

CHAPTER 1

Introduction

Anatoli Bourmistrov and Olov Olson

This book is a tribute to Frode Mellemvik's passionate academic engagement and hard work in academia over so many years. We wanted to reward the significance of his contributions to the development of several important institutional and academic fields.

Frode is very unique person. Always active, he is deeply engaged not only in things he finds personally interesting but, maybe even more importantly, in things which give opportunities to the institutional development. This can be seen in the ways he teaches and does research projects, when he engages in extensive networking and communication as well as his very practical approach to institutional development work. Many of us who have had the opportunity to know him well would say that he is a uniquely active person. Therefore, we wanted to make this a somewhat unusual *Festschrift* to celebrate Frode as unique person.

It is interesting to note that the book is edited by two professors for whom Frode played important but very different role in his academic life. Olov was a principal supervisor for Frode while he was doing his Ph.D. research at NHH, while Anatoli was the first Ph.D. student Frode supervised at Bodø Graduate School of Business. In this sense, the book is edited both by Frode's "academic father" and his first "academic son". We think that this is an important symbol of the importance of continuous academic heritage. It would be nice, in time, to construct "an academic family tree" to illustrate Frode's place not only as "academic father" but also as an "academic grandfather", as an educator of many young academics.

Another intention of ours was to produce a book which can be in active circulation and can be used as a resource at graduate and post-graduate levels both inside and outside Norway. In order to carry out this mission, we asked all contributors to address important contemporary and future research problems needing to be addressed in the fields of accounting, management control and institutional development. Equipped with those ideas and in some cases with concrete research questions, our sincere hope is that both young and more experienced academics will be able to initiate new, interesting research projects.

All of the colleagues who were invited to contribute to this book have been working closely with Frode throughout the years as colleagues in academia and/or as former Ph.D. students. We are thankful to all of them for taking the challenge and making this anthology a reality. All manuscripts submitted went through “blind-peer” as well as editorial reviews. Based on these reviews, the manuscripts were revised. This process, without any doubt, improved the quality of the manuscripts.

As editors, we have grouped all contributions in three areas of research in which we are convinced that Frode has made significant contributions. These areas are: 1) governmental and public sector accounting research, 2) accounting and management control in different contexts and 3) management, organizations and institutional development. The grouping of the contributions in these areas is intended to help readers target their search for interesting research topics. Summaries of the contributions by the invited scholars, including acknowledgements, are presented below.

Summaries of the contributions

Contributions related to governmental and public sector accounting are gathered together in Part 1. Frode was for many years engaged in teaching, researching and debating local and central government accounting in Norway. He established a strong academic group at Bodø Graduate School of Business focusing on public sector accounting. Later on, he positioned Bodø in the international research arena particularly in relation to the Comparative International Government Accounting Research network (CIGAR). He has supervised several Ph.D. students in Bodø and worked as a member in the supervisory committee for many Ph.D. students in other institutions who were studying public sector accounting and budgeting. It is no coincidence, therefore, that contributions in this part are related to different topics important to government public sector accounting and budgeting nowadays.

In Chapter 2, James Chan illustrates CIGAR and IPSAS¹ as the two most significant academic and practice developments in government accounting internationally. Both institutions are described from perspectives of basic and applied research driven by a somewhat common purpose and aimed at understanding, explaining and predicting, but also practical handling through similarities in international standard setting and differences in government accounting across nations. Based on this framework, the author examines and explains differences between government accounting in China and the USA and pays particular attention to explaining the reasons why these two countries have not yet adopted IPSAS in their practices.

¹ IPSAS stands for International Public Sector Accounting Standards which are developed by the International Public Sector Accounting Standards Board under the International Federation of Accountants (IFAC).

In the spirit of CIGAR comparative research, Chamara Kuruppu and Pawan Adikari examine in Chapter 3 the motivating factors for and processes of adoption of program budgeting in Sri Lanka and Nepal. Drawing on ideas from neo-institutional theory, the authors demonstrate that, in both countries, program budgeting was introduced to strengthen the power of central government over the periphery. However, the different historical backgrounds of those countries had a significant impact on the processes of institutionalization of program budgeting, driven mostly externally in the case of Nepal and internally in case of Sri Lanka.

The use of competing metrics (accounting measures vs. economics statistics) for measuring government's income and wealth is discussed in Chapter 4 by Rowan Jones. Through the use of examples from the EU of the implementation of IPSAS and System of National Accounts, the author demonstrates how those metrics are technically and conceptually different in terms of ex post and ex ante concepts of income. The analysis is provided as well of how those metrics confront each other and are ignorant of each other in the EU. The chapter concludes by highlighting ways by which further research can bridge the gap between those two metrics.

Development of public sector accounting research in Finland is the topic of Chapter 5, written by Salme Näsi. The author focuses on illuminating the links between practice and research in Finland. By analyzing doctoral dissertations in Finland, she demonstrates the close relevance of research efforts in order to follow up the practical concerns in the Finnish public sector: namely the development of appropriate cost accounting systems, implementation of results-based management system, and accrual accounting reforms. Interesting implications for further research are also proposed.

Jan Mouritsen, in Chapter 6, argues that the treatment of public sector accounting in the context of new public management research based on the institutional theory is one-sided. Being mostly concerned with isomorphic processes of institutional development, this research focus underestimates actual accounting work that may be of research concern in its own right. By examining links between management styles and ways accounting reports are used, the author proposes alternatives ways to understand accounting from the perspective of institutional work inspiring scholars to look at unusual accounting instances, rather than accounting being a part of heterogeneous, isomorphic systems.

Part 2 of the book contains contributions related to issues of accounting and management control in different contexts. During his academic career, Frode was committed to teaching and research activities related to understanding functions of financial information, the role it can play in organizations and the way it can facilitate organizational management and control. By questioning intended accounting functions and the mainstream accounting literature, he paved the way for development of new paradigms in accounting theory and

practice, especially by exploring how accounting can be different in different contexts. He participated in a famous action research related to the development of accounting reporting in Bergen municipality in the 1980s – research which challenged the prevailing view on usefulness of accounting information in the political and administrative contexts of a municipality. In time, he broadened accounting and management control teaching to include cross-cultural perspectives, for example through experience in teaching accounting to engineering students at Baltic State Technical University (BSTU, St. Petersburg) and using elements of action research to develop new joint educational programs with Russian and Ukrainian universities. Contributions in this part are thus related to different topics important to understanding accounting and management control in different contexts.

Anatoli Bourmistrov and Odd-Birger Hansen, in Chapter 7, problematize the development trends in sustainability accounting literature and discuss new areas for future research. In particular, they explore how new research can cast light on connections and tensions between sustainability-oriented accounting and managerial behavior. After discussing notions of responsibility and cognitive maps of decision-makers in relation to functions of sustainability accounting, the authors end their chapter by proposing several research questions for future research.

In Chapter 8, Frøystein Gjesdal discusses controversies of using market prices for valuation purposes in financial accounting. Drawing on two examples of valuation of biological assets (salmon) and fixed assets (ships), the author illustrates that a good understanding of market mechanisms is necessary in order to be able to use market prices as reliable input for producing accounting estimates for valuation purposes. It is concluded that valuation models based on the use of market prices do not necessarily result in the best estimates and need to be compared against other alternatives in terms of the trade-off between information relevance and reliability.

In Chapter 9, taking their point of the departure from the work by Mellemvik et al. (1988) “Functions of Accounting”, Levi Gårseth-Nesbakk and Konstantin Timoshenko aim to update and revisit functions of accounting from perspectives of contemporary accounting literature. They demonstrate that a variety of more complex images beyond the accounting-related functions have appeared in the well-established subscription-funded academic journals. This picture is contrasted to publications in the open access journals which serve mostly to preserve and reinforce ideas found in mainstream accounting. The benefits of revisiting the core of accounting by exploring the variety of accounting functions are articulated in the conclusions.

In Chapter 10, Katarina Kaarbøe, Christian Eide Andvik and Anita Meidell explore the driving forces behind enterprise risk management (ERM) and discuss potential pressures which can result in different enterprise risk practices. Through their literature review, the authors identify three driving forces which

can explain different uses of ERM in organizations: concern for performance, concern for legitimacy and concern for power. The authors conclude that there is little consistency in research results regarding ERM functioning in organizations and call for further studies of what actually happens inside the companies.

Andrey Mineev in Chapter 11 devotes his attention to examining trust-control interlink in inter-organizational accounting research. Through an analysis of current literature on the topic, the author identifies two research clusters focusing on instrumental vs. more process-oriented approaches to the study of trust and control interlink. These findings are integrated into a framework which summarizes the strengths of two approaches. The chapter concludes with suggestions on how research on trust from the perspective of inter-organizational management can be advanced.

In Chapter 12, Olov Olson argues for the importance of doing more research on accounting in the context of a financial crisis. Previous and current accounting research has neglected financial crises as an important context for better understanding the roles and functions of accounting. Drawing on previous research by Mellemvik et al. (1988) and Bergevärn et al. (1995), the chapter ends with suggestions for how research models can be activated to address accounting in the context of financial crises.

In the Part 3 of the book, we gathered contributions related to management, organizations and institutional development. Frode went beyond a purely technical understanding of accounting and recognized the importance of merging accounting with other disciplines such as institutional and organizational theories, sociology, energy, etc. He drew much inspiration from his colleagues in Scandinavia and contributed to the promotion of institutional theory in accounting research as a way to better understand problems related to institutional development. Furthermore, he became a great institutional builder. Contributions in this part are therefore related to different topics important to an understanding of institutional development.

In Chapter 13, Inger Johanne Pettersen reflects over the use of performance measures in higher education by comparing education quality reforms in Norway and Sweden. With the instrumental idea of creating more efficient organizations, such reforms introduced new performance management systems in higher education. Despite the fact that Sweden and Norway have chosen different paths to translate Bologna standards into national practices, the chapter concludes that the translation in both countries is heavily based on professional judgments. Implications for development of performance measures based on discursive processes in higher education are also highlighted.

Barbara Czarniawska, in Chapter 14, problematizes the notion of Newspeak. Originally the rhetoric of propaganda used in the former communist countries, this language is also rapidly developing in the management field in Western

countries (better known as a corporate pep-talk). The commonality of both languages in terms of characteristics such as ritualism and magicality is analyzed and discussed. The author concludes that the time has come to have a closer look at the rhetoric of management in both the private and public sector, especially through a study of management verbal tools and how people may be controlled with words and through discourse analysis and studies of perceptions.

Sten Jönsson in Chapter 15 questions accepted theories in conventional textbooks which portray managers being rational decision-makers by discussing how social entrepreneurs use judgments when making decisions. The author does this by examining how managers make sense of complex situations in the context of their involvement in different types of discourses when facing quite complex decision situations in modern organizations. Related issues of ontology and epistemology in approaching judgment in studies are highlighted. The chapter concludes that social entrepreneurship is required to build a well-functioning organization under complex circumstances.

In Chapter 16 Kerstin Sahlin and Lars Niska explore emerging themes that attracted attention in the globalized university landscape. Through a content analysis of a newsletter as one of the intermediaries that form, circulate and translate the global themes related to governance, the authors demonstrate how the world university landscape is formed by a themes carrier of this type.

Finally, John Skår, in Chapter 17, problematizes unintended consequences as a research challenge. After reviewing the different pertinent studies, the author concludes that unintended consequences, usually treated as incommensurable, undesired and to be avoided, have escaped rigorous research. The thinking and learning induced by unintended consequences may be useful for future behavioral studies and should be brought into theories and practices especially of systems design and decision-making processes in individuals and organizations.

Acknowledgements

We would like to thank the authors of the chapters included in this book for their dedication to the project. Very special thanks go to Tor Paulson and Erlend Aas Gulbrandsen of Cappelen Damm Akademisk publishers not only for their support and appreciation of the very idea of this book but also for efforts in ensuring the continuity of the project. Finally we would like to thank an independent reviewer for reviewing all the manuscripts and providing constructive feedback to the authors.

The Frode saga

Frode Mellemvik will celebrate his 60th birthday on 11 February 2014. Frode is a true academic and he is a different academic. He is serious, smart, innovative and diplomatic. Just as senior academics in general, he has ample experience

in both teaching and research. What makes Frode different, however, is his unique experience in developing academic work both at his home institution, the University of Nordland, and in cooperation with Russian and Ukrainian universities.

His leadership in academic development is founded on his broad teaching and research experience and his unique capacity to understand those opportunities he encounters.

In the 1980s he was an extraordinarily talented Ph.D. student who defended his thesis in 1989. At the same time as he wrote his thesis and taught accounting, he participated in organizing a new academic unit, namely the Bodø Graduate School of Business at Bodø University College. He later became the dean of the school and subsequently the rector for the whole university college. In the latter position, he led the process of developing the university college into a university, the University of Nordland.

In the early 1990s he had the opportunity to join a group of politicians and civil servants from Nordland county administration who visited Leningrad oblast, Nordland county's international friendship county in Russia. In this context, Frode met scholars from some universities located in St. Petersburg. One of these universities was very interested in establishing relations with a western university and Frode immediately understood the opportunities such a collaboration might offer. A cooperative agreement was signed. The Russian university today is named Baltic State Technical University (BSTU), and the cooperation with University of Nordland, after more than two decades, is still continuing. Cooperation with the Russian academic community has also developed, and today the Bodø Graduate School of Business at the University of Nordland collaborates closely with a dozen Russian universities.

This cooperation clearly demonstrated that the academic experience gained was also of interest to the business sector, in particular industries in the fields of energy, trade, fishery and tourism which are acting in a context of the High North. Since the High North is a very large area, international cooperation was also extended to other countries such as Canada and the USA. An opportunity to develop a center of knowledge related to business in the High North was then developed by Frode, and as a consequence, the High North Center was established at Bodø Graduate School of Business in 2007. In April 2010 the High North Center was assigned to serve as the secretariat for the Norwegian governmental High North Commission, and Frode was at the same time appointed leader of the commission. In 2013, under Frode's leadership, the High North Center became a national center funded by the Norwegian central government.

The successful Russian venture was also expanded to include the Ukraine, meaning that the University of Nordland is currently involved in cooperation with several universities in Ukraine. The tenth anniversary of this cooperation was celebrated in Kiev in September 2013.

This imaginative venture between a western university and Russian and Ukrainian universities is alive and well, and it has had many planned consequences. The most important one is that the venture, since 1996, has resulted in some 100 Norwegian students having studied for one semester in Russia and around 200 Russian and Ukrainian students have studied for one semester in Bodø as a part of the joint degree programs. In addition, around 200 Russian and Ukrainian students have completed master's degrees and around ten Russian students have completed their Ph.D. degree in Bodø. If we also count all those who participated in other types of joint educational programs located in Russia and the Ukraine, such as military officers' retraining programs, the number of beneficiaries from the cooperative agreements initiated by and managed by Frode all these years would amount to more than 6000!

The "Frode saga" is real. Equally real is a very special person, Irene, who has contributed much to making it possible for Frode to become a professor who dares to take the initiative to enlist the confidence of others, both at home in Norway and in foreign institutional settings.

Anatoli Bourmistrov and Olov Olson

February 2014