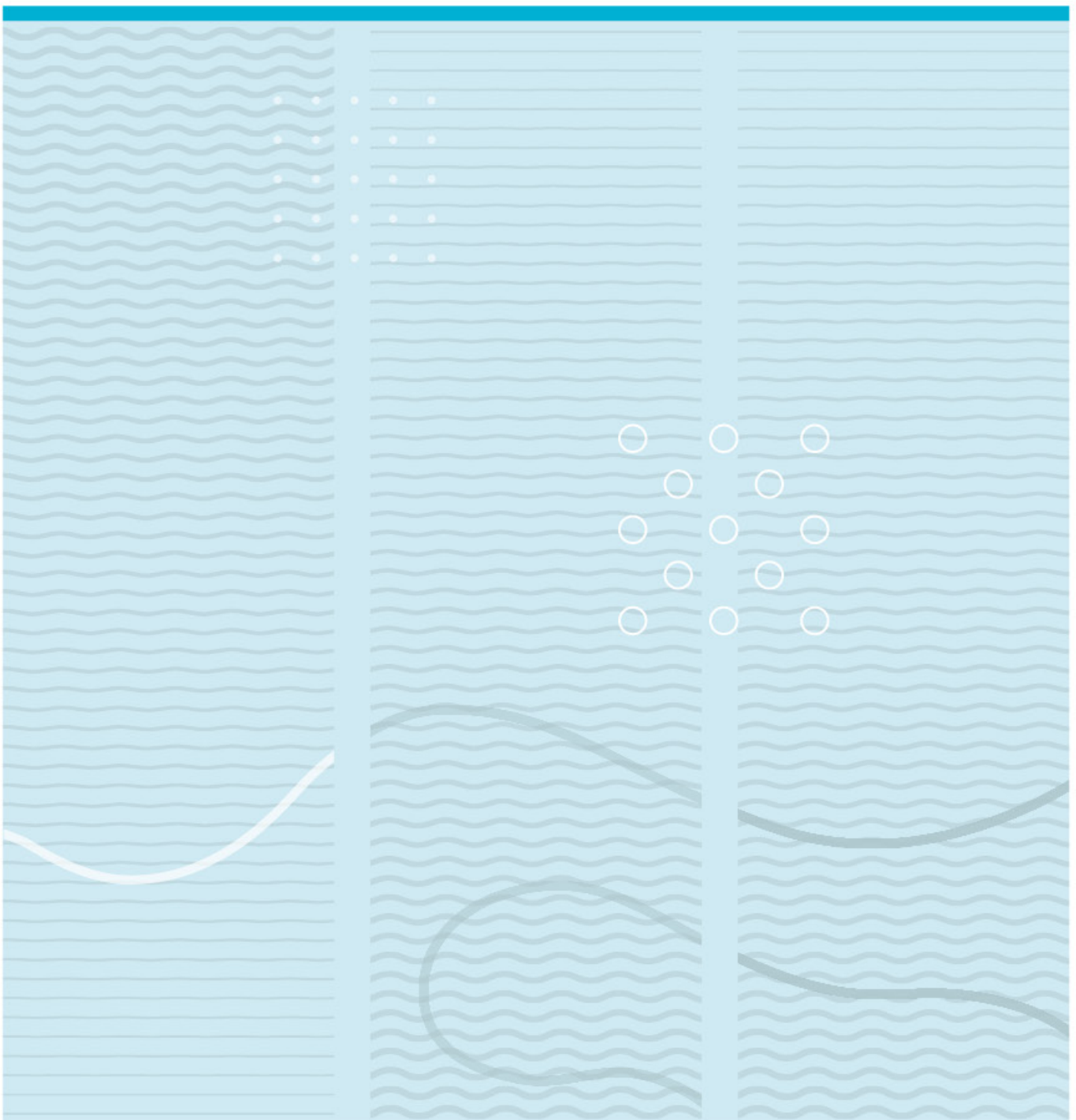


Joachim B. Nilsen & Marcus E. Reite

Consultants in the public sector - do we need them?

A qualitative single-case study on a Norwegian municipality's use of external consultancy services.



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This thesis is worth 30 study points

Summary

External consultants in public sector entities have been a heavily debated topic in Norway for some time. Throughout our research project we aimed to enlighten the debate and investigate whether the present municipal use of consultants can be justified and to nuance the public debate surrounding the topic. This dissertation is a qualitative project that aims to use deep, rich data to investigate and discuss the role of external consultants in the public sector, specifically municipalities, and to add to the existing body of literature on the subject. In practical terms, data was gathered using semi-structured interviews that provided crucial information that helped enlighten the role of consultants in a Norwegian municipality, something that was lacking in previous work. Furthermore, single case study research was applied to provide a level of detail and understanding to allow for thorough analysis of the complex nature of the phenomena, namely external consultants, and their role in the context of this dissertation.

Our findings indicate that the employees in the municipality in question are conscious of why consultants are hired but were not successful in pointing out specific methods of extracting the intramural value of consultants which has been a central point of discussion in earlier theoretical work. As such, we failed to provide evidence that the added value of consultants was a central factor during procurement processes. However, our findings clearly indicate that the municipality is highly price sensitive which correlates with findings in other theoretical papers. Further, consensus within the municipality is that the degree of which the municipality will depend on consultants is likely to increase following the anticipated reduce financial latitude for the Norwegian public sector going forward, which points to the need of a clear and formal strategy concerning use of external consultants that can guide municipal employees when attempting to balance quality of service and project completion with activities that can help extracting intramural and added value from external consultants. Such a strategy would be aligned with several theoretical recommendations from earlier work which have not been considered by the municipality we investigated yet. As such, establishing clear criteria and strategies concerning procurement and use of external consultants is one of our key recommendations. Mainly, we believe that the lack of formal routines, as well as not prioritizing softer activities such as learning and knowledge-sharing activities when using external consultants, is an area where there is room for improvement for the municipality we investigated. Further research is needed to be able to determine whether such a lack of routines, formal strategies, and focus on value extraction is an anomaly or conformity in Norwegian municipalities, and the public sector.

Preface

This research serves as the final part of our master's degree in business administration at the University of South-Eastern Norway. Our study investigates whether the public sector needs of external consultants, and ultimately how expenditures on such services can be justified.

We would like to thank Professor David S. Guttormsen for his meticulous guidance and feedback throughout our project. His availability and desire to help has been both valuable and highly appreciated.

Oslo, May 2021
Joachim B. Nilsen & Marcus E. Reite

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1.0 Introduction

The purpose of this dissertation was to investigate public sector use of consultancy services from the private sector, which has been a topic in the public debate for some time. In broad terms, the debate concerns whether consultants present a satisfactory value for money option for the Norwegian public sector, and municipalities specifically. On one side, consultants can provide a significant amount of value for an organization as they can help to develop strategies for growth or manage projects. Further, a consultant may have an up-to-date and higher level of expertise than the average municipal employee and can provide unique solutions for the municipality. For the most part, the expenditures on such services have come under scrutiny as the value exerted from external consultants does not seem to be clearly communicated or justified by the municipality, Norwegian state departments, or researchers either in government records or in previous theoretical work. Hence, investigating expenditure on external consultants from municipal employees' point of view was deemed as a vital part of this project in order to enlighten both the public debate on the topic, and to contribute to existing theory. Also, Norwegian public sector organizations are one of the biggest clients for consultancy firms both nationally and globally which, in turn, encourages further research on the subject as the industry has become an integral part of the value creation within Norwegian public sector organizations. Additionally, the consultant industry has proven to be a popular recruitment channel for graduates from universities, also in Norway, which points to the need for a deeper understanding of the industry and what it offers public sector organizations. Furthermore, the Office of the Auditor General Norway (2017) has questioned whether the public sector is able to capture a satisfactory amount of value from consultants so that the cost is justified through quality of service for constituents, and for organizational development. This report spiked our interest in the subject, which led to a thorough review of the body of literature concerning external consultants in the public sector, specifically municipalities as that is the unit of analysis in this thesis paper.

Several theoretical works point to the up-to-date competence, experience, and flexibility that consultants represent which, in turn, represents opportunity to grow the organization that utilizes them through learning, contributions to culture, and codification of tacit knowledge, to name a few factors (e.g., Crossan et al., 1999; McKenna, 2006; Mofolo, 2014; Nonaka, 1994). The latter is mentioned by Nonaka (1994) in his theories on organizational learning through social processes which is discussed and synthesized, including modern critique of the work in relation to interorganizational dynamics, contextual differences, and practical challenges (e.g., Elliot, 2020; Glisby & Holden, 2003;

Hong, 2011). Furthermore, we have observed that there is a gap in literature concerning measurement of consultants' contributions in the public sector that go beyond measuring the specific projects or tasks (Carten & Hofer, 2010). Additionally, we have noted that the increasing use of consultants in public sector entities have come under scrutiny both in recent, but also from government bodies such as the Auditor General Norway (2017). Hence, the work of Mofolo (2014), McKenna (2006), and Matusik and Hill (1998) all contribute with nuanced reviews of consultants in the public sector, and the added value is possible to extract during such engagement. The latter is also discussed by Nesheim and Vagstad (2013), in addition to other researchers such as Kipping and Clark (2012).

A substantial part of this research project revolved around reviewing previous work in order to conduct a systematic literature review. First, the public sector is defined and explained with a basis in the Norwegian context, which is done for municipalities as well. Second, the role of consultants is explained while providing a historic review of how the consultancy industry has evolved over the years. The popularity of external consultants is discussed with references to various publications and sources while synthesizing the viewpoints on the value they bring, and further how such external resources can contribute to the mission of the public sector. Specifically, municipal use of consultancy services is highlighted before general trends within both literature and the industry are presented in detail.

Based on key trends in theory we stipulated the following research question:

“How can Norwegian municipalities justify public spending on external consultants?”

The qualitative methodology applied in this dissertation is a result of a thorough consideration of which method would be most efficient for our study in terms of answering the research question and contributing to theory. We have observed that there seems to be a lack of research on the role of consultants in modern work, especially in the context of public sector organizations in Norway. Further, most of the research concerning consultants revolve around their performance and cost, not including the additional value they may represent in municipalities which could be explained by the fact that significant parts of the research reviewed in this thesis paper focused on the private sector. Our methodology comprises a qualitative case study with semi-structured interviews that were all conducted digitally considering the challenges presented by the ongoing pandemic. Hence, our investigation is an important contribution to existing theory on consultants in public sector organizations such as municipalities which, in turn, adds both depth and breadth to the debate

surrounding public sector usage of external consultants. Specifically, our literature review and findings nuance the work of Nonaka (1994) and others in organizational learning as this does not seem to be a priority in the municipality we have investigated, which could be because of a lack of resources, strategy, or a combination of several factors including the aforementioned. As such, our findings are more aligned with the work of Hong (2011) as classical theory on organizational learning must be adapted to the context of the project, such as culture and type of organization, for example. Based on this, this dissertation contributes to several bodies of literature concerning consultants in the public sector, such as intangible asset management, organizational learning, organizational performance, and knowledge management. Additionally, our findings nuance the findings of Mofolo (2014), McKenna (2006), for example, who claim that consultants are hired specifically because of their expertise. We have found that their flexibility, role as an external quality assurance, and role as facilitators in a community of practice are prominent reasons for hiring external consultancy services, thereby contributing to a justification of their price premium.

A study like this is not without a few challenges and limitations. Our conclusions are based on analysis of theory, but also on the findings from our interview process. All the informants that participated in our study had a close relationship to the municipality, which does not exclude the possibility of informants withholding information that could have been important for our study. We acknowledge and are aware that our dissertation would have benefited from a richer and more diversified set of informants. We believe that the trustworthiness of our study would have been improved by such an approach. In addition, we also believe that there are some limitations connected to conducting a single-case study to answer our research question. A multi-case study with embedded units could strengthen and provide a higher amount of rich data and would be suitable to contribute to both our chosen topic and existing theory. However, such an approach would entail time and resources that were not available for us during this project. Furthermore, we believe that we through this dissertation have succeeded in enlightening and contributing to the body of literature, and that our study has lined out a path for future research.

As our study is an investigation of a single municipality, we believe that a multiple case study is relevant for future research. Mainly as this will provide a richer set of data which is necessary to get a better overall understanding important to justify the public sector's use of external consultants. Furthermore, we believe that applying a global perspective may be suitable for further research, as this will give a greater overview and greater data on the phenomenon. Another idea is to include more numeric and quantitative data, which could point to a multiple case-study with direct comparisons between different public sector entities. Hence, a quantitative study could nuance our

findings, and potentially broaden the horizons of public sector management in terms of consultancy services. Also, we recommend future research to investigate ways the relationship between municipalities and consultants can be enhanced through measures that improve efficiency or productivity between the parties. Our findings point to a need for specific measures to address such issues, which is corroborated by previous theory on the subject.

The next chapter of this study marks our literature review, where the body of literature concerning the chosen subject, namely the public sector organization municipality and their usage of external consultants, is discussed at length. Also, topics concerning the value and contributions of consultants which comprises underlying constructs of intangible assets are discussed. Furthermore, the management of such assets, such as knowledge, is outlined and discussed with an emphasis on existing theory. Then, thesis methodology is presented and discussed in relation to potential weaknesses and limitations in our chosen approach. Further, our collected data is presented and discussed while synthesizing with the body of literature. Lastly, a summary and conclusion of the project is presented with practical implications and suggestions for organizations that either consider or are using consultancy services. Furthermore, practical implications and recommendations for practice are discussed, in addition to suggestions for future research to supplement and build on this dissertation.

1.1 Introduction to literature review

Prior to completing our master thesis, we conducted a literature review throughout the third semester of our master's degree, which functioned as one of our main sources while conducting the literature review. Hence, the theoretical framework presented in this dissertation draws inspiration from our foregoing work with significant updates to cover relevant aspects of our chosen topic and research question.

In this thesis, we study municipal use of consultants and how expenditures of such services can be justified. The purpose of this chapter is to provide the theoretical foundation of the dissertation, including insights into existing literature on the field of study. Additionally, we will underpin the need for this study based on gaps in existing theory. Further, the theoretical insights are vital as they serve as the basis for the rest of this project. First, the idiosyncrasies of the public sector are outlined with comparisons to the private sector included. Second, the municipality as a public sector organization is described. Then, the objectives of such an organization are explained. After reviewing literature on the consulting industry, additional underlying topics relating the use of

consultancy services in public sector organizations are discussed. For some of the topics, such as the global consulting industry, there is a considerable amount of theoretical work, whereas for some of the others the literature is limited. Furthermore, the nature of consultants and the objective of a municipality is not something that has been discussed in relation to each other in a lot of previous work. While seeking through literature in this field it can be challenging to know what kind of terminology to search for, which is something we have attempted to explain in this literature review. Also, the outlook of the Norwegian public sector, including municipalities, is discussed. Third, the concept of intangible assets is explained and related to the potential added value of high-competence workers, such as consultants, in the following chapters. Lastly, the performance orientation in public sector organizations is compared to that of the private sector.

2.0 The idiosyncrasies of the public sector

In this section we will outline the purpose of the public sector organization municipality, which is the locus of research in this dissertation. As earlier research pointed out that market boundaries are changing ever more quickly with elusive targets and value capture being temporarily at best, such circumstances are challenging not only for private sector companies working for profitability and growth, but also for public sector organizations striving for quality of service and value for constituents and society as a whole. Even though some companies have proven themselves adept at inventing new markets, quickly entering emerging markets, the fact that shifting patterns in constituents' demand after services is increasing pressure on delivery for the municipality. According to Lyons, Duxbury, and Higgins (2006), the critical task for public sector management is to create an organization capable of infusing products and services with irresistible functionality or, even better, creating products that constituents and society will need in the future. As such, work performed by highly competent workers that can process and use information to guide decisions are necessary and aligned with recommendations in literature on the topic (e.g., De Waal, 2010; Drucker, 1999; McKenna, 2006).

First, the public sector is a part of the economy that is controlled by the state and includes both private services and enterprises. The Norwegian public sector organizations are largely funded by taxation rather than direct fees by customers, as is the case in most private sector firms. Furthermore, public sector organizations are often subject to political control through direct interference, influence, and fluctuations in budgets. Hence, direct influence on public sector organizations often comes from the political system rather than the economic system that affects private sector organizations more deeply, according to Jewson, Felstead, and Green (2015, p. 230). However, De Waal (2010, p. 88) notes that political leadership is responsible for formulating the strategy of the public sector organization, but that implementation of such strategies is up to the executing leadership in the organization. As such, the responsibility structure of public sector organizations like municipalities contrasts with the later finding of Jewson and colleagues (2015) as the former highlights that indirect political control is present in the private sector as well. Additionally, De Waal (2010) finds that the division of leadership and responsibilities is a source of conflict in public sector organization and claims that the responsibility structure is what separates public sector organization from high-performing private sector organizations. Furthermore, De Waal (2010) argues that the political system that defines public sector organizations is a part of the overarching economic system which is a contrast to the later finding by Jewson et al. (2015).

This dissertation will focus on one specific municipality as this kind of public sector organization is a frequent procurer of consultancy services while also having a number of permanent employees in-house that are responsible for public sector services in the municipality. Further, municipalities have been chosen as an arena for analysis as it has the potential of providing clarifying contextual information regarding a much-debated topic, namely public sector use of consultancy services, which has been scarce in previous theoretical work (e.g., De Waal, 2010; Lapsley & Oldfield, 2001). However, the body of research concerning consultancy services is often founded in public sector organizations, but not specifically municipalities. For example, the Office of the Auditor General Norway (2017) and other reports by organizations such as Menon Economics (2021), DI (2019), and MCA (2019) analyze public sector usage of consultancy services without narrowing the sectoral usage down to the level of municipalities, which have made it more challenging to compare findings between the unit of observation and analysis to certain segments of the body of literature. Also, organizations such as Menon Economics, DI, and MCA are advocacy groups for the consulting industry which makes it important to compare their work with findings from the existing body of literature concerning consultants in public sector organizations. Other examples of research focusing on public sector organizations, but not specifically municipalities, are the work of Matusik and Hill (1998), Amayah (2013), Lyons, Duxbury, and Higgins (2006), and Momani (2013). Specifically, Matusik and Hill (1998) write that the consulting industry represents highly valued competence and knowledge, albeit at a premium price. Lyons et al. (2006, p. 605) note how the nature and extent of differences between both “*employees and organizations of the public and private sectors has long been a topic of academic debate*”, making further research into the topic essential to understand an industry where public sector organizations has a role as a major client (e.g., Menon Economics, 2021, Momani, 2013, Sporrang & Kadefors, 2014).

Van Helden and Reichard (2013) note how research on the management of public sector organizations indicates that a variety of research questions can be addressed by different theories, such as economics, organizational theory, and knowledge management theories to produce a variety of results. Building on this, Matusik and Hill (1998) and Lyons et al. (2006) claim that differences between the private and public sector need to be addressed more specifically in future work. Also, the former authors highlight the need for consultants in the public sector, which is supported by Nesheim and Vagstad (2013) and De Waal (2010). The latter notes how external resources can contribute to higher performance in public sector organizations, which is a notion shared by Nesheim and Vagstad (2013) and Momani (2013), in addition to advocacy groups such as Menon Economics (2021) and MCA (2019), to name a few. Furthermore, the significant body of literature

in the field of public sector organizations has been noted by Van Helden and Reichard (2013). The authors consider the task of navigating through research concerning the topic of public sector organizations as “*increasingly difficult*” and “*complex*”, which is a sentiment shared by Lyons et al. (2006) and Amayah (2013), for example. Hence, we have attempted to narrow our approach in the next subchapter in terms of focusing on the public sector organization municipality. Such an approach can enlighten the idiosyncrasies of this entity in relation to tasks, demands of high-level quality of service and products by constituents, and their approach to external consultants.

2.1 Nature of the municipality

A municipality is a political subdivision of a state within which a municipal corporation has been established to provide general local government for a specific population concentration in a defined area. A municipality may be designated as a city, borough, village, or town. The municipality is one of several basic types of local government, the others being counties, townships, school districts, and special districts (Britannica, 2021). According to Lyons and colleagues (2006), past research has varied widely in its definition of the public sector making it challenging to compare between samples and findings. As some researchers have limited their definition of the public sector to employees in a specific government agency there might be some disparity when analyzing findings (De Waal, 2010; Lyons et al., 2006).

According to the Norwegian Association of Local and Regional Authorities (“KS”), there are numerous municipalities in Norway with a lot of variations in terms of size, population, and demographics. In 2020 the total numbers of municipalities in Norway decreased through a reform that merged several municipalities, thereby decreasing the total number of municipalities from 422 to 356 (KS, 2019). Further, the municipalities are divided into eleven counties with several different characteristics, such as differences in size, population, business activity, income, and economic latitude (Regjeringen, 2019). All the aforementioned factors can potentially affect whether the municipality in question is able to deliver on its objectives, such as quality of service (De Waal, 2010; Lyons et al., 2006; Mofolo, 2014; Zhonghua & Ye, 2012).

2.1.1 Municipal objectives

In this section the objectives of municipalities will be defined. As such, official government sources will be used to specify the objectives of a Norwegian municipality, as the context this project will examine may be relevant for future work. These municipal objectives, in turn, will act as a foundation for future synthesizing and discussion of theoretical works in relation to municipal use of consultancy services as task completion and problem solving is the essence of consultancy services (Office of the Auditor General Norway, 2017). Various ministry sources have been emphasized as the objectives will be specific for Norwegian municipalities, even though some individual adjustments must be made regarding factors such as economy, demographics, and geography.

Municipalities in Norway are responsible for welfare services as well as the overall development of local communities (Regjeringen, 2017). In 2020, the Norwegian ministry of local government and modernization argued that the new municipal reform could enable the strengthening of municipal objectives such as development and services going forward (Regjeringen, 2020). Historically, procurement of external services, such as consultancy services, has been utilized as a source of achieving such organizational objectives in public sector organizations (e.g., De Waal, 2010; Jewson et al., 2015, Lapsley & Oldfield, 2001). Another important aspect of the reform was to strengthen the economic situation in the municipalities, and the importance of satisfactory levels of service and development throughout all Norwegian municipalities (Regjeringen, 2020).

Furthermore, the findings of McKenna (2006), Mofolo (2014) point out how municipalities are dependent on the competencies of external sources such as consultants in their workforce. Those findings gained support in the work of Nesheim and Vagstad (2013), in addition to the work of Zhonghua and Ye (2012, p. 793). The latter authors investigate public sector performance, albeit in a Chinese context, and find that public sector entities “*do not have a comparative advantage in terms of economic efficiency*”. Lyons et al. (2006) investigated the differences in values between private sector and public sector knowledge workers. The authors found no fundamental value discrepancies between workers from the two sectors, but claim that private sector employees, such as consultants, are likely to value prestigious work more than the employees of the public sector. Hence, this could explain the decline in the esteem for public sector organizations in recent decades which could lead to a lack of knowledgeable applicants to public sector engagements (Lyons et al., 2006, p. 614; Zussman, 1997). Such a development could, at least partially, explain the surge of

consultancy services in public sector organizations such as municipalities in recent years (Nesheim & Vagstad, 2013; Office of the Auditor General Norway, 2017; Regjeringen, 2020).

Traditionally, there has been a perception that public agencies and public employees are both inept and inefficient (Milward & Rainey, 1983). However, more recent research claims that government officials are more than capable of providing quality of service which, in turn, indicate satisfactory level of competence (Lyons et al., 2006, p.605). Further, several sources indicate that the differences between public and private sector employees may be exaggerated, even though there are sectoral differences. Lyons colleagues (2006, p. 605) underscore that aging workforces have proven a consistent challenge which, in turn, highlights how costly “attracting and retaining” young professionals in public-service careers can be for public organizations. These conclusions gained support in the work of Kipping and Clark (2012) which underlined not only the cost of hiring external consultants in cases where the public sector organization might lack competence or experience, but also how public sector employees themselves in some countries receive compensation with extra benefits not available for external personnel which, in certain cases, will make the compensation package similar to the cost of external services (DI,2019; Kipping & Clark, 2012; Lyons et al., 2006).

3.0 Consultants as a service

Nesheim and Vagstad (2013, p. 7) define a consultant as an *“individual with key competence that for a limited amount of time is hired by an organization to perform a pre-defined task”*. Willcocks and colleagues (2006) note that organizations that lack key competencies or resources needed for hire permanently often utilize external consultants as a solution.

Sturdy (2011, p. 517), on the other hand, describes consultants in broader terms as *“key agents and distributors of new knowledge”*, thus underlining utilization of consultants when there is demand for cutting-edge competencies, as noted by Nesheim and Vagstad (2013) and Willcocks et al. (2006). Kipping and Clark (2012, p. 2) by defining consulting as the *“professional service performed by specially trained and experienced persons in helping managers identify and solve managerial and operating problems of the various institutions of our society”*. The latter definition stresses how special training and experience can help the management of organizations and thus punctuates the aspect of “management”, but otherwise is in alignment with how Nesheim and Vagstad (2013) and Willcocks et al. (2016) define consultants. However, Kipping and Clark (2012, pp. 2-3) highlight that the concept of consultants tends to avoid precise definitions, and further address how the consultancy industry has reinvented its core services to meet the changing circumstances and needs of both private and public sector organizations. As such, the adaptability of both the term and the service itself is highlighted as a unique trait of the industry (Kipping & Clark, 2012). Additionally, Mofolo (2014) find that consultancy services are not only desirable but required to meet constituents' demand in terms of public service and products, a sentiment which is shared by De Waal (2010), Mofolo (2014), Nesheim and Vagstad (2013), and Zhonghua and Ye (2012), to name a few.

THE CONSULTANCY PROCESS

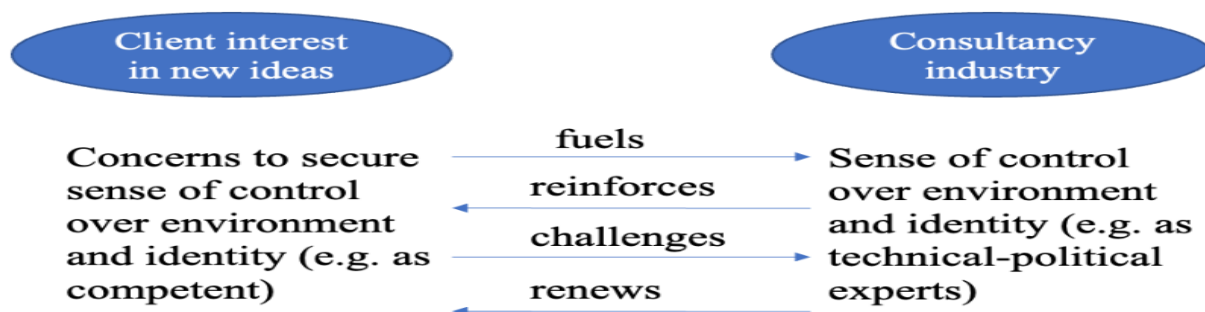


Figure 1: An overview of the consultancy process, adapted from Sturdy (1997).

According to Willcocks and colleagues (2006), companies that are looking for new skills, energy and knowledge choose consultancy sourcing. Further theoretical support was provided by Orr and Orr (2013) in relation to the fact that permanent employees often only work in one organization and lose the learning effects and inputs from various sources, while consultants get inputs from different organizations. In many cases it can be argued that use of consultants is beneficial in terms of performance, even though there is a risk of not transferring the skills and knowledge to the client firm (Willcocks et al., 2006 p. 9). Despite benefits in the form of reduction of costs, the organization may lose strategic benefits with such an approach, as management of intangible assets such as organizational learning may not receive the appropriate focus (Edvardsson & Durst, 2014, p. 785). Organizations also argued that paying for the learning of consultants, and not the organization, was a problem, and that new knowledge that could benefit the organization was rare (Denicolai et al., 2015; Willcocks et al., 2006).

According to the MCA (2019, p. 2), consultants play a vital role in the public sector as they bring a transformational impact, innovation and increased efficiency. Further, consultants are able to bring private sector leadership into public sector projects which can function as a source of learning. As such, delivering support to local governments while providing efficient and outcome-based, real return on investment are the main arguments of bringing consultancy services into the fold in the public sector. Matusik and Hill (1998, p. 681) underline how contingent work, such as the use of consultants, is used as an attempt by firms and organizations to *“drive down their cost structure and increase their ability to reduce or expand their workforce in order to match rapidly changing market conditions and the staffing demands of internal projects”*, which is in alignment with the later definitions presented by Nesheim and Vagstad (2013) and Willcocks et al. (2006) Hence, consultancy services can be utilized for cost efficiency as well as capacity and competency reasons. Further, Matusik and Hill (1998, p. 681) argue that the most significant impact of consultancy services and other forms of contingent work may be on the knowledge stock of the organization and, through that, on its long-term competitive position. Building on this, the authors suggest that the utilization of such services can be an important method for importing valuable performance-enhancing knowledge into the firm. At the same time, the unchecked use of contingent work can result in the leakage of valuable private knowledge into the public domain, which, ultimately, may have a negative impact upon the organization's performance outcomes (Matusik & Hill, 1998; Willcocks et al. 2006).

Furthermore, Matusik and Hill (1998, pp. 681-682) underscore that consultants are not just a “*cost-saving alternative*” for the organization as consultants represent a demand for cutting-edge competencies and may therefore exact a premium to what is paid to permanent employees. Summarized, the flexibility and potential cost savings that follow numerical flexibility must be weighed against the higher hourly rate paid to consultants in return for highly valued competencies (Matusik & Hill, 1998; Nesheim & Vagstad, 2013). Matusik and Hill (1998) recommend that each organization must assess whether the higher hourly rate paid for consultants is preferred to traditional costs associated with permanent employees, such as recruitment costs, base wages, training and other benefits. Further, the costs associated with employment, cultivating and retaining a wide range of skills and expertise might not be an efficient allocation of resources in the public sector and municipalities, specifically (MCA, 2019, p. 4). Additionally, several consultant advocacy groups have pointed out that “consultants bring niche skills and a breadth of experience into organizations, which is often useful for specific projects but not for an organization to employ full time. Many draws on deep technical expertise combined with sophisticated understanding of business and organizational dynamics. As such, consultants are well-equipped to transfer knowledge and skill into a client organization leaving it better equipped to respond to future challenges (DI, 2021; MCA, 2019; Menon, 2021).

According to earlier research and more recent publications from advocacy groups, external support for the public sector comes in three main forms, namely contractors, outsourcing or consultancy services (e.g., 2012; Matusik & Hill, 1998; MCA, 2019; Radnor & O’Mahoney, 2013). First, contractors are “*providers of specific skills*”, but are most suitable as a supplementary resource to deliver in alignment with standard objectives (MCA, 2019, p. 5). Second, outsourcing government contracts to an external supplier can provide a public service or function while reducing costs. Lastly, consultancy services are, in general, project based and used to help an organization achieve specific outcomes and prepare it for future challenges. Also, it can provide the advantageous effects of learning from expertise while providing external quality assurance (MCA, 2019, pp. 5-6). Hence, the definition outlined by the MCA (2019) of a consultant and the benefits of such a service is in alignment with the findings of Matusik and Hill (1998), Willcocks and colleagues (2006), Momani (2013), and Denicolai et al., (2015), to name a few.

According to Sporrang and Kadefors (2014, p. 616), architectural and engineering competencies are “*essential for providing the public sector with buildings of high functional and technical quality*”. Building and maintenance costs, as well as the efficiency of public service provision in areas such

as healthcare, nurseries and schools, are all highly dependent on the input provided by these professionals. However, an earlier survey of Swedish municipal procurement practices showed a concerning high level of focus on price and non-price criteria that were more easily measured, and also that the public officials participating in the survey thought that “price gained too much influence” in selection and procurement practices (Sporrong & Kadefors, 2014, pp. 616-617). However, a mix of full-time employees and consultants in projects and activities where demand fluctuates and market conditions change rapidly has the potential of reducing the organization's cost structure (Matusik & Hill, 1998; Sporrong & Kadefors, 2014). Even though the majority of research on consultancy services is focused on the private sector, the public sector can also benefit from positioning and practices regarding benefits, salary, training and recruitment in relation to the hiring of external consultants (Lyons et al., 2006). Summarized, contingent work such as external consultants can enable the organization to both lower its cost structure and to increase organizational agility when facing changing market conditions and public demand. Further, the variables of numerical flexibility and financial flexibility are interrelated: the lower fixed costs of exit associated with the use of consultants increases the organization's flexibility. Although a desire to capture these effects may explain why there has been rapid growth in the use of consultants, Matusik and Hill (1998) argue that this is only part of a complex story of growth.

Earlier research has suggested that the behaviors and attitudes of external consultants do not differ from those of regular employees (e.g., Kipping & Clark, 2012; Matusik & Hill, 1998). As such, public sector management would not have to fear a negative impact on the organizational cost structure following the inclusion of the behaviors and attitudes of external consultants in public sector entities. Furthermore, Matusik and Hill (1998, p. 686) note that the potential cost savings of external consultants is not the only way in which the organization is affected. The use of consultancy services may also stimulate the accumulation and creation of valuable knowledge within the organization which can be distributed among regular employees. Additionally, Matusik and Hill (1998) claim that organizations that utilize external consultants can acquire knowledge and competencies available outside the boundaries of the organization. Further, the authors argue that access to new knowledge through the utilization of external consultants can give rise to development of new skills and competencies for the organization's regular employees, thus expanding the knowledge base of the organization.

Often consultants will have vast experience from a range of industries and fields, including best practice, which can be integrated and transferred to the hiring organization. Still, Matusik and Hill

(1998) point out that if an organization grants access to tasks and projects that are within what is defined as the organization's "core business" to external consultants the organization can become vulnerable to consultants transferring that knowledge to other organizations, even though it is not clear how this might affect public sector entities. However, the findings of Nonaka (1994) might mitigate this risk of vulnerability as the author points out that a factor influencing the quality of an individual's knowledge is the variety of experiences. As such, as external consultants will often have a great variety in experience their knowledge quality will be desirable for other organizations (e.g., Amayah, 2013, Nordhaug, 2002).

The rise of consultants in the public sector has been seen as synonymous with the development of a new economy in which knowledge and intellectual abilities have become the key source of competitive advantage for companies (e.g., Sveiby & Lloyd, 1987; Eisenhardt & Santos 2002; Newell et al., 2002). At the same time, because their key assets are in their heads, knowledge workers are seen as highly mobile, which creates numerous problems in terms of hiring and retaining talent (Kipping & Clark, 2012). Consultants' prevalence in public sector entities have been defined as the origin of the "consultocracy", and highlight the increasing use and wide range of services provided to public sector organizations by external consultants (Momani, 2013, p. 1). Momani (2013, p. 2) refers to a study by Bain Consulting where the consultancies are said to increasingly rely on public sector use of consultants, naming them "*valuable clientele*" for such private companies. According to the study, public sector spending on consultants represents twenty percent of the global economy while the public sector as a whole accounted for more than thirty percent of the global consulting industry (Momani, 2013, pp. 1-2). For example, the Norwegian public sector spent six billion NOK on development of IT-systems and infrastructure in 2015 alone (Menon Economics, 2021; Office of the Auditor General Norway, 2017).

As such, it is crucial to develop a thorough understanding of how consultancies help, affect and work with public sector entities such as local municipalities. Specifically, capacity arguments that support the notion of consultancies being contracted because of unique knowledge that is unavailable inside the specific public sector entity must be investigated. Further, arguments highlighting the need for time-limited assistance in certain projects and tasks have also been mentioned as a key argument for hiring external consultants (Momani, 2013, p. 3). Additionally, Momani (2013, pp. 5-6) presents three core arguments for public sector entities in municipalities. As previously mentioned, capacity arguments focus on the perception of in-house capabilities, or the lack thereof, in public service. Municipalities are finding themselves challenged with a lean

workforce, and therefore often resort to hiring external consultants to compensate for the lack of in-house capabilities. This argument builds on earlier work by Perl and White (2002, p. 58) that noted how *“the need for professional expertise may have shifted in ways that require key analytical contributions from outside the public service on a continuing basis”*.

Further, the authors call this “the knowledge expansion” of the public sector, something that has developed even further since their original publication (Momani, 2013). Perl and White (2002) elaborate on the notion of knowledge expansion by underscoring the fact that bureaucracies lack the time, labor, and human capital necessary to complete all tasks in-house, and those consultants might represent a more cost-effective option while producing better results. Second, intersubjective arguments are based on the belief of public servants that consultants are experts and can contribute with a professional stamp of approval in addition to competencies that are not available in the public sector entity. Funding constraints require governments to adopt more business-like approaches when addressing the challenges facing public sector entities while taxpayer expectations are ever-increasing (Momani, 2013, p. 12). Third, consultants are in some cases hired because the public sector entity is trying to improve their reputation by emulating the success and knowledge level of private companies. Momani (2013, pp. 12-13) notes that one way to stretch limited public-sector funds may be to introduce the best private-sector practices through external consultants. Additionally, reports and a general stamp of approval from well-known private consultancy firms can add legitimacy to municipal decision-making (Christensen, 2005; Lapsley & Oldfield, 2001; Momani, 2013; Perl & White, 2002).

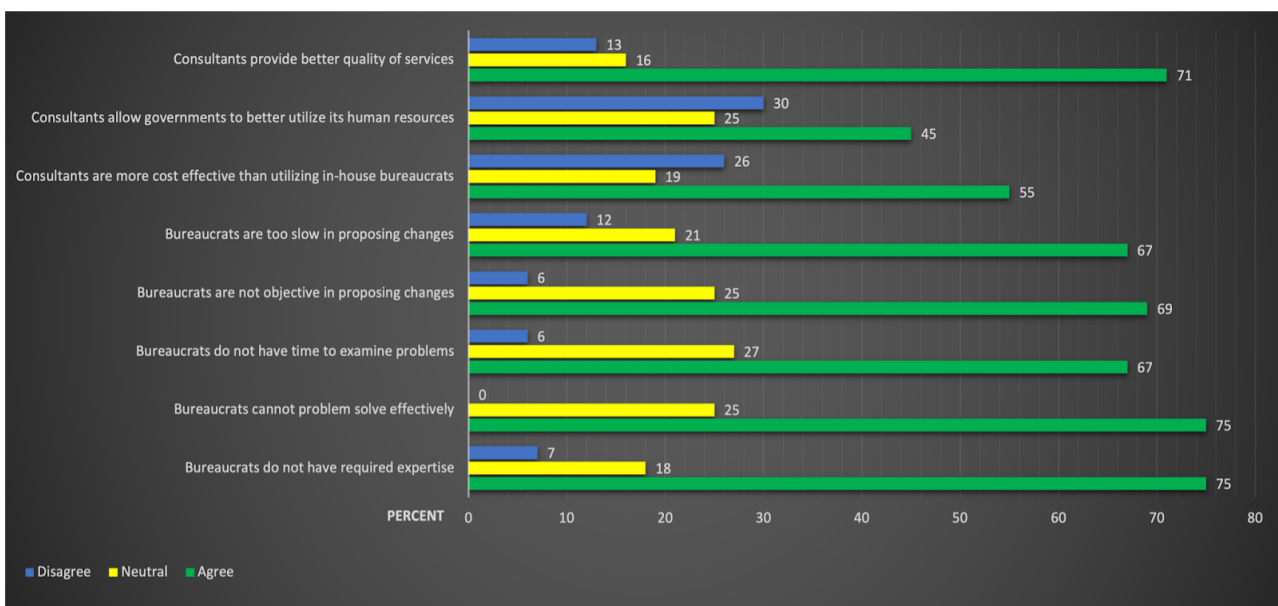


Table 1: Consultancy responses on capacity questions in the public sector (Momani, 2013).

Momani (2013, p. 15) argues that consultants may be able to work more effectively within time constraints and produce better results because of their innovative staff or because of their familiarity with the issues they have been tasked with. As such, capacity constraints may cause public sector workers to enact changes too slowly, thus underscoring a lack of innovation. Also, a lack of expertise or unique knowledge has been highlighted by several authors as an argument for hiring external consultants whenever necessary (Momani, 2013; Nesheim & Vagstad, 2013; Lapsley & Oldfield, 2001). While the work of Mamoni (2013) represents the perspective of consultants and not the public sector, it does provide needed empirical and theoretical considerations to initiate further research on the underexplored topic of consultants engaging in work with the civil servants and in understanding the views and perceptions of consultants about the public sector. As such, future research should compare the views of consultants with public sector employees by switching the perspective to a public sector entity (Momani, 2013). However, cultural, organizational and national differences must be accounted for. The perceptions of consultants are important to identify, as they help to unpack why consultants believe that their skills are useful or needed in the public sector, thereby indicating how they justify their work. This allows future researchers to compare the perceptions of the public sector and consultants and allows policymakers to identify ways of improving the quality of the public sector (Momani, 2013). Christensen (2005) refers to earlier research that focused on situations where public sector decision-makers were *“personally lacking in experience or subject knowledge, the associated difficulty may be reduced through borrowed expertise”*, such as consultants. Elaborating on this argument, Christensen (2005, p. 450) highlights the reputation of the firm to be the most important factor, which underlines the effect of the previously mentioned reputational arguments of Momani (2013) and Lapsley and Oldfield (2001). A useful aspect of Lapsley and Oldfield’s work (2001) is the warning to be wary of the *“prescriptive and inherently unempirical demonizing of consultancies”*, as is found in parts of the literature. In relation to this, their observation is that the literature is characterized by a lack of instances where a neutral position has been taken. Furthermore, it must be noted that research solely focusing on the viewpoints of consultants may entail responses that fit into a certain view of the world, which might exclude factors that provide added value to the municipality, such as knowledge sharing or the quality of public service (e.g., De Waal, 2010; Mofolo, 2014; Momani, 2013; Nesheim & Vagstad, 2013; Radnor & O’Mahoney, 2012).

There are reasons to think that the public sector poses different challenges to consultancies than their traditional clients in the private sector, as there are a number of sectoral differences which might suggest differing outcomes for both clients and consultants (Radnor & O’Mahoney, 2012).

Such a contextual difference may apply to different municipalities as well, since municipal objectives are founded in similar ideas, but are subject to differences in a variety of factors such as economic latitude, income, and population. Comparing the two sectors at a basic level, the requirements of management are similar for the two sectors, such as management of human resources, project management, and budgets. However, unlike the private sector, the public sector must operate within a local government no matter the circumstances, which might entail addressing public demand for high quality services during times of limited economic latitude (e.g., Lyons et al., 2006; Radnor & O’Mahoney, 2012). Furthermore, earlier research has suggested that many public sector organizations operate with numerous objectives, but without the bottom-line focus of the private sector (e.g., Carton & Hofer, 2010; Radnor & O’Mahoney, 2012).

Differences	Public	Private
Pace and risk	Slow/softer More risk adverse	Quick/aggressive/demanding Can be too demanding and too quick
Benefits	Focus on quality of service “Softer” benefits	Commercial drive for costs and incentives/deadlines “Harder” benefits
Understanding of process management	Low level of understanding	Higher level of understanding
Selling requirements	Focus is around engagement and up skilling of the staff	Focus is on ensuring the client gets return on investment
Span of influence/power base	Wide, large power structures consisting of management, professional staff and, civil servants leading lots of negotiation, difficulty in influencing people and, involvement in the decision making process	Senior management/executive team usually on site (some if not all the time) who have more ability and power to make decisions
Motivation and commitment to change	Low level of motivation due to level of naivety about the need and focus of the change Rework and mistakes are acceptable Staff feel they have a job for life so are less willing to change	More open to change as more acutely aware of who their customers are, the changing need to reinvent themselves on a frequent basis, and the need to be competitive and have the right quality
Data – collection and use	Poor quality of data and little understanding of how to use it	Acceptable level of quality of data
Leadership commitment	Unclear who the sponsor is or who is leading the change	Clearer focus on who is driving and responsible for the change
Capability of staff	Low levels of capability regarding IT (e.g. Excel and PowerPoint), managing meetings, creating project plans, etc.	Higher capability but less desire to learn more
Challenging/questioning of changes	Low and often they just want to be told	Questioning and demanding
Understanding the customer	Not clear – multi customers	Clear focus on who and what their requirements are
Building capability and understanding in OM	Not many reference points	Lots of reference points

Table 2: Differences between public and private sector from Radnor and O’Mahoney (2012, p. 1566).

Radnor and O’Mahoney (2012, p. 1567) further discussed consultants’ perceptions of demands and expectations in the public sector compared to the private sector. As such, they describe how the surveyed consultants felt that when selling and implementing process management approaches the

focus for public services was much more about capability building, developing knowledge and understanding. Whereas in the private sector the demands on the consultants were much higher, in terms of commitment, time and knowledge with a focus on achieving a tangible return on investment and an impact on the bottom line. Essentially, the fundamental difference highlighted is focus on quality of service in contrast with bottom line profits in the public sector and private sector, respectively. An important point here is that it might be more difficult to specify value in the public sector because some organizational functions and procedures do not contribute to value in the eyes of the consumers, such as hiring external consultants (Radnor & O'Mahoney, 2012, p. 1569).

In an audit of a Norwegian municipality in 2017 several important aspects of an efficient municipal management in relation to the hiring of external consultants were discussed (Telemark Kommunerevisjon IKS, 2017). First, the scope of consultancy services procured were examined. Second, in alignment with the examination of the Office of the Auditor General Norway at state level, municipal measures to ensure efficient and rational use of consultancy services were scrutinized from both a public service and economic perspective. Third, future measures to ensure sustainable use of external consultancy services that contribute to quality services for both internal and external users of public services were outlined. One of several recommendations was to establish specific measures to facilitate efficient use of municipal resources, such as routines for processes in relation to the use of external consultancy services and documentation of the underlying need of such services (Telemark Kommunerevisjon IKS, 2017; Office of the Auditor General Norway, 2017). Furthermore, the audit showed that the municipality lacked routines for evaluating consultancy procurements except in the case of framework agreements. Moreover, routines for evaluating both long-term framework agreements and short-term procurements could be beneficial in terms of increased learning and efficiency when utilizing consultancy services in the public sector which, in turn, could improve quality of service (Lapsley & Oldfield, 2001). Specifically, the municipality in question utilized private consultancy services on an ongoing basis as the municipal debt portfolio is managed by a private equity sales company, while consultant are hired when there are capacity issues or a need of external competencies, either as problem solvers or as a quality control of internal reports (Telemark kommunerevisjon IKS, 2017). As such, the arguments presented in favour of continued municipal use of external consultants are in alignment with the findings of Momani (2013), Perl and White (2002), and Nesheim and Vagstad (2013), to name a few.

As such, the administrative and audit review is aligned with several theoretical viewpoints that link procurement and evaluation routines to future efficiency and service offering in municipalities (Kipping & Clark, 2013; Momani, 2013; Nesheim & Vagstad, 2013; Lapsley & Oldfield, 2001). Following this, the aforementioned researchers, state administrative and audit review groups all recommend establishing routines and protocols that are in alignment with municipal law regarding public procurements in order to facilitate optimal use of external consultancy services.

Recently, Menon Economics (2021) published a report focusing on consultants' value creation in Norway, including public sector procurements of such services. The majority of consultancy firms that participated in the study responded that view procurement processes in the public sector as “demanding” and “time consuming”, and that clients in the public sector are primarily concerned with costs rather than value and quality of service as a result of the procurement, according to Menon Economics (2021, p. 43-44). However, both procurement competencies and the profitability of public sector projects were viewed as satisfactory, according to the participating consultancy firms. Furthermore, references are highlighted as potentially problematic as newly established firms have a limited number of references from previous procurement processes in the public sector which, in turn, can harm competition and, ultimately, the quality of service provided to end users through the client (Menon Economics, 2021, p. 45).

Furthermore, Menon Economics (2021, p. 46) outlines how consultancy services are primarily known for providing professional competence and that procurement of such services are done knowing that such resources are unprofitable to keep in-house on a permanent basis. Moreover, according to Menon Economics (2021) the need for strengthened capacity, knowledge and experience will apply for all businesses at some point independent of size and geography which is in accordance with the findings of Matusik and Hill (1998) and Willcocks et al. (2006), to name a selected few. These findings are supported by organizations such as DI (2019) and MCA (2019). However, as both are organizations lobbying for the interests of the consultancy industry these claims must be balanced with more independent research from the body of literature concerning consultancy services in the public sector.

Questions to businesses and public institutions: "How important are the following causes for buying services from consultants?" Source: Norstat and Menon

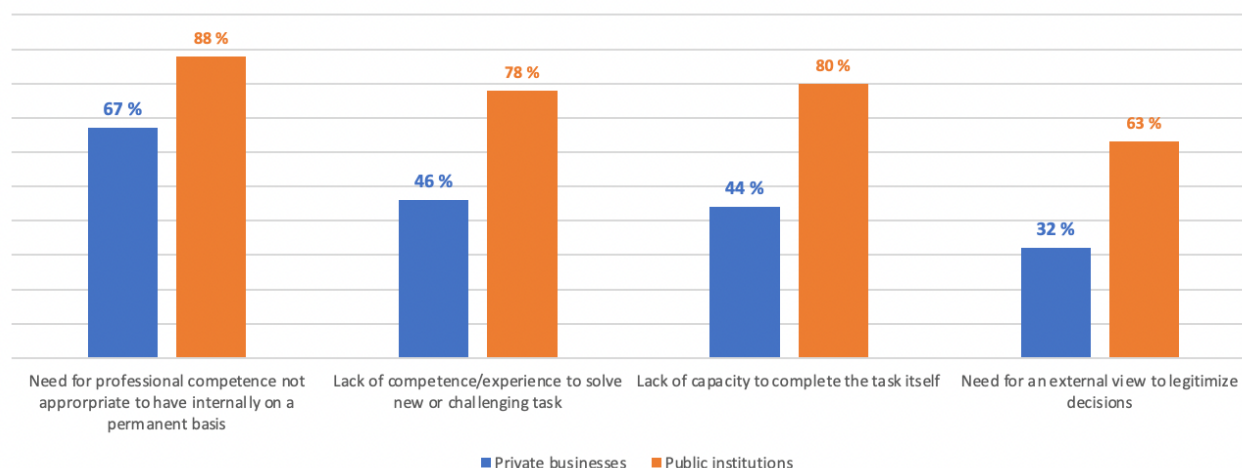


Table 3: Important causes for buying services from consultants adapted from Menon (2021).

The perceived value of consultancy services in the public sector differs substantially from perceptions from leaders in the private sector, according to Menon Economics (2021, p. 47). Even though both sectors on average perceive that value exceeds costs when hiring external consultants, close to a fourth of all leaders in the public sector perceive the opposite - that costs exceed value provided by the consultants hired. Thus, there is a larger mismatch between perceptions in public sector leadership compared to the private sector. As such, the report recommends analyzing potential barriers to performance in the public sector, such as an exaggerated focus on the price-value ratio (Menon Economics, 2021, p. 47). Additionally, a greater focus on satisfactory procurement competencies could give rise to cost savings, as knowledge about efficient procurement processes may provide public sector clients with incremental long-term value (Matusik & Hill, 1998; Orr & Orr, 2013).

Further, findings from DI (2019) highlight the alternative cost of solving tasks and projects by allocating resources to internal employees which is a claim that has been raised in previous theoretical papers (e.g., McKenna, 2006; Mofolo, 2014; Nesheim & Vagstad, 2013; Orr & Orr, 2013; Tisdall & Higgins, 1982). Researchers have also discussed whether the traditional role of consultants as “problem-solvers” has evolved in recent years. Kakabadse and Kakabadse (2006) argue that the role of a consultant is not the one of only solving problems but one of helping the client to understand what the issues really are. Further, Kakabadse and Kakabadse (2006) discuss how the role of consultants has changed over the years and argue that the new role of consultants is that of facilitating organisational learning. Specifically, the authors emphasize how consulting has changed from a problem-solving industry to building clients’ capacity for self-management in

addition to providing unique skills in conducting a process that facilitates organizational learning and change (Kakabadse & Kakabadse, 2006, pp. 10-11; McKenna, 2006).

Table 1. The activities of management consultancy and its claimed impacts on management

Consultancy activity	Impacts on management
<p>Expertise (perspective)</p> <ul style="list-style-type: none"> • Management ideas and frameworks • Process (e.g. change and project management methods) 	<ul style="list-style-type: none"> • Provides (largely western, neoliberal, modernist) language and focus for organizational reform (e.g. Marsh, 2008; Salaman, 2002), i.e. helps set management/policy agendas and outcomes ('successful' or otherwise) (e.g. Sturdy, 1997b) • Reinforces particular approaches to change management (e.g. methods-/ project-driven) (e.g. Caldwell, 2003; Klat-Smith, 2010) and the idea of an imperative of change (e.g. Sturdy and Grey, 2003) • Silences/excludes other forms of organizing and changing (e.g. public policy and professions) (e.g. Saint-Martin, 2004; Wright, 2008) • 'Professionalizes' or formalizes management knowledge (e.g. Fincham, 2006; Suddaby and Greenwood, 2001)
Extras (people)	<ul style="list-style-type: none"> • Provides resource to implement change (e.g. MCA, 2010); boosts status of commissioning clients as employer of 'grey labour' (e.g. Alvesson and Johansson, 2002); limits numbers and prospects of line management (e.g. Fincham, 2003)
Facilitates change (process)	<ul style="list-style-type: none"> • Encourages inter-functional management dialogue and integrated change (e.g. MCA, 2010); helps secure executive control over client management groups (e.g. Sturdy, Wylie and Wright, 2010) • Helps ensure projects are progressed – catalyst (e.g. MCA, 2010; Schein, 1969)
<p>Legitimation (politics)</p> <ul style="list-style-type: none"> • Outsider and/or expert status helps legitimate ideas and decisions (e.g. rationalizations) 	<ul style="list-style-type: none"> • Reinforces authority of commissioning client and helps ensure ideas and practices (see expertise above) are legitimated and enacted (e.g. Ramsay, 1996) • Undermines authority and expertise of other management/expert groups (Menon and Pfeffer, 2003) • Shapes/signals image of client organization to stakeholders and others (e.g. managers in sector) (e.g. Armbrüster, 2006; Bergh and Gibbons, 2011)
<p>Non-project-specific work</p> <ul style="list-style-type: none"> • Product development (e.g. commodification, research and joint ventures) • Promotion (marketing services, relationship building and 'thought leadership') • Consulting industry profile/success • Recruitment 	<ul style="list-style-type: none"> • Commodification of ideas simplifies and/or translates them which helps knowledge flow/awareness, but might affect quality – 'mere rhetoric' (e.g. Suddaby and Greenwood, 2001; Werr, 2002) • Joint ventures with firms and business schools for R&D and education shape nature and flow of management ideas (e.g. content of MBAs) (Legge, Sullivan-Taylor and Wilson, 2007) • Promotion (e.g. 'thought leadership') can serve to legitimate management in general and/or consultants as management experts (cf. managers, business schools, professions) (e.g. Engwall, Furusten and Wallerstedt, 2002) • Back-stage promotion/networking can bypass resistance and/or undermine more transparent or alternative forms of agenda setting and decision making and/or can generate resentment (e.g. Jones, 2003; Saint-Martin, 2004; Sturdy, Schwarz and Spicer, 2006) • Consultancy business needs for new products reinforces turnover of management ideas and intensifies change and performance imperatives (e.g. Kieser, 2002) • Seeking 'sell on' in projects can generate anti-consultancy sentiment and provoke more controlling/professional purchasing practices and/or help develop longer-term client relations (e.g. Kitay and Wright, 2004; Werr and Perner, 2007) • Profile and success of industry legitimates consultancy knowledge, skills, culture and careers in organizations, management functions (e.g. accounting and human resource management) (Greenwood, Suddaby and Hinings, 2002; Wright, 2008), education (e.g. MBA, the case study) (Khurana, 2007) and the media. Success also provokes some resentment or backlash to consultancy ideas and culture (e.g. supporting work-life balance) (Whittle, 2005) • Recruitment processes into, and from, consulting promote consulting/ management ideas and mentalities (e.g. change methods and imperative) among work organizations (private, public and third sectors) and business schools (e.g. Craig and Brooks, 2006; Sturdy and Wright, 2008)

Table 4: The impact of consultancy services on management, adapted from Sturdy (2011).

Sturdy (2011, p. 523) argues that consultants are in a position where they are exposed to “scapegoating”, a phenomenon he describes as “*commonplace*” in many organizations. Typically, this is directed at individuals in less powerful positions, such as external consultants’ status as “*outsiders*” as well as their expertise and formal role as advisors combined with a certain ambiguity in relation to their work and responsibility. Tisdall and Higgins (1982) identified consultancy as providing expertise, extra staff and the facilitation of organizational change. Additionally, McKenna (2006) underscores the fact that consultants often function as external legitimizers of knowledge and decisions for public sector entities. Sturdy (2011) emphasizes that consultants “*expect to be blamed for politically sensitive reforms*”, which is a significant argument in relation to a context where external consultants are hired for specific projects in a municipality which, in turn, is subject to national and regional political systems. According to Sturdy (2011), it is easier to blame consultants as a relatively highly paid, high status, and small group than it is to present alternative approaches and solutions to the management of the organization in question.

3.1 Municipal use of consultants

According to the Office of the Auditor General Norway (2017, p. 8), the public sector spent approximately 12 billion NOK on consultants in 2015. Public sector organizations, such as municipalities, have three different alternatives when it comes to solving various challenges and objectives; their own employees, temporary contracts, or use of consultants (Office of the Auditor General Norway, 2017). Furthermore, the Office of the Auditor General Norway (2017) criticized how many public sector organizations fail to facilitate transfer of knowledge when utilizing consultancy services which, in turn, can give rise to opportunities to reuse knowledge acquired from external consultants. Specifically, public sector organizations must allocate an appropriate amount of time and resources if they are to successfully facilitate knowledge transfer during projects and other work involving external consultants. Additionally, the Office of the Auditor General Norway (2017) has questioned whether public sector organizations are able to capture, codify and integrate knowledge in their own knowledge base, upon which this dissertation draws a lot of inspiration. The findings and sentiments of the Office of the Auditor General Norway are shared by its South-African colleague, as a previous report by the Auditor General called for further review of the relationship between government and consultants, which supposedly was triggered by discovering flaws in submitted financial statements and reports by the hired consultants. Also, the significant

spending on such services proved that they are a general practice in the country. Hence, this is not a purely Norwegian phenomenon which points to a need for further investigation of the topic, not only in Norwegian municipalities (e.g., McKenna, 2006; Mofolo, 2014; Office of the Auditor General Norway, 2017).

Nesheim and Vagstad (2013) describe two main motives for utilizing consultants in an organization which are numerical flexibility and the need for special competencies that the organization lacks internally. The former highlights how an organization can adapt the number of employees in line with changes in demand for public services and projects. As such, organizations that hire external consultants can cut fixed costs while gaining flexibility in relation to their internal workforce (Connely & Gallagher, 2004). The emerging trend within research on the use of external consultants has underscored the need for cutting-edge expertise and unique competencies in the public sector, in combination with scrutiny of public scrutiny on such assets, highlights the need for further research on the subject (e.g., Connely & Gallagher, 2004; Office of the Auditor General Norway, 2017).

In an investigation of municipalities in South-Africa, Mofolo (2014) finds that the use of consultants is mainly due to a lack of the required skills in the public sector entity. The study claims that “*indicators of incapacity in municipalities include the growing utilization of consultants*”, and that the lack of skills and expertise observed “*could be due to politically motivated appointments where skills and expertise are not considered*” (Mofolo, 2014, p. 24). Therefore, it is natural to compare the findings of Mofolo (2014) to those of Connely and Gallagher (2004), Tisdall and Higgins (1982), and McKenna (2006), who all claim that consultants provide value beyond what is to be expected from incumbents in public sector organizations, thereby justifying a potential price premium. Also, Mofolo (2014, p. 24) notes that in cases where permanent employees of municipalities are unable to deliver the required result consultants are appointed which “*means two people may be paid for the same job*”. However, it must be noted that the findings of Mofolo (2014) might have to be adjusted in terms of contextual differences. For example, the findings of Nesheim and Vagstad (2013) do not mention the former's point of paying two people to perform the same job, but agree on the attractive nature of consultants in terms of their competence.

3.2 Public sector outlook and trends

According to KS there were nearly 377.000 people employed in the municipal sector in Norway by 2018. As the population is expected to rise in the future it is highly likely that there will be an increase in the demand for various public services. If the municipal sector is to maintain the level of service currently provided there is a need to increase the number of employees by around 40.000 in the municipal sector going forward, according to KS (2019). Later, the organization updated their prognosis and claimed that to ensure a similar level of public service quality, municipalities must hire as much as 45.000 new employees within the year of 2026. However, this is not only a question of demand but also a question of resources available for the municipalities (Norwegian Ministry of Finance, 2021). Also, it is not a given that the municipalities will be able to recruit the appropriate talent or employees in general that will help maintain the required level of services, thus highlighting the need for external consultancy services in the future as this may represent a viable solution in terms of numerical flexibility and financial flexibility (Nesheim & Vagstad, 2013). Furthermore, the Norwegian government's scenario analysis of the future public sector suggests less economic latitude, partly because of a predicted lower and more unstable Brent crude price which would have economic consequences for Norges Bank Investment Management and, thus, the public sector, according to the Norwegian Ministry of Finance (2020). As such, there is an underlying need of enhancing productivity and efficiency in the public sector, including local municipalities, in order to secure financial stability for the future Norwegian welfare state (Norwegian Ministry of Finance, 2020; Nesheim & Vagstad, 2013; Regjeringen, 2019).

The Norwegian Ministry of Finance (2020) have highlighted two main challenges for municipalities in the coming years. First, whether municipalities are able to recruit, develop and attain their current workforce is discussed in relation to an increasing share of elderly in the Norwegian population. Second, the Ministry claims that municipalities' abilities to develop competencies and contribute to innovation is necessary to be able to deliver high-quality public services in the future (Norwegian Ministry of Finance, 2020). Because of the former, the ministry expects relative difficulties in recruiting assets with the required level of competencies in the future. As such, municipalities are expected to invest in their existing knowledge base and develop the current workforce. Further, the importance of knowledge management is underscored as a prerequisite to map the municipalities' existing knowledge and competencies while identifying the gap between current and desired level of competencies in the municipality (Norwegian Ministry of Finance, 2020; Regjeringen, 2019).

4.0 The hidden dynamic capacity of the organization

As the potential added value of external consultants is hard to quantify in numbers alone, it is important to include constructs that can capture effects beyond the balance sheet of the organization. Additionally, an orientation fixated on measures that can be quantified through numbers and statistics might be challenging for a municipality that thrives on their constituents' use and satisfaction with public services and products. By mainly focusing on tangible assets such as the financial aspects of public use of external consultants, justification seems inappropriate. Intangible assets as a construct, however, have gained theoretical support to provide a broader picture and are claimed to be more suitable to justify public sector usage of external consultants (e.g., McKenna, 2006; Mofolo, 2014; Zhonghua & Ye, 2012). Furthermore, in this dissertation we set out to provide insight on how intangible assets, such as competencies, through the right management can foster benefits for organizations, through practices that enhance and facilitate value creation. As the shift from a production-based society to a knowledge-based society is a frequently mentioned trend in literature, we believe that intangible assets are not only relevant but vital in an investigation regarding the public sector's use of external consultants (e.g., Charoensuk & Chansa-Ngavej, 2008; Zhonghua & Ye, 2012).

It is natural to operate with non-financial or intangible assets when describing the competence that resides in an organization, including the individuals within it, as this dissertation focuses on the value of consultancy services. As mentioned in a previous section regarding consultants, their services have been described as individuals with cutting-edge expertise and key competencies that for a limited amount of time are hired by an organization to perform a predefined task (e.g., Kipping & Clark, 2012; Momani, 2013; Nesheim & Vagstad, 2013; Willcocks et al., 2006). Also, the work of Prahalad and Hamel (1997) comes to mind when reviewing the role of consultant as they discuss the notion of core competencies, which will be reviewed below.

Core competencies are the collective learning in the organization relating to the coordination of diverse skills and the integration of multiple streams of technology. As such, core competency does not diminish with use, as competencies are enhanced as they are applied and shared over time. Further, this type of competence can be related to the work of the public sector that have a predefined set of tasks that call for a certain set of skills, while other projects are at the behest of cutting edge and up-to-date knowledge and competencies, flexibility, and experience from similar work (Horton, 2000). According to Hamel (1991), an organization consists of a portfolio of core competencies which, in turn, call for the acquisition of other skills to act as a supplement. In

relation to this, Horton (2000, p. 309) postulates that core competencies can function “*as a vehicle for separate business units within an organization to find common interests, share common problems and exploit their respective capabilities*”. Hence, this dissertation will make use of the concept of intangible assets to capture the add-on value that clients hope to capture from consultancy services in addition to specific problem-solving and project delivery specifications (e.g., Horton, 2000; Kipping & Clark, 2012; McKenna, 2006; Prahalad & Hamel, 1997).

Ellinger et al. (2002) use the term “*non-financial intellectual capital*” to capture the potential that lies in learning activities and competence development (Ellinger et al., 2002). Another definition links the two constructs together as “*intangible assets as non-financial assets without physical substance (...)*” (Charoensuk & Chansa-Ngavej, 2008 p. 813). Cinca, Molinero and Queiroz (2003, p. 249) notes the importance of intangibles in the public sector even though these may not be “*reflected in the statements of accounts or in internal reports*”. Further, Cinca and colleagues (2003, pp. 249-250) highlight how intangibles are essential to acknowledge for management in the public sector, including municipalities, as such assets have important relevance for improved decision making internally and in relation to improving the quality of services.

However, Tsai, Lu and Yen (2012) elaborates in their definition that intangible assets “*should be recognized as the organization’s dynamic capacity, created by knowledge (...)*”. As such, Tsai and colleagues (2012) state that intangible assets are more than assets without physical substance because the brand of the organization can be worth a lot more than determined by its physical assets. Previous work by Cinca et al. (2003, p. 250) is in accordance with the aforementioned knowledge-driven dynamic capacity while underlining how public sector bodies can build “*intellectual capital balances*” to track their level of knowledge and competence. Further, such identifications and valuations of intangible assets may be undervalued as value drivers for public administration because of a seemingly more intense relationship with non-financial objectives and value drivers, unlike the historic bottom-line focus of the private sector (Cinca et al., 2003, p. 250; Riege, 2005).

Internal organization	External structural capital	Human capital	Social and environmental commitment
Ability to innovate	Service	Aptitudes of civil servants	Social commitment
Know-how	Image	Permanent training	Environmental commitment
Structural organization	Transparency	Conditions of service	
Corporate culture			
Links and contacts			

Figure 2: A classification of intangible assets in the public sector by Cinca et al. (2003, p. 257).

Ulrich and Smallwood (2005, p. 137-138) define intangibles as “*the hidden value of a firm*” and notes that it represents “*value not determined by financial results*”, and proceeds by emphasising that they are becoming increasingly important in terms of evaluating a firm’s resource base and market value. Earlier work by Cinca and colleagues (2003, p. 251) is in alignment with this as they note how the public sector operates with “*intangible objectives*” by utilizing resources of an intangible nature. Specifically, the authors highlight intangible resources such as “*human resources and knowledge*” (Cinca et al., 2003, p. 252). However, the main finding of Cinca and colleagues (2003, p. 272) is that there are four types of intangible assets with relevance to the public sector, such as “*internal organization, external structural capital, human capital, and social and environmental commitment*”. Later, Riege (2005) explained how competitive advantage and commercial success increasingly rely on intangible assets such as knowledge and knowledge sharing practices, as this can contribute to both achieving and optimizing organizational goals. As such, the findings of Riege (2005) should be applicable to municipalities as intangible assets play a key role in public administration as well as in the private sector. Furthermore, Riege (2005, p. 18) postulates that purposeful learning combined with a knowledge sharing focus can translate into an “*accelerated individual and organizational learning (...)*”. Thus, the social process of knowledge sharing described by Riege (2005) is very much aligned with earlier findings by organizational learning theoreticians such as Nonaka (1994) and Sveiby (1997).

Corrado and Hulten (2010) note how investments in intangible assets have increased for decades which, in turn, marks a composition shift in organizations from tangible assets to intangible assets. As such, the growth of intangible assets stresses the importance of a shift in business composition and management (Corrado & Hulten, 2010; Kaufmann & Schneider, 2004; Tsai et al., 2012). Also, Riege (2005, p. 19) writes that “*intangible assets are increasingly becoming a differentiating competitive factor*” in an economy driven by knowledge. Thus, recognizing that competence and skills pertaining to employees’ know-how is vital for organizations to be able to develop such assets

over time (e.g., Nordhaug, 2002; Riege, 2005). Furthermore, this trend could explain the growing usage of external resources, including consultancy services, in public sector entities (Lyons et al. 2006; McKenna, 2006; Mofolo, 2014; Nesheim & Vagstad, 2013).

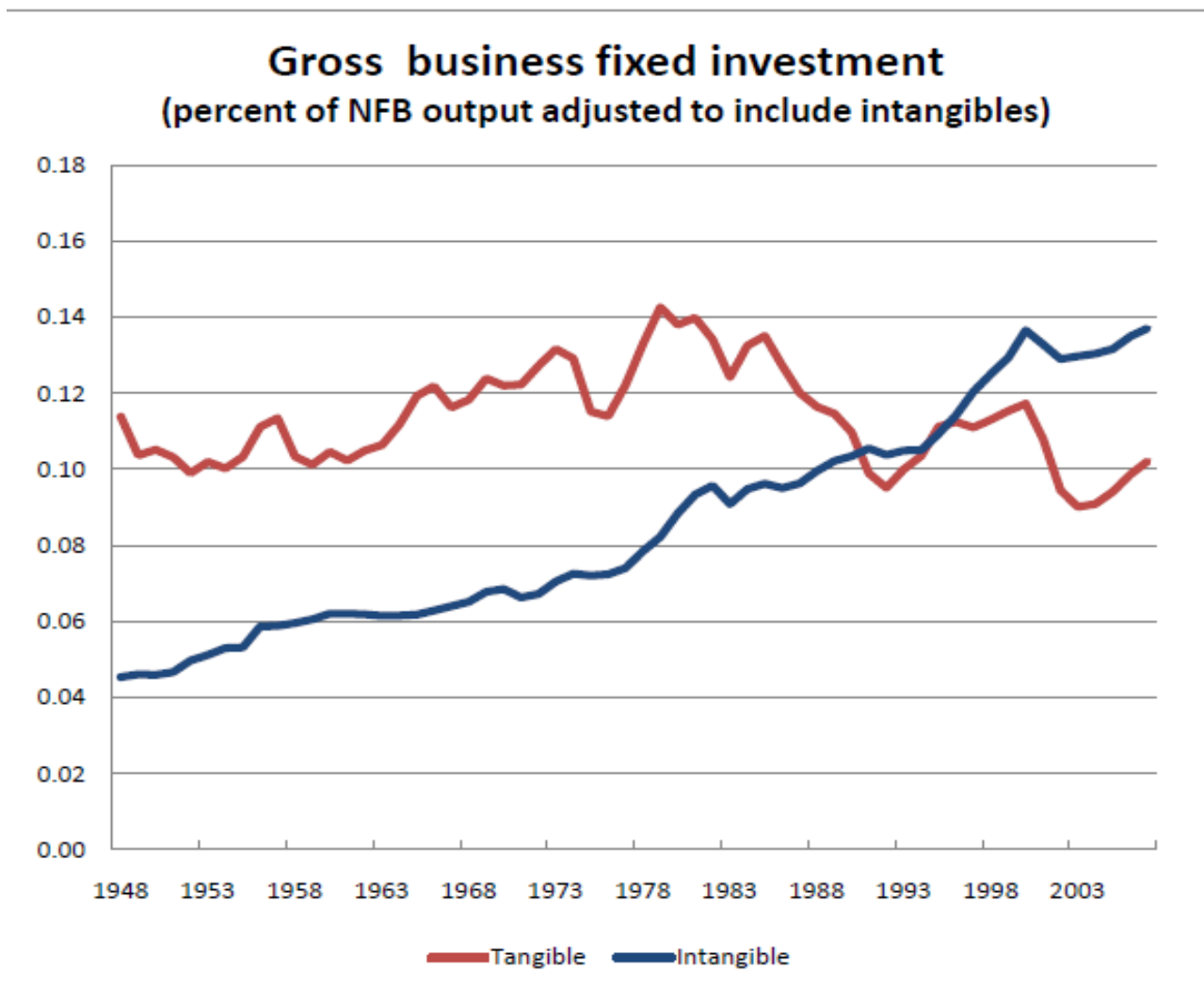


Figure 3: Overview of investment behavior through decades, adapted from Corrado and Hulten (2010).

North and Kumta (2014, p. 51) definition of intangible assets, on the other hand, focuses on how they are “an identifiable non-monetary asset without physical substance”. Carton and Hofer (2010) underscore how intangible assets mainly function as indicators of past results and not of future performance, which is aligned with concerns raised by Merchant and van der Stede (2017). Taking this into consideration it is clear that the two constructs are related to one another and that both non-financial and intangible assets are suitable for further discussion. Thus, a review of related constructs is necessary to determine the status of knowledge concerning the impact of intangible assets on financial performance.

4.1 Intangible asset management

The growing presence of intangible assets is considered a key factor in relation to modern day management (Kaufmann & Schneider 2004; Olum 2004, p. 2) defines management as “*the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims*”. Furthermore, Allee (2008, p. 11) points out that “(...) *intangibles behave differently than do physical resources, and it is a mistake to simply treat them as tangibles*”, thus underscoring how different management of tangible and physical resources is to the management of resources such as knowledge. Easterby-Smith, Thorpe and Jackson (2012, p. 2) conceptualize the development of management theory by comparing the classical take on management and more recent research on the concept of management. The authors show how the view on management has shifted from planning and controlling to a learning and strategy perspective, which highlights the importance of both short-term and long-term understanding of the concept (Charoensuk & Chansa-Ngavej, 2008, p. 820). The latter perspective, compared to the view of Olum (2014), shows how the creation of learning mechanisms in organizations has become a prevalent factor for managers.

The orchestration of firms has gone through a significant transformation in the last decade (Greco, Cricelli & Grimaldi, 2013). Specifically, the transformation of organizations from functional and industrial focused to knowledge focused is a major component in the evaluation and monitoring of intangible assets (Charoensuk & Chansa-Ngavej, 2008, p. 820-21). This transformation requires a shift in the revision of performance measurement tools and methods, which is the subject of Elmgasbi’s (2019) article about the evolution of performance measurement. Another theoretical contribution to the subject of intangible assets is made by Bontis, Bart, Bose and Thomas (2007, p. 653), who points out that intellectual capital “*can represent the principal assets of many corporations*” and emphasizes how intangibles has become a critical driver. This marks an essential difference between companies that previously held a primary focus on physical assets and modern organizations whose primary source of value lies in their knowledge and intellectual capital, which underlines how an organization’s main assets has gone through a similar change as the environmental landscape (Bontis et al., 2007). However, it has been pointed out how the valuation of investments on intangible assets has represented a challenge due to the nature of such assets (Greco et al., 2013; Sveiby, 1997). Moreover, monetization of intangible assets may not reflect the internal dynamics of value creation as the value creating processes of intangibles are fundamentally different from processes concerning physical assets. This, in turn, underscores how

management myopia may become a problem due to the trade-off between short-term profitability and long-term value creation (Greco et al, 2013; Merchant & van der Stede, 2017).

Kaufmann and Schneier (2004, p. 366) wrote that the literature on intangible assets fail to provide detailed suggestions for the management of such assets. Additionally, we have observed that research on intangibles has given rise to a variety of views and interpretations of the concept, but there is a lack of consensus regarding both definitions and management of the aforementioned construct (Chareonsuk & Chansa-ngavej, 2010; Ellinger et al, 2002; Kaufmann & Schneider, 2004; North & Kumta, 2014; Ulrich & Smallwood, 2005).

Kaplan and Norton (2004) add that the alignment of the intangible assets will determine how valuable the intangible assets can be for the organizations. Intangible assets rarely have a value by themselves and the value of intangibles increases when it is combined with other assets, as stated in Kaplan and Norton (2004, p. 30). The authors elaborate by noting that “*maximum value is created when all the organization’s intangible assets are aligned with each other, with the organization’s tangible assets, and with the strategy*”, which highlights the importance of interaction between types of assets (Kaplan & Norton, 2004, p. 30). Because intangible assets are increasingly large for many firms, and most are not recognized as assets under current financial rules, makes the concept of intangible assets important to investigate further (Barth, Kaszni & McNichols, 2001; North & Kumta, 2014; Ulrich & Smallwood, 2005).

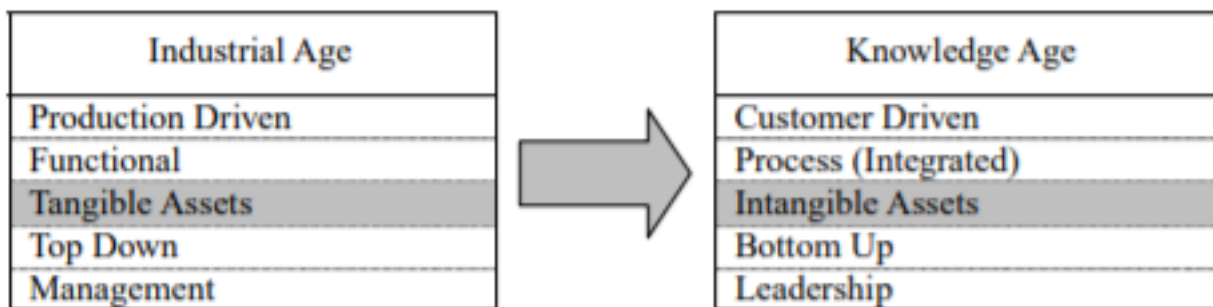


Figure 4: Chareonsuk and Chansa-ngavej (2008) illustrate the growing importance of intangible assets in relation to the current climate of knowledge-based competition.

Furthermore, Chareonsuk and Chansa-ngavej (2008) discuss modern management in today’s organizations in depth. Specifically, they underline the importance of intangible assets as they make up a considerable portion of “*corporate value creation processes (..) of all kinds of organizations*” (Chareonsuk & Chansa-ngavej, 2008, p. 813). Thus, the definition of modern management by Easterby-Smith et al. (2012) builds on this with the inclusion of the organizational learning

perspective. Furthermore, the present challenge for management revolves around the fact that traditional reporting and the use of financial statements will become less relevant as a tool to support decision making, which prompts management to be more forward-thinking (McNulty & Tharenou, 2004). A later finding concurred and suggested that intangible assets “*must be carefully monitored and (...) nurtured by the organization*” to sustain long-term growth (Chareonsuk & Chansa-ngavej, 2010, p. 1096). Further, Riege (2005, p. 19) highlights how employee knowledge can become outdated which makes acquisitions in the external market logical before “employees’ skills disappear when they leave”. Additionally, municipal tasks and projects may require in-depth knowledge which can make in-house competence unsatisfactory or inadequate, pointing to external sources of this competence, such as consultants (McKenna, 2006; Matusik & Hill, 1998; Riege, 2005, p. 19)

The current body of literature has focused heavily on the interrelationship linkages between learning and future financial performance, which specifically links underlying factors of intangible assets financial assets and performance (Ragab & Arisha, 2014). However, they point out that studies investigating interrelationships between intangible assets and financial performance deserve further attention (Watkins & Kim, 2018). Specifically, the underlying relationships between different intangible assets and physical assets must be identified and analyzed before implementation in practice. Even though both Alasadi and Abdelrahim (2008) and Chareonsuk and Chansa-ngavej (2010, p. 1109) found that intangible assets are “*the strategic key for long-term profit (...)*”, they fail to account for cultural differences as both studies are performed in specific cultural contexts. Thus, further research is required to confirm the impact of intangible assets such as learning, knowledge on internal processes and, ultimately, firm performance (Alasadi & Abdelrahim, 2008; Chareonsuk & Chansa-ngavej, 2010; North & Kumta, 2014).

There have been several approaches to combining intangible assets and financial performance measurement activities in previous research, but few have managed to establish a specific link (Carton & Hofer, 2010; Elmgasbi, 2019; Saunders & Brynjolfsson, 2015). An important point mentioned by Sveiby (1997), later revised by Chareonsuk and Chansa-ngavej (2008, p. 818), is the fact that even though most firms attempt to “*develop their people, technology, and culture, they do not always align these intangible assets with their strategies*”, which underlines the importance of coherence internally in order to secure congruence between intangible asset management and the financial goals of the company. However, there are several commonalities in previous research. An example of this is the inclusion of organizational learning as a key component of an organization’s

intangible assets, which has been categorized as part of the internal structure of the company (e.g., Bontis et al., 2007; Kaufmann & Schneider, 2004; Ragab & Arisha, 2014; Watkins & Kim, 2018).

Based on the reviewed literature concerning this theoretical construct, we propose that management activities specifically focused on intangible assets will contribute to long-term growth.

5.0 Organizational learning

According to Nonaka (1994) “*knowledge is a multifaceted concept with multilayered meanings*”, and proceeds by defining knowledge as justified true belief. Knowledge has been viewed as a dynamic human process of justifying personal beliefs as part of aspiration for the truth. Information is a necessary medium for initiating and formalizing knowledge (Nonaka, 1994, p. 17).

Additionally, knowledge as a resource has been highlighted as a source of competitiveness by Hislop and colleagues (2013) and Koenig (2012), among others. Specifically, they point to how effective learning and better use of knowledge can significantly enhance the performance of organizations which, in turn, underscores how firms depend on successful learning and knowledge creation processes in a knowledge-based economy (North & Kumta, 2014, p. 1-2). Their finding is in accordance with recent research by Ragab and Arisha (2014) and Heisig, Kianto, Suraj and Kemboi (2016), to name a few. The former points out that “*today’s organisations are viewed as wellsprings of knowledge and thus cannot afford to lose time reinventing the wheel or looking for old knowledge they are unable to retrieve by trying to know what they know*” (Ragab & Arisha, 2014, p. 873).

Heisig and colleagues (2016, p. 1178) specifically investigates today’s global environment and underscore how organizations today see themselves as “*learning organizations pursuing the objective of continuous improvement in their knowledge assets*” and proceeds by linking this to the concept of intangible asset management. However, none of the aforementioned authors account for the significant difference in context that exists between public sector and private sector organizations (Elliott, 2020). Public sector organizations are typically seen to be highly hierarchical and formalized organizations that are resistant to change and rigid in their structure (Elliott, 2020; Massaro, Dumay & Garlatti, 2015). Elliott (2020, p. 273) draws on statistics from the UK-based CIPD that suggest that the median training and learning budget in the public sector is significantly lower than in the private sector. Even though this is not directly comparable to Norwegian standards it is in alignment with the findings of Massaro et al. (2015) that find the focus on learning and knowledge management to be lower in the public sector. However, Jewson and colleagues (2015) found that the public sector spends substantial amounts on training and development activities - even more than the private sector. Elliott (2020, p. 273) notes that comparisons between the public and private sector only serves as a “false binary” in that such comparisons have little value due to the different nature of structure, operations, goals, and resource allocation processes, to name a few factors.

How organizations, whether private or public, process and create knowledge has been widely examined in the literature concerning organizational learning (Elliott, 2020; Huber, 1991; Nonaka, 1994; North & Kumta, 2014). Nonaka (1994, p. 18) postulates that organizations have a critical role in facilitating learning through what is referred to as knowledge conversion of tacit knowledge to an explicit form of knowledge, and the interaction between the types of knowledge. This was conceptualized by illustrating how knowledge is created through the processes of socialization, combination, externalization, and internalization (Nonaka, 1994, p. 34). The modes are presented as the SECI model, which is acknowledged as a significant contribution to organizational learning theory (Hong, 2011; North & Kumta, 2014; Hussi, 2004). Tacit knowledge is characterized as knowledge of personal quality which can be hard to formalize and communicate, since it is often rooted in actions and involvement in specific contexts (Nonaka, 1994, p. 16). Explicit knowledge, on the other hand, is knowledge that is easier to transmit in a formal and systematic language (Nonaka, 1994, p. 16).

Choo (2002) suggests categorizing the different types of knowledge into tacit, explicit and cultural, while a more recent study by Koenig (2012) describes the categorization of knowledge into merely tacit and explicit forms as incomplete, as suggests including the term “implicit knowledge” in the model. The latter term is information or knowledge that is not in tangible form, but which could be made explicit which is more aligned with the findings of Choo (2002). As such, Koenig (2012) attempts to improve on the research by Nonaka (1994) and Choo (2002). Even though there are different definitions and categorizations of knowledge in the literature, the most important point made by the aforementioned authors is to make the data and information available in the organization accessible for the members of that same organization in order to contribute to organizational learning (e.g., Choo, 2002; Koenig, 2012; Nonaka, 1994). However, Swan et al. (2010) describes Nonaka’s view on organizational learning as “more or less seamless cycle” involving, for example, the conversion of tacit to explicit knowledge (Nonaka, 1994), or reflection to action (Swan et al. 2010 p. 327). This finding coincides with other studies that point to the inherent contradiction between the achievement of short-term, task objectives and long-term adaptive requirements of organizational learning processes (Merchant & van der Stede, 2017; North & Kumta, 2014; Swan et al., 2010).

Figure 1 Modes of the Knowledge Creation

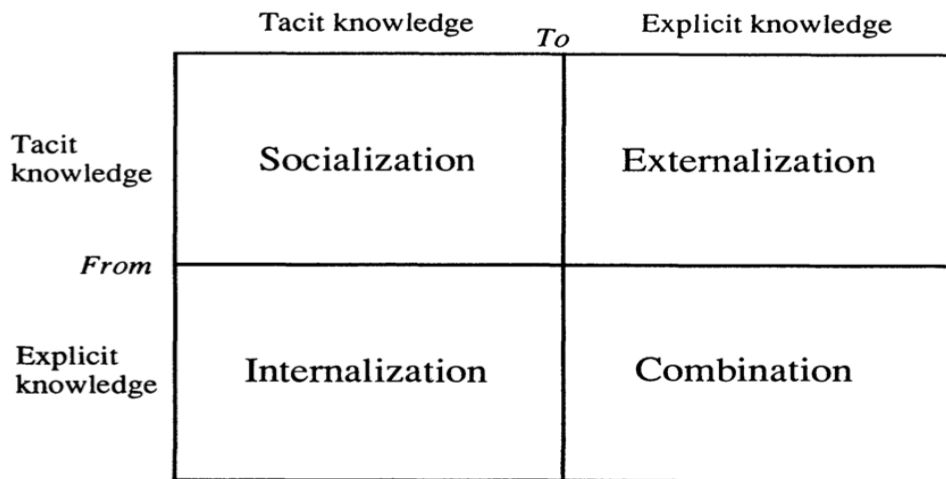


Figure 5: Adapted from Nonaka (1994).

5.1 Learning as a process

Another important contribution within the organizational learning literature is the 4I framework presented by Crossan et al. (1999) that illustrates the learning process as four subrelated processes; intuiting, interpreting, integrating and institutionalizing. Furthermore, the framework is also divided into different levels including the individual level, group level and the organizational level (Crossan et al., 1999, p. 525).

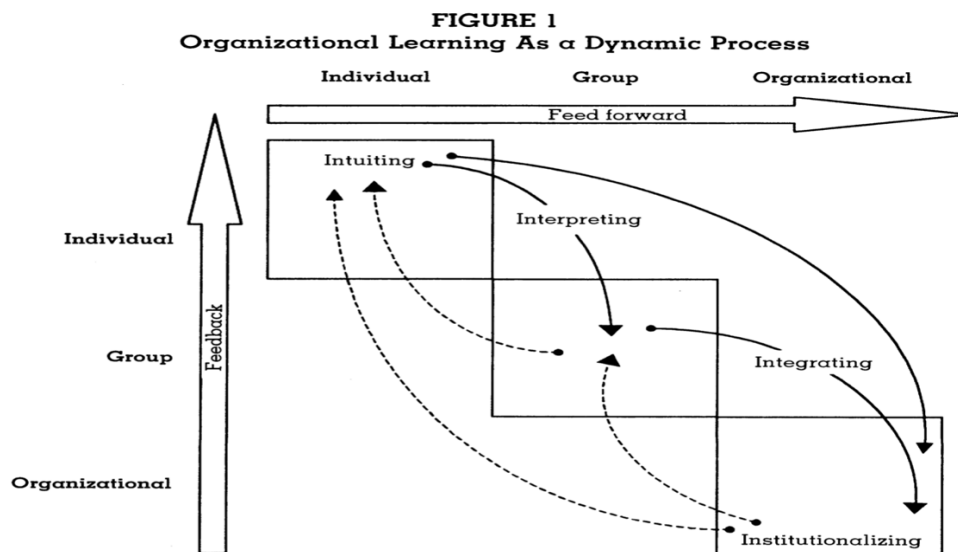


Figure 6: Organizational learning as a process (Crossan et al., 1999).

The first process of the framework is intuition which occurs at the individual level, where recognitions of patterns and inputs such as experience, images and metaphors are central (Crossan et al., 1999 p. 525). Following the intuition is “interpreting” which relates to the explanation of insights or ideas, both to oneself but also to other individuals, moving the preverbal to the verbal (Crossan et al., 1999 p. 525). Integrating moves from the individual level to the group level, including development of shared understanding often illustrated as a “shared language”. The last process of the 4I framework is institutionalizing, where the learning process is manifested into organizational routines, rules, and procedures (Crossan et al., 1999 p. 525). Nonaka (1994) and Crossan et al. (1999) have some similarities in their explanation and models of how knowledge is created within organizations. However, there are nuances that separate the two approaches. While Nonaka (1994) focuses on the link between individuals and groups and the importance of transferring tacit knowledge to explicit knowledge, Crossan and colleagues (1999, p. 523) differ by linking four sub-related steps of learning and explains the pathway from intuition to organizational routines through institutionalization. However, Swan et al. (2010, p. 525) suggest that the model presented by Crossan and colleagues (1999) describes processes that naturally flow from one into another, thus making it difficult to apply in practice as managers will have faced difficulties in defining precisely where one process ends and the next begins.

Even though Nonaka’s theory of knowledge conversion is widely cited and has been highly influential in organizational learning literature, it has also received several critical remarks from fellow researchers (Hislop et al., 2013 p. 116). Specifically, Gourlay (2006) addresses fundamental problems in the SECI-model. Furthermore, Gourlay (2006) remarks that the definition of knowledge is “too subjective”. Nonaka and von Krogh (2009, p. 637) responded to the critical remarks by Gourlay (2006) by arguing that tacit and explicit knowledge should not be viewed as two different types of knowledge and that they exist “on a continuum”, which makes them innately inseparable and that the SECI-model should be considered as a continuous process in organizations. However, the assumption that tacit knowledge can be fully converted to explicit knowledge is declared as deficient by North and Kumta (2014). The latter notes that Nonaka (1994) fails to account for “*uneven distribution of knowledge*” in the company, which can be caused by “*structural or motivational barriers in the organization*” (North & Kumta, 2014, p. 50).

Hong (2011) remarks that Nonaka (1994) presents the SECI model as a universal concept but fails to recognize contextual differences. An earlier finding by Glisby and Holden (2003) problematizes the SECI-model and its connection to Japanese social and organizational culture. Hence, the model

should be used with caution, as the four modes presented by Nonaka (1994) and Nonaka and Takeuchi (1995) are embedded in a specific context which reduces its universal applicability (Glisby & Holden, 2003). Moreover, Hong (2011) notes that the behavioral assumptions and cultural values embedded in the model fails to provide a satisfactory explanation of the interorganizational dynamics that may disrupt the modes of knowledge creation presented by Nonaka (1994). Furthermore, there is empirical evidence supporting that the model has conceptual problems and that its universal applicability is limited as it is only relevant to companies utilizing Japanese business practices (Hislop et al., 2013 p. 117; Hong, 2011). Additionally, Elliott (2020, p. 270) investigates learning in a public sector context and finds that budget cuts are having a direct impact on both learning and the internal development opportunities in public sector bodies. As such, the resources available in a municipality are directly linked to learning outcomes. Further, Elliott (2020, p. 271) underscores that learning is frequently being viewed as more important to both successful change projects, which in turn affects the quality of services in public sector bodies. Elliott (2020, p. 271) underlines that austerity, represented by budget cuts, will limit the benefits of any learning or development activity in addition to reducing the likelihood of effective organizational change.

Results from Ellinger and colleagues' study (2002) suggest a positive association between the financial performance of a firm and the learning within organizations. Despite established literature regarding organizational learning suggesting strategies which promote individual, team and organizational learning, few study the process required to build learning organizations. Furthermore, the potential impact on the performance and overall measurement approaches is understated in the literature (Ellinger et al., 2002). Several authors note that future research should investigate a wider variety of financial and non-financial indicators in different contexts, which underlines the role of intangible assets (e.g., Carton & Hofer, 2010; Gamayuni, 2015; Saunders & Brynjolfsson, 2015). However, the arguments of Ellinger et al. (2002) regarding the relationship between organizational learning and financial performance does not fully apply to the public sector context, as the offering and goal of the different organizations differ substantially (Elliott, 2020). Further, Elliott (2020, p. 271) argues that much of the literature on organizational learning and learning organization treats the two terms as interchangeable. Yet if we take organisational learning to represent, at least in part, learning and development opportunities that are either supported or coordinated by the organisation, it does not necessarily follow that the organisation is a "learning organisation". Elliott (2020, p. 271) refers to Senge (2006) when highlighting the fact that "*individual learning does not guarantee organizational learning*". Likewise, an organisation devoted to learning is not necessarily a learning organisation.

	Learning organisation	Organisational learning
Type of learning	Double- and triple-loop learning	Single-loop learning
Approach to learning	Deep learning	Surface-level / instrumental learning
Locus of learning	Organisational culture	Individual people
Organisation of learning	Strategic	Piecemeal
Commitment to learning	Long-term	Short-term
Timescales	Continuous	Sporadic
Attitude to risk taking	Embraced	Avoided
Type of change	Transformational	Transactional
Evaluation criteria	Impact	Cost-effectiveness
Relationship to change	Integral	Ad hoc

Table 5: A typology of learning and change in organizations (Elliott, 2020, p. 272).

Elliott (2020, pp. 271-273) underscore that “*organisational learning is learning which takes place within an organisational context*”, whereas a learning organization requires a deeper and much more substantive organizational commitment to learning as an enabler of change. Therefore, the contrast is between learning within organisations and organizations that learn.

Handley, Clark, Fincham and Sturdy (2007) offered a contribution to theories about the client-consultant relationship in relation to learning by highlighting the need for active participation in client practices. Elaborating on this, Handley et al. (2007, p. 181) underline the importance of “*a sense of belonging, mutual responsibilities (...)*” and further described this participation as a bridge that could facilitate the transfer of business knowledge. As such, this line of research presupposes that the individuals involved have certain abilities to understand, take part in and subscribe to the social norms, behaviors and values of the organization in which they participate which, in turn, can be linked to Nonaka’s (1994) social process of learning and, ultimately, knowledge transfer in that the social processes are highlighting as a key assumption in both lines of research.

Earlier work by Calantone, Cavusgil and Zhao (2002, p. 516) address how organizational learning is associated with the development of new knowledge which, in turn, is positively related to organizational performance. This finding met support in the work of García-Morales, Jiménez-Barrionuevo and Gutiérrez-Gutiérrez (2012, p. 1041) that underscored how organizational learning “*is a major component in any effort to improve organizational performance (...)*”. Moreover, the

authors note that the development of new knowledge, derived from organizational learning, *“reduces the likelihood that firms’ competencies will become outdated, enabling the competencies to remain dynamic and thus favoring improvements in performance”* (García-Morales et al., 2012, pp. 1040-41).

6.0 Knowledge management

The concept of knowledge management has been defined as the process of capturing, distributing and effectively using knowledge (Davenport, 1994). This early definition was later supplemented by Omotayo (2015, p. 2) who notes that *“the management of knowledge is the key to power”*. Another definition was provided by Hussein and Khan (2015, p. 1), referring to the work of Duhon (1998) who defined the concept of knowledge management as *“a discipline that promotes an integrated approach to identifying, capturing, evaluating, retrieving and sharing all of an organization’s information assets”*. Tiwana (2002) describes knowledge management as a blend of worker experience, intuition, insight and values that provides a framework for evaluating new experiences and information. As such, it resides in the mind of the worker, but is often expressed in the culture of the organization. These definitions share an organizational perspective in that they focus on managing the knowledge already in the organization (Koenig, 2012). However, North and Kumta (2014) emphasised that knowledge management has a fundamental challenge, even though the concept is understandable in nature. The challenge of converting tacit knowledge to explicit forms, previously noted by Nonaka (1994) among others, is essential as knowledge can only be used *“by individuals or groups if it is present in an explicit form”* (North & Kumta, 2014, p. 46). Massaro et al. (2015) underscore that the ability of an organization to grow its knowledge base depends on the extent to which members exchange and combine existing information, knowledge and ideas. As such, the link between organizational learning and knowledge management has been established.

Kipping and Clark (2012) build on the work of Nonaka (1994) when referring to the SECI model. Although not specifically developed to fit in a consulting context, Kipping and Clark (2012, p. 250) argues that the model deserves mentioning as it is *“frequently cited in the literature of knowledge management in consulting”*. Werr and Stjernberg (2003) developed a conceptualization of the relationship between tacit and explicit forms of knowledge specifically suited to a consulting context which focuses on the complementarity of these knowledge forms rather than the transformations between them, as is the focus of Nonaka (1994). The authors claim that organizations can be understood as knowledge systems composed of three different kinds of knowledge, namely tacit experiences of consultants, explicit methodologies available in the consulting organizations and the explicit and specific material related to client cases. In this case the tacit experiences of consultants are argued to be central to the application of the explicit knowledge stored in the organizational database as they provide the basis for the adaptation of latter knowledge

in specific situations, such as in public sector entities. As such, these methods and tools provide a common language that enables consultants to share and apply their tacit experiences as well as access and understand other consultants' client cases. Kipping and Clark (2012) problematize this as they question the knowledge capturing and sharing possibilities of employees in other organizations when working with consultants, as they may not speak the same professional language. Additionally, Kipping and Clark (2012, p. 252) criticize learning and knowledge management theory as they feel "*few conceptualizations of knowledge go beyond a discussion of tacit versus explicit knowledge*", which in their view has created a tendency to oversimplify and over-stabilize the analysis of knowledge and how it is generated in organizations.

Dalkir (2005) describes knowledge management as a process where knowledge assets are developed and exploited which, in turn, will help achieve organizational goals. McNabb (2006, p. 7), on the other hand, outlines knowledge management as a process where leveraging knowledge can benefit the organization in terms of innovative answers "*to old and new questions*". In accordance with Nonaka (1994), Dalkir (2005) distinguishes between tacit and explicit knowledge and the management activities necessary that support the sharing of knowledge, norms and values. Thus, organizations must view knowledge as an asset to develop and exploit internally to achieve both short-term and long-term goals (Dalkir, 2005). However, Ling (2013) refers to the phenomenon of knowledge management as a way to provide access to sources of knowledge rather than to knowledge itself. As such, the definition of Ling (2013) views knowledge management as a strategic process to gain access to sources of knowledge rather than the management of such knowledge. On the other hand, North and Kumta (2014) focus on how knowledge management not only means rapid improvements, but also facilitating a gradual shift which, in short, describes the process of how organizations can improve at a faster rate. As such, the cornerstone of their research is on organizational improvement and performance through effective mapping of knowledge in the company (North & Kumta, 2014, pp. 1-3). Previous work by Massaro et al. (2015) and McNabb (2007), cited by Potnis (2010), highlight these processes of rapid change as the expectation of technological advancement which can increase public expectation of the public sector, including local municipalities, in that they can handle increased workloads with fewer personnel and resources. As such, McNabb (2007, p. 6) and Potnis (2010) links the term "knowledge management" with "e-government" and forms the term "electronic information management". Elaborating on these terms, McNabb (2007, pp. 7-8) describes the goal as "*providing better quality services*" by using information and communications technology for the good of municipal citizens and businesses. As such, knowledge management processes and programs must be in alignment

with the rapid adoption of technology in the public sector as knowledge of digital process offerings is of growing importance to the public sector (e.g., Massaro et al., 2015; McNabb, 2007).

Pulakos, Dorsey and Borman (2003, p. 155) discuss how changes in the competitive nature of organizations affect knowledge management, as firms must “*increasingly rely on the knowledge, skills, and experience of their human assets (...)*”. Ling (2013) builds on this earlier statement by investigating how the strategic shift of companies has led to a knowledge-based competition. Furthermore, Omatayo (2015, pp. 2-4) defines knowledge as “*insights, understandings and practical know-how that people possess*” which must be managed through organizational effectiveness and, ultimately, performance. Moreover, Omatayo (2015, p. 2) notes that managing and utilizing knowledge is essential due to the “*increasing speed of information and competition*”, something that is mentioned by Pulakos and colleagues (2003, p. 155) as a prominent trend in earlier research on the phenomenon of knowledge management. Building on this, McNabb (2007, pp. 6-7) notes three prominent trends that must be accounted for by the public sector, especially local municipalities, namely turnover in knowledge workers following retirements, accelerated expectations of functional e-government at all levels and an ever-increasing emphasis on greater operational efficiency.

These trends are also mentioned by Massaro et al. (2015) in a thorough literature review which also emphasizes geographical concerns for local municipalities in relation to obtaining satisfactory competencies and knowledge in the public sector entity. Earl and Scott (1999, p. 29) highlight how knowledge is “displacing capital, natural resources and labor as the basic economic resource”, thus underlining the importance of effective utilization of knowledge in the organization. This finding has found broad support in later research such as in the work of Omatayo (2015), Pulakos and colleagues (2003) and Ling (2013), to name a few. However, Earl and Scott (1999, p. 30) also claim that organizations frequently “*undervalue the creation and capture of knowledge*” which can deter or inhibit knowledge sharing processes, underinvestment in such processes and the well-known fact that “organizations do not know what they know”.

Enabler	Knowledge as asset approach (focus on explicit knowledge)	Knowledge as socially embedded approach (focus on tacit knowledge)
IT systems	Repository of knowledge; enabler of knowledge storage and dissemination	Enabler of networking (identifying the right people) and communication
Reward structures/ incentive systems	Affects willingness to engage in updating and consulting databases	Affects willingness to support colleagues on projects, respond to questions, and the preferred media of communication
Business processes	Encourages interaction with knowledge systems as a natural part of the process	Initiates and legitimates interaction and knowledge exchange through organizational and process structures
Roles and structures	Formal KM roles ensure and enforce quality and use of knowledge repositories	Communities of practice create spaces for interaction and knowledge sharing and creation
Organizational culture	Provides a basis for trust, which influences the willingness to share and reuse knowledge from repositories	Provides a basis for trust, which encourages the sharing of failures and creates commitment and openness among consultants
Common language	Provides a structure for knowledge that enables access and reuse across cultural and other boundaries	Facilitates collaboration and learning as well as face-to-face sharing of knowledge
Power and politics	Fear to lose status and power may reduce willingness to codify knowledge	Fear to lose out in internal career competition limits individual knowledge sharing and seeking
Management support	Successful integration of KM systems requires that they are part of the strategic agenda and that top management demonstrates desirable behaviour	Social mechanisms for knowledge sharing are difficult to control. Research focuses on the consultants and their work rather than managerial initiatives

Table 6: Organizational enablers of knowledge sharing and transfer (Kipping & Clark, 2012, p. 254).

Kipping and Clark (2013, p. 256) discuss the tension between the individual’s expert knowledge as a prerequisite for reward and promotion and the organization’s desire to appropriate that knowledge by codifying it and transmitting it throughout the organization. The risk of losing expert-based power is referred to as an impediment for consultants to share knowledge. Morris (2001), however, showed that this risk in codification projects is often exaggerated due to limitations of what knowledge is possible to articulate. This links studies on knowledge sharing and management to fundamental theories of learning in organization, such as the 4I framework and SECI model (e.g., Crossan et al. 1999; Nonaka, 1994). Furthermore, Kipping and Clark (2012, pp. 256-257) highlight those previous studies that have shown concerns with status and identity on a group level may influence the sharing of knowledge, which is an important aspect to problematize in a public sector context. In relation to this, sharing as well as reusing knowledge from groups with perceived status differences has been found difficult, as mentioned by Kipping and Clark (2012, pp. 256-257). Additionally, fundamental differences in the knowledge-base of employees and consultants may be an obstacle to knowledge sharing in organizations.

Massaro et al. (2015) elaborates by including the public sector in the discussion of knowledge management theory. According to the aforementioned authors, knowledge management “*has the potential to influence greatly and improve the public sector renewal processes*” (Massaro et al., 2015, p. 530). However, Edge (2005, p. 45) points out that developing a culture for knowledge management is more difficult in the public sector, an opinion which is shared by Massaro and colleagues (2015, p. 530) and Amayah (2013, p. 456). Their common reasoning is the fact that “*organizational goals in public organizations are typically more difficult to measure and more*

conflicting than in the private sector, and (...) are affected differently by political influences” (Massaro et al., 2015, p. 530). As such, Massaro and colleagues (2015, p. 531) point out that public sector managers must *“recognize that their organizations work in a unique context in which their stakeholders and accountability differ significantly from those of the private sector”*. Thus, applying tools and models developed for the private sector may be counterproductive and not suitable for a municipality part of the larger public sector (Massaro et al., 2015, p. 531). Further, Massaro and colleagues (2015, p. 539) also found that there is an inherent lack of research on knowledge management in local governments or “state-regional institutions”, such as municipalities. As such, the context of municipalities and local government bodies is not fully reflected in knowledge management theory.

There seems to be a clear consensus in the knowledge management literature that the importance of knowledge and other intangible assets have become key resources for the organization (e.g., Crossan et al., 1999; Gray & Meister, 2004; Hong, 2011). Based on this, North and Kumta (2014, pp. 6-7) examine the underlying drivers of knowledge as a resource. Specifically, they highlight structural change in organizations, globalization as well as information and communication technologies as interdependent driving forces of how knowledge is created, managed and applied in today’s organizations (North & Kumta, 2014, pp. 7-8). As such, knowledge is viewed as an intangible asset that can enhance both the financial and the overall performance of organizations (North & Kumta, 2014; Watkins & Kim, 2017). An earlier finding by Luen and Al-Hawamdeh (2001, p. 311) highlights how customers of the public sector have become accustomed to high quality services from private sector companies and increasingly are demanding more of the same from the public sector. Specifically, the e-services are *“expected to be available all the time with immediate response, simplified and with one-stop processing”* (Luen & Al-Hawamdeh, 2001, p. 311). Knowledge management is thus a natural solution to improve operations and enhance customer service (e.g., Massaro et al., 2015; Luen & Al-Hawamdeh, 2001). These findings are elaborated on by Balasubramanian, Al-Ahbab and Sreejith (2019, p. 2) in their comparison of the private and public sector in relation to measurement of performance outcomes. While the private sector is mainly concerned with growth, revenue and profitability, the public sector measures performance in terms of innovation, quality of service and efficiency of services (e.g., Balasubramanian et al., 2019; Luen & Al-Hawamdeh, 2001). As the sectors have fundamentally different perspectives on performance outcomes the management of intangible assets such as learning activities and knowledge management are bound to differ substantially, according to Balasubramanian and colleagues (2019, pp. 2-3).

According to Hislop and colleagues (2013, p. 51), effective management of knowledge is a criterion for success to be able to leverage the intangible knowledge assets. Rubenstein-Montano, Liebowitz, Buchwalter, McCaw, Newmann and Rebeck (2001) mentions several factors that are important in regard to knowledge management; mainly concerning the culture for knowledge sharing, including a focus on the people in the organization (Rubenstein-Montano et al., 2001, p. 6). Heisig and colleagues (2016) underscore that intangible assets such as intellectual capital, the knowledge base of the organization, is a promising research direction that combines non-financial drivers and their complex interactions that influence organizational outcomes, a finding which was in alignment with the later findings that stressed the importance of intangibles in relation to firm performance (e.g., Gamayuni, 2015; Watkins & Kim, 2018). However, most studies on knowledge management have been conducted in the private sector, as noted by Balasubramanian and colleagues (2019, p. 2). The transition towards a knowledge-based economy warrants efficient implementation of learning and knowledge management programs within all state, regional and municipal bodies of government as well as in the private sector. Nevertheless, research regarding knowledge management processes in the public sector is lacking and requires further investigation (Balasubramanian, 2019, pp. 2-3).

Omotayo (2015, p. 3) examines knowledge management as a concept based on four key components, which are “*knowledge, people, processes and technology*”. In essence, Omotayo (2015) and Hislop et al. (2013) both underscore that knowledge management is about leveraging the knowledge resources of the firm. Considering the work of Hislop et al. (2013) in relation to the Nonaka (1994) and Crossan et al. (1999) models for knowledge creation, the framework presented by the former underlines the importance of managing the “*created*” organizational knowledge resources to execute the overall strategy of the firm. As such, Hislop et al. (2013) employs an operative approach to capture practical usage of the framework. By evaluating and identifying the knowledge resources, the firm may find that it needs to develop new knowledge, bringing us back to the fundamentals presented by the authors. Hislop and colleagues (2013) also notes that knowledge management, including the ability to create and share knowledge, function as an antecedent to competitiveness in the long-term. This argument is aligned with Omotayo’s (2015) finding concerning the increasing value from intangible assets as a source of competitive advantage. Balasubramanian et al. (2019, p. 4), on the other hand, highlight the importance of knowledge capture and storage in knowledge management processes. This involves capturing, codifying and storing knowledge, both explicitly and tacitly, and making it readily available throughout the organization, as in a municipality. Such a process is especially important in cases where the public sector utilizes short-term resources in projects where the importance of knowledge capture should be amplified if a state entity such as a local municipality is to increase entity

competencies and knowledge (Balasubramanian et al., 2019, pp. 4-5). The importance of knowledge capture is also mentioned in earlier studies as newly created knowledge is of limited value unless it is captured and stored in the organization, which applies for both the private and public sector (e.g., Crossan et al., 1999; McAdam & Reid, 2000).

The body of literature on knowledge management lacks consensus and is challenged by a gap between theory and practice (Ragab & Arisha, 2013, p. 890). Specifically, there is a lack of implementation of theoretical frameworks which underlines the gap between proposed concepts and its application in the business world (Ragab & Arisha, 2013, p. 890). Therefore, there is a concern that conceptual frameworks in the literature does not capture the pragmatic trade-offs between short-term focus on operational efficiency and delivery of service and long-term value creation through the nurture of intangible assets in the organization (Ragab & Arisha, 2013, p. 890; Chareonsuk & Chansa-ngavej, 2008). In relation to the lack of measurements, investments in knowledge management can be affected by management decision making when it comes to internal resource allocation (Gamayuni, 2015). The reason for this is that higher levels of intangible assets, such as a culture for learning and knowledge management, in practice encounters information asymmetry in the organization. This, in turn, makes investing in such assets a more uncertain investment when facing short-term demands for efficiency or politically founded decisions, as measurement of such assets has proved difficult. Thus, management decision making based on short-term demands can impact long-term performance through the lack of accurate measurement of intangible assets (Carton & Hofer, 2010; Gamayuni, 2015; Long & Malitz, 1985). However, even though the opportunities for public sector organizations include the availability of state funding for knowledge management programs, and investments in IT infrastructure, there are substantial challenges that may hinder or decrease the success of knowledge management initiatives, such as their highly bureaucratic structure and rigid hierarchies (Balasubramanian et al., 2019, p. 6; McEvoy, Ragab & Arisha, 2017). Additionally, periodic discontinuities of leadership because of leaders' term appointments are unfavorable for the effective continuation of building a learning and knowledge management culture (Balasubramanian et al., 2019, pp. 4-5). Nesheim and Hunskaar (2015, p. 1418) argue that obtaining information, including tacit knowledge, from colleagues and other professional relationships is often preferred and must be viewed as an important supplement to formal knowledge management systems. Thus, the notion of a knowledge management culture consisting of direct contact and frequent exchange of information and experiences is supported (Balasubramanian et al., 2019; Dalkir, 2005; Nesheim & Hunskaar, 2015).

Recently, researchers have investigated the impact of knowledge management practices on performance in empirically driven studies. Heisig and colleagues (2016, p. 1176) found that the *“lack of a clear understanding of the performance implications of knowledge management can potentially pose a threat to the legitimacy and continuity of the field as a whole”*. Moreover, Heisig et al. (2016, p. 1176) state that it is imperative to allow a more wholesome understanding of the *“complex and multidimensional reality of knowledge processes in the organization”*, which they urge future research to address by developing a multidimensional measurement system that can express the complexity of the intellectual value and knowledge base of the organization. As such, measurements of intangible assets such as knowledge resources and intellectual capital must be addressed empirically in order to provide management practice with reliable measurement approaches (Chareonsuk & Chansa-ngavej, 2008; Heisig et al., 2016, p. 1176-1177).

Kipping and Clark (2012, p. 261) discuss future directions for knowledge management theory and highlight the “black-box” characteristics of a “knowledge-sharing culture”, as the character and mechanisms behind this specific culture are not clear. Further, they argue that future research must address the nature of a work process that encourages and supports knowledge sharing and suggest that more attention needs to be given to contextual factors in order to answer such questions (Kipping & Clark, 2012, p. 260). An example is how public sector entities can develop a knowledge sharing culture facilitated by knowledge management structures and processes (McAdam & Reid, 2000). In relation to this, public sector entities utilizing external consultants may be an appropriate context as client projects are highlighted as one of the main sources of learning and knowledge development for consultants (Kipping & Clark, 2012, p. 260-261). Additionally, Kipping and Clark (2012, p. 261) argue that there is room for further critical examinations of knowledge management initiatives as the internal politics involved in the development of such initiatives must be analyzed in an appropriate context. Specifically, the authors underline the importance of analyzing how organizations can leverage and develop their employees’ experience which, in turn, can generate insight into the *“winners and losers of knowledge sharing and creation of knowledge”* in organizations (Kipping & Clark, 2012, p. 261). As previously mentioned, critical analysis of appropriate contextual factors such as a public sector entity like municipalities are suggested to further the development of knowledge management theory (e.g., Balasubramanian et al. 2019; Kipping & Clark, 2012; Nesheim & Hunskaar, 2015).

Carton and Hofer (2010, pp. 1-2) attempt to revise the strategic management literature in relation to performance by problematizing the generalizability of previous results as *“there has been a lack of empirically testable models that highlight the multi-dimensional nature of organizational financial*

performance”. However, Kelly and colleagues (2002) point out that municipalities and other public sector organizations operate without a single bottom line, thus marking a significant difference from the private sector focus of Carton and Hofer (2010). Alas, there is a need for new knowledge measurement models which incorporates measures of dynamic flows from the perspective the public sector while accounting for the viewpoint of the individual knowledge worker, which differs from the organizational perspective employed in other studies (e.g., Ragab & Arisha, 2014; Denicolai et al., 2015). Also, the aforementioned authors fail to account for contextual differences in relation to public sector performance, as private sector financial performance is emphasized. Furthermore, Denicolai et al., (2015) underscore how the divergent research path in the knowledge management and literature on intangible assets on one side and accounting literature on the other has a role in explaining the lack of common terminology. Thus, further research combining management of knowledge and learning practices is needed to close the gaps in the literature (e.g., Denicolai et al., 2015; McAdam & Reid, 2000).

6.1 Consultants as agents in communities of practice

According to Bratianu (2015) knowledge is moving from entity to entity continuously in any organization. Knowledge motion, or knowledge transfer, can be done through knowledge sharing, diffusion, convection, or radiation. While the overall concept of knowledge motion can be done in several ways it has firm support in the learning and knowledge management bodies of literature (e.g., Bratianu, 2015; Davenport & Prusak, 1998; Hislop, 2005; Nonaka, 1994).

Originally, the concept of communities of practice (CoP) was developed to provide a template for examining the learning that happens among practitioners in a social environment, but over the years there have been important divergences in the focus of the concept (Wenger & Snyder, 2000). First, the term “community” must be defined. Li, Grimshaw, Nielsen, Judd, Coyte, and Graham (2009, p. 6) describe this as a “*group of people connected by common interest and who define their identities by the roles they play (...)*”. Further, the authors note that a community can exist over time despite changes of participants, and that it will develop its own culture and communication methods as it matures. As such, forming a community of practice entails having a group of people who share a common interest and interact frequently to learn from each other to advance their work (USAID, 2013). Hence, a community of practice is an applicable tool for facilitating greater value extraction from external consultants, as it combines the social elements of Nonaka (1994) and Crossan et al. (1999) with theories of knowledge management and informal learning (e.g., Gray, 2004; Li et al., 2009; Kipping & Clark, 2012; Heisig et al., 2016).

Several authors have focused on the interactions between experts and learners, and the process by which newcomers create a professional identity through that interaction (Bratianu, 2015). Later, focus shifted to personal growth and the trajectory of individuals' participation within a group (i.e., peripheral versus core participation). Further, focus shifted again after their 2002 publication when CoP was applied as a managerial tool for improving an organization's competitiveness through social learning, which is in alignment with the work of Nonaka (1994) and Crossan et al. (1999) was the codification of tacit knowledge through social processes are major components of both the latter's theoretical work. However, even though CoP has been discussed and used in business sectors for many years there is a lack of consistency in the interpretation of the concept itself (Li et al., 2009). While some groups resemble informal networks with loosely defined goals, other groups are more like support groups where the goal is to enhance self-efficacy (Li et al., 2009). Furthermore, there are CoPs that are completely digital with the goal of facilitating informal learning in online communities (Gray, 2004). This lack of consistency makes it difficult to describe, develop, and measure the effectiveness of a CoP in practice. As such, for CoPs to work effectively in a municipal context one should identify specific directions to advance the use of the Cop concept with clear guidelines for practitioners (Li et al., 2009, p. 5).

The different interpretations of CoP make it challenging to apply the concept or to take full advantage of the benefits that CoP groups may offer in different contexts. Several authors underscore that the conditions for which an organization can successfully establish a community of practice can vary greatly from private to public sector. Following this, conditions that apply for municipalities are subject to several factors such as capacity and financial latitude. Also, the degree to which the organization facilitates knowledge sharing internally can be positively affected by external consultants, as including such cutting-edge expertise in a community of practice is bound to have a multiplier effect on knowledge sharing effectiveness and learning for permanent employees (Brown & Duguid, 1991; Li et al., 2009; Roberts, 2006). However, the tension between satisfying individuals' needs for personal growth and empowerment versus an organization's bottom line is perhaps the most contentious of the issues that make CoPs difficult to cultivate. As such, cultivating learning and competence development projects must take into account the key role of budgeting and budgetary control in the municipality, especially in light of the projected reduced financial latitude in coming years (Regjeringen, 2020). Since CoP is still an evolving concept Li and colleagues (2009) have previously recommended focusing on optimizing specific characteristics of the concept, such as support for members interacting with each other, sharing knowledge, and building a sense of belonging within networks, teams, and groups. Interventions that facilitate relationship building among members and that promote knowledge exchange may be

useful for optimizing the function of these groups, which points to intercommunal networks as a potential key source of knowledge sharing and competence development for municipalities.

Furthermore, developing a strategy for knowledge exchange and sharing when utilizing external consultants is recommended by several authors in order to secure long-term value from tendering offers with consultancy firms (Li et al., 2009). Integrating previous experience and evidence into practice is a complex process which can prove challenging unless a clear strategy is present, according to Li and colleagues (2009, p. 5). These findings suggest that evaluation of consultants in municipal projects should follow a clear strategy with formal and social learning coming as a result of the overall strategy of value extraction from consultants (Li et al., 2009). Such an overall strategy for extracting maximum value could enable codified information such as peer-reviewed reports, rules, and guidelines for using consultants to be made available to be shared among municipal employees. As such, establishing a community of practice, which has been described as a type of informal learning organization, might actually require some formality to function in the municipalities' best interest. However, Bratianu (2015) notes that while organizational structures might have barriers against knowledge sharing mechanisms this is not the case in a well-functioning community of practice. A sense of common identity, knowledge, and overlapping values contribute to what has been described as a natural process in relation to knowledge sharing (Bratianu, 2015; Li et al., 2009). Furthermore, theory has emphasized costs and speed of delivery as key measures of consultants' work in the municipality (Kipping & Clark, 2012). However, Li and colleagues (2009) highlight the value of social learning and discuss the term "learning community" in relation to processes of acquiring complex behaviors and skills through social learning. As such, consultants with cutting-edge technical expertise, diverse work experience and tacit knowledge that stems from other projects represents a significant source of value in ways that are difficult to quantify through metrics often emphasized by the municipality. This conclusion finds support in the work of Graves (1992) who underlined the importance of social relationships between experts and learners, and the new roles assumed by all participants in the community. Implementing the theories of Graves (1992) in a municipal context would entail consultants stepping back from their usual role as experts and instead working as facilitators of learning and knowledge-sharing.

However, there must be incentives in place for this objective to be attainable in practice which, in turn, could mean both monetary and non-monetary investments for the municipality. Further, such a cost-benefit analysis should emphasize maximum value extraction from consultants as this is a prerequisite for such investments to take place, especially in organizations with limited financial latitude (e.g., Carton & Hofer, 2010; Graves, 1992, Kipping & Clark, 2012). According to Li and

colleagues (2009, p. 6), having a near equal number of experts, so-called “teachers”, and learners in the community will often maximize participation for all involved. However, it might also create a “a sense of discomfort and insecurity” as collaborative work with individual evaluation can lead to a competitive climate which, in turn, can give rise to tensions in the group. As such, group member performance and ability to master the knowledge acquired is dependent on a high level of trust among participants (Li et al., 2009). Furthermore, Wenger (1998) considers a community of practice as an arena for negotiation, learning, and identity for all participants through three dimensions. First, members interact and establish common norms and relationships through “mutual engagement”. Second, members are bound together by a sense of understanding and shared values, something that Wenger (1998) expresses through the term “joint enterprise”. Finally, members of the community over time produce a so-called “shared repertoire” of communal resources, such as language, routines, and stories. According to Wenger (1998), these dimensions are expressed through social processes such as talking to each other which, in turn, links the practical learning arena of a community of practice to the more theoretical works on organizational learning produced by Nonaka (1994) and Crossan et al. (1999).

Imagination and alignment are other key words describing how members construct an image of one self and the community to reflect on situations and explore possibilities, and making sure that activities are aligned with other processes so that the overall effectiveness is upheld, respectively (Roberts, 2006, p. 625). As such, managers should emphasize the social interactive dimensions of situated learning at the workplace if they are to produce shared ways of engaging, sustained relationships and rapid flow of information (Roberts, 2006). Also, an organization could benefit from such a community of practice through the quick setup of problem-solving that is made possible through a common jargon, shared stories, and mutually identifiable identities (Roberts, 2006). Roberts (2006) writes that it is important to acknowledge the beneficial sides of a tightly knit community of practice, but proceeds to point out that the existent of a community of practice may not be evident to all of its members, which is also mentioned by Wenger (1998, p. 125). As such, a community of practice does not have to follow the formal rules or guidelines like work groups selected by managers in the organization, but rather rely on the social relationships between participants which, in turn, makes organizational culture and the degree of which the organization have made social learning possible an important aspect of its future success.

Further, several authors underline how a community of practice can generate relevant and deep knowledge about the organization, or the industry, through knowledge and experience sharing with different members of the organization, ranging from permanent employees to consultants and

contractors (Bratianu, 2015; Brown & Duguid, 1991; Wenger, 1998; Wenger & Snyder, 2002). Later findings indicate that managers have been increasingly seeking to “develop and support communities of practice as part of their knowledge management strategies, and that such communities even can function as an alternative organizational form (Roberts, 2006, p. 626). Swan et al. (2002) suggest that the notion of communities of practice can be used as a tool to facilitate control, while Roberts (2006, p. 626) builds on this by underlining that such communities can be used to exercise control over groups where managers have little natural authority, such as consultants. This, in turn, points to a practical use of such communities not mentioned in several other theoretical publications, where the focus historically has been on situational learning from a theoretical perspective (e.g., Brown & Duguid, 1991; Gray, 2004; Nonaka; 1994; Wenger, 2002).

As such, it is relevant to discuss the two types of competence mentioned by Nordhaug (2002) in detail, as a community of practice may function as an arena of knowledge sharing concerning both generic and specific competence (e.g., Li et al., 2009; Wenger, 2002).

6.2 The competence dilemma

In a time where competence and knowledge are gaining a more central spot in the production line the question of ownership in regard to the competence is also important to acknowledge (Nordhaug, 2002). As intellectual abilities and competence are increasingly important in the new economy consultants are often used as a source to attain important competence (e.g., Lloyd & Sveiby 1987; Eisenhardt & Santos 2001; Newell et al., 2002). According to Nordhaug (2002), firms develop their competence and knowledge either generic or organizational specific knowledge. From an organizational point of view the competence resources will have varying appropriateness based on how generic and organizational specific it is (Nordhaug, 2002). Development of competence can also be distinguished between investments or consumption. If an organization invests resources into generic competence such as courses and seminars, leadership development is often more an incentive for employees rather than an investment in the core competence that support value drivers and daily activities in the form, as such activities may not have the universal applicability that broader courses such as leadership development has. As such, there is a competence dilemma in relation to what kind of training the organization should, and will, provide for employees to ensure that it will help the organization thrive going forward as well as providing a satisfactory return on that investment before employees pursue other options in the labor market (Nordhaug, 2002). As noted by Sequeira, Fernández, and Borges (2009), excessive investments in general competence

may leave the organization vulnerable to employee turnover, which is a finding supported by Nordhaug (2002) and Phillips (2012), to name a few.

Generic competence, as mentioned above, is easily traded in the market and the employees in possession of it can bring such competence to other organizations, making them attractive for other organizations. On the other hand, more organizational-specific competence will have less value outside the borders of the organization and is easier to retain within the company. Despite this being the case, Nordhaug (2002) writes that organizations keep investing in already known subjects and more generic competences such as leadership development courses, which are applicable in other organizations as well. In other words, the consumption is higher than the investments in knowledge and competence which, in turn, can harm the organization long-term (Nordhaug, 2002; Phillips, 2012; Sequeira et al., 2009).

Furthermore, Nordhaug (2002) postulates that organizations that have a practice of sharing knowledge and exchanges among employees may experience an exponential growth of competencies. However, developing the organization's competence base and retrieving the experience that consultants have gained from previous projects in a range of industries does not nullify the risk of employees leaving the organization at some later point after consuming these experiences and knowledge (Matusik & Hill, 1998). Hence, the organization should attempt to balance the two aspects of generic competence on one hand and organizational or industry specific competence on the other (Nordhaug, 2002). Roberts (2006, p. 625), on the other hand, highlights the fact that a community of practice, an arena for learning and competence development, is not a stable or static entity within the organization. Such communities evolve over time as new members join and others leave, thus making a continuous flow of competence and knowledge in and out of the organization a prerequisite for a well-functioning community of practice (Roberts, 2006, pp. 625-626).

By spreading knowledge and competence to a specific number of employees, it is reasonable to think that these employees also will spread the knowledge to further employees (Nordhaug, 2002). However, one central issue with competence as a resource is that it can be tacit and often challenging to identify (Nordhaug, 2002; Nonaka, 1994).

7.0 Performance orientation in municipalities

In this chapter we will discuss key trends in literature concerning performance in public sector organizations, including municipalities, while comparing the orientation to that of the private sector. In relation to this, the performance standards of external consultants are compared to that of those in the public sector, with a basis in recent theory. Based on this, the implications of acquiring external consultants with up-to-date competencies and experience from projects outside the scope of the public sector are discussed.

Relevant findings in the existing body of literature are discussed in relation to recent reports from Norwegian governmental bodies. Furthermore, consultants' contribution to performance in municipalities are discussed with a basis in key trends in literature as well as government documents and reports from advocacy groups.

7.1 Consultant performance standards

As presented in the prior discussion, organizations that are lacking skills or knowledge often need to develop or buy such competence outside of the firm (Willcocks et al., 2006). A common conception in knowledge management literature is that development of knowledge is positively related to the overall performance of the firm (Ellinger et al. 2002; Goh & Elliot 2012; Hislop et al., 2013). However, we have not been able to identify an explicit distinction between firm performance and the financial performance of the firm due to a lack of consensus in the literature (Carton & Hofer, 2010). Further, the term “financial performance” does not fully describe performance outcomes in the public sector (e.g., Carton & Hofer, 2010; De Waal, 2010; McNulty & Tharenou, 2004). Additionally, public sector entities are being pressured to improve their performance as citizens expect the same level of efficiency than what is offered by the private sector. Furthermore, as a large part of the body of literature concerning performance does not take public sector idiosyncrasies into account, this points to a gap in the literature in relation to the measurement of public sector performance (e.g., McNulty & Tharenou, 2004; Yilmaz, 2013).

According to Yilmaz (2013), the goal of financial management is to maximize shareholder value. However, as the public sector, including municipalities, are more concerned with providing high quality services for their users, while funds are allocated in specific budgets (e.g., Lyons et al.,

2006; Radnor & O'Mahoney, 2012). In relation to this, Sacer, Malis and Pavic (2016, p. 406) finds that intangible assets, such as competence, should be treated by the firm as having an "indefinite useful life", because their intangibles have no foreseeable limit to the period the asset is expected to generate net cash inflows for the firm. As such, firms should emphasise the nurturement of intangible assets in order to maximize shareholder value (Sacer et al., 2016; North & Kumta, 2010; Yilmaz, 2013). In measuring financial performance, Yilmaz divides it into two different groups including; financial performance and financial position. Financial performance which often is concerned with profitability includes metrics such as "return on equity".

Another metric that is used to determine financial performance is "return on investment" (McNulty & Tharenou, 2004). Financial position indicators, on the other hand, are concerned with total assets, and capital adequacy ratio. Prieto and Revilla (2006) additionally add external factors such as changing government regulations, and technological developments as important factors that can affect the financial performance of firms. Furthermore, Prieto & Revilla describe financial performance through five different measures; return on assets (Calantone et al., 2002; Ellinger et al., 2002), sales growth (Johanson, U., Eklov, G., Holmgren, M., & Mårtensson, M., 1998) profitability (Johanson et al., 1998; Calantone et al., 2002), average productivity (Ellinger et al., 2002) and cost reduction (Ellinger et al., 2002). However, financial position indicators must be modified for public sector usage, pointing to a need for further research concerning performance in public sector organizations as well as in the private sector (e.g., Carton & Hofer, 2010; Johansson et al., 1998).

However, Ellinger et al. (2002) divides the financial performance construct into two dimensions, namely perceptual measures of financial performance and objective measures of financial performance (Ellinger et al., 2002). While objective measures of financial performance investigate quantitative measures such as return on investment, the perceptual measures highlight the impact of qualitative measures such as the competencies of employees and organizational learning (Ellinger et al., 2002, p. 11). On the other hand, Carton and Hofer (2010) describes the financial performance of organizations as a multi-dimensional construct. As such, the authors refine previous findings in management literature as they empirically identify the different dimensions of financial performance and the underlying measures of those dimensions (Carton & Hofer, 2010, p. 1-2; Ellinger et al., 2002; Yilmaz, 2013). Furthermore, Carton and Hofer (2010, p. 1-2) amplify that there has been a lack of consensus in strategic management theory regarding the specific measures of organizational performance. As such, they expand the body of literature on both strategic

management and financial performance by problematizing the generalizability of previous results, as there has been a lack of empirically testable models that highlight the multi-dimensional nature of organizational financial performance (Carton & Hofer, 2010, p. 1-2). In essence, Ellinger and colleagues' (2002) earlier definition of objective and perceptual measures is in alignment with Carton and Hofer's (2010) more recent refinements as both approaches aim to highlight the impact of intangible assets on measurable financial performance.

The development of a multi-dimensional model of financial performance can enhance understanding of the effectiveness of management in relation to both intangible assets and tangible assets, as it allows for the measurement of long-term value creation and objective measures of financial performance (Carton & Hofer, 2010). The lack of measures is aligned with the finding of Wyatt (2008) who identified a gap in literature on financial information and performance. Wyatt (2008) notes how expenditure on intangible assets are not visible in the organizational income statement which, in turn, underscores the importance of reflecting sources of value creation in addition to earnings. Moreover, Wyatt (2008, p. 218) notes that while earnings is a summary number it does not address the "*question of how value is created*", which essentially is what Carton and Hofer (2010) calls for in future research through a testable model. Furthermore, such a model can improve the validity of findings in the literature as there is a need for clarity in relation to which variables truly measure the constructs which they are intended to measure. This, in turn, can contribute to the generalizability of findings (Carton & Hofer, 2010; Merchant & van der Stede, 2007).

According to Orr and Orr (2013), conducting a quantitatively-based analysis is necessary before making a decision in terms of hiring a consultant. If the company is not able to forecast a gain, there is no reason to move forward with the hiring process. However, traditional quantitative accounting measures such as return on investment, "ROI", does not directly take into account non-financial drivers of performance (Carton & Hofer, 2010; McNulty & Tharenou, 2004). Nevertheless, ROI calculations provide accountability which makes it a valuable tool in relation to investments in intangible assets such as learning activities and knowledge creating activities (Phillips, 2012). As the growing importance of intangible assets has given rise to the concepts of learning and knowledge, accountability becomes a critical issue due to increasing expenditures on these intangible assets (Phillips, 2012). Ulrich and Smallwood (2005, p. 141) highlights this trend by renaming return on investment to return on intangibles.

Further, McNulty and Tharenou (2004) refine measures of financial performance from the accounting literature by including measures of future performance in return-on-investment calculations. The authors emphasize that accounting measures such as the aforementioned return on investment exclude non-financial dimensions, and therefore fail to take into account the impact of qualitative performance indicators (McNulty & Tharenou, 2004, p. 70-71). Furthermore, previous research has cast doubt about the appropriateness of using traditional accounting measures in determining financial performance, as these only indicate past performance and therefore lack drivers of future performance (e.g., Ellinger et al, 2002; Carton & Hofer, 2010). As such, an inclusion of leading indicators and non-financial performance measures in the calculation of a financial performance measure, e.g., ROI, can “*potentially improve the accuracy and usefulness of the calculation*” (McNulty & Tharenou, 2004, p. 71).

Additionally, McNulty and Tharenou (2004, p. 72-73) examines the impact of non-financial assets, or intangible assets, at both the individual and organizational level. In this way they highlight the impact of intangible assets from different perspectives, such as an increase in organizational knowledge due to the transfer of knowledge through external knowledge sourcing. This view is consistent with the view of Barney (1991) that underscores the importance of firm employees as a source of competitive advantage, which in turn can enhance financial performance (McNulty & Tharenou, 2004). From this viewpoint, it can be said that intangible assets in the firm, e.g., knowledge, can add more economic value than the quantitative boundaries of traditional ROI calculations allow (McNulty & Tharenou, 2004, p. 73). McNulty and Tharenou (2004) proceed by naming the product of these calculations for expatriate return on investment. Phillips (2012) builds on this by providing a systematic review of ROI literature and points out that benefits derived from intangible assets such as training and knowledge resources have not been given the appropriate attention. Furthermore, the author attempts to close this gap in the literature by presenting techniques for converting organization specific data to monetary value, such as evaluation of the monetary value of an organization’s knowledge base or employee willingness to learn (2012, p. 12). This investigation is consistent with the viewpoint of McNulty and Tharenou (2004) in that it expands the dimensions of ROI calculation to include qualitative perspectives.

Saunders and Brynjolfsson (2015, p. 83) elaborate on this by stressing the fact that an organization’s intangible assets “*are not well captured on the organizational balance sheets*”. Several studies stress the importance of understanding how an organization utilizes its financial and non-financial assets, and how they develop and evaluate these assets (Carton & Hofer, 2010;

Gamayuni, 2015; McNulty & Tharenou, 2004; Saunders & Brynjolfsson, 2015). Thus, there is a need for both theory-based and empirically driven research that investigates the interaction between these assets in the modern organization, and specifically how companies value its intangible assets both in the short-term and long-term perspective (Carton & Hofer, 2010; Ellinger et al, 2002; McNulty & Tharenou, 2004; Saunders & Brynjolfsson, 2015).

8.0 Context and Methodology

In this chapter we will outline and discuss the reasons for our chosen methodology. First, we explain the chosen research design as well as the philosophical underpinning of our study. Furthermore, we outline our research strategy including an approach for collecting the data as well as chosen analytical methods. Additionally, we will provide a brief introduction of our unit of observation, Ringerike Municipality, and which measures were applied to secure both an ethical study and an overall trustworthiness of our research project.

In qualitative research the researcher aims to investigate the meaning of social phenomena as through experience, meaning and perspectives of the participants (Hammerberg, Kirkman & Lacey, 2016, p. 499). Hence, the meaning of qualitative research is in line with the ambition of this project. If what is under study is not well defined with a collective understanding, a qualitative approach is natural to uncover rich, deep data to better understand a phenomenon (Savin-Baden & Major, 2013; Yin, 2014). Because the purpose of this study is to investigate municipal use of external consultancy services, and how public spending on such services can be justified, it makes sense to choose a qualitative approach as personal views and conceptions of the phenomenon is crucial to developing an understanding of municipal use of external consultants (Anney, 2014; Hammerberg et al., 2016; Savin-Baden & Major, 2013; Yin, 2014). Also, we have come to suspect that some terms used in established theory might be misunderstood by practitioners and researchers. An example is the term “performance”, as this is prone to be primarily understood as financial performance, and practitioners might not consider it to include quality of public services and products, for example (Carton & Hofer, 2010; Lynch & Day, 1996; Lyons et al., 2006;). Such misunderstandings and misinterpretations are difficult to identify in a quantitative research approach that is based on the testing of hypotheses and established theory, and could potentially reduce the internal validity of a survey (Anney, 2014). Hence, the flexibility of a qualitative approach seems not only natural, but necessary for this project. Furthermore, qualitative research is typically seen as an inductive approach, which is the chosen approach for this dissertation. Typically, research questions in a qualitative approach begin with “how”, “why”, or “in what way” questions and the research question for this study starts with “how”, as per the recommendations of qualitative research pioneers such as Anney (2014) and Yin (2014).

In the following paragraph we will provide some explanation of the context that this dissertation operates within, namely Ringerike municipality.

Ringerike municipality is a municipality with 30.841 residents (SSB, 2021). The municipality is divided into several different agencies, such as the plan and building department. However, healthcare is a significant arena for employment in the municipality as the regional hospital is located in the municipality. Also, the municipality is the largest employer in its region with approximately 2.300 employees in total (Ringerike municipality, 2020). The region of Ringerike (“Ringeriksregionen”) is an inter-municipal cooperation between Ringerike, Hole and Jevnaker municipalities (Ringerike municipality, 2020). The three municipalities have approximately 44 000 residents between all of them where Ringerike stands for 30.841 of them. Throughout the cooperation the municipalities look to strengthen the services in the region with services available all within an hour's radius (Ringerike municipality, 2020). With competitive prices, hiking possibilities, and kindergartens the region appears as a reasonable alternative to larger cities in its vicinity, such as the capital Oslo (Ringerike municipality, 2020). Within the region it is also established as a community of practice for the local businesses where cooperation and presence from all the municipalities and other actors are included to help and address various challenges (Ringerike municipality, 2020). The overall business objective between the region is to increase the number of workplaces and increase the value creation in the region. Such increases in workplaces and businesses can manifest in higher tax-income and increased value creation per habitant in the region for the municipalities involved (Ringerike municipality, 2020).

8.1 Research design: single-case

A research design provides a framework for collection and analysis of data (Bell et al., 2019, p. 45). The choice of a research strategy or design must be in line with the specific research question being investigated (Bell et al., 2019, p. 40). With the case study design, it is possible to get a deep understanding of a single case through detailed and intensive analysis. As part of our within-case analysis we conducted overreading which is an analytic strategy by which the researcher looks for meaning that is implicit rather than explicit in the interview text (Ayres, Kavanaugh & Knafl, 2003, p. 876). According to Ayres and colleagues (2003), within-case analysis can keep the contextual richness of qualitative data in ways that pure coding and sorting of text is unable to do. As such, we have attempted to combine within-case data management and analysis techniques such as overreading to produce contextually grounded findings with some degree of generalizability, even though the latter is not a specified aim of qualitative research (Anney, 2014; Ayres et al., 2003; Savin-Baden & Major, 2013).

During the process of overreading, we identified repetitions of particular words and phrases that recurred throughout the interviews. Also, omissions of salient topics that were avoided or evaded, and incongruencies were assertions or beliefs stated in one part of the interview were contradicted in another part (Ayres et al., 2003). Hence, repetitions, omissions, or incongruencies that occurred within the boundaries of an individual account were considered. There is no assumption in overreading that information in one story would appear in the same way, or would appear at all, in other stories. As case study research is neither new nor essentially qualitative it is not a methodological choice but a choice of what is to be studied (Stake, 2005). Furthermore, the case study focuses on a phenomenon in its natural environment, strengthening the possibilities of an in-depth understanding of the phenomenon (Bell et al., 2019, p. 63). According to Sturman (1997), the case study is great for the purpose of exploring an individual, group or a phenomenon which was later corroborated by Starman (2013, p. 31). In relation to our study, the case study approach provides us with the personal accounts of municipal employees that have significant experience of working with, and procuring, external consultancy services which, in turn, provides rich and contextual data that helps answer the research question of how public spending on such services can be justified. Further, applicability and the possibilities to understand and highlight unique features of a phenomenon is also mentioned by Baxter and Jack (2008), Bell et al. (2019), and Yin (2014). Hence, our design is positioned within the qualitative research paradigm.

8.1.1 Research philosophical underpinning

Being able to identify a theory of knowledge, a set of guidelines by which they may decide whether and how they may know a social phenomenon, and a set of principles about how they will demonstrate that knowledge, is an indispensable part of qualitative research (e.g., Jackson, 2013; Savin-Baden & Major, 2013). The question of how to do research is highlighted as philosophical, making it imperative for researchers to address such questions as acknowledgement of philosophical views can help in carrying out the research project in a consistent way (Bell et al., 2019; Jackson, 2013). Also, researchers tend to have different opinions when it comes to their views on realities, knowledge and how knowledge is best obtained (Maxwell & Mittapalli, 2010). These differences often stem from the researcher's different philosophical positions, and how one applies the philosophy during the process of conducting research. Researchers should understand and articulate their views of social reality and what they count as knowledge or evidence related to

the social world (Jackson, 2013; Maxwell & Mittapalli, 2010; Savin-Baden & Major pp. 53-54).

By applying a philosophical stance, it will help guide our research perspective, approach, and the method of the research. Further, it also clarifies and enables critical thinking of why we have chosen the particular research design (Savin-Baden & Major, 2013, p. 54). Hence, researchers often adopt a philosophical paradigm to guide the research, which can be defined as “*basic belief systems based on ontological, epistemological, and methodological assumptions*” Lincoln & Guba, 1994, p. 107). First and foremost, it represents a worldview that assists the researchers when conducting research, but it also helps the reader understand the choices that have been made during the process (Bell et al., 2019; Savin-Baden & Major, 2013). According to Bell et al. (2019, p. 29), epistemology follows logically from the choice of ontology. Thus, an ontological position represents the researcher's understanding of what reality is which, in turn, will imply a specific epistemological position. The latter represents an understanding of how we can gain knowledge of what reality is. As such, epistemology is underpinned by ontology. Practically, epistemology is important in business research as it allows the researcher to answer the question of how one should conduct such research (Bell et al., 2019, p. 29; Maxwell & Mittapalli, 2010).

Idealism, a stance within ontology, claims that reality is knowable through the human perception and mind (Ritchie, Lewis, Nicholls & Ormston, 2013). In this dissertation, the reality is constructed based on how municipal employees perceive the concept of external consultants, making idealism our ontological view. Further, Ritchie and colleagues (2013) argue that interpretivism, a view on how knowledge is created within an epistemological stance, claims that methods of natural sciences are not appropriate, and that the social world is not controlled by law-like properties. Hence, the ways in which that knowledge can be created depends on the context of the study. For this dissertation, we have attempted to explore and understand the social context of external consultants and their role in the municipality which, in turn, makes an interpretivist epistemological stance appropriate (e.g., Bell et al., 2019; Ritchie et al., 2013; Savin-Baden & Major, 2013). Furthermore, Yin (2014, p. 17) stresses that the “*applicability of case studies can embrace different epistemological orientations*”, such as an interpretivist orientation. As the purpose of this dissertation is to gain knowledge about how public spending on external consultants can be justified, in addition to the value represented by such consultants, we have not been testing theory through propositions or hypotheses, but rather generated theory and patterns from data to explain a social phenomenon. Hence, an inductive approach to our analysis has been chosen (Mantere & Ketokivi, 2013; Thomas, 2006).

8.2 Limitations in research method

Qualitative research as an approach however also comes with limitations and is often a subject for critique (Savin-Baden & Major, 2013). Typically, the subjectiveness and the challenges related to the replication of qualitative is mentioned (Savin-Baden & Major, 2013). Furthermore, the richness, rigor, and transparency have been mentioned in theory as factors that ought to be improved in qualitative research (Moravcsik, 2014, p. 48). Also, research quality has been noted to heavily depend on the individual skills of the researcher, in this case researchers, and that the quality can be more easily influenced by personal biases and idiosyncrasies than what is the case in quantitative studies (Anderson, 2010).

Our study was carried out in a single municipality which highlights findings in the context of this single municipality which, in turn, can pose challenges in terms of applying measures and activities suggested in this dissertation to other cases outside the scope of this project (Moravcsik, 2014, p. 48). Hence, any findings and conclusions must consider the data set and context of this dissertation. Further, the use of external consultants may vary across various cultures which may lead to weak possibilities of transferability (Gustaffson, 2017). In relation to this, Ochieng (2009, p. 17) highlights that qualitative research is unable to “*extend findings to wider populations with the same degree of certainty as quantitative analyses can, as findings are not tested to discover whether they are statistically significant or due to chance*”. Another limitation that is listed for qualitative research in general is the subjective nature of qualitative research (Savin-Baden & Major, 2013). However, as this is more a factor of human behavior and nature this is not a limitation in the original sense of the word and might not be avoidable in any case (Althubaiti, 2016).

To cope with such limitations, we have carefully developed questions for our interviews that are not leading (Savin-Baden & Major, 2013). However, there are potential response bias problems when using self-reported data, which has been accounted for in terms of member checking and general awareness of such issues when transcribing data. As such, forms of bias such as information bias, and confirmation bias have been accounted for through clear strategies to improve the decision-making process. Also, such forms of biases are a part of human nature which cannot be said to be a specific limitation connected to the research method in particular (Chenail, 2011). Further, recall bias in both the interview and member checking process following usage of both anchors of a concept while wording questions that highlight certain responses to various conditions of interest can raise questions about the trustworthiness and robustness of findings (Althubaiti, 2016; Brod,

Tesler & Christensen, 2009, p. 1272). To overcome the dangers of recall bias, we focused on recruiting relevant candidates for the interview process that work with the general topic of this project on a day-to-day basis. Also, recognizing cases where recall error and bias were most likely to occur might have helped when conducting interviews (Chenail, 2011).

Also, confirmation bias, also known as observer bias, had to be accounted for. Confirmation bias is *“the tendency for interpretations and conclusions based on new data to be overly congruent with a priori hypothesis”* (Onwuegbuzie & Leech, 2007, p. 236). This is especially important when conducting qualitative interviews where the observers’ personal beliefs or preconceptions about the topic can be projected on to the interviewee, or disregard any information submitted by the respondent which, in turn, can threaten the credibility of the data interpretation stage (Onwuegbuzie & Leech, 2007). However, all the above suggestions can become ineffective if specific factors of bias are not accounted for. Further, developing and following a well-designed and thorough case study protocol was a specific measure used when working on this dissertation to get an overview of our theoretical work while accounting for different kinds of bias (Yin, 2014). However, accepting that bias is a part of investigations and research in general is an important reflection, especially in theoretical investigations that are less transparent, as is the case with qualitative research. As such, some degree of bias is inevitable and its potential sources must be part of any conclusions and discussions of practical implications and measures (Althubaiti, 2016). Further, it must be mentioned that it is important to be aware of potential biases that may exist, as people can evaluate and interpret findings and experiences differently than those of others. Also, this dissertation is not an exception to the fact that people can interpret the same experience differently.

Lastly, Anney (2014) highlights how qualitative researchers can assess integrity during a study, which is something we have attempted to do continuously. According to Anney (2014), it is vital to be skeptical with all information that one might think to be incorrect. Hence, strategies such as the construction of trust, triangulation across sources and researchers, interviewing techniques have all been applied. Additionally, we have been strict with safeguarding informant identity. Also, we have conducted researcher self-analysis and introspection during the whole project, as per Anney (2014) and Wallendorf and Belk (1989).

8.2.1 Limitations associated with case studies

According to Liu, Maitlis, Mills, Durepos, and Wiebe (2010, pp. 55-56), the nature of case studies as detailed investigations of a specific case will always face practical limits on the extent to which they can extend their analytical scope without jeopardizing their strengths as intensive and/or holistic analyses. This makes the methodological bounding of any case study, the way in which the detailed investigation of the case is set within a more summary account of the wider context that surrounds the case, a pivotal feature of the demarcation of the case to be studied (Liu et al., 2010, p. 56). Case studies are inevitably temporally bounded, though they may look backward to developments that predate the start of the research, drawing especially on documentary sources and informants' recollections, and they may be carried forward through continuing contacts and revisits.

In the context of this research project, attention will be drawn to participants' accounts of distinctive phases and turning points that may characterize case study or theoretical developments, but there will also be an underlying need to engage critically with such accounts in ways that are informed by participants' own analytical concerns. Furthermore, practical constraints, including exigencies of access and research deadlines, will also set boundaries around the period that can be covered by detailed case study research and analysis. Liu et al. (2010, p. 57) explain how the engagement between theoretical agendas and actors' accounts should provide the basis for an explicit analytical bounding of the case in temporal terms, but also point out that this must be reconciled with the practical temporal realities of data collection. As such, the work of Liu and colleagues (2010, pp. 57-58) highlights the importance of both theoretical and methodological bounding in the context of case study research.

8.3 Data collection techniques and methods

Choosing what data to collect and the technique and methods is also a great part of conducting research. It is essential that the technique is sufficient and appropriate in relation to the research question. However, the choice of method for collecting data also includes assessments of various factors including time, place, and participants as well as ethical considerations (Bell et al., 2019; Savin-Baden & Major, 2013, p. 41).

8.3.1 The semi-structured interview

The most common method of gathering data in qualitative research is interviews, which are also seen as an integral part of most of the research traditions (Savin-Baden & Major, 2013, p. 41). Yin (2014) describes interviews as an essential source of case study evidence as it can provide important insights into affairs or actions (Yin, 2014 p. 113).

In a semi-structured interview, the researcher not only follows some preset questions but also includes additional questions in response to participant comments and reactions such as significant replies that need more investigation (Savin-Baden & Major, 2013, p. 359; Bell et al., 2019, p. 211). Furthermore, semi-structured interviews are an appropriate approach when the researcher has only one opportunity to interview someone and are also an effective technique when several interviewers will be collecting data for the same project (Althubaiti, 2016; Savin-Baden & Major, 2013). According to Saunders et al. (2007), structuring interviews in this way is likely to provide the study with high internal validity, a term that Lincoln and Guba (1982), later mentioned by Anney (2014), suggested to be replaced with the term of credibility to address the clear ontological and epistemological differences between quantitative and qualitative research.

Further, despite the overall applicability of interviews in a case study there are also some weaknesses and strengths that need to be addressed (Savin-Baden & Major, 2013; Yin, 2014, p. 106). Interviews are typically strong in getting targeted data directly related to the case that is being investigated. Furthermore, it also provides both explanations and personal views that enrich the research through attitudes, perceptions, and insight (Yin, 2014; Doody & Noonan, 2013). However, there are also weaknesses concerned with interviews. First there is a possibility of bias, mainly due to poorly articulated questions (Doody & Noonan, 2013). To limit the level of bias, we have designed our interview guide carefully to avoid leading questions. An example of such bias is that

participants often have a tendency to say something, rather than nothing if the participant has nothing to say on a topic (Doody & Noonan, 2013). However, as previously mentioned, some degree of bias might be unavoidable because of human nature. Consequently, we have not focused on removing bias completely. Further, by having open questions we give the informants the possibility of adding their own views, as well as securing points of view which are not explicitly mentioned through our interview. Another weakness listed by Yin (2014) are inaccuracies due to poor recall. We have responded to this weakness by transcribing and recording all the interviews, which enabled us to render all the interviews in detail, thereby securing a high degree of accuracy.

8.4 Unit of analysis

For this study, there was only one unit of analysis, namely municipal employees and one politician, that were identified to have experience with the procurement and use of external consultancy services. The reason for this choice of unit of analysis is because we did not want to focus on other parts of the municipality as we wanted first-hand and personal accounts from work and procurement processes concerning consultancy services. We wanted to look at the issue of justifying public spending on consultants, and their role in the municipality, but were intrigued by the different perspectives of municipal employees and politics within the same municipality (Baxter & Jack, 2008, p. 550). Therefore, a holistic case study with embedded units would enable us to explore the case while considering the influence of the various perspectives and experiences of municipal employees in different roles.

8.4.1 Inclusion criteria for our sample

To retrieve the data necessary for our research it is important that we set certain criteria for our sample (Palinkas, Horwitz, Green, Wisdom, Duan & Hoagwood, 2015). Mainly, we were interested in collecting data from informants that have experience with external consultants in the municipality. Furthermore, we have pursued informants that have a relationship to, and knowledge of, the municipality as an employer in order to enlighten how the municipality works with externally acquired resources such as consultants.

Based on our inclusion criterias for our sample is that our informants need to have a professional relationship with the municipality. Further, their role within the municipality needs to be of such a character that includes working with consultants or with relevant processes such as the purchasing-department or other sectors that rely on consultants. Despite deploying such criterias we are aware

that we have limited access to informants, and that we are limited to informants provided to us by our contact in the municipality. Initially, our ambition was to have three different samples which would provide us with a greater understanding of the phenomenon of interest.

8.5 Sampling strategy

According to Tuckett (2004, p. 48), there are no clearly defined rules for sample size in qualitative research as sampling “usually relies on small numbers with the aim of studying in depth and detail”. As we are seeking a richness of data about a specific phenomenon, our sample is purposeful rather than random, which is recommended by Tuckett (2004) and Douglas (2002), to name a few. Savin-Baden and Major (2013) lists several factors that need to be considered in the selection of participants for the data collection. Our research is limited to a single semester, which makes the time factor an important aspect to consider when choosing our sampling strategy (Savin-Baden & Major, 2013, p. 313). Furthermore, the accessibility of the sample is a factor that will influence our sampling strategy. In regard to accessibility, we will primarily depend on our contact in the municipality, which will provide us with relevant participants that fits our criteria. However, it is important for us to note that this can lead to some limitations, as many relevant informants may not be available. Lastly, Savin-Baden and Major (2013) address the population as a factor that will affect the appropriate sampling strategy. However, this did not prove to be a significant challenge in our project as we were able to gain access to a satisfactory number of municipal employees that fit our criteria outlined in the next section.

8.5.1 Purposive sampling strategy

Purposive sampling is a non-probability form of sampling (Bell et al., 2019). The goal of using a purposive sampling strategy is to sample cases/participants in a strategic way, so those sampled are relevant to the research question that are being posed (Bell et al., 2019, p. 389). Bell and colleagues (2019, p. 390) and Savin-Baden and Major (2013) outline several different purposive sampling strategies including comprehensive/criterion sampling. Bell et al. (2019, p. 390) describes criterion sampling as “sampling all units that meet a particular criterion”. Criterion sampling works well when all individuals studied represent people who have experienced the phenomenon (Cresswell, 2016). To answer our research question, it is important to gain access to people that have an overall understanding on how use of external consultants affect the performance and learning in a municipality. Consequently, we have adapted the discussion of Sharma (2017) in relation to the subjective nature of purposive sampling in our project.

Sharma (2017) considers the subjective nature of purposive sampling a weakness in regard to the representativeness of the sample, and underlines the challenges of defending the representativeness of such a sample. Tongco (2007) builds on this view by discussing the potential bias involved in purposive sampling. However, Tongco (2007) highlights the fact that purposive sampling involves convenience as recommendations from knowledgeable people can provide a sample that meets the inclusion criteria, which was the case for this dissertation as we have been able to utilize contact with a knowledgeable employee of the municipality with extensive experience with consultancy services as well as dissertations. Also, contact with a knowledgeable person can reduce the danger of researcher bias which is a frequent challenge of purposive sampling (Sharma, 2017). If a purposive sample had been created based on our judgement as researchers alone it would have been prone to bias and therefore not a satisfactory defense in terms of alleviating researcher bias compared to other sampling techniques. In addition to a well-thought-out sample in terms of accessing municipal employees with daily tasks that concern the topic of our thesis paper directly, this dissertation is also based on a theoretical framework and expert elicitation through interviews with municipal employees which are other factors reducing the degree of researcher bias (Sharma, 2017, Tongco, 2007). Based on the, we believe that a purposive sampling strategy is suitable.

8.6 Analysis approach

Qualitative researchers have various analytical approaches to choose to analyze the collected data. However, it is important to choose the right analytical approach as this will influence the results and the focus of the data analysis (Savin-Baden & Major, 2013, p. 435). As qualitative research generates large amounts of complex data through field notes, documents and interviews it is important to find a satisfactory analysis approach (Bell et al., 2019, p. 518).

There are numerous approaches and methods of data analysis that can be used in qualitative research, which makes it challenging to choose an appropriate analysis approach (Savin-Baden & Major, 2013). Before anything else the analysis approach has to be applicable and in alignment with the goal of the research. Nevertheless, there has to be compatibility between the research design chosen and the analytical method, in many cases the research design will work as a guide for which analytical approach is suitable (Savin-Baden & Major, 2013). As we have chosen to conduct a single case study to answer our research question, literature on case study analysis has been reviewed. Yin (2014, p. 133) describes the case study evidence analysis as “*one of the least*

developed aspects of doing case studies”. In many cases researchers fail since they do not know how the case evidence is going to be analyzed (Yin, 2014, p. 133).

According to Yin (2014) there are five different analytical approaches in a case study, namely pattern matching, explanation building, time-series analysis, logic models and cross-case synthesis (Yin, 2014, p. 142), while Ryan and Bernard (2003) classify thematic analysis as an analytical approach. According to Braun and Clarke (2012, p. 57), thematic analysis is a method suitable for systematically identifying, organizing, and offering insight into patterns of meaning across a data set. Further, thematic analysis is appropriate to draw interpretations and to ensure that the data is displayed in line with the data collected (Alhojailan, 2012). Therefore, we have chosen thematic analysis as our analytical approach in this dissertation.

Thematic analysis is argued to be appropriate to draw interpretations and the applicability without broad prior experience, and we believe that this is suitable for our project (Alhojailan, 2012; Braun & Clarke, 2012). Furthermore, the overall flexibility as thematic analysis can be conducted in many ways is something that will fit our project well, as our interviews were conducted prior to our analysis (Braun & Clarke, 2012 p. 58). Additionally, a thematic analysis is not tied to a particular theoretical outlook and can be applied to several theories and epistemological approaches, which is another example of the flexibility we highly value when undertaking such a project as a master thesis (Fereday & Muir-Cochrane, 2006).



Figure 7: The six-phase approach to thematic analysis that was applied in this dissertation, adapted from Braun and Clarke (2012).

The six-phase approach in the figure above is also a well-suited framework for us to base our analytical approach on, as following these steps will serve as a guide to ensure that we capture the richness and details of our qualitative data, and in this way will be well equipped to investigate our

research question (Braun & Clark, 2012). Thematic analysis is a method suitable for systematically identifying, organizing, and offering insight into patterns of meaning across a data set (Braun & Clarke, 2012; Maguire & Delahunt, 2017). Further, both Braun and Clark (2012) and Maguire and Delahunt (2017) highlight flexibility and accessibility as the main features and reasons for using thematic analysis, as this analytical approach offers a way to analyze data through coding which can be linked to the theoretical constructs and terms established in our literature review.

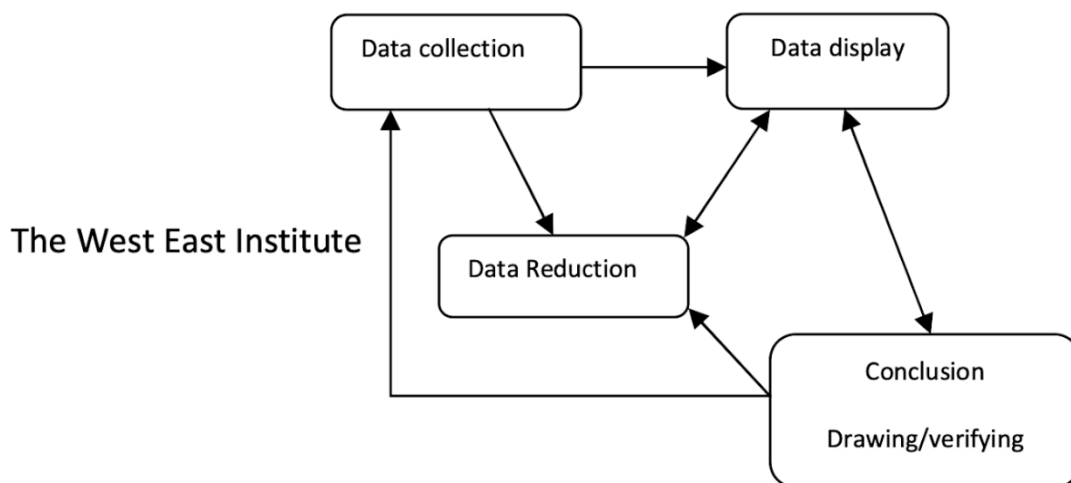


Figure 8: Thematic analysis model (Miles & Huberman, 1994).

First the thematic analysis involves reading the collected data such as the transcripts and taking notes underway to understand and notice important details about the data (Braun & Clarke, 2012; Maguire & Delahunt, 2017). The next phase of the thematic analysis is to generate initial codes, typically based on topics that recur again and again (Ryan & Bernard, 2003). By using these codes, it is easier to identify and capture data relevant to answer our research question and will help us detect and identify important factors generated from the qualitative data (Braun & Clarke, 2012; Alhojailan, 2012). Several methods can be used to code the data from highlighting the text or creating a new document to systemize the coding, the important part is that the *coding is inclusive, thorough and systematic* (Braun & Clarke, 2012, p. 62).

After the initial coding is finished the next phase according to Braun and Clarke (2012) should be searching for themes. In this phase the analysis moves from codes to actually capturing something important from the data which can help answering the research question. In this phase the key is to identify areas of similarity and overlap between the codes, and for example unify codes that have the same features to reflect and describe patterns and meaningful data (Maguire & Delahunt, 2017; Braun & Clarke, 2012, p. 63). Essential to the searching for themes phase, is that the themes are

presented in a way that will capture the details and complexity of the collected data (Braun & Clarke, 2012, p. 64).

Learning and knowledge development	
	Initial codes
Competence development	Leadership development, knowledge-based approach, advanced training, competence vulnerability, competence plan
Inter-municipal cooperation	Coordinator
Knowledge sharing	Guidance, future workforce
Specialist Environment	Decentralization, professional development, educational institution
Consultants	
	Initial Codes
Cutting-edge expertise	Specialization, experts, quality assurance, added value
Capacity	Recruitment, time-frame
Framework agreement	Tender, procurement process
Political debate	Populism
Professionalization	Routines, facilitation, documentation
Resources and performance	
	Initial Codes
Cost-benefit	Hourly wage, cost
Group	Administration, action plan, annual plan, municipal master plan
Sector	Healthcare personnel, technical sector, educational sector, construction projects
Overall strategy	Evaluation, formalisation
Quality of service	Reputation
Adjustment	Municipal latitude, age wave, digitalization, professionalization, municipal amalgamation, taxes

Table 7: Initial categorization of themes and codes based on the phases by Braun and Clarke (2012).

Following the searching for themes phase is the reviewing of the potential themes and is concerned with checking the quality of the data and themes (Braun & Clarke, 2012). By reviewing the themes, we can check if the themes relate to the data and ensure that we have a set of themes that will

capture the most important parts of the dataset (Braun & Clark, 2012). This phase typically is characterized by refining and tweaking of the themes (Braun & Clarke, 2012). The fifth phase, as presented in figure 7, is defining and naming the themes. By stating and being clear of the unique and specifics of each theme through details that will capture what is meant by the respondent (Braun & Clark, 2012). The next part of the fifth stage is naming the codes where according to Braun and Clarke (2012) a good name is clear, concise, and catchy (Braun & Clarke, 2012 p. 68-69). The last phase is producing the report, here the objective is to provide a report of the data material. To succeed it is important that repetition is avoided and making arguments that actually answer the research question (Braun & Clarke, 2012).

Organizational Learning
Competence development
Inter-municipal cooperation
Municipal use of consultants
Cutting-edge expertise
Capacity
Procurement process
Political controversies
Professionalization of the municipality
Resources and performance
Cost-benefit considerations
The municipality compared to private enterprise
Strategic planning
Quality of service
Long-term adjustments

Table 8: Revised categorization of themes and code titles.

As thematic analysis is argued to be appropriate to draw interpretations and also the applicability without broad prior experience, we believe that this is suitable for our project (Alhojailan, 2012; Braun & Clarke, 2012). Furthermore, the overall flexibility as thematic analysis can be conducted in

many ways is something that will fit our project well, as our interviews were conducted prior to our analysis (Braun & Clarke, 2012 p. 58). In addition to that a thematic analysis is not tied to a particular theoretical outlook and can be applied to several theories and epistemological approaches (Fereday & Muir-Cochrane, 2006). The six-phase approach is also a great framework for us to base our analytical approach on, as following these steps will serve as a guide to ensure that we capture the richness and details of our qualitative data, and in this way will be well equipped to investigate our research question (Braun & Clark, 2012).

8.6.1 Trustworthiness and credibility

There are several criteria that are used to secure and ensure that the quality of the qualitative research process is satisfying (Major & Savin-Baden, 2013, p. 474). Further, Yin (2014, pp. 45-49) lists four different criteria used to judge the overall quality of the research: construct validity, internal validity, external validity, and reliability. However, there are also suggestions that different criteria should be used as a basis for evaluating qualitative studies, namely trustworthiness and authenticity (Bell et al., 2019, p. 363). Furthermore, Tracy (2010) claims that applying objective criteria from quantitative research is illegitimate and not applicable to the same degree for qualitative projects. A major reason for this view of reliability and validity standards to qualitative research is that such criteria presuppose that a single absolute account of social reality is not only feasible, but present (Lincoln & Guba, 1985). Such a perception of social reality is not applicable to our study as we collect personal experiences and accounts in relation to a specified social phenomenon. Hence, we are aligned with the criticism of Lincoln and Guba (1985) of the view that there are absolute truths about the social world in that such accounts are our job as researchers in this dissertation to provide. In this case, there can be more than one and, possibly several accounts, of the social phenomena under investigation in this dissertation (Bell et al., 2019, p. 363).

Table 2
Summary of Strategies With Which to Establish Trustworthiness

Strategy	Criteria
Credibility	Prolonged and varied field experience Time sampling Reflexivity (field journal) Triangulation Member checking Peer examination Interview technique Establishing authority of researcher Structural coherence Referential adequacy
Transferability	Nominated sample Comparison of sample to demographic data Time sample
Dependability	Dense description Dependability audit Dense description of research methods Stepwise replication Triangulation Peer examination
Confirmability	Code-recode procedure Confirmability audit Triangulation Reflexivity

Table 9: Summary of strategies with which to establish trustworthiness, presented by Lincoln and Guba (1985), summarized by Krefling (1990).

Cope (2014) mentions several strategies that can be employed to enhance credibility and trustworthiness of qualitative research. Specifically, Cope (2014, p. 90) highlights triangulation as a process where the researcher uses multiple sources to draw conclusions. Curtin and Fossey (2007) distinguish between data triangulation and researcher triangulation as ways of increasing the credibility and trustworthiness of qualitative research. In short, researcher triangulation is applied by having two or more of the researchers individually analyze the gathered data, before discussing their findings, and identifying themes and sub-themes. Such cross checking “*emerges as the most valid and reliable way to develop understanding of a complex phenomenon*” (Bell et al., 2019, p. 365). Although Curtin and Fossey (2007) describe researcher triangulation as a strategy where skilled researchers individually go through the data, we believe that despite our inexperience we can adopt such a strategy. By individually analyzing the collected data, we can discuss our findings and collectively find the themes and sub-themes that will serve as the basis for our further work (Curtin & Fossey, 2007). According to Anney (2014, p. 10) triangulation helps the researcher to “*reduce the systematic bias and cross-examine the integrity of participants’ responses*”.

Hence, data source triangulation was applied by comparing people with different perspectives which was used by interviewing municipal employees with a wide variety of roles, experience, and daily tasks in order to gain a more complete understanding of the phenomena at hand (Carter, Bryant-Lukosius, DiCenso, Blythe & Neville, 2014). Additionally, interview techniques are in line with the recommendations of Savin-Baden and Major (2013) and Bell et al. (2019) in order to establish trustworthiness. Examples of such techniques are active listening techniques, putting the

interviewees at ease early on with softer questions, paying attention, and watching for body language cues, even though all interviews were conducted digitally. Further, we have adopted Braun and Clarks' (2012) six steps to a thematic analysis as we believe that this will strengthen the process of generating initial codes, and because we have both individually and collectively gone through the collected data. We refer to the chapter concerning our analytical approach for a more detailed description of Braun and Clarks' (2012) six steps.

Thoroughness in both data collection and fieldwork are essential when conducting qualitative research, as noted by Cope (2014). As such, there are several research strategies available to facilitate this such as persistent observation and reflexivity (Cope, 2014, p. 90). Reflexivity is the awareness that the researcher's values, background, and previous experience with the phenomenon can affect the research process. The researcher conducting qualitative research is considered the research instrument and must avoid researcher bias. One way the researcher can address this issue is to maintain a reflexive journal to reflect and note thoughts and feelings in an effort to bracket perceptions and subjectivity (Mantzoukas, 2005; Polit & Beck, 2012). Further, Bradbury-Jones (2007, p. 291) argues that an audit trail, a means of tracking all decisions that are made throughout the research process, could enhance credibility. Although some researchers have argued that audit trails do little to establish credibility or that recording decisions does not necessarily identify the quality of those decisions, there seems to be consensus on the fact that holding up decisions and interpretations for scrutiny can improve the quality of a qualitative research project (e.g., Bradbury-Jones, 2007, p. 291; Rolfe, 2006). As such, we have attempted to attend to thoroughness during the research process, rather than having post hoc reflections. Bradbury-Jones (2007, p. 291-292) describes this as a process of continued reflexivity where the journal is used as "*an integral part of the research process*". Such a process can also challenge the objective subjectivity during the study which, in turn, can enhance rigor, according to Cope (2014) and Smith and McGannon (2017).

Table 1. Eight “Big-Tent” Criteria for Excellent Qualitative Research

Criteria for quality (end goal)	Various means, practices, and methods through which to achieve
Worthy topic	The topic of the research is <ul style="list-style-type: none"> • Relevant • Timely • Significant • Interesting
Rich rigor	The study uses sufficient, abundant, appropriate, and complex <ul style="list-style-type: none"> • Theoretical constructs • Data and time in the field • Sample(s) • Context(s) • Data collection and analysis processes
Sincerity	The study is characterized by <ul style="list-style-type: none"> • Self-reflexivity about subjective values, biases, and inclinations of the researcher(s) • Transparency about the methods and challenges
Credibility	The research is marked by <ul style="list-style-type: none"> • Thick description, concrete detail, explication of tacit (nontextual) knowledge, and showing rather than telling • Triangulation or crystallization • Multivocality • Member reflections
Resonance	The research influences, affects, or moves particular readers or a variety of audiences through <ul style="list-style-type: none"> • Aesthetic, evocative representation • Naturalistic generalizations • Transferable findings
Significant contribution	The research provides a significant contribution <ul style="list-style-type: none"> • Conceptually/theoretically • Practically • Morally • Methodologically • Heuristically
Ethical	The research considers <ul style="list-style-type: none"> • Procedural ethics (such as human subjects) • Situational and culturally specific ethics • Relational ethics • Exiting ethics (leaving the scene and sharing the research)
Meaningful coherence	The study <ul style="list-style-type: none"> • Achieves what it purports to be about • Uses methods and procedures that fit its stated goals • Meaningfully interconnects literature, research questions/foci, findings, and interpretations with each other

Table 10: Criteria for excellent qualitative research, summarized by Tracy (2010).

Cope (2014) claims that an important step in qualitative research to increase credibility is member checking. When completing the process of data analysis, Both Smith and McGannon (2017) and Cope (2014) recommend that the researchers provide a summary of the most important themes that have emerged during the study, and that the researchers request feedback from participants through member checking. As such, this process enables informants to validate the conclusions of the researcher and provides the opportunity to make any corrections in relation to inaccurate or false interpretations of the data (Cope, 2014). Smith and McGannon (2017) note how rigor is often viewed as a marker of quality in relation to qualitative research. Earlier work by Tracy (2010, p. 841) highlights the importance of rigor by noting that “*for qualitative research to be of high quality, it must be rigorous*”. Further, Smith and McGannon (2017, p. 103) discuss different options when developing a rigorous qualitative study. Member checking, or respondent validation, involves participants of a certain project assessing the trustworthiness of the research project in terms of

validating the credibility of qualitative data and results. Such validation is often done by first returning the collected data, e.g., the interview transcripts and/or results including e.g., themes and interpretations, to the research participant and then asking them to provide input on whether the data are accurate and/or results accurately reflect their experiences. If the participant confirms the accuracy of the data and/or results, the findings can be deemed credible, and the research is valid. Thus, it is often suggested, either implicitly or explicitly, that member checks are a means of controlling or correcting the subjective bias from the researcher and/or a useful means of checking the truth of any knowledge (Smith & McGannon, 2017, p. 103).

However, as pointed out by Smith and McGannon (2017) and Thomas (2017), there are several concerns related to the usefulness of member checking as a technique to enhance credibility and trustworthiness of data. First, Thomas (2017, p. 37-38) claims that there is “*no evidence that routine member checks enhance the credibility or trustworthiness of qualitative research*”. Second, Smith and McGannon (2017, p. 106) raise concerns regarding the objectivity of member checking as a method to ensure rigorous research. As such, using the researcher and the respondents as instruments to explore credibility can become subject to bias as the method itself does not counter the subjectivity or achieve theory-free knowledge (Smith & McGannon, 2017, p. 106). Third, Smith and McGannon (2017, pp. 106-107) discuss how practical problems can ensue in a member checking process as the participant and researcher “*might provide interpretations (...) that contradict each other*”. Furthermore, member checking can be problematic as a verification method because the researcher is unable to verify that each respondent has engaged with member checking faithfully and per the requirements of the method. As such, the method can in certain cases be rendered less than useful (Smith & McGannon, 2017, pp. 106-107). Further, to counter possible confirmation bias, Birt, Scott, Cavers, Campbell and Walter (2016, p. 1805) discuss the possibility of a member checking interview. However, this approach of returning transcripts and conducting a second interview might encounter practical problems in terms of availability of respondents in addition to the concerns in relation to the impact of member checking as a process (Birt et al., 2016; Smith & McGannon, 2017). Birt and colleagues (2016, p. 1806) further discuss whether respondents fully engage with research results or whether such a process can generate or fortify existing bias. As such, it is essential to report the level of engagement during the member checking if the study is to reduce the risk of symbolic involvement or exaggerated claims about the transferability of data (Birt et al., 2016, p. 1806; Connelly, 2016).

However, it must be mentioned that a thorough member-checking process does demand a significant amount of time and resources (Harvey, 2014; Birt et al., 2016). As the time frame on this project has been limited, we have incorporated such measures in the interview process to ensure that all informants have been given the opportunity to conduct a control of our interview notes. Further, we have addressed the concept of trustworthiness and credibility by including a section in our interview guide where we together with the informant evaluate the interview by providing the informant with the opportunity to give or retract comments, which was a measure designed to provide transparency (Connelly 2016; Shenton, 2004). Also, all interviews were conducted by the same researcher to ensure similar conditions for all interviewees. Additionally, we conducted thorough evaluations of all interviews between ourselves to ensure a common understanding of the collected data and to reduce the possibility of bias (Birt et al., 2016, p. 1806).

We also applied peer examination as a strategy to enhance the credibility of our project, which is a technique recommended by several researchers, such as Lincoln and Guba (1985), Krefting (1991), and Anney (2014). During peer examination we discussed our research process and findings with university personnel with experience of qualitative research. According to Krefting (1991), peer examination helps the researcher to be honest to the study, and peers can also contribute to the reflexive analysis in the project. Additionally, university personnel were enlisted to identify categories that were out of the framework of research questions, and also to help identify negative cases (Anney, 2014).

8.7 Ethical considerations

Ethical considerations and issues are present in all types of research. In general, the overall concern is to avoid doing harm and securing the wellness of informants (Orb, Eisenhauer & Wynaden, 2000, p. 1). Such events can be prevented through the application of appropriate ethical principles (Orb et al., 2000, p. 1). Halai (2006) outlines several ethical principles appropriate for qualitative research; *informed and voluntary consent, confidentiality of information shared, anonymity of research participants, beneficence or no harm to participants and reciprocity*. To some extent these views are also supported by Bell et al. (2019) who underlines the importance of avoiding harm to participants and the privacy of informants (Bell et al., 2019, p. 114). These principles will serve as the basis for our ethical considerations.

Prior to collecting our data, we ensured several of these principles and took precautions necessary to secure the safety of our informants. First and foremost, we started our research by applying and getting our interview guide as well as the project plan accepted by the Norwegian ethics review board (NSD). An ethics review board helps ensure that human participants are protected from physical, social, or economic harm (Savin-Baden & Major, 2013, p. 322). This action is in line with the proposed ethical principles discussed by several authors (Bell et al., 2019; Halai, 2006; Orb et al., 2000). Furthermore, we collected informed and voluntary consent from all informants participating in our study. Such action will guide and give participants satisfactory amounts of information regarding the project, as well as help the informant to decide whether they want to take part of the study or not (Bell et al., 2015). Additionally, we included our contact information in the informed consent, enabling all the informants to at any time withdraw their consent, ensuring the security and voluntariness of the respondents (Halai, 2016, p. 1).

Sanjari and colleagues (2014) highlights the importance of informed consent, as this stresses the researcher's responsibility to completely inform all informants of various aspects of the study. Furthermore, any clarifications must include issues such as the nature of the study, the identity of the researcher, and the objective of the research. Smith and McGannon write that informing about how results will be used and published can be of importance to informants, and that this should be included in the informed consent process, as well as clarifying the participants' role (Sanjari et al., 2014; Smith & McGannon, 2017). During our project we had to be careful in terms of confidentiality for all informants, as one is a publicly elected politician, and the others are permanent employees in the municipality that all work within the scope of this research project.

Furthermore, we had to remind several informants of the informed consent document as we shortly prior to the interview process lacked approval by some informants. However, we were able to retrieve approval from all informants in due course.

Additionally, member checking raises certain ethical questions about the protection of respondents during the research process (Birt et al., 2016, p. 1805-1806). Birt and colleagues (2016, p. 1805) note how researchers are mainly concerned with the protection of respondents during the data collection process with procedures of informed consent as a primary example. However, similar attention is rarely given to the process of member checking. First, the researcher might not be present, physically, or digitally, when the respondent receives the data. Second, the respondents might be in a different stage of their life which can raise several issues. Third, both Birt and colleagues (2016) and Smith and McGannon (2017) note the possibility of such a process causing feelings of isolation for respondents, as they might not recognize personal experience in submitted transcripts. Hence, we encouraged informants to communicate with us as researchers during this process, as this is imperative according to Sanjari and colleagues (2014).

9.0 Findings

In the following sections, the main findings of our main data source, the personal interviews, are presented. The interviews were split into three different themes based on our findings through our literature review, to illuminate different aspects of the overall topic and will be presented in the same format. Also, information gathered in interviews are structured with the assistance of codes that are all based on well-known theoretical terms from existing literature.

To gather more information about the use of external consultants in a municipality, and thus to complement existing theory on the subject, we chose to conduct interviews with relevant candidates that possess in-depth knowledge about the subject. Interviewees included employees in the municipality that occupy various roles and execute different tasks, and a politician from the same region. As such, we expected the interviews to highlight different perspectives on the chosen topic, and potentially reveal differences internally in the municipality.

9.1 Organizational learning

This section represents one of three main sections developed with a basis in the codes that originated in the thesis literature review and interviews. As such, we wanted to draw on the informants' experience from the municipality to uncover their views on learning and competence development internally. Based on examinations of the existing body of literature concerning organizational learning and competence development in organizations, we expected informants to be able to share a substantial amount of information and reflection regarding this. Our interview guide was developed. It is based on relevant terms from the examined literature, which was synthesized and critically assessed in our literature review. Summarized, we expected that the interview guide and theoretical key terms would uncover information and reflections that could provide the basis for further discussion and practical implications for the sector.

9.1.1 Competence development

All respondents highlighted the municipality's current collaboration with the University of South-Eastern Norway.

“We have an agreement with USN which provides us with services in relation to competence development for personnel in the educational-sector” - Informant A

The degree to which informants were able to describe and discuss the implications of this collaboration varied.

“I am not sure, I think so, yes, but I can't really give you anything more than that. I believe we have, but you have to double-check.” - Informant C

All of our respondents confirm that competence development within the municipality is something that is in focus. Several respondents mention competence development in the form of trainee programs for university graduates that include leadership development courses. Furthermore, the cooperation with the University of South-Eastern Norway was mentioned by the majority of the informants and is seen as an important factor for competence development.

“We have a six-year deal with the University of South-Eastern Norway to deliver services related to competence development and follow-up studies for employees in certain sectors.” - Informant A

Most of the respondents highlighted the internal focus on management and leadership development programs.

“Internally, in the department of procurements, we have competence development programs to make sure that we can complete our jobs in a satisfactory way. We have also participated in leadership development programs” - Informant C

All respondents were familiar with the notion of an overall competence plan for the municipality, but the way they were able to describe this varied.

“Yes, I believe such a plan exists, at least the human resources department worked on such a plan some years ago. Each sector has its own competence plan adapted to their unique requirements (...), so the main areas of competence developments are networks for employees, guidance and close collaboration, and formal follow-up education.” - Informant A

“The human resources department has a team working specifically on competence development. We have an overall plan specifying that the municipality as a whole must stay updated in terms of competence and knowledge. Further, we have specific competence plans for each department, and a plan dedicated to management development.” - Informant B

Also, several respondents mentioned the topic of “follow-up education” as a specific measure to obtain competence development.

“There is a strategic competence plan, at least within the sectors I am familiar with, such as health care. We offer stipends subject to a predefined contract duration, and follow-up education. These are the measures I am familiar with, at least.” - Informant F

In relation to overall competence plans, several respondents underscored recent developments in the municipality and that this can provide clear context going forward.

“The municipality is developing an overall competence plan that will cover all sectors, (...) we have not had such a comprehensive plan before, so this might provide us with clear guidelines and context in the future.” - Informant D

9.1.2 Inter-municipal cooperation

All informants confirmed that the municipality is involved in inter-municipal cooperation concerning competence development in several sectors.

“There is such cooperation, at least in some capacity in different sectors. We have a network of professionals working together across municipalities in sectors such as construction, culture, and environmental work.” - Informant D

“We have cooperation with other municipalities regarding strategic competence development such as ABC-education and measures” - Informant F

Not all informants could confirm whether the cooperation was formalized or informal by nature.

“I am not sure, not that I have heard of, but we are working together on a lot of subjects, at least concerning competence developments at the procurement department, but I think it is mostly informal cooperation with other municipalities and professionals within our field.” - Informant C

Several of the informants mention inter-municipal cooperation in relation to competence development. The informants elaborated on the cooperation with other municipalities in that it takes various forms, including both formal and informal types of cooperation between the municipalities.

“I think the education sector of the municipality is the most avid collaborator with other municipalities when it comes to competence development. Both state influence and frequent communication with other municipalities have enriched our work through the development of competencies and sharing of experiences.” - Informant D

“I know that within health care the municipality has adopted a reform describing both social and professional interaction between municipalities. Additionally, we have resources that work with common challenges across municipal borders.” - Informant A

9.2 Municipal use of consultants

This section represents the second of three main sections developed with a basis in the codes that originated in the dissertation's literature review and interviews. Through this theme we would like to investigate the reasons and the value viewed from the municipality, to nuance the public debate of public use of external consultants. Throughout our literature review the cutting-edge expertise as well as the flexibility provided by consultants is described as benefits from consultants.

Furthermore, the theme is set to question the overall capacity of the municipality, as well as nuancing the overall question of cost to consultants.

9.2.1 Cutting-edge expertise

Several informants explained how consultants have been able to provide guidance and problem-solving skills in projects, and some proceeded to highlight the cost of having such capabilities in-house on a permanent basis.

“(...) from time to time we have challenges that require up-to-date and cutting-edge expertise, something that is not desirable or cost efficient to have available at all times in a municipality”-

Informant B

Consultants are used by the municipality for many reasons, first and foremost the cutting-edge expertise of the consultants are seen as a crucial factor, as the municipality do not possess this themselves. Furthermore, consultants are used as an external source of confirmation, and can provide the municipality with an external opinion, which is seen as an important factor for using consultants.

“It is not efficient to possess competence in-house that we do not have a continuous need for” -

Informant C

Another factor that is mentioned frequently in relation to consultants is the on-going need of expertise in different projects. Several of our informants highlight that some competences are only required in short periods, and that having such competence in-house would be very costly for the municipality. However, one of our informants argues that municipalities, and the public sector as a whole, should emphasize developing relevant competencies internally rather than procuring the services of external consultants in the future.

“In my opinion, in the future, we should try to develop the competence instead of buying externally, I think this is something we should aim for in the municipality, and possibly in the public sector as well if there is economic latitude.” - Informant C

9.2.2 Capacity

Two of our informants explicitly mention capacity as a main factor for using consultants. In some instances, the municipality does not have enough capacity to finish projects or their day-to-day activities.

“Lack of capacity to complete bigger projects has been one of the main reasons for using external consultants” - Informant F

“We use consultants because sometimes we do not have the capacity to deal with sudden spikes in workload for the municipality due to demanding or time sensitive projects.” - Informant C

Informants explained that the reason for hiring consultants was subject to both a need for capacity and flexibility in times with a demanding workload, and competence in certain projects.

“Sometimes there is a combination of capacity issues and a need for cutting-edge expertise that makes us hire consultants.” - Informant D

“They perform a very specific job in times when we lack the necessary capacity (...)” - Informant B

9.2.3 Procurement process

Several of our informants showed detailed insight into the complex tendering process the municipality undertakes when hiring external consultants.

“First, we investigate our prioritized alternatives and bring in people from those framework agreements. However, if we do not have any framework agreements in place then we have to examine whether the contract value exceeds the threshold value for public procurement processes. In that case we have to submit a new invitation to tender.” - Informant A

“We have framework agreements, so we choose our consultants based on these. We have to use these agreements; they are the foundation if we are to procure external services. We then proceed to describe the case, in other words why we need such services. Then we proceed to the tendering

part of the process where we go to the external market with our needed specifications with the intent to collect, analyze and nominate bids based on our framework agreements where each of the firms can give their different offers. Then, we choose based on these criterias” - Informant F

Our informants specify that such processes are most relevant to situations where the municipality invites bids for larger projects and proceed to clarify the difference between larger projects with a finite deadline and other cases, such as on-going or isolated events.

“If the need for consultancy services is within a field where we do not have a framework agreement, then we have to go through a process where we document and specify our need for external services, which must be aligned with public tendering rules. The process also depends on the procurement contract value and whether there is a long-term need for such services.” -

Informant C

“We need expertise knowledge (...) and by opting for market solutions we are able to build competencies internally within the areas we procure consultancy services.” - Informant D

9.2.4 Political controversies

Two of our informants underlined the political debate surrounding external consultancy services in the public sector, and specifically in municipalities, in their response.

“Use of consultants is politically controversial, some mean that the municipality buys too many services, and that they should manage without buying services from external consultants (...)” -

Informant A

“What we use the consultants for is not enough nuanced in the public debate, many use the worst examples to de-evaluate the necessity of consultant services” - Informant F

Furthermore, several other informants highlighted how municipal employees are involved in the process of acquiring such services and remarked that they are based on what they perceive to be genuine demand in the municipality.

“We never procure the services of external consultants if we don’t have to, there always is a thorough tendering process beforehand.” - Informant C

“It is a big challenge for us that promises made in advance of the contract is not in alignment with what is delivered” - Informant B

“There is a great deal of skepticism towards communications agencies and such firms. That’s a debate you can understand, I think. You can claim, with some confidence I think, that the use of consultancy services has been alarming.” - Informant E

9.2.5 Professionalization of the municipality

None of our informants could confirm that the municipality has a written or otherwise formal strategy when it comes to evaluating the production of external consultants and the projects they participate in, but several could confirm that an informal practice exists.

“We have a routine (...), we always evaluate [the project] together with the consulting company when we are done with the use of the consultant” - Informant B

Several informants were unable to specify how the municipality evaluates consultants but pointed out that employee interaction with consultants could be related to knowledge transfer.

“I do not believe that we are very good at documenting the use of consultants (...) in many ways the competence received from the consultants may only be in the head of the involved” - Informant D

Informant D specified that the work produced by consultants, such as reports, calculations and digital transformation processes should function as sources of learning for municipal employees.

“Often, we have meetings where we discuss their findings and work processes, especially if we are talking about smaller tasks, and projects with a short time-frame. In larger projects or longer processes we are trying to inspire hands-on learning where the consultant, in addition to leading presentations and meetings, can meet several employees and interact with them. As such, we have several arenas of learning in our organization which might not be so clear when we are hiring a consultant for a specific task.” - Informant D

“We are dependent on cooperation with the educational institution” - Informant F

“Actually, we are the biggest employer of all graduates from university that do not end up in the private sector.” - Informant B

9.3 Resources and performance

The last section is developed to investigate how the municipality evaluates its performance and an investigation of experienced levels of resources within the municipality. Our literature review showed that a lot of the literature focuses on performance in the form of economic indicators, where we did not find a clear stance on how the municipality evaluates its performance. Furthermore, the theme is set to question the future need of external consultants as the services provided by the public will be affected by the future demand as the population gets older and the tax income is estimated to decrease. Lastly, the theme investigates the overall strategy of the municipality as we are interested in finding out whether competence development is a prioritized part of using external consultants.

9.3.1 Cost-Benefit considerations

“It is an extra cost to use external competence, and we try to prohibit that this is done randomly” - Informant A

“(...) use of consultants is expensive but despite a high hourly rate it is worth it” - Informant C

“(...) use of consultants is costly, and it might seem very expensive (...) however, if we were to have this competence in-house it is important to compare the cost of consultants to what we would have paid in salary to have the competence in-house (...) Another important point is whether the competence is available for recruitment in the market. - Informant B

Our informants are all aware of the high cost associated with the use of consultants. On the other hand, they all raise the question of whether there is an alternative. According to one of our

informants, it is important to see the cost of consultants in comparison to the cost of hiring someone to do the task permanently. Another important point that is mentioned is that despite having enough resources to hire someone in the market, the needed competence is not necessarily available in the market.

“Consultants have their hourly rates, of course (...), you could have many full-time equivalents in the municipality if the same salaries and rates apply. Consultants probably have some add-on value, but there is value to having competence in-house as well.” - Informant F

9.3.2 The municipality compared to a private enterprise

According to one of our informants, public sector organizations are more complex than most private sector enterprises.

(...) Most in the private sector runs small hot-dog-stands, where we in the public run large groups, where we provide services from cradle to grave which includes a lot of services” - Informant B

Furthermore, one informant highlighted that the municipality works towards goals in order to provide quality of service.

“(...) through different action plans and business plans we set goals for our services to achieve the demanded and desired level of public service” - Informant D

One informant explained that the municipality provides services divided into several different sectors, and that the use of the consultants varies across these sectors.

“The municipality has a lot of different services in different sectors, and I would say that there is always a need for more resources” - Informant C

Informants with a background from technical projects chose to highlight possibilities for user development in relation to public sector products and services in the educational sector.

“(...) in building projects for building a school we will hire a consultant which will facilitate an arena for user development for example in relation to the educational sector” - Informant B

9.3.3 Strategic planning

Several informants claimed that the municipality operates with an overall plan and strategy that guides everyday tasks and long-term projects, including individual development programs for management.

“We have an overall plan which explains what occupational groups we should focus on, in what order and who are going to get what (...) also within specific sectors and areas” - Informant B

“For instance, we have an overall strategy and program for development of leaders” - Informant E

Also, one informant underlined the importance of financial key performance indicators which would have to be aligned with the applicable action plans in the municipality.

“Our work is determined toward our action plan (...), one example are financial key performance indicators” - Informant F

According to our informants the municipality has an overall plan that serves as an overall strategy for the municipality. Furthermore, the plan guides the municipality in relation to what areas they should focus on. However, regarding an overall strategy concerned competence development and evaluation with the use of consultants, none of our informants mention this explicitly. On the other hand, our informants point out that costs and usage of consultants is in focus, and that this is something that they consider.

“The overall guidance-document for the municipality is the action program, which is a four-year action program approved every year” - Informant A

9.3.4 Quality of service

Several informants discussed the potential ramifications and consequences of limited financial latitude in the municipality in the coming years.

“In twenty years, we might not be able to afford to increase the budget by more than 25 per cent. What services are we then able to deliver to the ones over 80 years then? Despite them being healthier, we will need to have a different production of our services (...)” - Informant B

“The effect that a lack of resources may have is that we are not able to provide services in line with the procurement regulations, and that we will be pressured for time. This may result in fines, complaints, and even legal processes” - Informant C

After being questioned about the future of consultancy services in the public sector one informant claimed that such services will be needed in spite of potentially reduced financial latitude and budgets if the municipality is to deliver on objectives in relation to quality of services and products.

“I believe that the municipality, in the future, will have a continuous need for external resources to complete its services (...), to leverage on our municipal objectives” - Informant D

9.3.5 Long-term adjustments

In relation to the operational and financial outlook of the municipality, one informant claimed that the municipality should continue to procure consultancy services so that the municipal employees can focus on primary tasks in-house.

“I believe that consultants will be more and more important, and that municipalities to a greater extent need to concentrate on their primary tasks” - Informant F

However, several informants declared that reduced financial latitude could make changes, or adjustments, necessary in the municipality in the coming years. Specifically, the service and product offering for the elderly came into question. All informants mentioned that services could require change soon.

According to one informant, the levels of services that the municipality can provide in the future will be reduced due to lowered tax income from the workforce because of an increase in the number of retirees which will need public health care services. Another informant argues that this shift will underline the importance of the municipality focusing on its core tasks, and that the use of consultants still will be important, as the expertise will come in handy.

10.0 Discussion

The purpose of this thesis was to investigate how Norwegian municipalities can justify public spending on external consultants. We uncovered significant gaps in literature while conducting our literature review, which points to a lack of knowledge related to municipal use of external consultants, especially in a Norwegian context. Hence, we will discuss our findings in relation to existing theory on the subject. As such, this discussion will be the basis of any conclusion in regard to our research question. Furthermore, practical implications and directions for future research are discussed in separate chapters. Additionally, main arguments in this chapter are highlighted to provide reader guidance and readability.

The research question for this dissertation is the following:

“How can Norwegian municipalities justify public spending on external consultants?”

10.1 Underlying value of consultants

Previously, The Office of the Auditor General of Norway (2017) has questioned whether the public sectors are able to integrate knowledge and extra value from the external consultants. According to Li et al. (2009) evaluation and a clear strategy is crucial to learn and receive extra value from external consultants in addition to solving a specific need. Our findings highlight that the municipality in question does not have a formal and clear routine to evaluate consultants during or after projects in other forms than the specific job they have performed, such as the delivery of a report. In fact, learning was described as a natural consequence of using external consultants and was often done in informal manners. Our perception is that if the intention of learning and extraction of added value from consultants is not transformed into a formal and clear strategy, then this will be harder to achieve. Furthermore, theory claims that the effects of learning and cooperation with consultants should be documented to provide context and guidance for future projects in the municipality. As such, we propose that the municipality take these findings into account by addressing them with practical measures such as written protocols, formal strategies, or by encouraging the concept of a community of practice internally in the municipality involving permanent employees and consultants, and between municipalities in the region (Crossan et al., 1999; Nonaka, 1994; Nordhaug, 2002).

An inter-municipal cooperation is already in place, albeit in an informal form and seemingly without an overall strategy. However, in time this could develop into an arena for knowledge-sharing and exchange of experience, as per the findings of Nonaka (1994), Amayah (2013), Li et al. (2009), and Cabrera and Cabrera (2002), to name a few. However, these processes and measures might be different in certain projects such as implementation of IT-systems, which emphasizes that the municipality should customize measures and strategies to the specific needs of the departments involved in using external consultancy services (Bratianu, 2015; Li et al., 2009, Menon Economics, 2021; Office of the Auditor General Norway, 2017). Context and a clear strategy is argued to be important in relation to retrieving additional knowledge from consultants, in the municipality however our interviews provided evidence that there was a lack of both context and a clear strategy, aligned with the concerns raised by The Office of the Auditor General Norway (2017). On the other hand, our interviews provided evidence that the view of consultants is that they provide great value in terms of flexible, cutting-edge expertise in situations where the municipality is in need of such qualities. Also, our findings corroborate previous theoretical work that highlight the cost of keeping such flexibility and expertise in-house on a permanent basis, such as the reports from organizations DI (2019), MCA (2019), and Menon Economics (2021). However, as both of these organizations are advocacy groups there is a need for independent work that can corroborate and strengthen these findings.

Our findings indicate that the municipality lacks a clear strategy to extract added value from the consultants which is in accordance with the concerns raised by the Office of the Auditor General Norway (2017). However, the consultants do seem to provide value in several other areas, such as their role in communities of practice and contributions to organizational culture which could be mitigating circumstances in relation to the findings by the Office of the Auditor General Norway (2017). Further, our findings indicate that municipal employees acknowledge the municipality's reasons for hiring external consultancy services. However, we have not been able to identify external communication from the municipality justifying public spending on consultancy services, which might be caused by the previously mentioned lack of internal strategy regarding consultancy services. We have not been able to determine this link unequivocally, but cannot rule of this as a possibility, especially as our suggestion of establishing clear and overarching strategies in relation to consultants is founded in the body of literature on the subject (e.g., De Waal, 2010; Office of the Auditor General Norway, 2017; Sequeira et al., 2009). Further, there is evidence to suggest that the municipality would profit from heeding the advice of the Office of the Auditor General Norway (2017) that pointed out that the lack of strategy regarding the use of consultancy services may lead

to inefficiency and an inability to extract added value from consultants, such as opportunities for learning.

Through the course of this study, we realized that the findings of Nonaka (1994) and Crossan et al. (1999) are of limited practical value, as the municipality has an outspoken focus on developing general competencies without a formal strategy for organizational learning. As such, our findings are more aligned with the theories of Nordhaug (2002) who postulates that investments in generic competence have equal value for employees outside of the organization and can be argued to be more consumption rather than investment in knowledge development for the employees (Nordhaug, 2002). As our analysis explored, many of our informant's report that trainee programs and leadership competence development are present in the municipality and in many ways can be categorized as development of generic competence (Nordhaug, 2002). On the other hand, some informants reported that within certain sectors such as health care, where the municipality provided trainee programs for nurses, which in many ways is an action on specific competence that the municipality needs. However, the SECI model of Nonaka (1994) seems to have some applicability as our findings indicate that employees in the municipality are concerned with the socialization element of the model, especially while working in groups with consultants.

Kakabadse and Kakabadse (2006) argue that the role of a consultant is not the one of only solving problems but one of helping the client to understand what the issues really are. The authors emphasize how consulting has changed from a problem-solving industry to building clients' capacity for self-management in addition to providing unique skills in conducting a process that facilitates organizational learning and change (Kakabadse & Kakabadse, 2006, pp. 10-11). These findings are in alignment with several of our findings which indicate that the municipality utilizes consultants not only as sources of expertise, but also as external stamps of approval due to their experience and ability as problem-solvers. As such, the fact that the municipality draw on deep technical expertise combined with sophisticated understanding of business and organisational dynamics indicate that consultants are expected to transfer knowledge and skill into the client organisation leaving it better equipped to respond to future challenges (DI, 2019; MCA, 2019; Menon Economics, 2021). However, according to Elliot (2020) the median budget in the public sector for competence development and activities in relation to knowledge is significantly lower than in the private sector (Elliot, 2020, p. 273). We found support for this in our interviews, where informants stated that the private sector has more resources to develop their employees.

10.2 Justification of public spending

Public spending on external consultants is often something that is politically debated and has been investigated by the Office of the Auditor General of Norway which influenced how the public sector and government bodies spend their funds (Office of the Auditor General Norway, 2017). As mentioned earlier the public sector spent approximately 12 billion NOK on consultants in 2015 (Office of the Auditor General Norway, 2017, p. 8). Additionally, the Office of the Auditor General Norway points out that the municipality has alternatives to using external consultants, for example using their own employees (Office of the Auditor General Norway, 2017). As consultants are seen as a costly alternative for solving the municipality's objectives, we set out to investigate how the municipality can justify the use of external consultants. Through our interviews our informants argued that the main reason is the higher flexibility as well as the costs associated with hiring employees full-time. This is aligned with the two main motives described by Nesheim and Vagstad (2013) which are seen as important factors for utilizing and justifying the use of external consultants (Nesheim & Vagstad, 2013).

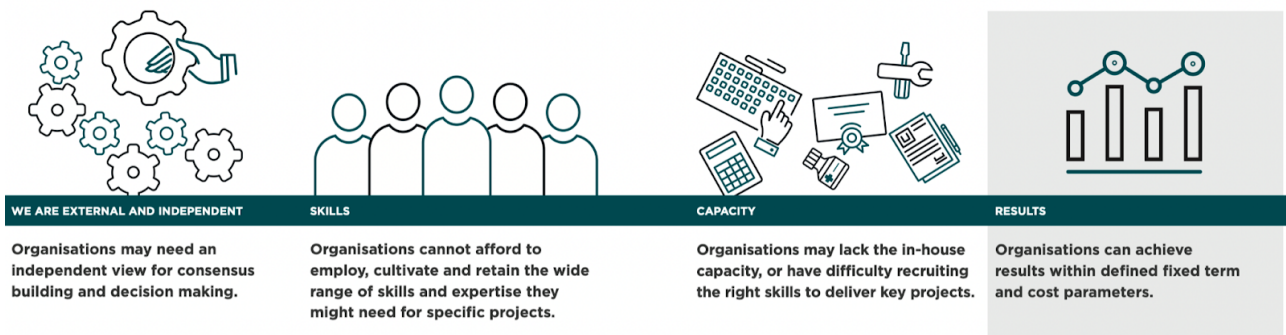


Figure 10: How do consultants help deliver value in public sectors? (MCA, 2019).

If the alternative to consultants is to do the various tasks in-house there are also several other factors that need to be considered. As presented above the cost of public sector employees also includes recruitment as well as other forms of indirect salary (DI, 2021). Furthermore, employees in the public sector also have high levels of pension, increasing the cost of having employees in-house (SSB, 2021). The flexibility that consultants provide is also an important factor to consider in relation to the question of cost according to our informants. As consultants are in possession of relevant cutting-edge expertise that might only be a temporary need in the municipality, hiring a

full-time employee may be more expensive than using external consultants. On various occasions the municipality has challenges where up-to-date and cutting-edge expertise is not cost efficient or even desirable to have available at all times in the municipality. This includes costs such as recruitment to ensure that the right person is hired, training costs as well as specific costs associated with hiring people in the public sector (DI, 2021).

Another important factor in relation to hiring public sector employees for a specific need is that the competence may not be relevant tomorrow. As highlighted by Riege (2005), employee knowledge often faces the risk of becoming outdated. In contrast to a consultant which will leave as soon as the project is finished, a full-time employee will incur costs for the municipality in a longer period. This argument is also supported by Connely and Gallagher (2004) who postulates that external consultants can cut fixed costs and increase the flexibility of the organization (Connely & Gallagher, 2004). As the use of external consultants in the public sector is heavily debated this indeed underlines the need for a more nuanced debate, taking these factors into account. As such, supplementing the core competence kept in-house to serve ongoing municipal tasks with up-to-date knowledge and flexibility in the form of time-limited consultancy services serves a purpose both in a strategic and financial sense, as pointed out in several theoretical papers (e.g., De Waal, 2010; Javidan, 1998; Prahalad & Hamel, 1997; Sequiera et al., 2009).

Another argument that is presented from the Office of the Auditor General Norway (2017) is the inability to capture and develop competence from the external use of the consultants. As discussed in our literature review, development and creation of knowledge can enhance the performance of an organization (North & Kumta, 2014, pp. 1-2). Naturally a typical justification for the public use of external consultants would be increased efficiency and performance within the municipality, however our interviews argue that the conception of a lack of routines within the municipality is not accurate. Knowledge sourcing, or more precisely use of external consultants (Willcocks et al., 2006), is often associated with short organizational goals, and development of knowledge is a longer process (Nonaka, 1994; Crossan et al. 1999). This is in line with our findings through our interviews, where the expertise of consultants was used to finish projects as well as when the capacity in the municipality was not good enough. Our informants underline how important it is to maintain and provide the solutions mandated to the municipality, and the focus often is not how to develop competence and learning from external consultants but to solve daily objectives. Taking this into account, we believe that the concerns of the Office of the Auditor General Norway (2017)

regarding the capturing of knowledge from external consultants is not facilitated in a satisfactory way by the municipality which, in turn, prohibits the municipality from extracting value from a potential source of knowledge and development that could justify expenditures on consultancy services.

Type of cost	NOK	Description of cost
Annual salary	451.923	Five weeks of paid holiday has been deducted
Vacation money	54.231	10,2% or 12% dependent on various factors for example employee over 60 y/o
Employer's tax 14,1%	71.368	Varies geographically from 0-14,1%
Pension costs (OTP, deposit based)	8.003	The example is based on deposit based pension where the minimum is 2%
Employer's tax on pension costs 14,1%	1.128	Related to the pension
Occupational insurance for employee	3.000	The price varies on the risk associated with the occupation
Total	589.563	

Table 11: An example of additional costs to the annual salary of an employee (Altinn).

As illustrated in the table above, full-time employees come with costs attached to their annual salary. On the other hand, a consultant will not provide such costs, which we believe is an important argument when discussing the price of services of external consultants. For example, the cost related to annual salary increases by approximately 23 percent which was pointed out during our interviews as well. During interviews several of the informants pointed out that the costs associated with hiring an employee needs to be put into consideration when assessing the question of public use of external consultants. With that in mind we believe that this is an important factor that needs to be highlighted in the on-going debate in regard to the public use of external consultants, as the financial aspect is not clearly communicated as the alternative of keeping all competencies in-house would incur the municipality with considerable costs. Hence, the flexibility and up-to-date competencies provided by consultants, in addition to their function as an external knowledge source

and quality assurance, could defend their price premium in relation to in-house employees (Nesheim & Vagstad, 2013; Matsui & Hill, 1998). This is in accordance with several other findings in the literature (e.g., Connely & Gallagher, 2004; Mofolo, 2014, Riege, 2005).

In addition to using external consultants due to capacity issues within the municipality, the cutting-edge expertise as well as the benefit of having an external view to legitimate projects or tasks, which is also reported as one of the causes for using consultants (Menon, 2021; MCA, 2019; McKenna, 2006; Mofolo, 2014). Also, Van Helden and Reichard (2013) note that including more quantitative data and measurements by using “hard data” could improve analysis of organizational performance in the public sector. In such a case, consultants could prove beneficial as they bring cutting-edge expertise to assist with such measurements, at least in the implementation phase through performance consulting activities (e.g., Van Helden & Reichard, 2013; McKenna, 2006; Orr & Orr, 2013; Willcocks et al., 2006). Our interviews provided clear indications that the external view of consultants is seen as an important input for the municipality both in terms of task completion, but also as an external quality control and assurance. In many ways, consultants can prevent undesirable outcomes in various projects which is in accordance with the suggested measures to extract value from consultants already present in the literature (MCA, 2019; Mofolo, 2014).

Despite no evidence of a clear focus regarding capturing knowledge, several factors are believed to be relevant to justify the public use of external consultants as discussed above. For example, Van Dooren, Bouckaert, and Halligan (2015, p. 67) claim that developing an understanding of the organization is necessary before prioritizing performance measurement efforts, as it is unrealistic to achieve a measurement system that perfectly mirrors every aspect of the organization in terms of policies, strategies, and environment. Furthermore, Van Dooren et al. (2015, pp. 67-72) claim that the multi-dimensionality and complexity of public sector organization management make it “*practically impossible to measure everything*”, but later suggest self-assessment as a data source for public sector organizations in terms of performance management which could function as a performance measurement tool for external consultants during municipal engagements. However, the limitation of self-assessment is that it can be vulnerable to strategic behavior, gaming behavior, which makes it necessary to enlist more formal and written measurement tools and strategies for evaluating performance (De Waal, 2010; Lapsley & Oldfield, 2001; Van Dooren et al., 2015).

11.0 Conclusion

This thesis had an ambition of investigating the overall assessment of the public use of external consultants and provide a more nuanced debate related to the municipal use of external consultants. Through our interviews we investigated why the municipality uses consultancy services moreover what value the consultants provide in terms of added value mainly in relation to learning and competence.

To answer this, we outlined the following research question:

“How can Norwegian municipalities justify public spending on external consultants?”

The consultant provides flexibility and cutting-edge expertise in areas and times where the municipality lacked this. However, added value in the form of competence development is not formalized and not the main objective when using a consultant for projects. On the other hand, our findings indicate that the overall cost of a consultant needs to be seen in relation to the alternative, which is hiring the same competence in-house. In addition to the base-salary a full-time employee comes with additional costs, including costs of recruitment, employer taxes as well as other costs related to the employee. Furthermore, the need for the competence may not be permanent, which makes hiring an employee full-time for a specific cost inefficient.

Our findings also provide evidence in alignment with the concerns raised by the Office of the Auditor General Norway (2017) which questioned the ability to capture and learn from the external consultants. The result of this is that extra-value is attained by the consultant in the form of increased knowledge, where the municipality most likely will follow the same patterns in the future. We believe that higher focus and a more strategic view on learning will be beneficial for the municipality. Nevertheless, our findings in this project also highlight the lack of nuances in the public debate in relation to the public use of external consultants, as this potentially presents great value for public sector organizations and is important for the municipality to solve their every-day mandated tasks and special projects which contribute to the quality-of-service constituents of the municipality have come to expect.

11.1 Contributions

Through our research we have provided additional perspectives important to nuance the public debate in terms of the public and municipal use of consultants. Through semi-structured interviews we have uncovered that the municipality in many cases are dependent on the external consultants, as they possess cutting-edge expertise that is not always available in-house.

Our study also adds to the existing literature by applying a qualitative view on how employees within the public sector experience and assess the use of external consultants. As this approach investigates important experience from within the municipality, we believe that this adds to the existing literature by providing an alternative view on the public use of external consultants. Also, the insight into the perception of municipal employees in relation to external consultants provided in this study is unique and could prove to be an important contribution to theory. Additionally, we have not been able to identify studies that provide an in-depth view on how the employees within the public sector assess and experience the public debate. These aspects are important as it provides insight and knowledge on both how organizations can facilitate organizational learning, as well as providing an overview on what values the consultants can provide, not only in the form of finishing a project or a service.

This dissertation has provided evidence that the actual costs of consultants need to be seen in relation to having such competence in-house. Here we have provided important factors such as the relevance of the competence, and direct costs in relation to hiring and employing within the municipality. Further, our research shows that the municipalities we have investigated do extract value from consultants in the forms of flexibility and cutting-edge expertise from the external actors. Extracting value in terms of cutting-edge expertise can, however, be viewed as the minimum requirement when hiring external consultants. Municipalities should therefore focus on activities that go beyond the predefined tasks of a consultant in a municipal engagement, and it could be advantageous to include such additional measures in procurement plans and contractual obligations. We suggest looking further into the concept of communities of practice where the consultants could provide insight into their experience and competencies, which municipal employees could build on while keeping their core competencies in-house. However, this research also indicates that the municipality may benefit from having a higher focus on systemizing and increasing the focus on competence development as well as evaluating such activities formally.

11.2 Practical implications

Based on the synthetization of our findings and existing theory on the subject, we believe that to be able to extract added value from external consultants a higher focus on evaluation of the job performed by consultants is needed, as well as using consultants for learning purposes internally. The latter is especially evident in theory, as consultants are frequently highlighted as sources of cutting-edge expertise, unique and up-to-date knowledge, often with problem-solving skills and experience which makes them attractive in a dynamic labor market. However, such advantages come with a premium price which makes it imperative for the municipality, and the public sector, to focus on extracting as much value from these consultants as possible. Thus, utilizing consultants as sources of knowledge waiting to be extracted by municipal employees could grow the municipality's knowledge bases as well as giving perspective as to what is happening in the private market in the sectors concerned.

Also, economic latitude has been mentioned by several informants as potentially problematic in terms of reduction going forward, which is aligned with government documents and prognosis. Hence, being able to develop competencies in using consultants is a skill worth having internally in the municipality to ensure efficient use of external workforces in terms of learning and knowledge extraction as well as in a financial sense. Furthermore, there is evidence to suggest that the public sector, and the municipality, would be better served having a formalized and clear strategy to accomplish this. Such a lack of strategy has been pointed out in previous audit reviews as well as by informants in this thesis, suggesting that this might be a practical challenge for the municipality. A possible explanation is lack of focus on the subject, perhaps in combination with a strict focus on budgets and task completion as suggested by several informants. We have not been able to locate the latter finding in the reviewed literature and can therefore not conclude that this might apply not only in the Norwegian public sector, but also in a more global perspective. Such a statement cannot be made without further research.

11.3 Limitations

Our research has some limitations that will be addressed in the following paragraph. Further, we will outline and discuss the measures taken to reduce these during our project.

First and foremost, we believe that generalization is limited in our research, as we have conducted a single-case study. However, as our main focus in this dissertation was to gather rich data and to understand the phenomenon better, we believe that the approach was appropriate. Another limitation is the limited sample size for our data collection process, as data was gathered through our interviews with six informants from the municipality. A higher number of informants could have provided even more rich and deep data for our research project. However, as we reached a data saturation point during the last couple of interviews, we did not feel that this was a factor limiting the strength of analysis or findings in this dissertation. All informants worked for the municipality, but we believe that the research project would be strengthened by including other stakeholders such as constituents of the municipality to gather other perspectives on the phenomenon in question. For example, we considered diversity of informants in terms of their role, experience, and competence in the municipality as a strength when recruiting informants for our data collection process.

However, we have come to understand that this might lead to a spread in views and perspectives that makes it harder to suggest specific practical measures for the municipal employees.

Furthermore, we acknowledge that our interviews should have included the views of consultants, mainly those experienced in working for and with the public sector hereby municipalities, to nuance findings in this project. Also, interviewing municipal employees to shed light on whether public spending on consultants can be justified could steer conclusions in ways that seem advantageous for the municipality which, in turn, again points to the relevance of other perspectives to further strengthen any findings or conclusions that can be drawn from this dissertation. Again, examples are constituents and taxpayers that are clients in terms of their usage of public services and products and consultants that participate in public sector procurement processes. Based on the aforementioned, other projects that investigate similar topics concerning public spending on external consultants are recommended to include other views to accompany the data foundation of this dissertation in order to strengthen the credibility of findings. A specific method to accomplish this is data triangulation,

As our informants all are connected to the municipality in one way, they are also subject to several biases, which might serve as a limitation as their responses may be affected due to their role. The trustworthiness and credibility may decrease due to the roots that our informants have to the municipality. We acknowledge that we should have included informants in addition to municipal employees, who in many cases will try to justify their actions and might hold back information that could enrich our findings. Further, some areas of the literature reviewed in this dissertation proved challenging in terms of locating relevant and updated research papers. Hence, we felt it necessary to include research studies that normally would not be considered. However, as we managed to keep this to a minimum, we feel that this approach secured both diversity and breadth, as well as relevance and strength.

We also believe that the opposition has been granted several opportunities to grant their case, where the justification and factors from the municipality itself often is not communicated enough. Our research also lacks specific metrics which indeed could help enlighten several factors in regard to the public sector's usage of external consultants. First and foremost, we should have included and collected data that would help us compare the cost of having employees in-house in relation to the cost of using consultants. Throughout our research we contacted Statistics Norway (SSB) but, unfortunately, they were not able to provide us with the necessary data to continue down this path. Hence, we opted to go in a different direction with this project. Despite this being a limitation in our research we believe that this serves as a fundament for future research, as well as our research contributing important perimeters into the debate regarding public sector and external consultants.

11.4 Future research

During the work on this dissertation, we only investigated a single case, although we believe that a multiple-case study is relevant for future research. By conducting a multiple-case study with embedded units more rich data will be available which can help provide a greater overall understanding of the public use of external consultants. However, such a project will be demanding in terms of time and resources which is the main reason for our choice of going in a different direction in this project. Further, we believe that an assessment and investigation of the specific costs associated both for having the knowledge in-house as well as using consultants should be investigated further. This data may serve as a foundation to develop tools as well as put a value on the role of intangible assets such as competence, which theory claims is one of the main features of

external consultants. Furthermore, we believe that such research may enlighten the return on investment of consultants in terms of both objective measures such as task completion and efficiency compared to cost, as well as the actual cost of consultants in relation to having the competence in-house in the form of full-time-employees.

Consequently, the added value presented by consultants in terms of intangible assets such as competencies, experience, and flexibility are all interesting points of research. Additionally, we believe that applying a global perspective will be suitable for future research as the consulting industry is growing with public sector organizations functioning as a major client worldwide. Such a project should adopt a broader perspective on the public use of external consultants in addition to providing data that can supplement existing theoretical constructs and terms to better understand the value and the utilization of consultants in municipalities and other public sector organizations.

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Annexes

Annex A: Informed consent

Vil du delta i forskningsprosjektet

”Municipal use of consultancy services”?

Dette er et spørsmål til deg om å delta i et forskningsprosjekt hvor formålet er å **belyse bruk av konsulenttjenester i Ringerike kommune. Prosjektet ønsker å utvikle en helhetlig forståelse for av fenomenet.** I dette skrivet gir vi deg informasjon om målene for prosjektet og hva deltakelse vil innebære for deg.

Formål

Formålet med prosjektet er å belyse bruk av konsulenttjenester i Ringerike kommune gjennom en kvalitativ studie hvor dybdeintervjuer av relevante kandidater vil fungere som primær datakilde. Prosjektet forfattes på engelsk, og tentativ problemstilling er per nå følgende:

«How does intangible assets affect financial performance in a municipality?»

Prosjektet er en del av masterstudiet i økonomi og ledelse ved Universitetet i Sørøst-Norge avd. Ringerike.

Informasjon og opplysninger som innhentes i forbindelse med prosjektet skal ikke brukes til andre formål med mindre det gis samtykke utover eksisterende godkjennelse.

Hvem er ansvarlig for forskningsprosjektet?

Universitetet i Sørøst-Norge er ansvarlig for prosjektet.

Hvorfor får du spørsmål om å delta?

Prosjektet er basert på dybdeintervjuer med relevante kandidater fra nevnte kommune. Dette innebærer at utvalget er basert på kandidater med inngående kjennskap til kommunens bruk konsulenttjenester. Utvalget baseres på dialog med kontaktperson i kommunen, samt supplerende datakilder som kan belyse andre perspektiver av problemstilling og tema. Kandidater inkluderes i prosjektet dersom det vurderes at de kan bidra med relevant informasjon.

Tillatelser innhentes fra kommunen vedrørende kommunalt ansatte.

Andre datakilder, som privatpersoner, gir informert samtykke i forkant av prosessen.

Hva innebærer det for deg å delta?

Prosjektets datainnsamling vil være basert på personlige dybdeintervjuer. Grunnet smittesituasjonen vil disse avholdes digitalt. Vi vil benytte oss av lyd- og videoopptak for å sikre korrekt sitering og transkribering i etterkant. Denne dataen slettes i etterkant av transkribering og vil bli behandlet anonymt.

Hvis du velger å delta i prosjektet innebærer dette et personlig intervju på opptil 1 time, noe avhengig av praktiske faktorer og selve intervjuet. Spørsmålene omhandler erfaring med læring og

kompetanseutvikling internt i kommunen, samt bruk av eksterne konsulenter i relasjon til dette og kommunens måloppnåelse.

Det er frivillig å delta

Det er frivillig å delta i prosjektet. Hvis du velger å delta, kan du når som helst trekke samtykket tilbake uten å oppgi noen grunn. Alle dine personopplysninger vil da bli slettet. Det vil ikke ha noen negative konsekvenser for deg hvis du ikke vil delta eller senere velger å trekke deg.

Ditt personvern – hvordan vi oppbevarer og bruker dine opplysninger

Vi vil bare bruke opplysningene om deg til formålene vi har fortalt om i dette skrivet. Vi behandler opplysningene konfidensielt og i samsvar med personvernregelverket.

Det vil være svært begrenset tilgang til dataen som inngår i prosjektet. I utgangspunktet er dette forbeholdt utdanningsinstitusjonen, representert ved veileder og studentene som utfører forskningsprosjektet.

Informantene navngis ved hjelp av bokstavkoder for å sikre anonymisering og at dette holdes adskilt fra øvrig data. Datamaterialet vil også lagres på institusjonens server. Dersom det lagres privat, vil dataen være kryptert.

Referat fra selve intervjuet vil bli gjengitt i oppgaven og vil være med på å danne grunnlaget for analyse og tolkning av funn, men respondentene vil ikke kunne gjenkjennes i publikasjon. Respondentene får anledning til å lese gjennom egne opplysninger og godkjenne disse før publisering.

Hva skjer med opplysningene dine når vi avslutter forskningsprosjektet?

Opplysningene anonymiseres når prosjektet avsluttes/oppgaven er godkjent, noe som etter planen er i mai 2021. Personopplysninger og opptak slettes etter transkribering og innen prosjektslutt.

Dine rettigheter

Så lenge du kan identifiseres i datamaterialet, har du rett til:

- innsyn i hvilke personopplysninger som er registrert om deg, og å få utlevert en kopi av opplysningene,
- å få rettet personopplysninger om deg,
- å få slettet personopplysninger om deg, og
- å sende klage til Datatilsynet om behandlingen av dine personopplysninger.

Hva gir oss rett til å behandle personopplysninger om deg?

Vi behandler opplysninger om deg basert på ditt samtykke.

På oppdrag fra Universitetet i Sørøst-Norge har NSD – Norsk senter for forskningsdata AS vurdert at behandlingen av personopplysninger i dette prosjektet er i samsvar med personvernregelverket.

Hvor kan jeg finne ut mer?

Hvis du har spørsmål til studien, eller ønsker å benytte deg av dine rettigheter, ta kontakt med:

- Universitetet i Sørøst-Norge ved emneansvarlig **Øystein Sørebo**, veileder **David Guttormsen** [Ansvarlige studenter er **Joachim Birger Nilsen** og **Marcus Reite**]
- Vårt personvernombud: Paal Are Solberg, tilhørende Campus Porsgrunn.

Hvis du har spørsmål knyttet til NSD sin vurdering av prosjektet, kan du ta kontakt med:

- NSD – Norsk senter for forskningsdata AS på epost (personverntjenester@nsd.no) eller på telefon: 55 58 21 17.

Med vennlig hilsen

David Guttormsen
(Forsker/veileder)

Joachim Birger Nilsen & Marcus Reite
(Studenter)

2 Samtykkeerklæring

Jeg har mottatt og forstått informasjon om prosjektet «*Municipal use of consultancy services*» og har fått anledning til å stille spørsmål. Samtykket kan trekkes når som helst ved å ta kontakt med veileder eller nevnte studenter skriftlig i form av e-post eller muntlig over telefon.

Jeg samtykker til:

- å delta i dybdeintervju
- at Joachim Birger Nilsen og Marcus Reite, studentene, kan gi opplysninger om meg til prosjektet – hvis aktuelt
- at opplysninger om meg publiseres slik at jeg kan gjenkjennes, herunder stillingsbeskrivelse og ansvarsområde hvis aktuelt.

Jeg samtykker til at mine opplysninger behandles frem til prosjektet er avsluttet

(Signert av prosjektdeltaker, dato)

Annex B: Interview guide

Intervjuguide for datainnsamling

Prosjektbeskrivelse: Undersøkelse av kommunal bruk av eksterne konsulenttjenester. I relasjon til dette undersøkes effekten av konsulenttjenester på læring og kompetanseutvikling, samt måloppnåelse, i kommunen.

Tidspunkt: TBD

Dato: TBD

Intervjuer: Joachim Birger Nilsen

Sted: Digitalt intervju

Intervjuobjekt: TBD

Informert samtykke

Vennligst signer presentert informasjonsskriv med egen seksjon angående informert samtykke vedrørende behandling av personopplysninger og deltakelse i prosjektet.

Gjennomføring av intervju

Vi har kontaktet deg ettersom du er ansett som en relevant kandidat for forskningsprosjektet knyttet til kommunens bruk av eksterne konsulenter. Hensikten med denne studien er oppnåelse av dybdekunnskap rundt kommunal bruk av eksterne konsulenttjenester, samt hvilken effekt dette har på læring, kompetanseutvikling og måloppnåelse.

I dette intervjuet vil du innledningsvis bli stilt et knippe introduksjonsspørsmål for å rettferdiggjøre din rolle som intervjuobjekt og deltaker i forskningsprosjektet. Videre vil spørsmålene struktureres etter overordnede tema som alle har som mål å belyse ulike aspekter ved konsulentbruk i kommunen. Det er valgfritt å svare på alle spørsmålene. Avslutningsvis oppfordres du til å ta initiativ dersom du føler du besitter informasjon som ikke er nevnt eller dekket av spørsmålene i intervjuet.

Intervjuet blir tatt opp på video før dette transkriberes i etterkant. All data blir behandlet konfidensielt, mens personopplysninger vil bli anonymisert slik at du som intervjuobjekt ikke kan identifiseres i etterkant.

Intervjuspørsmål

1. Introduksjonsspørsmål

1.1 Hvor lenge har du vært ansatt i kommunen?

1.2 Hva er typiske arbeidsoppgaver i din stilling?

1.3 Har du erfaring med konsulenter fra tidligere arbeidserfaring?

Videre i intervjuet ønsker vi å stille spørsmål vedrørende konsulentbruk i Ringerike kommune.

Forskningsspørsmål

How does intangible assets affect financial performance in a municipality?

2. Dybdespørsmål med oppfølging

Læring- og kompetanseutvikling

2.1 Er du kjent med interne tiltak som skal bidra til læring og kompetanseheving?

i. Hvis ja, har du noen eksempler? Hvis nei, kan du reflektere rundt dette?

ii. Har du forslag til konkrete tiltak for å bidra til læring og kompetanseheving?

2.2 Hvordan sikrer kommunen at de har den nødvendige kompetansen for å utføre sine funksjoner?

i. Kan du utdype/reflektere rundt dette?

ii. Finnes det noen overordnet kompetanseplan for kommunen?

2.3 Finnes det samarbeid med utdanningsinstitusjoner for å rekruttere eller videreutvikle ansatte som mangler ønsket/krever høyere utdanning?

Konsulentttjenester

2.4 Hvorfor benytter kommunen seg av eksterne konsulenter?

i. Hvilke tjenester benyttes eksterne konsulenter til?

2.5 Kan du si noe om prosessen ved kjøp og bruk av konsulentttjenester i kommunen?

i. Opplever du at kommunalt ansatte er involvert i prosessen?

ii. Hvis ja, hvordan? *Hvis nei, kan du reflektere rundt utfordringene med dette?*

2.6 Opplever du at det settes av tid og ressurser til overføring av kompetanse som en del av konsulentoppdraget?

i. Hvis ja, kan du utdype? Hvis nei, kan du reflektere rundt dette?

2.7 Blir erfaringer fra tidligere konsulentkjøp systematisk brukt ved senere konsulentkjøp?

i. Hvordan evalueres bruk av konsulentttjenester?

Ressurser og måloppnåelse

2.8 Hvilke parametere og/eller verktøy anvendes i forbindelse med evaluering av måloppnåelse i kommunen?

i. Hvordan opplever du evaluering av måloppnåelse i kommunen i forhold til privat sektor?

2.9 Opplever du at kommunen har tilstrekkelige ressurser til å gjennomføre sine arbeidsoppgaver?

3. Avslutning.

Nå har vi bare tre (3) spørsmål igjen.

3.1 Er det noe i dette intervjuet du ønsker å oppklare?

3.2 Har du noen spørsmål eller kommentarer til andre ting intervjuet burde tatt opp?

3.3 Er det noe du ønsker å tilføye som er spesielt viktig med tanke på bruk av konsulenter i kommunen?

Takk for deltakelsen i intervjuet, det setter vi pris på.

Det kan hende vi tar kontakt i fremtiden for oppfølgingsspørsmål.

Vi minner igjen om at all informasjon innhentet i dette intervjuet er bundet av konfidensialitet.

Dersom du har noen spørsmål, oppfordrer vi deg til å ta kontakt på tlf. xx/ xx.

Annex C: Notification Form for personal data



NSD sin vurdering

Prosjekttittel

Konsulentbruk i offentlig sektor.

Referansenummer

681727

Registrert

22.01.2021 av Marcus Elias Bøe Reite

Behandlingsansvarlig institusjon

Universitetet i Sørøst-Norge / Handelshøyskolen / Institutt for økonomi, markedsføring og jus

Prosjektansvarlig (vitenskapelig ansatt/veileder eller stipendiat)

David S.A. Guttormsen,

Type prosjekt

Studentprosjekt, masterstudium

Kontaktinformasjon, student

Marcus Reite

Prosjektperiode

01.01.2021 - 15.05.2021

Status

01.03.2021 - Vurdert

Vurdering (1)

01.03.2021 - Vurdert

Det er vår vurdering at behandlingen vil være i samsvar med personvernlovgivningen, så fremt den gjennomføres i tråd med det som er dokumentert i meldeskjemaet 01.03.2021 med vedlegg, samt i meldingsdialogen mellom innmelder og NSD. Behandlingen kan starte.

Merk at det er obligatorisk for studenter å dele meldeskjemaet med prosjektansvarlig (veileder). Det gjøres ved å trykke på “Del prosjekt” i øvre venstre hjørne av meldeskjemaet. Prosjektansvarlig aksepterer invitasjonen ved å trykke på lenken i e-posten og logge inn.

MELD VESENTLIGE ENDRINGER

Dersom det skjer vesentlige endringer i behandlingen av personopplysninger, kan det være nødvendig å melde dette til NSD ved å oppdatere meldeskjemaet. Før du melder inn en endring, oppfordrer vi deg til å lese om hvilke typer endringer det er nødvendig å melde:

<https://www.nsd.no/personverntjenester/fulle-ut-meldeskjema-for-personopplysninger/melde-enderinger-imeldeskjema>

Du må vente på svar fra NSD før endringen gjennomføres.

TYPE OPPLYSNINGER OG VARIGHET

Prosjektet vil behandle alminnelige personopplysninger og særlige kategorier av personopplysninger om politisk oppfatning frem til 15.05.2021.

LOVLIG GRUNNLAG

Prosjektet vil innhente samtykke fra de registrerte til behandlingen av personopplysninger. Vår vurdering er at prosjektet legger opp til et samtykke i samsvar med kravene i art. 4 nr. 11 og 7, ved at det er en frivillig, spesifikk, informert og utvetydig bekreftelse, som kan dokumenteres, og som den registrerte kan trekke tilbake.

For alminnelige personopplysninger vil lovlig grunnlag for behandlingen være den registrertes samtykke, jf. personvernforordningen art. 6 nr. 1 a.

For særlige kategorier av personopplysninger vil lovlig grunnlag for behandlingen være den registrertes uttrykkelige samtykke, jf. personvernforordningen art. 9 nr. 2 bokstav a, jf. personopplysningsloven § 10, jf. § 9 (2).

PERSONVERNPRINSIPPER

NSD vurderer at den planlagte behandlingen av personopplysninger vil følge prinsippene i personvernforordningen:

- om lovlighet, rettferdighet og åpenhet (art. 5.1 a), ved at de registrerte får tilfredsstillende informasjon om og samtykker til behandlingen
- formålsbegrensning (art. 5.1 b), ved at personopplysninger samles inn for spesifikke, uttrykkelig angitte og berettigede formål, og ikke viderebehandles til nye uforenlige formål
- dataminimering (art. 5.1 c), ved at det kun behandles opplysninger som er adekvate, relevante og nødvendige for formålet med prosjektet
- lagringsbegrensning (art. 5.1 e), ved at personopplysningene ikke lagres lengre enn nødvendig for å oppfylle formålet.

DE REGISTRERTES RETTIGHETER

NSD vurderer at informasjonen om behandlingen som de registrerte vil motta oppfyller lovens krav til form og innhold, jf. art. 12.1 og art. 13.

Så lenge de registrerte kan identifiseres i datamaterialet vil de ha følgende rettigheter: innsyn (art. 15), retting (art. 16), sletting (art. 17), begrensning (art. 18) og dataportabilitet (art. 20).

Vi minner om at hvis en registrert tar kontakt om sine rettigheter, har behandlingsansvarlig institusjon plikt til å svare innen en måned.

FØLG DIN INSTITUSJONS RETNINGSLINJER

NSD legger til grunn at behandlingen oppfyller kravene i personvernforordningen om riktighet (art. 5.1 d), integritet og konfidensialitet (art. 5.1. f) og sikkerhet (art. 32).

For å forsikre dere om at kravene oppfylles, må prosjektansvarlig følge interne retningslinjer/rådføre dere med behandlingsansvarlig institusjon.

OPPFØLGING AV PROSJEKTET

NSD vil følge opp ved planlagt avslutning for å avklare om behandlingen av personopplysningene er avsluttet.

Lykke til med prosjektet!

Kontaktperson hos NSD: Kajsa

Amundsen Tlf. Personverntjenester:

55 58 21 17 (tast 1)