Intangible performance in a Theatre: Directing the Audience of Reports

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The intent of the paper is novel in that it attempts to provide insights into how the producers of non-financial numbers consider the different users of accounting information at different levels of distance, e.g. internal versus external users. The paper is based on a qualitative study of a touring theatre company in Sweden in an attempt to understand how they produced numbers for a reporting based on a formal management control “scorecard” based on the requirements of the company’s board of directors (BOD).

The author outlines that there is a management dilemma of “reporting by numbers to information users at different levels of distance.” He argues this is because most managers do not need “IC numbers” in order to manage IC because they have other information at hand. The problem exists because other users of IC information who are removed from the organisation (are at a distance) and have almost no choice but to rely on the numbers produced by managers. It is also argued that this is also a gap in the literature because “previous literature on the use of accounting numbers has focussed on the information users.”

The paper thus identifies two key research questions:

- In an organization where performance is perceived to be difficult to measure – how does the information producer relate to the measurement dilemma in reporting by numbers towards information users at different distances?
- How far beyond their own use of information, does an information producer perceive measurement on intangibles to be useful?

The theory of the paper is based on how the long distance users of IC information use the IC numbers as a form of long-distance control. In this case the control is alleged to come from the BOD as they require the managers of TT to report to them using a predefined set of numbers which are “budgeted and followed up; mainly in terms of budget target fulfilment.”
But the problem with the production of the IC numbers is that there are different users other than the board of director who have access to the numbers.

According to the author each of these is at a different level of distance. For example the BOD is closer as it had a working knowledge of what goes on inside TT. On the other hand the press will most likely not have as much knowledge about TT. The paper then argues that the information provided to these users is based on how trustworthy they are and whether or not the information will be used and is counter to the interests of TT.

The conclusion of the paper states that the further away the users are, the less they are trusted. Also, they lose control of the information the further away the users are. This may have negative consequences if the information is not used properly or misunderstood. For example funders may discontinue funding or the press may print information that is detrimental to TT reputation. Therefore to counter the lack of trust and the fear of what might happen the further away he user is, the more detail they are provided in terms of numbers, narrative and even visualisations.

Critique:

I found the paper interesting and think it could be turned into a good article. I have the following suggestions for improvement:

Structure: Especially at the beginning of the paper it is disjointed. Your introduction reads like the beginning of a literature review. I suggest most of the material presented here be moved to a literature review section. The introduction should state the purpose of the paper, and one or two paragraphs about why it is connected to issues in accounting and in this case intangible reporting. A brief roadmap of the paper should be presented last.
Literature review: This need to be crafted to make clear what the research questions are. Currently the research questions pop out in the introduction. These questions should be framed using a logical argument from gaps in the literature and not stand out independently. Furthermore I disagree with your finding that “Previous literature on the use of accounting numbers has focused on the information users.” This is not the case, especially in the IC accounting literature there are numerous articles that examine how IC numbers are produced. In fact my own work (Dumay, 2009; Dumay and Cuganesan, 2011; Dumay and Rooney, forthcoming) and others (Cuganesan et al., 2007) look at this in detail. Even the Donato (2008) paper you quote examines the producers of IC numbers (even if they don’t produce much). Thus I feel your examination and critique of the literature needs to be more extensive to ensure you have properly examined the works of other and more specifically more contemporary IC articles. To be robust you need to identify a specific “accounting” problem (the dilemma as you put it) and then identify the research question you will answer. I think currently your paper does address your first research question and not the second.

Theory: I think much of this section should form part of the literature review as I don’t consider it to be theoretical in nature. It is more of a literature review examining the issue of the use of numbers from a distance. The linkage to the “Arts” should then be left to the discussion of the field study. Here you can justify how a study on an “Arts” based organisation can help answer your research question and why a qualitative study will be used to achieve this. You can then go on to describe the organisation.

Data: From the last paragraph on page 8 you need to have a new analysis section. I like Figure 2 as it frames the ensuing discussion and is based on your overall analysis of the data. You need to be explicit about this as it currently just jumps out with out explanation. I feel you analysis needs more punch and specifically it needs to show us the numbers, narrative and visualisations you are talking about. There is none of this in the paper. Also, the initial focus was on the scorecard which I understand is only available to the TT’s mangers and the BOD. Is this available to the funders and the general public as well? If so and if this is all publically available information why are we not privy to see it? Also you talk about an Annual Report. We need to see a sample of what you talk about based on your “analysis”. If you have done an analysis of documents please give us the data rather than letting us trust your word… I would especially interested in the analysis you did for footnote 3.

Last I feel the finding/conclusion needs to be strengthened. I think just concentrating on the numbers is too limiting after all in the IC there are few people left who advocate the use of numbers alone and ensure that narrative and even visualizations are included when reporting. The findings I get from the paper are as I have summarised in the table below. I hope maybe you find it useful...
My findings in a nutshell

<table>
<thead>
<tr>
<th>Internal users</th>
<th>Board of Directors</th>
<th>Funders and others</th>
<th>Press</th>
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<tr>
<td>• No need for IC numbers or narrative.</td>
<td>• Need the IC numbers as part of their Management Control of TT’s managers.</td>
<td>• Need the IC numbers and narratives as they have less understanding of the internal workings of TT.</td>
<td>• Need any numbers and narratives as they have even less understanding of the internal workings of TT.</td>
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<tr>
<td>• Have tacit knowledge and understand the context of the business.</td>
<td>• Need little additional narrative as they understand the context.</td>
<td>• Need to understand the value TT creates so that they can make decisions that can hold up to public scrutiny.</td>
<td>• TT’s managers distrust these users because they have no idea of how they will use or more specifically misuse the information.</td>
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<td>• Lived day to day experience</td>
<td>• Have some tacit knowledge of TT some of it from the training given by TT’s managers</td>
<td>• Have less tacit knowledge of TT than the BOD</td>
<td>• Have little or no tacit knowledge of TT</td>
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<td>• Managers trust themselves</td>
<td>• TT’s managers distrust the BOD member unless they understand the business of a theatre company</td>
<td>• TT’s manager have greater distrust in these users as the information could have negative implications for TT (e.g. loss of funding)</td>
<td>• TT’s managers thus provide not only numbers but extensive narrative along with visual representations so unknown users can understand the TT’s context</td>
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References


