity of sport organisations. There are several authors that have sought to find factors demarcating sport from business and investigated the implications for effective management either explicitly or implicitly (Smith & Stewart, 2010). For example, it has been concluded that sport, contrary to business, is more concerned with winning trophies, beating rivals and channelling the passions of both players and fans (Foster et al., 2006).

Smith and Stewart (2010) reviewed their article from 1999 where their original ten organisational facets of the specificity of sport were re-examined and condensed into four new buck-

ets. The authors conclude that while professional sport has undergone significant structural and operational change over the last ten years, it still has enough idiosyncratic features to justify a customised set of management practices as Hoye (2008) argues. These features are presented below.

First, sport is said to be a *heterogeneous and ephemeral experience*, "mirrored in the irrational passions of fans, commanding high levels of product and brand loyalty, optimism and vicarious identification". The strong identification with the team indicates that fans will continue to consume the product, regardless of performance. However, the authors highlight that although there are passionate fans, not all sport consumers are. Rather, loyalty can be variable, attendance irregular and interest inconsistent (Stewart et al., 2003).

Second, sport organisations have a tendency to *subordinate profit-making to winning*. The authors state that sport managers can get away with a number of anti-competitive practices that would normally "put the CEOs of business enterprises in jail". That is, consumers and clubs will, for the most part, weight winning higher than a strong balance sheet. As a result, financial resources are often invested in player salaries rather than returned to shareholders. Syzmanski and Kuypers (1999) concluded why stable revenue streams could be argued important: "Above all they (sport organisations) have to pay wages to players and invest in the development of talent in order to achieve winning performances, perhaps for their own sake, but also to keep the public interested in the club and willing to pay for its product".

Third, the sport product is *variable in its quality* and the level of performance is unpredictable. This is an unavoidable feature of professional sport as no team or athlete can guarantee to win. Simultaneously, the variable product quality is an important product feature of sport as there would be no excitement would only one team win at all times, making sport a unique product. Paradoxically, although clubs, teams and players aspire to win with great margin, the popularity of sport leagues relies on competitive balance that ensures close and exciting contests. To compensate for the variable quality of the core, on-field product, sport organisations also offer a range of supplementary products and services like merchandise and restaurants.

Fourth, sport organisations have to manage a *fixed supply schedule*, i.e. there are a limited number of games per season and a limited number of seats in the arena. Being exposed to a highly inelastic production curve, there is only so much capacity to sell and ways to generate revenue. As such, unsold seats imply unrecoverable revenue.

Even though scholars argue that the specificity of sport presented above requires traditional management accounting practices to adapt to these contingencies (Hoye, 2008), empirical studies of how sport organisations use accounting tools, such as budgets, are scarce (Jeacle, 2014). From an accounting perspective, extant literature has for example focused on football

clubs and in particular the financial performance of these (Hamil & Walters, 2010; Bosca et al., 2008; Storm & Nielsen, 2012) as well as the accounting issues relating to the classification and valuation of athlete contracts (Amir & Livne, 2005; Forker, 2005; Kedar-Levy & Bar-Eli, 2008).

As acknowledged in the introduction, from the perspective of the sport management literature, this study will contribute with an empirical case study of budgeting within a Swedish elite ice hockey organisation where contingent factors impacting the budget use is highlighted and reflected on. More importantly, for the main argument of this study, the review above argues that forces such as commercialisation and professionalisation today impact professional sport organisations. Still, there exist features within sport organisations that distinguish them from traditional firms. Thus, the field of sport can prove to be fruitful in the search of how accounting practices are affected by and/or can handle the dynamics of institutional complexity and sometimes conflicting values and rationales.

2.4 Deriving the theoretical framework

Underpinned by the above reviewed and described theories, we construct a theoretical framework aiding us to explore how different logics might shape budget uses and whether budgeting has any role in balancing any eventual tensions between these. Based literature on budgeting and institutional logics, the analytical framework is designed to i) identify the sport and managerial logic; ii) analyse the impact of these logics on the budget use; iii) identify potential tensions between the logics; and, iiii) discuss and substantiate the findings.

In the first section of the analysis, we seek to identify the two different logics mentioned in the previous research section, namely the sport logic and the managerial logic. We do this by drawing upon the approach used in Amans et al. (2015), thus adopting the process of creating a thematic dictionary to define *values* representative of each of the two logics. In defining the managerial logic of FBK, we rely on Amans et al.'s definition of a "managerial" logic. However, when discerning the sport logic we turn to literature on sport and sport management.

We then turn to analyse how the identified logics affect the budget use within FBK. Here, Amans et al.'s division of budget uses into *forecasting* and *monitoring* is applied. We then turn to study the revision process. Consequently, the budget use during the *budget setting process*, the *monitoring process* and the *revision process* is analysed. We also structure empirics accordingly.

Further, for each of these three sections, we explore the potential tensions that might arise as a consequence of the co-existence of the two logics and seek to identify the role that budgeting might play in balancing between the two tensions.

Lastly, for each section, we discuss and substantiate the budget uses, potential tensions and the roles of budgeting. Here, we apply the theories of advocates and guardians by Wildavsky (1975), "continuous budgeting" developed by Frow et al. (2010), the machine analogy model by Burchell et al. (1980) and the conclusions from Amans et al. (2015) to discuss our findings regarding the use of budgets and roles of budgeting in the light of the preceding sections.

3 Method

3.1 Empirical method

Due to the relatively scarce previous research on the role of budgeting in organisations encompassing different logics and potentially diverging rationales, we have adopted rather broad research questions. This provides us with the opportunity to conduct an explorative study. Thus, we have chosen a qualitative single-case study as our empirical method, as per recommendations by Eisenhardt (1989).

Although a quantitative study to a larger extent could enable generalisation of results (Malhotra, 2004), there are a number of reasons as to why we assume a qualitative approach. Firstly, the purpose and scope of this study is to study the *process* of budgeting. As a process takes form over time and can contain a plethora of diverse complexly interlinked variables, a more quantitative approach might fail to capture the breath of the phenomenon at hand. Secondly, due to the relatively scarce previous research on the role of budgeting in situations where there are different logics and potentially diverging rationales, we found that a qualitative study was suitable (Edmondson & McManus, 2007) as it enables a more explorative approach (Eisenhardt, 1989), which is echoed in our rather broadly formulated research questions. Thirdly, as we are interested in the *behaviour* of organisational actors through out the budgetary process, a qualitative approach could be argued more suitable, as it allows for a more nuanced view of our object of study (Guba & Lincoln 1994). Finally, the qualitative approach enabled us to use multiple sources of information, allowing for the opportunity of using a combination of interviews, documents and observations, which in turn made triangulation of data possible (Eisenhardt, 1989).

Further, we have chosen a case study format given that all three conditions of Yin (2009) are fulfilled: i) parts of our research questions are posed as "how" question rather than "what", ii) the focus of our research is contemporary events, and, iii) we have no control over behavioural events. Case studies are also argued to be suitable when there are contextual conditions that might be important to the research phenomenon (Merriam, 1994), which clearly is the case for the use of budget in our case organisation. Moreover, Otley and Berry (1994) argue that case studies are especially appropriate when previous research can be considered partial or incomplete, as they allows one to achieve a more holistic approach and help in generating and modifying theory in the light of data. This is certainly echoed in the lack of previous empirical accounting within the sport domain. The case study approach further underpins the broad scope of our study, as it both enables assessment of numerous variables of interest and relies on multiple sources of evidence (Yin, 2009; Merriam, 1994).

We have chosen to conduct a single-case study rather than a multiple-case study as this allows us to go deeper into the research problem. Initially, we considered a multiple case study, but

came to the conclusion that this would force us to delineate our study too early in the process, potentially reducing our deeper understanding. Indeed, examining the role of budgeting in organisations encompassing different logics and potentially diverging rationales is an exercise that requires a thorough understanding of specificities and contingencies, which we believe is best done through an in-depth examination of one single case. This is in line with the recommendations made by Dubois and Gadde (2002). Although a single-case study risks generating an idiosyncratic perspective of the phenomenon, thus having clear implications on the generalisability of the findings (Yin, 2009), we believe that the arguments above together with the broad scope of our research question justifies our decision.

3.2 Research approach

As the our research questions are formulated rather broadly, a deductive approach, where conclusions about certain phenomena are made in advance and where the empirical data to be collected is decided by the predetermined theoretical framework (Trost, 2002), had been hard to argue for.

Through an approach, which could be characterised as inductive (Eisenhardt & Graebner, 2007), we started to collect data on a high level through an initial interview with a former Sport Manager in another elite ice hockey club to get a sense of the overall dynamics of sport organisations. In this early stage, our research question was more of a purpose nature, which allowed us to search for potential domain theories within management accounting (Lukka & Vinnari, 2014) and contemplate the future direction of our study. The findings from this interview were iterated and our research focus could be somewhat narrowed down.

Our initial interviews with the case organisation were of contextual nature to further understand the dynamics in play during a hockey season. The interviews were thereafter transcribed and analysed, thereby enabling us to compare the empirical case at hand with previous research and further narrow the scope of the academic discussion that we wanted to contribute to. To a large extent, this process of going "back and forth" characterised our research process. Consequently, our research approach bore abductive features, i.e. a combination of inductive and deductive methods (Dubois & Gibbert, 2010), even though it showed inductive characteristics at times, especially in the beginning. The abductive approach proved advantageous since it allowed for revisions of theoretical underpinnings, but definitely made the research processes harder to back-track, resulting in lower transparency.

3.3 Selection of the case: Färjestad BK

In the light of our research purpose of exploring the role of budgeting in organisations encompassing different logics and potentially diverging rationales, we deemed Färjestad BK

(FBK) a suitable candidate for a study of this nature. FBK pose a credible case in which different logics exist and where tensions between different rationalities unfold. In addition, FBK uses budgeting extensively as a managerial control tool. Further, we considered the level of professionalisation to be a critical variable, as relevant accounting data might be harder to extract from organisations where the use of control and accounting practices are less prevalent.

Färjestad BK was founded in 1932 in Karlstad, Värmland. Being one of the most successful ice hockey clubs in Sweden, the club has managed to advance to the finals of the Swedish hockey championships twenty times and won nine of these. The turnover of the club for 2014 was 144 MSEK. Of these, the large majority of costs pertained to sport-related activities. In contrast to many other Swedish elite ice hockey organisations, FBK has a relatively stable financial situation. Equity is a common benchmark and even though a majority of the equity in FBK is tied up in their fully owned arena, the club has a lower debt to equity ratio than their average opponent. The total number of employees over the year varies as many part time workers are hired during the season and other events. FBK sends out pay slips to roughly 600 individuals, but calculated as full time employees during 2014, the number comes to 96.

The club was deemed suitable for the purpose of this study for several reasons. First, it is one of the largest elite ice hockey clubs in Sweden, meaning that it has a rather robust organisation accommodating many types of activities. This served our goal of finding a hockey club with a higher degree of professionalism, indicating a greater use of accounting and control tools which in turn could render more tensions between different logics. Further, the use of budgeting was found to be of great importance and a central tool in the on-going operations of the club. In addition, being one of the classical Swedish hockey clubs, the external pressure from fans and residents in the small city of Karlstad was believed to add interesting dynamics to the issues at hand. Many employees have played in the club themselves, and the majority of the employees were said to be fans, which also was believed to add interesting intricacies.

3.4 Collection and analysis of data

The choice of method for data collection should follow the structure of the object of study, the researchers' relation and access to the case organisation and the overall aim of the study (Samuelsson, 1999). There are various means to attain the data necessary for empirical research, including interviews, direct and participative observations, public and internal documentation, databases and artefacts (Yin, 2009). In order to understand the role of budgeting in FBK, our primary source of data consisted of several in-depth, semi-structured interviews, which is in line with Yin's (2009) and Merriam's (1994) recommendations for case studies. The interviews were complemented with internal documentation and direct observations at

the case organisation's location. This allowed for triangulation and helped us in fortifying our understanding of the organisation and its contingencies.

The semi-structured interviews allowed us to familiarise with the different individuals and their respective functions. In order to make sure that certain topics of data were covered, we developed a questionnaire designed at covering the various budget uses within the organisation (see Appendix). This was done after having reviewed theory and previous budgeting studies and the completion of the first round of contextual interviews, which had enhanced our understanding of the concepts and factors of interest. Being open to questions and topics that arose during the interviews, especially during the initial round, we could adjust and refine the questionnaire, thereby narrowing the focus of data in conjunction with the systematic iteration of empirics and theory.

Seeking to find a representative sample of interviewees, we sought for interviewees that represented different parts of the organisation and had different connections to the budget process. In addition to enabling a deeper understanding of the budget process, this facilitated a broader understanding of the different faces and facets of an elite ice hockey club and the individuals it is comprised of. In total, 20 interviews were conducted during eight occasions. Of these, 18 were conducted with staff at Färjestad BK, all of which took place during March through May in 2015 (see References). In addition, in February 2015 one interview was conducted with a former Sport Manager of AIK Ishockey to provide us with initial knowledge about the context in which sport organisations operate and what type of control tools usually are deployed. We also interviewed a hard-core fan whose life to a great extent circles around the club. The number of interviews was deemed sufficient to cover the budget process within the organisation and as such reach empirical richness.

In order to build trust and reduce the risk of misinterpretations, both authors were present during the interviews with the majority being made in person at the organisation's own premises. 18 of the interviews were carried out face-to-face, whereas two of the interviews were carried out through telephone due to logistic reasons. Most of the interviewees were interviewed twice, and one individual was interviewed three times. The interviews lasted between 40 and 90 minutes, the average interview length being around 65 minutes.

Having gotten the interviewees' consent, all interviews were recorded in line with the recommendations for semi-structured interviews (Merriam, 1994). We thereafter transcribed and collated the interview data from the interview rounds. Drawing upon the recommendations of Miles and Huberman (1994), we summarised our main impressions and insights after each round of interviews before transcribing and analysing the data. Throughout the collection period, we ordered and classified our raw data into empirical findings. Further, data codification

was made through a triangulation of data from both interviews and document sources, such as the organisation's budget, game reports, "CEO letters" and an annual report.

In identifying and articulating different institutional logics within FBK, we drew upon Amans et al. (2015) approach and used a "thematic dictionary" of the statements that we believed captured certain essences within our case organisation. This approach is in line with the "interpretive methods" (Thornton & Ocasio, 2008) used by for example Scott et al. (2000) and Philips and Hardy (2002). We then analysed the statements and clustered them in different ways in search of commonality. From this process, we concluded that one cluster of statements was concerned with the contingent nature of FBK. Another cluster concerned more rationalistic and business like views. In order to specify these clusters further, we turned to previous literature. For the latter cluster, Amans et al's (2015) definition of "managerial logic" was found to coincide well with the essence of the cluster. Subsequently, we used this definition in order to identify values associated with this logic. For the other cluster, firstly, we turned to institutional literature focusing on sport organisations. Here, we found no clear logics definitions in Senaux (2011). Further, Skirstad and Chelladurai (2011) and Stenling and Falén (2009) focused on the volunteer-professionalism spectra, which did not capture the essence in the cluster. We then turned to literature on the specificity of sport organisations, where three overarching commonalities of sport organisations (Smith & Stewart, 2010) were found to coincide with the essence of the cluster. These were subsequently used to guide the identifications of representative values of the logic.

3.5 Quality of the study

In an attempt to give the reader a possibility to evaluate the quality of this study and the further application of our findings, we now discuss the reliability and validity of this study as these aspects are addressed as potential concerns in case study research by several scholars (e.g. Yin, 2009; Merriam, 1994).

Reliability can be described as the possibility to replicate the research study, i.e. the absence of random errors meaning that if the study was repeated along the same steps it would yield the same results (Yin, 2009).

Trost (2010) outlined four components that are important to ensure reliability: congruence, precision, objectivity and constancy. Through out the process, we have sought to stay *congruent*, although our approach has been of an abductive nature, which definitely makes this more difficult. Regarding *precision*, we have recorded and transcribed interviews, although the nature of semi-structured interviews creates possibilities of subjective interpretations. In regards to *objectivity*, as ice hockey is a popular hobby, there is risk that the researchers personal interest might affect the objectivity, especially when studying concepts without clear-cut definitions

such as institutional logics. Here, we argue that our limited previous involvement with ice hockey to some extent mitigate this. In regard of *constancy*, the short window through which we have studied the case organisation might have affected the reliability in the sense that future event windows would be affected by other factors, which could imply other findings. This is especially important to highlight as we apply institutional theory, which essentially explains behaviour through external institutional pressures. Given that a large part of our research evolves around data from the particular hockey season of 2013/2014, memory aspects might too have impeded the reliability of the data.

Validity refers to the extent to which the results of the study correspond to reality (Merriam, 1994) and can be divided into three types of validity: internal, external and construct validity (Yin, 2009). The three types of validity are interlinked, which implies that there cannot be external validity without internal and construct validity (Gibbert et al., 2008).

Internal validity refers to how well the results correspond to what the study intended to measure, sometimes also denoted as logical validity (Merriam, 1994). The risk of false effects due to subjectivity is high in our analysis of data, as the interviewees' own construction of reality might have inflicted with the objectivity in their answers (Yin, 2009). As qualitative studies complicate the achievement of sufficient reliability, it is of great importance to aim for a high inner validity, as reliability cannot be achieved without internal validity (Guba & Lincoln, 1994). To improve the internal validity, we adapted certain procedures during the collection and analysis of data. First, we sought to interview people representing different functions and had individual interviews to allow for personal expressions and points of view. Second, we recorded and transcribed the interviews. Third, we summarised the main findings after each interview, to be able to compare and contrast in order to identify any eventual conflicting perspectives. Further, occasionally during follow-up interviews, we took the opportunity of asking for clarification of statements to avoid misconceptions. We also sent material to the organisation to confirm certain information.

External validity refers to the extent to which the results of the study are generalisable beyond the case itself (Merriam, 1994). However, Yin (2009) emphasises the importance of distinguishing between statistical and analytical generalisation where the former is difficult to achieve in a single-case study due to its very own nature of examining only one sample. Yet, generalisability is not needed to the same extent as in hypothesis testing as case studies are conducted to gain understanding of the already known (Merriam, 1994). As such, in trying to generalise and gain in-depth insights from a particular set of results applied to broader theory, case studies rather aim at analytical generalisation (Yin, 2009). However, there is a risk of local or idiosyncratic theories developing, which can only be used for the specific case at hand, this being due to single-case studies representing a bottom-up approach of theory building (Ei-

senhardt, 1989). Thus, as it is rather difficult to determine the level of external validity of our single-case study, the ability to generalise is somewhat limited.

Construct validity refers to the use of appropriate measurements for the studied research topic to ensure that what is claimed to be studied is actually studied (Yin, 2009). Upon suggestions by Yin (2009), we have aimed at adopting certain approaches in order to improve the construct validity. First, the application of multiple sources of evidence should be used to enable triangulation. We did get access to certain internal documents but the main sources of data consist of interviews, why the construct validity of this thesis might be somewhat limited. Second, it should be possible for the reader to follow the derivation of empirical evidence leading to the findings of the research, why one should establish a chain of evidence. As we define "sport logic", a clear explanation of our approach is of great importance, which we have tried to achieve. However, we acknowledge the risk that other logics might affect budget uses, which we have sought to control for throughout the identification process by considering other clusters of statements. Third and last, key informants should review a draft of the report, including the empiric section, to avoid misunderstandings. In seeking clarifications during follow-up interviews and through continuous communication with the case organisation, we have sought to also follow this third piece of advice.

4 Empirics

4.1 Organisational structure and budget design

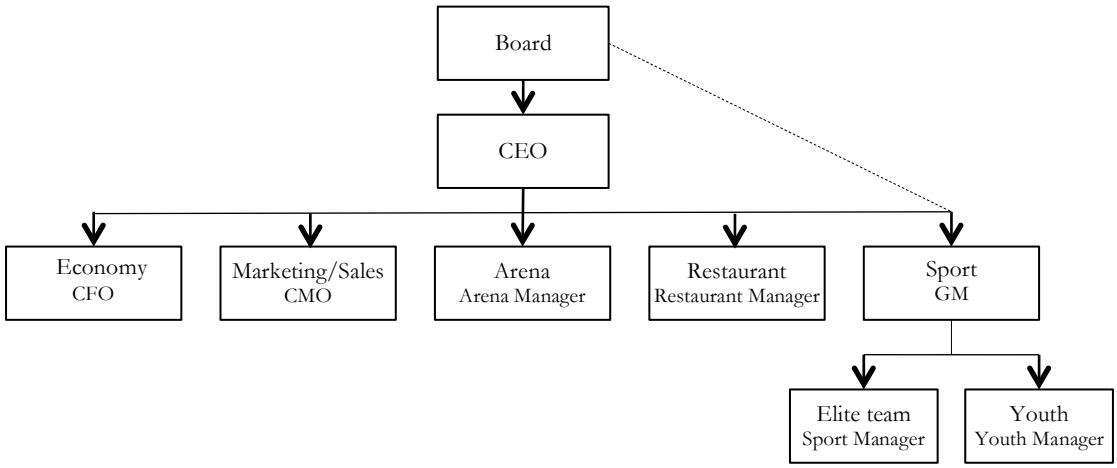
Organisational structure

The professional ice hockey club FBK is a non-profit, economic association, owning a real estate company, including Löfbergs Arena, and an event company. For the purpose of this thesis, we have illustrated a simplified organisational schedule over the main functions of the whole organisation regardless of corporate form. The main units of FBK are: Marketing/Sales, Arena, Restaurant and Sport, with an adjacent economy function. In Figure 1 below, the organisational design is illustrated.

A board of trustees governs FBK, lead by the Chairman. 51% of the control of the organisation lies with the members, which is a general rule for Swedish elite ice hockey organisations. The members do not have designated representatives in the board, but can exercise power during the annual club meeting. The relation between the board and the rest of the organisation could be characterised as close, exemplified by the board members watching almost all the games together with the rest of the organisation.

Figure 2

Organisational structure of FBK



Budget design

The budget is the most dominant control tool in FBK. It plays an essential role in the planning and on-going follow-up of the club's financial performance. The budget of FBK is prepared annually and is divided into 19 different subsections. These subsections could roughly be summarised into the *sport budget* and the *operating budget*. The sport budget incorporates all sport-related matters such as player salaries, travel expenditures and sport gear whereas the operating budget covers the remaining parts of the organisation, e.g. sales (sponsor partner agreements, tickets, exposure), restaurants and the maintenance of the arena.

The CEO has the responsibility for the overarching performance of FBK. The General Manager (GM) is responsible for the sport organisation, including the elite team and youth activities, in turn covered by the Sport Manager and Youth Manager, respectively. As the main focus of the CEO is the non-sport activities, the GM also responds to the board. The Chief Marketing Officer (CMO) is responsible for ticket sales, partner and exposure agreements and merchandise shops. There is also a Restaurant Manager, responsible for the arena's three restaurants and various kiosks, as well as an Arena Manager. The budget responsibilities are presented below in Table 1.

Table 1

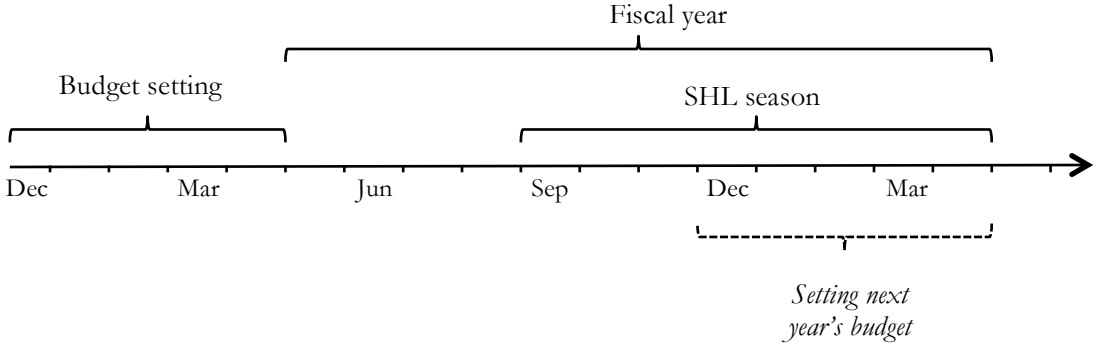
Simplified overview of budget responsibilities

Role	*GM*	*CMO*	*Restaurant Manager*
Budget items	Player salaries Sport staff salaries Traveling expenditures Sport gear	Partner agreements Exposure agreements Membership fees Media/communication	Restaurants Kiosks

FBK's fiscal year stretches from May 1st to April 30th in order to coincide with the SHL season with a total of 55 games lasting from September to March, eventually including a prolongation to the end of April if advancing to the final play-offs. Of these, 27 or 28 are home games, which are the games that generate revenue for FBK. The budget is prepared in December through April the year before the upcoming financial year and season. See Figure 2 below for an illustrated timeline over a typical year of FBK.

Figure 3

Timeline illustrating a typical year of FBK



The budget in FBK follows a decentralised structure where the responsibility for each subsection is allocated to one of the unit managers. Under each of these, there are in turn employees that each has a designated budget responsibility. The Chairman describes the decentralised budget further:

> "The budget is broken down to an individual level. This gives the work of the employees a bigger purpose. The budget responsibility allows them to feel 'this is my role in the organisation and this is what my CEO is expecting of me'."[1]

4.2 Budget setting process

Below, we present the process of setting the budget of FBK, which could be characterised as a process of linking the costs associated with the sport budget with the revenues from the operating budget. The sport budget, in particular the player budget, which mainly consists of player salaries, makes up the lion's share of FBK's costs as expensive players is considered an important enabler of sport performance. The player salary costs are committed to when signing players in the beginning of the year. Compensating for these salaries are the revenues stemming from the operating budget, such as partner agreements, but also tickets and other sales adjacent to the home games, why the budget setting process to a large extent involves a forecasting exercise of these revenues. These components are further explored below.

Player salaries - the largest and most important cost item

Within the sport budget, annual player salaries, forming the *player budget*, represent the largest cost item and represent one of FBK's biggest costs. This is natural since the elite team is seen as the core business of the organisation. As a consequence, the player budget receives significant managerial and board attention. The Chairman fortifies this notion:

> "The most important cost is that of the team. This is why it is a dimensioning cost of the total budget. This is our core business that we have to manage carefully."[2]

The composition of the team is seen as a key driver of sport performance and there is a notion that a larger player budget leads to better sport results, as better players often are more expensive. In addition, better sport performance is seen as a driver of financial performance. Interviewees acknowledge that the reason for generating revenues is to be able to sustain a player budget as large as possible. The following statement from the CMO illustrates this rationale:

[1] Sture Emanuelsson, Chairman 2015-03-26
[2] Sture Emanuelsson, Chairman 2015-03-26

> "Everybody in the organisation understands that every dime goes to the team. If the team doesn't perform, the visitors won't show up and neither will the partners. Then you're back at square one with sport being number one. We are here for one reason and one reason only and that is to have the best team. It is impossible to cheat here because then the rest won't follow."[3]

Dimensioning the player budget

Essentially, the player budget is a capped amount of annual salaries decided by the board that the Sport Manager and GM are not allowed to exceed without the board's permission. However, within this boundary, the formation of the team is up to them to decide. The process of forming next year's team is initiated already in December when agents contact the Sport Manager about available players.

Around the same time, the CMO starts reviewing partner agreements. Some agreements run over three to five years, whereas some are due for renegotiation each year. These contracts form the revenue basis of the budget and allow the board to give an indicative player budget figure to the GM and the Sport Manager. This rationale is echoed in the following statement by one board member:

> "The sport management knows early what we are aiming at for the player budget. This allows them to start forming the team before the player budget is set. We have to roughly know where we are going to end up, otherwise we won't make it. And that's what it's all about: the budget has to cater to the sport."[4]

The derivation of the final figure of the player budget is however not straight forward. What FBK can muster to commit to in terms of player salaries is contingent on what the club expects to earn in revenue during the year to come. As such, the total amount of by contract bound player salaries relies on the forecasted revenues from partner agreements, ticket sales and restaurant revenue. This forecasting exercise is described below.

Forecasting revenues

The preliminary game schedule for SHL is distributed around January/February. This allows FBK to more granularly forecast total revenue, as it is during home games that ticket, restaurant and kiosk revenues are generated.

Justified by historical performance, FBK includes three extra home games in the budget, which makes for a budget of 30 home games, as they expect to advance to the quarterfinals

[3] Mats Tågmark, CMO, 2015-03-26
[4] Johan Engström, Board member, 2015-04-16

that are played best of seven games, thus equalling three additional home games. If these games were not to be included, the player budget would have had to be lower. The CEO highlights the central role of the forecasts:

> "It always comes back to the fact that pure calculation only reaches a certain level. You have to add some kind of gut feeling or expectation to this and test what the consequences will be. In a sense, you must have the courage to make these assumptions and believe in the decisions that are made, that is, invest before you know what the investment actually will lead to."[5]

The most crucial item forecasted is ticket revenue. Ticket revenue can make up a significant share of game revenue and can span from 0.3 MSEK to over 1 MSEK. From a budgeting perspective, this can have severe impact on the year-end result, especially when taking into consideration that a play-off can make for around ten extra home games. The Chairman acknowledges this uncertainty, as revenue to a large extent is believed to be contingent on the performance of the team:

> "It is a big difference compared to building a house. Here, you have an environment that is so much more variable where you play the hockey and have the games and know that the results in ticket and restaurant revenue hinge upon the sport performance. And that is why it can vary so much and hit as hard as it does."[6]

Consequently, the number of visitors per game is fickle why the forecast exercise historically has proven to be a challenge. For each game, FBK forecasts the number of visitors, total ticket revenue and the average ticket price. A long-term trend of declining number of visitors, together with the size and unpredictability of ticket revenue is argued to require involvement from the entire management team:

> "When it comes to tickets, that is number one. We are seven people, the management team plus one more, who sits down in private and estimate probable figures for the number of visitors and revenue per game. Then, we gather all estimates and reason around the average, maximum and minimum figure to see where it all ends up. It has been extremely hard to forecast throughout the years."[7]

[5] Stefan Larsson, CEO, 2015-05-11
[6] Sture Emanuelsson, Chairman, 2015-03-26
[7] Mats Tågmark, CMO, 2015-03-26

Actual figures from previous seasons are used as the starting point and are subsequently adjusted, taking into account the opposing team, weekday and whether it is a holiday or close to salary payments. The CMO explains:

> "The first game last season was a Tuesday in September. It was also a bank holiday. This season, the first game is a Saturday in September and we meet Leksand and not Rögle – is it probable that we will earn more or less?[8]

In addition to the forecasting of ticket revenue, the Restaurant Manager is responsible for his part of the budget and forecasts sales for the three restaurants and all of the kiosks. Sales data from previous seasons is analysed per weekday and these are broken down for every bar, restaurant and kiosk. The average sales figure together with different parameters (e.g. days during Christmas or days before pay checks) generates certain ratios that are inserted to the upcoming season's game schedule.

Several iterations

As each budget responsible manager is in the process of pencilling down their estimates for the coming year, the CEO and the board get a clearer picture of how much they can commit to in the player budget. In the discussion of determining the size, different rationalities are echoed. The below statement by the GM highlights the risks associated with a too low sport budget:

> "It can be the case that the board gets back to you and say that they have revised the entire budget and come to the conclusion that there is not room for a 40 MSEK player budget, only 38 MSEK. In cases like this you really hope that there are people in the board that has a solid understanding about what can happen if you lose games. Because in that case, a lot of sport will come into this as well."[9]

One board member, who highlights the more economical position of the board, acknowledges a somewhat opposing stance:

> "The ambition is of course to have the best team possible. But lines have to be drawn. We would never risk the financial situation. We always have to keep track of that balance. The sport cannot get amounts that might impact the economy."[10]

[8] Mats Tågmark, CMO, 2015-03-26
[9] Håkan Loob, General Manager, 2015-03-26
[10] Johan Engström, Board member, 2015-04-16

The same board member acknowledge the coming together of the two forces:

> "Financially there is a tension, and I think this is an important part of the board. […] The sport needs to feel that there is a tension. You have to account for what you are doing and thinking, since players represent the biggest investments."[11]

These types of discussions are present throughout the budget setting process and are constant subjects in the discussions between the CEO, the GM and the board. More formally, this process starts with each budget responsible manager's estimated target that he or she can commit to achieve. Being able to submit a final budget number requires a financial understanding, which one board member believes is achieved through the decentralisation of the budget:

> "The thing that the budget process contributes with, forecasting and follow-up of everything, that gives you a sense of the financials. I would dare to say that the financial insight is worth more than the actual budget."[12]

This estimated budget number is sent upward in the organisation and merged with other unit managers' numbers by the CFO and CEO. There is usually at least one loop between the CEO and the unit managers before the first budget proposal is sent to the board for approval. The CMO highlights this:

> "Usually, the CEO returns the budget with higher numbers. I have never experienced a case where the first budget proposal is accepted. That never happens."[13]

He continuous by characterising the different roles played in this process:

> "My team sold exposure and loges for 30 MSEK last year, and then they say: 'That should be 33 MSEK.' And then I am like: 'How should it be 33 MSEK?' But that's their job, to keep it up and my job is to keep it realistic."[14]

The Restaurant Manager fortifies this notion:

> "It can be that the board tells you 'you are a bit too careful in your estimations, you have to turn it up a notch, otherwise we have to take a look at the cost side'.

[11] Johan Engström, Board member, 2015-04-16
[12] Johan Engström, Board member, 2015-04-16
[13] Mats Tågmark, CMO, 2015-03-26
[14] Mats Tågmark, CMO, 2015-03-26

> So it is sort of a way to make us a bit more creative in what type of revenues we can generate."[15]

After the loops between the CEO and the unit managers, the budget is sent to the board, where a similar process takes place: the budget is most often returned to the CEO with comments, who then returns to the unit managers who yet again have to revise specific targets. After this, the CEO combines an updated budget proposal for the board.

Small margins

The Restaurant Manager acknowledges that the constant push for more money allocated to the player budget have led to only small amounts of money put aside for unforeseen consequences, as the conception in the organisation is that each forecasted dime should go directly to player salaries, which are locked in as they are committed to by contract. In addition, he acknowledges that getting investments approved is much harder after the budget has been set, as the room in the budget is very limited.

A similar situation is present within the player budget. During seasons, changes in the player squad have historically always been made, usually between 1-5 new drafts per season. This is partly due to a long-term trend of an increasing player turnover, but can also be the result of players not performing, getting injured or not finding their spot in the team dynamics. The Sport Manager states that he tries to keep a buffer for at least one new recruit per season and the conservative notion of not overspending is said to be a red thread throughout the organisation. It has, however, historically been difficult to stay true to this. The GM describes:

> "We have made changes every year and it would be interesting to see the average of the player budget deviation over the last twenty years. I guess that it would be around 2-3 MSEK. Each year."[16]

Arguments heard in favour of smaller buffers in the player budget are that it is more expensive to make changes during the season than before and that getting a good start is seen as very important. In addition, when the sport is performing well, it can be easy to get carried away as described by the Sport Manager:

> "When you're performing well and you have a lot of revenues and there are many visitors at the games, then you might not have to care as much. But you should

[15] Örjan Lindgren, Restaurant Manager, 2015-04-22
[16] Håkan Loob, General Manager, 2015-03-26

> care because then you can build for the future. But it's easy to forget that when everything is going great."[17]

Consequently, even though there is a widespread notion of the importance of buffers for future drafts, there are seldom any greater amounts left.

4.3 Monitoring process

Having ratified the total budget around April, the GM and the Sport Manager start to form and enhance team dynamics and prepare for the upcoming season, whilst the CMO with team works to sell the majority of the exposure capacity before the summer. Throughout the season, FBK utilises various tools in order to monitor and control the financial progress, which will be described below.

Game reports

After each game, the CFO generates game reports that are sent to the unit managers with information on their respective budget items. The report comes in the form of an excel file showing relevant financial information for the unit. It includes budgeted and actual figures of the following parameters: number of visitors, sales for the unit, average sales per visitor, as well as the difference between the budgeted and actual figure for these. For each game, a new row of the aforementioned figures is added, to allow for comparison between games and a continuously updated total result that progresses over the completion of season.

The different unit managers review the game report information as well as information that can be retrieved from the organisation's accounting system to ensure that they are continuously updated on the financial performance. Given that the number of home games is finite, it is said to be very important to keep track of how the financial result is progressing. In addition, as the performance on the ice can change drastically, which might impact visitor numbers or lead to a decision to expand the player budget, the GM concludes that monthly or quarterly analyses are too slow and that there rather is a need for weekly or even daily analyses. The CMO describes the process of analysing the financial data after each game:

> "You study the results and reflect on what we did, what happened and why things turned out the way they did. Hopefully the results are understandable and not something that surprises you."[18]

[17] Leif Carlsson, Sport Manager, 2015-03-26
[18] Mats Tågmark, CMO, 2015-03-26

With the information from the reports at his hands, the CMO works with dynamic pricing. This means that ticket prices are set per game, with future ticket prices being contingent on previous sales. The CMO explains:

> "We use dynamic pricing in the sense that we each week sit down and calculate prices. If we have seen good or bad ticket sales, we will raise or lower the price. It is the same concept as the pricing of an airplane ticket or a hotel room. […] This is done in order to achieve or even exceed our budgetary targets."[19]

In a similar fashion, the Restaurant Manager uses the financial data generated from the payment system to find potential adjustments. Sales figures per game are broken down for restaurants, kiosks and shops and new sales ideas and promotions are experimented with. The Restaurant Manager highlights the importance of getting this instantaneous feedback, as the number of games where revenue is supposed to be earned is limited, heavily reducing the time for making improvements.

CEO letter

Each month, the CFO prepares a report, which becomes the foundation of a "CEO letter" sent from the CEO to the board. This is an update on the current status of the organisation, including recent significant events and current financial performance. The report serves the purpose of keeping the board up to date, especially regarding the financial performance. It entails the financial results from the games that have been played so far as well as two types of prognoses based on the current result. The first prognosis shows the full year result given that the remaining games would meet budget while the second prognosis shows the full year result given that the remaining games would follow the observed trend for the already completed games.

A "living" budget

Consequently, working with budget follow-up, deviations and corrective actions is acknowledged to be an integral part of the way of working with the budget in FBK. This is said to be essential to make sure that the budget is up to date and used actively as a control tool, especially since the forecasting has proven to be difficult. The Chairman acknowledges that he wants to see a "living" budget used as a benchmark against forecasted revenues that individuals with budget responsibility should try to outperform:

> "I want to see the budget as a direction that we're working towards. We have to communicate it in a way so that the person responsible for it doesn't get satisfied or too unsatisfied. It should never get static. It should be a way of focusing your

[19] Mats Tågmark, CMO, 2015-03-26

> work towards a goal that we expect you to deliver. But we always expect you to deliver more."[20]

No "real" terminal follow-up

Given that budgeting is central both in the continuous operations, management discussions and board meetings, there is no terminal follow-up, as that is "already done"[21]. After the season, the analyses are more around next year's budget, i.e. "given the outcome for this year, what can we say about next year, can we reach another level, what measures need to be taken". As almost all costs are set before the season and the budget follow-up shows the progression of the accumulation of revenue, when the season is finished, the year-end result is no surprise. As one board member puts it:

> "We have never had that type of process where we sit down at the end of the season and ask ourselves what happened. It is an on-going process."[22]

4.4 Revision process

We exemplify the revision process with the season of 2013/2014. Whereas the pre-season started off on a positive note for FBK, there were worries concerning the season ticket sales, as the negative trend of declining sales from last year seemed to continue. Sport-wise, the team enjoyed a successful pre-season with eight wins and only one loss in a pre-season tournament. Even though the team performed in terms of results, long time FBK player Rickard Wallin acknowledges that there were more to ask of the overall vibe and feeling of the team. The pressure for success was immense and expectations on the team high, which affected the team.

The first game of the season, a home game played against Örebro, almost filled Löfbergs Arena's 8,600 seats with 8,500 eager supporters. Although FBK lost, the game was a financial success with a positive deviation from budget. However, as explained by the Chairman, it was worrying that the sport did not perform:

> "This is sort of like a game of dominoes. If we don't perform sport-wise, this will have an impact on all other parts of the organisation. Consider the number of visitors, restaurants and shops – all of these are contingent on the success of the sport. If the sport fails, everything else fails."[23]

[20] Sture Emanuelsson, Chairman, 2015-03-26
[21] Johan Engström, Board member, 2015-04-16
[22] Johan Engström, Board member, 2015-04-16
[23] Sture Emanuelsson, Chairman, 2015-03-26

After the first seven games, FBK had only earned 5 out of 21 possible points, compared to the previous season's corresponding result of 13. FBK had also experienced the lowest number of visitors ever, when only 4,426 came to see FBK-AIK. The average number of visitors had declined, and the negative numbers were fully visible in the game reports, hence a given topic at board meetings. As the negative sport results started to accumulate, so did the worry and anxiety for what the future would bring. The GM highlights the cause of this worry:

> "We are extremely fragile and vulnerable. We have 55 days out of 365 that are very important for us. If we do not deliver during these days, everything collapses. And then we are not talking only about the elite team. This will impact the youth and junior activities as well, and then you can read about it in the newspapers."[24]

The CMO acknowledges that the major consequence of falling out of SHL, besides shattered reputation and pride, is a revenue loss of approximately 50 MSEK. Roughly 50% comes from TV-rights and advertising revenue, centrally negotiated by SHL. The other half is an estimation of other direct financial consequences, such as a drop in ticket and shop revenue. Moreover, as some partner agreements include clauses stating "valid for SHL", these would be automatically terminated. The CMO concludes that he believes that a lost license threatens the entire existence of the club.

In addition to the risk of financial distress, the organisation is exposed to outside pressure, which has an impact on the whole organisation. The Chairman explains:

> "What I find most difficult is not getting things done, but the spotlight from the outside. Radio, TV, papers… whatever you do. In a small town where the club is bigger than the town itself, it gets hard. The importance of FBK over time is enormous. People care. Of course, all is good when we do well, but when we don't…"[25]

It was argued that severe financial implications like the above would have implications on staff, as salary costs must be reduced. Hence, in addition to worrying about the future of the club that they support, the negative trend and possible lay-offs also affected employees at this point. The Chairman concludes:

> "The difference between playing in SHL or Hockeyallsvenskan is immense. If we do not take the required measures, there is nothing saying that this couldn't hap-

[24] Håkan Loob, General Manager, 2015-03-26
[25] Sture Emanuelsson, Chairman, 2015-03-26

> pen to FBK. Despite our history and all that we can lean towards, sport is perishable. This is where the so-called 'ghost' starts to live."[26]

In mid-October, after some 15 games, the team placed in the bottom of the scoring table. Indeed, placing in the bottom of the scoring table often implies that the spot in SHL might be threatened. During this time, the Sport Manager decided to leave the organisation. This led to a series of fast decisions being made. The board and the CEO decided that the CEO should take over the responsibilities of the former Sport Manager. In order to alleviate the CEO from his business responsibility, three members of the board took a more operational role. The Chairman illustrates the situation:

> "We got to a point where we said: 'We don't have a choice. The board and I have full confidence in you [the CEO] being the one to help our core business in this troubled situation.' We quickly found consensus around that."[27]

The board asked the CEO what he deemed was required to change the negative trend on the ice and on the visitor stands, and he was of the opinion that it was necessary to draft new players. However, being in late October, the entire player budget had been used, which meant it was up to the board to decide if the player budget should be revised. In the discussions in the boardroom during this process, one type of reasoning was illustrated by one of the board members:

> "It comes down to the classical 'how bad can we allow it to look financially versus the risk of worsening the sport performance?' There is no formula for this. Still, we had to look at the future. The business side will get hurt and it will be harder to sell season tickets. The discussion circled to a large extent around 'how large of a negative financial result can we muster?'"[28]

In continuing, the same board member acknowledges the trade-off between wanting to invest heavily and simultaneously worrying about the financial effects:

> "But of course, if you could choose, you would have done large investments. If you would only think with your sport side, you would have made a huge investment."[29]

[26] Sture Emanuelsson, Chairman, 2015-03-26
[27] Sture Emanuelsson, Chairman, 2015-03-26
[28] Johan Engström, Board member, 2015-04-16
[29] Johan Engström, Board member, 2015-04-16

The board rather quickly came to consensus. It was unanimously decided that FBK should use their strong balance sheet and allow the signing of two new contracts. This was described as a large, centrally strategic decision. With a player budget around 40 MSEK, a 5 MSEK increase was deemed significant.

Being in situation where the sport performance has been declining for a period and the sport club sees no alternative but to invest in new players is quite common in Swedish elite ice hockey. One board member addresses the consequences of feeling passionate for the club:

> "It is not totally uncommon that Swedish elite ice hockey organisations get in really tight spots financially. Most often, it is a case of momentary overlooking your long-term view. There is much emotion and you push too hard with investments in the hope that everything will solve itself. […] I believe that passion plays a huge role. I guess that everybody is triggered by sport performance. On all levels. Including the board. And I guess that's the biggest challenge for most sport organisations."[30]

As the performance of the team generally is seen as a perishable, swift action was said to be required, given the high pace of the season with between two and three games per week. This was also acknowledged from a financial perspective, as the bad sport performance was believed to affect game ticket and restaurant revenues. One of the enablers of the fast decision was said to be the continuous budget follow-up and analyses, which enabled the board to be up to date with the financial status:

> "We made a loss that year. But we went into it with open eyes and made the investment. We had underlying data that said: "Let's do it." We deemed it correct given our financial situation. We had full insights into our books, full control, and if the effects on visitors and the like don't show, then we had at least analysed it."[31]

Making detailed follow-ups on the decision itself was proven difficult as described by one of the board members:

> "We had a clear number of how much we could invest. But it's hard to evaluate. It's not that simple to calculate the return on the money we invested and what pay-off it had. The alternative could have been a demotion from SHL, which

[30] Johan Engström, Board member, 2015-04-16
[31] Sture Emanuelsson, Chairman, 2015-03-26

would have meant 30 MSEK in lost TV-rights funds. So I guess it's some kind of consequence analysis that is hard to put a number on."[32]

Turnaround came

If it was due to the additional recruits, an invisible force changing the spirit of the team or pure luck we will never know, but the team managed to turn around the sport results, ending up as number five in the table, qualifying them for the play-offs where they made it all the way to the finals. After a brutal season, the team lost against SAIK in the finals and won silver.

[32] Johan Engström, Board member, 2015-04-16

5 Analysis

The analysis is divided into four sections. The first section answers our first research question, namely:

1) *What are the prevailing logics within a professional sport organisation and what values are associated with these?*

The ensuing part of the analysis is structured in accordance with the empirics and consists of three sections, namely the budget setting process, the monitoring process and the revision process. For each section, we aim to answer our two subsequent research questions:

2) *How do different logics within a professional sport organisation affect budget use?*

and:

3) *What are potential tensions between the logics within a professional sport organisation and does budgeting play a role in accommodating these tensions?*

5.1 Identifying the different logics

In order to identify the logics within FBK, we draw upon the approach used in Amans et al. (2015). For this purpose, as described in the method section above, we created a thematic dictionary from the transcribed interviews. A managerial logic and a sport logic was identified and values associated with these logics were pinned down. Below, we describe the managerial logic and the sport logic further.

Managerial logic

In guiding the identification of the managerial logic, we turn to Amans et al.'s (2015) classification of "managerial logic", which was derived through a common principle of management logics trailing a rationalist approach, following Weber's formal rationality: "the extent of quantitative calculation or accounting which is technically possible and which is actually applied" (Weber, 1978, p. 85). Hence, as Amans et al. (2015), we identify the managerial logic in FBK through looking for values associated with notions of efficiency, control, regularity and predictability, as well as calculation and measurement. The belief that the organisation should be managed as a firm, as well as mentions of elements such as "figures" and "reporting" were correspondingly considered as referring to the managerial logic.

In order to specify the managerial logic further, we subsequently associated the logic with specific values. Firstly, many interviewees highlighted the importance of keeping individual managers *accountable* for the targets they committed to. Being responsible for attaining goals was deemed as a necessary feature for the success of the organisation. Secondly, *calculation* and analysis were both acknowledged as important by many interviewees. Thirdly, *control* was

brought up as key: not endangering the financials was said to be a red thread throughout the history of the organisation. Fourthly, the size of the organisation inducing a need for a more business-like approach was highlighted through the value of *economic insight*. Interviewees acknowledge that this is seen as vital given the development of FBK and Swedish ice hockey during recent years. The identified values associated with the managerial logic are presented below together with representative statements.

Table 2

Representative statements of the values associated with managerial logic

Values	Statements
Accountability	"The sport needs to feel that there is a tension. You have to account for what you are doing and thinking, since players are the biggest investments." (Board member)
Calculation	"We use dynamic pricing since we each week sit down and calculate the price. If they have sold good or bad, we will raise or lower the price." (CMO)
Control	"We would never risk the financial situation. We always have to keep track of that balance. The sport cannot get amounts that might impact the economy." (Board member)
	"This has become a large operation equivalent to 150 MSEK in total turnover. If we have too many 'wrongs', it will not work. We cannot consume our equity and if we have no control, we cannot invest in the players that we want, we cannot hire new employees and we cannot do the activities that we would like to do long-term." (CMO)
Economic insight	"The thing that the budget work contributes with, forecasting and follow-up of everything, that gives you a sense of the financials." (Board member)

Sport logic

To guide the demarcation of the sport logic, we did not have a previously defined sport logic to rely on, although institutional logics have been studied within the sport domain (Senaux, 2011; Skirstad & Chelladurai, 2011; Stenling & Falén, 2009; Stenling, 2014). However, Senaux (2011) did not provide a definition of the logics studied and Skirstad and Chelladurai (2011) and Stenling and Falén (2009) focused on the volunteer and professionalism spectrum, which does not capture the essence of sport per se to the extent we deem necessary to depict the reality within FBK. Instead, we draw upon three of the overarching themes that Smith and Stewart (2010) identified as characteristics specific to sport organisations, namely the *heterogeneous and ephemeral experience*, *winning over profit* and *variable product quality*. Consequently, we isolate the sport logic by looking for values associated with the passion of fans, subordination of profit to winning, brand loyalty as well as vicarious identification and optimism. This process is further described in the method section.

We subsequently identified values associated with the sport logic. Firstly, we found an omnipresent loyalty towards the club amongst the majority of the employees. Being hard-core fans, whom many have played in FBK themselves, the *passion* for the club and its cause was evident. Associated with this value is also worry and angst regarding team performance. Consequently, the value of *passion* resonates the first specificity of sport being a "heterogeneous and ephemeral experience". Secondly, the specificity of *winning over profit* is very much present within FBK. Sport is seen as core business and all excess funds are expected to be invested into the player budget, as there are no shareholders expecting dividends. This value also entails a level of optimism, as the concept of "winning as the only way" is pervasive amongst interviewees. A third value, stemming from the specificity of sport being subject to *variable product quality* was the notion that sport was seen as "*art*". A great faith in the skillset of the GM and Sport Manager was observed, and more calculative approaches on how to build a winning team were not observed. A fourth value observed, not echoed in the specificities of Smith and Stewart (2010) but stemming from the specific nature of the sport environment was *speed*. As two and sometimes three games are played each week, being able to act fast was highlighted as key for success: doing *something* was seen as better than doing nothing. Below, we present the identified values associated with the sport logic in FBK, together with representative statements.

Table 3

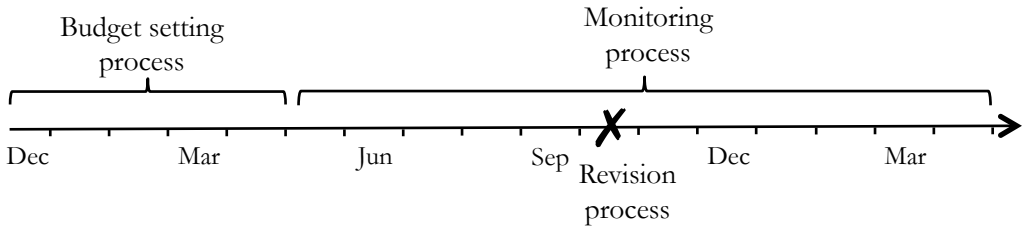
Representative statements of the values associated with sport logic

Values	Statements
Passion	"I believe that passion plays a huge role. I guess that everybody is triggered by sport performance. On all levels. Including the board." (Board member)
Winning over profit	"Everybody in the organisation understands that every dime goes to the team." (CMO)
Sport as an art	""The board and I have full confidence in you [the CEO] being the one to help our core business in this troubled situation.' We quickly found consensus around that." (Chairman)
Speed	"Maybe someone could argue that we should have acted slower, but that's not how we are designed." (Chairman)

For each of the three following sections, we start by addressing our second research question, i.e. exploring how the sport and managerial logics within FBK affect the budget use throughout the season. We continue by addressing our third research question, asking if there are potential tensions between the sport and managerial logic, and if so, how the budget is used to balance these tensions. Last, we discuss our findings. For the budget setting process, the discussion is informed by the findings of Amans et al. (2015) and the work by Wildavsky (1975).

For the monitoring process, we deploy the framework of continuous budgeting by Frow et al. (2010) as well as the machine analogy model by Burchell et al. (1980), which is also deployed in the discussion of the revision process. Figure 4 illustrates the three processes studied.

Figure 4
Timeline illustrating the different processes studied



5.2 Budget setting process

Budget uses influenced by logics

The sport logic seems to shape the budget use within FBK in various ways. Especially during the budget setting process, the sport logic is prevalent. There strong belief that sport is core business governs much of the budget setting process, which consequently starts in the question about the size of the player budget. Hence, much discourse concerns the objectives set for the sport and how these are to be realised during the year, including a discussion on the financial resources deemed necessary for this. Here, there is a widespread wish to allocate as much money as possible to the player budget, as this is said to be the overarching objective of the organisation. During this process, the values of *winning over profit* and impact the budget use, especially in the forecasting exercise. An example of this is the fact that FBK incorporates the three quarter final games that are to be played only if advancing from the series in their budget. Hence, the balance of the budget is contingent on the success of the team, already at the forecasting stage. The finding that the budget setting process within FBK is significantly affected by sport being the *raison d'être* is consistent with the findings made by Amans et al. (2015), who showed how the artistic logic influenced the budget use through the prevalent artistic mission of "the theatre comes first".

Similar to the case of the two theatres studied by Amans et al. (2015), the managerial logic shapes the budget use within FBK. Essentially, throughout the budget setting process, the values of accountability, calculation, control and economic insight are all visible and affect the way the budget is used. In order to get a perception of how the year-end result will turn out, FBK uses the budget to forecast costs and revenues, wherein the knowledge of individual budget responsible managers is utilised in order to achieve granular estimates. This offers suggestion of how much the organisation can commit to in terms of player salaries in the be-

ginning of the season, thereby allowing the organisation to connect the size of the player budget to the expected revenues. In doing this, the organisation makes clear the goals and plan for the upcoming season. The budget also set the format in which *control* over the progression of revenue will be applied throughout the season. This is said to give the organisation a purpose and direction. Further, the forecasting process involves individual employees and requires the budget responsible managers to pencil down estimates, which become the budget targets that they commit to achieve. This *accountability* induces employees with an *economic insight* of the organisation. Through estimating of one's expected performance, employees have to understand how their work translates into economic results.

Tensions and the role of budgeting

During the budget setting process, the main topic of discussion revolves around the size of the player budget. The player salary costs will be committed to by contract in the beginning of the season and are to be financed by future revenue streams that are yet to be known and that are said to be difficult to forecast. Thus, the size of the player budget is contingent on the level of forecasted revenue. But at the same time, the revenue from ticket and restaurant sales is contingent on the success and entertainment quality of the team. This poses an interesting challenge, as the sport logic and the managerial logic could be argued to be concerned with sometimes diverging views on what the size of the player budget should be. This is further explored below.

In seeking the best prerequisites for sport performance, the *sport logic* advocates a large player budget. It is a commonly held view that there exists a correlation between the quality of the team and the amount of money put in to it. Indeed, high quality players are more expensive, both due to track record on the ice and the attractiveness of their name. Although team dynamics play a large part in the success of the team, it is viewed as important to sign individual players that have a proven ability to perform on the ice. Consequently, in order to form a winning team and to better the chances of stable product quality, additional funds will not be a bad thing. This reasoning echoes the *winning over profit* value associated with the sport logic. Using the terminology of Wildavsky (1975), in wanting to expand the player budget the sport logic takes on an *advocate* role in pushing for higher forecasts.

On the other hand, given the unpredictability of revenues, the *managerial logic* calls for more realistic and calculated forecasts. Although the finite number of games offers some stability, the variable quality of the team and fickle behaviour of visitors makes game related revenue hard to predict. Given that the future realisation of revenue should finance players salaries today, the level of funds allocated to the player budget should be financially durable over the longer run, as the risk of not being able to earn enough revenue increases if small or no profits are forecasted. This view is echoed in the values of *accountability*, *control* and *calculations* and

hence concerns the managerial logic. Consequently, the managerial logic takes on a *guardian* role in the forecasting process.

As such, the sport and managerial logic collide during the forecasting process, as the sport logic *advocates* for higher revenue forecasts and the managerial logic takes on a *guardian* role, pushing for lower revenue forecasts.

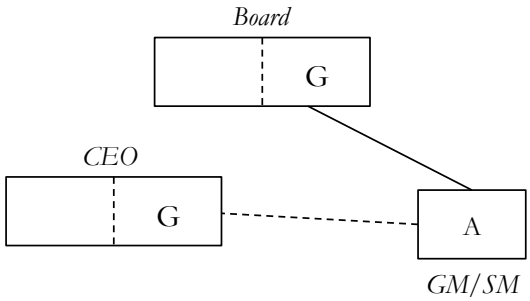
Theorising the budget setting process

In this section, we theorise how we found FBK to accommodate the two conflicting logics to reach a final compromise. We argue that the budgeting setting process act as an arena where organisational actors play different roles in different relationships. Below, we sketch out these relationships and roles played by the organisational actors.

Starting with the GM and the Sport Manager, they *advocate* for an increased sport budget, as this would enhance the prerequisites for building a strong team. The board, interested in assuring that the budget at least balances, took, in this relationship, on a *guardian* role. This is illustrated in the figure below, where "G" stands for guardian and "A" stands for advocate. The dashed line represents the bi-lateral discussions between the CEO and the GM and the Sport Manager.

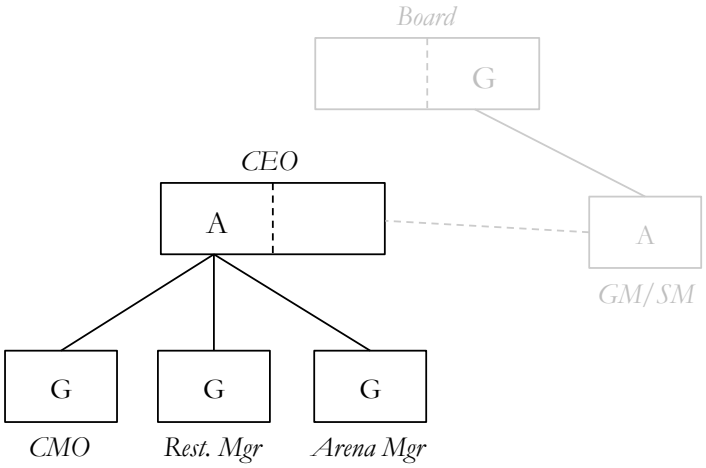
Figure 5

Illustration of roles and relations during the budget setting process (1/3)



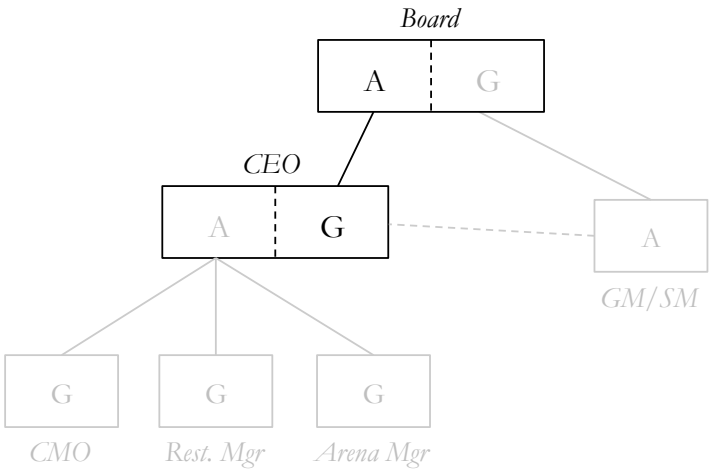
During the forecasting exercise, individual unit managers set their own budget targets. As they are responsible for reaching these, they assume a *guardian* role and set a target they deem reachable. The CEO, however, pushes back at the unit managers, insisting on higher revenue forecasts, thus taking an *advocate* role. These relations are highlighted in the figure below.

Figure 6
Illustration of roles and relations during the budget setting process (2/3)



However, in the relationship towards the board, the CEO assumes a *guardian* role when he defends his budget. The board would now take on an *advocate* role.

Figure 7
Illustration of roles and relations during the budget setting process (3/3)



Consequently, throughout the budget setting process, through the advocating and guarding behaviours of organisational actors induced by their position in the organisational structure, the managerial and sport logic is allowed to reach a compromise on the final forecasting figures and hence the final player budget size. It should be noted that the advocating behaviour is induced by individual actors being held accountable for achieving the forecasted targets they commit to. Hence, as the organisational structure of the budget setting process creates this accountability, it works as a force counterbalancing too optimistic forecasts.

Discussion

In the first part of the analysis, we found that budget uses are shaped by both the sport and managerial logic. Drawing upon the findings made by Amans et al., we also find that the variety of budget uses are examples of practices which are responses to institutional complexity, as originally stated by Greenwood et al. (2011). Further, like in Amans et al., it appears that the budgeting allows the two logics to be connected and thereby constitute a mechanism to manage the co-existence of multiple logics. Consequently, the budget uses within the budget setting process bares the characteristics of a "hybrid practise" originally identified by (Smets et al. (2012).

Moreover, we explicitly show how the different logics collide during the forecasting process. As organisational actors play advocate and guardian roles, the budget setting process becomes a "fertile arena" (Chenhall et al., 2013) where the conflicting logics can meet and find a compromise. The final figure will be a result of the "strength" of the sport logic, the "strength" of the managerial logic and the force with which organisational actors hold down the forecasts they are responsible to achieve.

Amans et al. indicate that certain actors can play a key role in balancing different logics. They use the example of a Theatre Director who is able to "communicate and interpret different logics" and "connect multiple logics" throughout the budget, a role comparable to the hybrid "Artist-Entrepreneur" (Thornton et al. 2005). In FBK, this is similar to the role that the CEO and the board play. In our model above, we show how these organizational actors take on both advocating and guardian roles in different relations and thus represent the two conflicting logics throughout the budget setting process.

5.3 Monitoring process

Budget uses influenced by logics

Since the sport logic extensively affected the budget uses during the forecasting exercise, there is much focus throughout the season to secure the realisation of revenue in order to finance the player salaries committed to in the beginning of the year. The sport performance is tightly monitored by the entire organisation and in the cases where adjustments have to be made in order to enhance the sport performance the rest of the organisation must adjust (a case we further analyse in the *revision process*). Another effect of this is the difficulty of getting investments approved that were not already included in the budget, which was highlighted by the Restaurant Manager.

As a result of the significant pressure from the sport logic in the compromise made during the budget setting process, the managerial logic impacts the budget use significantly during the monitoring process, as FBK works considerably with follow-up and control of the pro-

gression of revenue. Continuous scrutiny of the revenues stemming from each home game is argued to be critical. The budgeted figures are followed up through the different tools described in the empirical section, where the game reports represent the most granular follow-up. Here, variances are *calculated* in order to evaluate current performance after each game. Included in the CEO letter are also the two types of prognoses calculated in order to show the trend in the financial performance. As such, the budget responsible managers, the CEO and the board all take part in the continuous monitoring and *control* of the financial performance. In addition, throughout the season, each manager is responsible for achieving his or her budget target and held *accountable* for their goals being reached. For example, in order to meet or outperform his target, the CMO uses dynamic pricing, which is an additional example of how calculations are put to use.

Tensions and the role of budgeting

When the season starts, the main focus of the organisation is twofold. First, the sport side, led by the GM and the Sport Manager, is focused on the core business of delivering a high-quality product, i.e. performing well on the ice so that games are won and visitors are attracted. Second, the operating side is focused on securing the realisation of the forecasted revenue. Here, the player budget works as a *boundary*, within which sport management is empowered to make decisions necessary to cater to sport issues. The board is not involved with the details of the sport but rather allows the GM and the Sport Manager to operate freely within the player budget agreed upon during the budget setting process. If, however, the sport management would deem an expansion of the player budget necessary, such a deviation would have to go through the board. Consequently, the two logics are not put against each other to the same extent as during the budget setting process.

Discussion

Although there is no clear tension between the sport and managerial logic during the season, as we could observe in the budget setting process, the managerial logic influences much of the budget uses. Below, we utilise Frow et al's (2010) framework of continuous budgeting in order to analyse and be able to characterise the budget use throughout the monitoring process.

Similar to the 'in-process' use of budgeting in Astoria, the budget responsible managers in FBK are expected to continuously monitor and measure the progression of performance against budget targets. Using game reports and the internal accounting system, managers review how the realisation of forecasted revenue develops throughout the season. In working with the budget in this way, managers can use deviations to detect areas where they have to focus their attention.

Like in Astoria, the budget is not only used to monitor and measure progress, but also to understand what is driving the performance. Interviewees acknowledge that they for each deviation try to answer the question of *why* it occurred. As the number of home games is limited, FBK must be pro-active and understand how factors such as which weekday games are played, opposing team and recent visitor trends impact revenue in order not to be surprised. Baring resemblance to 'continuous budgeting', this type of constant follow-up provides the organisation with information that increases the level of understanding whilst decreasing the risk for surprise. This budget use is similar to the 'learning machine' that Burchell et al. (1980) envisioned. Also, the situation echoes Burchell et al.'s definition, as *uncertainty of organisational objectives* (i.e. generating as much revenue as possible to reach budget targets) is low and the uncertainty in cause-and-effect relationships (difficult to forecast ticket revenue) high.

When deviations have been analysed, managers are encouraged to take corrective action in order to achieve or outperform budget targets. One example of this is the use of dynamic pricing, where insights from previous games for a certain opponent and weekday are combined with recent visitor trends and interfering events in order to set ticket prices. Another example is the Restaurant Manager's experimentation with different prices and sales deals throughout the season.

5.4 Revision process

Budget uses influenced by logics

When the streak of losses hit FBK during season 2013/2014, the sport logic affected the budget use notably. As the worry and angst regarding both sport and financial performance increased when the team started to lose games, a general concern was raised that "something had to be done". For the decision made in this pressed situation, the budget was not used in the same way as during the budget setting and monitoring process. In fact, the use was limited. The major argument against a more sophisticated problem solving process involving the use of the budget was lack of time and need for *speed*. As sometimes three games were played each week, the notion that "doing something is better than doing nothing" was prevalent and many interviewees stressed the notion of being "here and now" when the sport was not performing well. Instead, a greater adherence to the notion of *sport as an art* was observed. The solution to the problem was believed to lie in the sport management being granted an expansion of the capped player budget to adjust the composition of the team. In this pressed situation, the sport logic affected the budget use in the sense that it was *less* used in the revision process.

During the revision process, the use of budget was, as described above, limited. Even though the organisation described the decision to revise the budget as strategically important, we found no evidence of any detailed numeric *calculations*, similar to the granularity during the

budget setting and monitoring stage, of how drafting new players would impact the year-end result, other than increasing the total cost of player salaries. In addition, no strict *accountability* measures were taken or detailed follow-ups made. Rather, as mentioned above, the GM and the Sport Manager were trusted to be the ones able to turn the situation around, where values such as *control* and accountability were believed to slow the process down, hindering a quick decision.

Tensions and the role of budgeting

As most of the discussions during the revision process involved the increased size of the player budget, the tension between the sport and managerial logic yet again became prevalent. The question of "how much money could be allocated to the sport?" was once more at the centre of attention, but now with the amendment "…in order to save the team from a looming disaster".

In this stressed situation, the value of *winning over profit* associated with the sport logic became enhanced. In addition, we observed that the innate *loyalty* towards the club was enhanced. As many employees were long-term fans and had played in the club themselves, the question of "what will happen if we get demoted?" concerned many on a personal level. Hence, adhering to the sport logic in this stressed situation, the urge to increase the player budget was observed as *more* prevalent here compared to during the budget setting process.

From the perspective of the managerial logic, the same rationale as in the budget setting process could to some extent be observed. If the player budget were to be increased each year when games are not turning out as expected, at a certain point there would not be any funds left. However, as the uncertainty regarding future revenue streams had increased with the deteriorating sport performance, the decision context was different. If the loosing streak would continue, this was argued to initially affect ticket revenue and to some extent restaurant revenue in the shorter run and advertising revenue in the longer run. Moreover, if the team would fall out of SHL, the consequences would be even more severe, with layoffs and other cost cuts as a result. Accordingly, in this pressed situation, calculative and rational values were to a greater extent used when arguing *for* an *increase* in the player budget.

Consequently, in this decision context, the managerial logic and the sport logic seemed to coincide and a fast decision was made. In other words, the situation was deemed so severe from both perspectives that the player budget had to be revised. Hence, no significant tension was observed.

Discussion

From an *instrumental* perspective on budget use, it could be argued that the learning feature during the monitoring process played an important role in the revision process. Through the

continuous follow-up and the prognosis of the year-end result, the organisation could compare the current and prognosticated financial performance with the investments deemed necessary. Such real-time insight implied that decision material had already been processed and internalised when the board was faced with the request to expand the player budget, thereby enabling the organisation to act fast in a manner characterised as "stressed but not in panic" and to trust the GM and the Sport Manager with an expansion of the player budget. In this sense, through the *diagnostic* use during the season, the budgeting process supplied insights regarding the current progression of revenue accumulation and a prognosis of what the year-end result would be. Consequently, from this perspective, the *learning machine* identified during the monitoring process enabled speed in the decision-making process.

From another point of view, one could argue that the organisation used the budgeting *symbolically* as a justifying tool in the decision of whether or not to revise the player budget. For the sake of this argument, we again deploy Burchell et al.'s (1980) machine analogy. We acknowledge that the *cause-and-effect uncertainty* between player investments, sport performance and game revenue could be classified as high. However, for the decision to expand the player budget, we found no evidence of thorough financial analyses or calculations of potential revenue increases. Instead, when asked about the decision, many interviewees stated that "the alternatives were deemed so much worse" and referred to potential loss of ticket revenue, restaurant sales and sponsor funds depicted in the continuous follow-up. In this way, interviewees tended to emphasise the adverse economic consequences of not doing anything. Here the budget, through continuous follow-up, seemed to be used as a lever in justifying the decision by framing the question as a rational economical trade-off, rather than an ambiguous sport issue, allowing the board to make a decision justified as rational. This finding is in line with Ezzamel and Bourne (1990) where accounting information systems during the onset of a crisis was used "to reduce the decision opportunity to a programmable problem" and used to "justify the proposed differential financial cuts by conveying them as if they were based on rational and logical calculations".

Consequently, this budget use is similar to what Burchell et al., (1980) termed a 'rationalisation machine'. According to Burchell et al.'s theory, this use is to be expected when both *uncertainty in objectives* and *uncertainty in cause-and-effect* relations are high. In the decision of expanding the player budget in order to turn the team around, the uncertainty in objectives, as Burchell et al. envisioned, is high (hard to know *ex-ante* what is required to start winning games). However, the uncertainty in objectives (to start winning games) is low. Here, the urge to make a fast decision seemed to out-weigh a perhaps slower learning approach, which what Burchell et al.'s normative framework would suggest. In contrast to the more 'instrumental' role above this role could be termed 'symbolic' (Meyer & Rowan, 1977).

6 Concluding remarks

In this study, we have explored how different logics shape budget uses as well as the role of budgeting in balancing eventual tensions arising from the co-existence of multiple logics. In conducting a single-case study on the Swedish elite ice hockey organisation Färjestad BK, we initially identified two logics: sport logic and managerial logic. We further explored how these two logics affected budget uses and roles of budgeting within the organisation. We found that both the sport and managerial logic shape budget uses in various ways and that budgeting plays certain roles during the three different processes studied – budget setting, monitoring and revision – taking a particularly important role during the budget setting process in which the player budget is to be decided.

During the budget setting process, we found that the sport and managerial logic shape budget uses in different ways. Winning games is the *raison d'être* why much discourse concerns the size of the player budget and, during the forecasting exercise, three quarter final games are incorporated into the budget. Nonetheless, the managerial logic also affects budget uses. For example, a calculative forecasting exercise is carried out, unit managers are involved in setting targets and held accountable for these and the budget is used to set the frame for control and follow-up. In addition, we observed a tension between the two logics stemming from the player budget allocation decision. Here, we saw that the sport logic took on an *advocate* role and the managerial logic took on a *guardian* role (Wildavsky, 1975). Throughout the budget setting process, we found that the budget responsible managers, the CEO and the board acted as representatives of the two logics through their guardian and advocate behaviour in an iterative process to arrive at the final size of the player budget. Here, the budget setting process played the role of an 'arena' for discussion, allowing for comprise (cf. Chenhall et al., 2013).

During the monitoring process, budget use is mainly affected by the managerial logic. Control, through extensive follow-up, combined with calculations in terms of prognostication and dynamic pricing, characterises the budget use. The player budget constitutes a boundary, demarcating the sport from other operations, somewhat hindering the logics to collide why no clear tension was observed. Through the application of Frow et al. (2010), we concluded that budgeting throughout the season could be characterised as 'diagnostic' and that it also plays the role of a learning machine (Burchell et al., 1980).

When faced with the revision decision, the logics are again made visible, but now in a new decision context. Here, we found that both logics take on advocating roles. We found limited budget use in the decision. We argued that the learning feature in the monitoring process can be viewed either as a facilitator of a fast decision or a justifier of an ambiguous decision (cf. Ezzamel & Bourn, 1990).

Firstly, these findings contribute to the growing field of studies of budgeting in organisations facing institutional complexity (Christiansen & Skaerbaek, 1997; Ezzamel et al., 2012; Amans et al., 2015). By taking a process perspective on budgeting and more explicitly concentrating on situations where logics collide, we extend the works of Amans et al. (2015), and Ezzamel et al. (2012) in the sense that we theorise *how* budgeting act as a hybrid practice in reaching a compromise, similar to the theories of Chenhall et al. (2013). Further, through the application of Wildavsky's (1975) framework of guardian and advocates, we show how different organisational actors play different roles in different relations, representing the conflicting logics imposed by their position in the organisational structure. In addition to this, our study contributes to the scarce literature on accounting and budgetary practices in professional sport organisations (Jeacle, 2014). Through our empirical case study, we illuminate how contingencies and institutional complexity within the professional sport context affect the use of budgets and the roles budgeting can play.

6.1 Limitations and future research

The findings from our study should be viewed in the light of some limitations. As a result of our single-case study approach, the attempt to generalise should be done with caution as our findings have been derived from one organisation where circumstances might have been specific to that context. Further, including part of the empirics relating to the hockey season of 2013/2014, memory aspects might have inflicted with the insights gained. On a last note, given that media often covers FBK, there is a risk that answers might have been modified to represent a specific image of the organisation.

We believe that there is a great potential for further research within the area of accounting, sport and institutional logics. Our study depicts a situation where a compromise *has* to be made. Future studies could explore situations where institutional logics are put against each other but fail to reach a compromise and become stuck (Jay, 2013). Moreover, it would be interesting to see empirical studies of the role of budgeting throughout the process of professionalisation in terms of imposing new formal controls, and how this can spur the emergence of the managerial logic or the like. In addition, we found *speed* to be a value prevalent within our case organisation and future studies could further explore if accounting practices can accommodate or even hinder the need for speed.

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Skeleton of FBK's total budget (without figures)

Appendix

Interview guide
The below outlined themes served as basis for our semi-structured interviews. Follow-up questions and more specific questions are not accounted for below.

General questions
- Personal background
- Role and responsibility within Färjestad BK
- Years in the organisation

Budget design and responsibilities
- Division of revenue and cost items
- Division of responsibilities
- Accountability

Setting the budget
- Description of the budget setting process
- People involved
- Forecasting
- Other influencing factors or challenges

Monitoring and follow-up
- Tools for follow-up
- Deviations during the year
- Cost control

Other controls or tools
- Other reports
- Policies/guidelines

Environment
- Operating an elite ice hockey organisation
- Multiple goals
- Controlling the sport
- External/internal uncertainty

Season 2013/2014
- Overall description of the season
- Timeline over specific events
- Financially important events