Intangible Performance in a Theater: Directing the Audience of Reports

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Abstract

In an organization where performance is perceived to be difficult to measure, the paper studies how the performance information producer relates to the measurement dilemma in reporting by numbers to information users at different levels of distance. The paper is a case study of measurement practices, from the perspective of the information producer, focusing on the top management level in a publicly funded theater. The qualitative research design incorporated interviews, participant observations and document analysis. The analysis draws mainly from literature in measurement and intangibles. In the study, an anxious use of numbers in reporting to distant information users illustrates how the confidence in reporting numbers regarding intangibles is related to the (dis)trust in external users’ second-order measurement practices, and the (lack of) control of users’ framing of measurement. The case reveals efforts made for controlling external users’ framing of reported numbers, implicating how accountability relations and long-distance control by numbers may work bi-directional.

Keywords – Distance, Use of Information, Measurement, Arts and Culture Organizations.

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1. Introduction

What use may you have of numbers if you don’t know either what to count or how to measure it? And what sense may that measure possibly make if you give it to someone else? In this paper, a creative environment is studied – a theater – where there are perceived problems in describing intangible performance by the use of numbers. The theater is however held accountable in numerical terms, to a range of stakeholders, hence a starting-point for this paper is a present dilemma of measurement practices and performance that is difficult to measure.

Throughout the history of Intellectual Capital (IC) and Human Resources accounting research, efforts have been made aiming towards the “measurement of everything” (Power, 2004, p. 767), i.e. to extend the part of the social world which can be described in numbers. One reason for translating values into numbers may be related to the function of accounting as enabler of long-distance control (Robson, 1992). However, translating intangibles and IC into numbers has proven to be a challenge for researchers as well as practitioners, not least in terms of classification (Gröjer, 2001) and measurement (Power, 2004). Measurement of intangibles and IC is problematic since these obtain their value not by the existence of their containing parts, but rather such values are something that happens when IC or Intangibles are in action (cf. Mouritsen, 2009).

With numbers follow not only technical issues but also phenomena that are interesting to study from a social perspective; while some promote research into how accounting information is used and non-used (Chenhall et al., 2010, Hall, 2010a, b), other scholars drawing from a sociological discourse have reflected upon whether numbers are something that is acted upon or if they are actors themselves (cf. Catasús, 2001) and how numbers are created in, or affected by, the social context surrounding them (e.g. Miller, 2001, Vollmer, 2007). Whereas initial literature in the fields of IC and intangibles in general focused on the production of accounts (Edvinson, 1997, Gröjer, 2001, MERITUM, Mouritsen et al., 2001), since then some studies have elaborated on how managers can, or do, make use of such accounting information (Fincham and Roslender, 2003, Johanson et al., 2001) and a recent agenda further advocates the importance also of the non-use of accounting, i.e. embracing also the use of other information than accounting (Chenhall, Hall, 2010, Hall, 2010b).

By illustrating how managers in cultural organizations (museums, theatres and cultural heritages) recognize and manage IC ‘by antennae’, Donato (2008), in a sense, questions measurement as a prerequisite for managing; an otherwise often taken-for-granted basis in management accounting literature. On the other hand, Hall (2010a) suggests that the use of, and reliance in, accounting information may be dependent on the distance between the information user and the processes that the information referrers to; arguing that internal users typically have other information at hand, whereas distanced users may have almost no choice but to rely more in numbers. Mouritsen (2009) further upholds that measures regarding intangibles are problematic,
and suggests that it may be useful only as far as any measurement problems are considered. Drawing on Hall’s argument, which here could get support also by Robson’s argument above, managing ‘by antennae’ would most likely not meet the needs of distanced information users. Thus, the distance between producer and consumer of information comes forth as critical for the usefulness of measurement regarding intangibles.

While Donato (2008) and Mouritsen (2009) referrers to internal managers’ use of measurement, Robson (1992) considers users at a distance and Hall (2010a) the differences in use at different distances (see fig. 1). Whereas previous literature on the use of accounting numbers has focused primarily on the information users, this paper considers the perspective of the accounting information producer. The aim of this paper is to study how an intangible performance information producer relates to the measurement dilemma in reporting by numbers towards users at different levels of distance.

![Fig. 1: Previous literature on the use of accounting numbers has focused on the information users.](image)

Studying the use of measurement and numbers in a context that is driven by intangible value creation processes (cf. Oakes et al., 1998) may provide alternative inputs to the research fields of accounting for IC and intangibles. As such, measurement practices regarding arts and culture performance provides a sophisticated situation for the study of fundamental problems of intellectual capital, human resources, and intangible performance measurement. While Donato (2008), in a similar context, examined measurement for managerial purposes (internally), this paper adds an emphasis also on measurement for external reporting purposes. The research questions of this paper are as follows:

- 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 the own use of information, does an information producer perceive measurement on intangibles to be useful?

The remaining part of the paper is structured as follows: first, follows a theoretical discussion drawing from prior literature on measurement and the use of numbers; second, the case study is presented and discussed on four themes, based on different levels of distance.
between the information producer and user. Third, the case findings on measurement at different levels of distance are discussed, and; fourth, some ending conclusions.

2. Theoretical framework

Measures in general tend to appear more ‘true’ than they perhaps are (Brunsson, 2005). Also, the presence of measures in a management control system tend to outshine, or even hide, values that are not represented by measures (Wetterström, 2001), or as Power (2004) puts it: “critical data that cannot be readily quantified are marginalized and rendered invisible” (p. 775). Robson (1992) argues that “use of numerical metaphor in accounting practice is related to the problem of achieving long-distance control”, as numbers may be seen as inscriptions which “assists in enabling action at a distance”. That is, through accountability relations, external actors exercise long-distance control by the use of reported numbers. As a utility for control, accountability is however not necessarily unidirectional but may also have influence on the account holder (Du Rietz, 2011).

Accounting, by its normalization and powerful establishment of calculative practices, shapes the way in which people interpret organizations in general (Miller, 2001) and performance (cf. Svärdsten, Forthcoming) in particular. Observing the introduction of accounting language in an arts and culture driven context, Oakes et al. (1998) argue that organizational language outlines the way in which participants interpret their own organization. As illustrated in e.g. Oakes et al. (1998) and Svärdsten (Forthcoming), organizational language and labeling may affect the framing of an organization and its performance (Vollmer, 2007) and, in specific, accounting language encourage calculative practices (Miller, 2001).

Vollmer (2007) upholds two fundamentally different qualities of numbers: calculative, i.e. its utility as a language for commensuration and to relate a quality to other (measured) qualities, and symptomatic, i.e. its significance as symptoms of a specific and contingent quality. Drawing from Goffman’s (1974) sociological theory of ‘framing’, Vollmer (2007) elaborates on how framing shapes the perception of numbers and calculative practices, and how the framing of a number may shift among different activities. Framing, in this sense, refers to how something is contextualized, interpreted, and essentially given meaning. Following this line of reasoning, measurement may thus be seen as the practice of framing values in a language of numbers. In the following discussion below it will also be distinguished between the practice of translating a value into a language of numbers i.e. addressing a number to a value, and the practice of relating a number to other numbers.

Power (2004) discusses practices of measurement in terms of first-order measurement practices and second-order measurement practices. First-order measurement practices refers in this sense to the process of translating values into numbers, whereas second-order measurement practices refers to any further calculations based on this number, i.e. relating a number to other numbers. Vollmer (2007), drawing further from Goffman’s frame theory, suggests alterations in
the framing of numbers to be viewed in terms of *upkeying* and *downkeying*, whereas, in principle, upkeying is a shift from framing the number as a symptom of a value into understanding the number in its relation to other numbers; downkeying is, as opposite, reading a number in a numerical context and framing it as a representation of a non-numerical value. Throughout this paper, first-order and second-order measurement practices, framing, upkeying and downkeying will be central in the discussion.

Correspondingly to Vollmer’s interpretation of the upkeying utility of measurement, Mouritsen (2009) argues that measurement initially sets intangible values ‘on hold’:

> On hold in information systems, assets are arrested and taken out of context and while it may be measured in size, its identity and consequences for others are impossible to see. (p. 156)

Discussing measurement for the purpose of managing IC, Mouritsen (2009) draws the conclusion that “measurement is strangely impossible and useful at the same time” (p. 156). He argues that it is ‘impossible’ since intellectual capital is not the sum of the quantities of its parts but rather something that only exists only in the co-existence and co-operation of its parts. Measuring the parts hence cannot render visible intellectual capital, or intangible performance, since the separate measures cannot represent the process. In specific, downkeying of such measures turns problematic. To put it differently, using an analogy from the kitchen; it takes a reasonably skilled chef to make any judgments regarding the taste of a *boeuf bourguignon* solely from a list of its ingredients. Mouritsen (2009) argues that ‘personal knowledge’ (p. 160) is key to utilization of measurement, and that IC measures should not be seen as representations of a reality, but upholds that as long as any limitations of measurement are carefully taken into account, measures can still be ‘useful’ for managers.

As examples of intangible performance, arts and culture organizations comes forth as challenging for measurement. Art philosopher Ericsson (2001) argues that by its nature art is not supposed to be defined or classified, claiming that art has one law to follow and that is “the law of law-questioning” (p. 57). As suggested in Gadamer’s (1989) ‘aesthetic play’, art may be understood as something which *happens* in a co-creation process between the four actors: artist, technique, critique and audience. Guillet de Monthoux (2004) upholds that the art lay not in the art object or performance, but the art-making makes it art. In the sense that art *happens* it corresponds with Mouritsen’s (2009) reasoning on IC and, as follows, the contextual backdrop is essential not only for the understanding but the very existence of arts values. Analogous to intangibles in accounting literature, performance measurement would thus possibly be useful to managers of arts and culture organizations, as long as the ‘impossibility’ of measurement is kept in mind (cf. Mouritsen, 2009).
Donato (2008), studying IC in Italian culture organizations (museums, theatres and cultural heritages), found that managers in these organizations did not typically use numerical measures for managing intangibles, yet paradoxically they regarded these values to be what constitutes the culture organization’s identity. Although there were examples of IC measures in Donato’s study – and even an outspoken wish for more measures – Donato (2008) found that the numbers were not driving decisions but rather they were “perceived as a support for intervention” (p. 391). Donato’s finding hence correspond with Mouritsen (2009), in the sense that IC measurement is not allowed to “take over the properties of the world, but it may add something to it” (p. 159).

Considering managers’ use of ‘accounting information’, Hall (2010a) proposes, in principle, that the farther away from the referred situation a decision-maker is, the more helpful is robust accounting information such as numbers perceived. For a remote user of information, numbers may be the only information available or they may appear to be the most reliable. In such case, numbers may seem more true than they are (e.g. Brunsson, 2005). What e.g. Mouritsen (2009) is referring to, when upholding the usefulness of measurement, is not a question of whether measures represent any reality but rather its potential for providing additional information to a situation close manager. For remote information users, measures may still be upkeyed, i.e. framed in relation to other numbers, and hence come forth as easily calculable. However, downkeying a number, taking it from a calculative context into framing it as a representation of a reality, requires knowledge and insights regarding that specific situation of reality, and hence downkeying arguably prerequisites an understanding of the circumstances of initial first-order measurement. The distance between the information user and the first-order measurement practice comes forth as being critical for the process of downkeying a number. In this sense, keying and framing of numbers, as put forth by Vollmer, offers a frame for analysis in the study of information usefulness at different levels of distance between information producer and user.

Addressing measures is an act of initiating the first-order measurement practices (Power, 2004). The measures may be addressed by internal managers themselves or, in a situation of accountability, by a principal external part. However, while the first-order measurement practice – measuring – is executed internally, ‘action at a distance’ (Robson, 1992) is a second-order measurement practice that takes place externally. Paradoxically, when it comes to intangible measures, information users at a distance may put more faith in numbers than internal users do, while downkeying and making use of numbers becomes increasingly difficult with the distance to the referred situation. The following case study provides an example of how an information producer relates to and uses numbers in external reporting on the basis of its assumptions of external second-order measurement practices.

3. Field study
Studies of the use of numbers may preferably take place in participants’ everyday environment, and Hall (2010a) further suggests studying managers in settings where they can be expected to use or not use numbers. The focus in this case is not at first on the information user but on the producer and how they relate to reporting to other users of information. The producer is however also a user of the produced information, a use which will be studied. Furthermore, the producer’s framing of what performance is need to be considered, since their perceived usefulness of measurement in reporting will refer to their perception of performance.

The empirical data of the case study was collected through semi-structured interviews, document analysis and field observations (see appendix A). The reviewed documents comprise e.g. formal ‘scorecard’ management control system documentation, external annual reports, an archive of internal performance reports, and the official mission statement. For studying the use of information in verbal interpersonal exchanges, attending to formal management meetings was one part of the field observation (cf. Hall, 2010a). Furthermore, six full-day observations were accumulated by on-site visits, taking part as a ‘peripheral member’ (cf. Oakes, Townley, 1998) in e.g. lunch and coffee-break conversations among staff. Five semi-structured interviews were conducted with top management, and some additional ad-hoc mini-interviews with employees from other parts of the organization e.g. actors, marketers and technicians. Further informal conversations during the field observation, with previously interviewed participants, e.g. over the occasional coffee, extended the data collected from the semi-structured interviews. All observations and interviews took place on-site in 2009 and 2010.

The Touring Theater (TT) of the case study is situated in a fairly small town (<100,000) in a sparsely populated region of the Swedish countryside. Its legal form is a business enterprise with about 50 employees, and it is owned by 60/40 parts by the local county council and the municipality. TT accommodates one theater stage in its downtown-located main building, yet the ‘mission’ is primarily to make tours across the county region. In total around 400 performances are produced a year, of which approximately half are performed on other locations than the TT building. Stated in its general mission, set by the owners (the municipality and the county council), TT has e.g. a "responsibility to produce, support, strengthen, and develop theater and other performing arts in [the region] […] the work of TT should be characterized of high artistic quality, diversity, attraction and availability". It is also stated as an overall objective that "young and children is a priority target group". The mission statement is further divided into seven objectives, spanning from improving financing solutions to supporting cultural diversity, and to develop and renew the performing arts in the region. The owners provide funding on an annual basis, since the theater is not, and is neither expected to, gaining profits. Additional funding from the National Culture Department (NCD) is applied for every year and altogether the public funding represent about 90 percent of the turnover. In addition to the annual report, TT reports quarterly to its owners, a reporting that is based on a ‘scorecard’ model for management control.
Touring is the main focus, and there is a constant struggle to get the most value out of every performance since touring makes negative financial returns. The costs to set up a play in a faraway end of the region are much higher than the revenues even, if the show is sold-out. Consequently, "canceling a performance is a success in the books" (Administrative Director), and there are obviously other variables than financial that affect decisions. TT e.g. keep the number of available tickets at a level where they believe every one in the audience will get a full-worthy experience, even as a selling more tickets would increase sales.

When touring a play, TT brings on tour the stage, scenography and even the audience seats. One important aspect affecting decisions on production size is thus the size of available rooms at locations for the tour to visit. As a large production (e.g. a big stage for many actors simultaneously acting, or many seats for a big audience) will require large rooms, production size may have to be kept small in order to also visit villages not housing a large room. In such decisions, a latent mission conflict appears; the mission is to take the theater to the whole region, which would suggest to set up small productions in order to fit into small rooms, but the mission statement is also clear on that there should be professional high quality theater, which for some plays may require larger scenography, technical equipment and more actors than is possible to fit in to the largest room available in some of the smaller villages.

In the remaining part of the paper it will be distinguished between the use of measurement for purposes referring to four different levels of distance between the producer and user of accounting information (see fig. 2). After the following section, illustrating the theater’s perception and framing of its performance, the presentation and discussion of how the theater managers relate to measurement will be structured according to four themes, which were rendered from the data: (1) measurement for internal use, (2) reporting to board meetings and the owners, (3) reporting to external funders and others within the business, and (4) reporting to unknown users and the press.

![Figure 2: The users of information at four different levels of distance.](image)
3.1 Measurement for internal use

When asking managers and employees (e.g. actors, technicians, marketers, scenography builders) how they would describe the value creation of their organization, nearly all respondents instantly argued that this is difficult and most of them (especially managers and administrative staff) then continued with that it cannot be appropriately described by numbers. Listening to actors and technicians in the coffee-room, telling each other stories about previous tours, a remarkable extent of the stories were in essence about how appreciated the theater staff had felt and, not least, how small villages’ citizens have expressed their thrill for simply not being forgotten. Lacking measures for the performance of the organization, such storytelling arguably shapes the framing of what performance is. One of the most important success-factors, according to such stories, would thus be whether their tours are appreciated.

"[…] of course we want to play for sold-out salons. And then there are the reviews, of course that’s important too, you can’t deny that. But the reactions from the audience are also important. We make these survey measurements. First of all, you notice how people are – whether they are happy when they walk out of the salon. But then we also constantly make these measurements and see to that they are. And that’s also a way of seeing that… I mean, if they like what we do. We want there to be lots of x-es in the ‘very good’ box. That’s a sign too on that we’re doing the right thing. But then there’s also, like, the commitment a play raises. Especially the [youth project actors] use to tell such stories about how emotionally touched young people in their audience have been after seeing a play; [they] came up afterwards to talk… and, you know, the actors felt that they really meant something to somebody. And that’s also that feeling of wow – what we do is really something important. That feeling you get from those occasions, so the audience reactions in any way… [matter]"

Within the organization, the framing of performance is not shaped by measures but other information sources. Even though they do measure audience reactions, such measures were not once referred to in the stories told in the coffee room or during the interviews. Their own feeling of being important comes forth as an important driving force for the framing of performance in TT. Given the observed framing of performance, reaching out to even the smallest villages, and committing to the audience, are constructed internally as about the most important parts of TT’s value creation. Regarding the tours, there is an indicator in the ‘scorecard’ counting the number of different villages the theater visits, and there is also an indicator for the number of new villages visited per year. Such measures may provide valuable information as signifiers of indicators, but cannot, arguably, capture the essential values that are put forth in informal discussions in the coffee room – such as e.g. the countryside citizens’ appreciation of the tours. As follows, and in accordance with Hall (2010a) and Donato (2008), managers’ decisions are predominantly driven by other information than the measures of the scorecard. For instance, the
theater director explained a case where they, regarding a specific village, have learned that there is only during a short period a year that this village is worth visiting; during non-hunting season. When there is no hunting allowed, the tour is usually sold-out in this specific area – otherwise, when any kind of hunting is allowed, almost no audience show up. Regardless of other criteria, a tour visit to this certain village needs to be scheduled during this short non-hunting season. The measures in the scorecard do not assist in such decision-making, nor do they visualize the value creation that TT perceives.

In another coffee-room story – which was also frequently referred to during some of the interviews – the theater played a performance for a sold out 50 seats salon in a village of just seven citizens. The non-financial aspects of the values created – as e.g. what the theater performance meant to these seven citizens – are difficult to render visible by any standardized measurement. It is against this backdrop of how performance is framed within the organization that managers perceive numerical measurement as such a problematic task:

Respondent (R): “It is difficult to find external key figures which you can, you know, trust, in that sense; so that you may say that ‘this is better’ or ‘this is worse’.
Interviewer (I): What is it that is difficult – since you now mentioned two problems – is it difficult to find key figures, or to trust them?
R: Well, to find key figures that are so general that a comparison is meaningful, I guess you could say.”

Thus far, the case is consistent with the findings by Donato (2008), in the sense that the managers express a strive for increased use of measures, though they have troubles finding what they perceive as proper ones. The manager here suggests ‘trust’ as a characteristic of a good measure. The quote above also reveals something of the managers’ ambition with using measurement; to make comparisons. Comparisons are second-order measurement practices, which are executed with numbers framed in a context of calculations. For measurement of intangibles to be useful, however, it is critical not to use the number as a representation of reality but continuously downkey the measures. On the other hand, since measures are ‘on hold’ (Mouritsen, 2009), they should be related to their referred situations to be useful, which might as well be what is referred to as ‘comparison’, by the administrative director in TT.

“I: [Do you compare yourselves to other theaters, and in that case; what do you compare?]
R: Of course we look at audience figures, we do indeed. It is central, no matter how you slice it. […] I think it’s interesting to compare, that is to say; it’s a driving force, because I think one can learn things by being compared with others, even if you don’t… even though this ‘worse or better’ is difficult, one can
question why it looks a certain way, and if one has an explanation for it that could be a way to initiate a change into something better.”

By being internal information users with access to additional information, the managers can relate to the appreciation of a tour visit when they interpret e.g. measures of the number of visited locations. The managers in TT have daily contact with the touring staffs, not least informally during lunches and coffee, and can collect a wide set of information providing further insight into the operational work of the organization. As Mouritsen (2009) upholds how separate measures do not represent an in-action value, each parts of the information that are provided in the scorecard should thus be interpreted in a frame of its situational context to be useful. The managers may perhaps manage the downkeying that is necessary for the scorecard to be helpful, but a question hence arises whether users of the ‘owner reports’, which are based on the scorecard and its measures, can be expected to downkey and interpret information in a similar way. The executive board, and to some extent the owners, may in this sense be regarded as being on the border between internal and external users of information.

3.2 Reporting to board meetings and the owners

The management control system, as mentioned in previous sections, is labeled ‘Scorecard’ and is comparable to Kaplan and Norton’s (1992) idea of a Balanced Scorecard derived from the business strategy. In the scorecard the organization is represented from four perspectives (Citizen/Customer; Development/Growth; Finance; Employee), to each of which ‘key factors’ are addressed. Further, and in line with Kaplan and Norton’s model (1992), one or a few number of ‘targets’ are addressed to each key factor. Each measure is then budgeted and followed-up; mainly in terms of budget target fulfillment. However, as seen in the previous section above and in accordance with Donato (2008), the scorecard and its measures are not driving the internal decision-making:

“[The Scorecard] is at first the municipality’s way of controlling us, or to have insight into our management control. That was how it came about in the first place. Then we have, kind of, become quite comfortable with that way of operating. We thought, already when it was implemented, that it was a much better way of reporting than we used to do, since this is much more comprehensive, more complete, than before; when they basically just wanted our results – that is, by numbers – our financial result. Whatever we wrote about our performance it was deleted because it took too much space.”

The scorecard hence sets a frame for interpretation of reported measures. The information user – in this case the board – is expected to frame the measures as part of the scorecard, a framing which the respondent appear to be quite satisfied with. Reporting measures in the scorecard is thus a way of reporting both the numbers and, arguably, at the same time it provides a frame for
the interpretation of them. In a typical owner’s report, measures from the scorecard are presented in the following manner and order; first the four perspectives are presented as colored quarters of a circle, according to performance indicators (green, yellow, red); second, each key factor is presented as colors and arrows (aiming up, equal or down); third, then follows a descriptive text of the overall performance; and fourth, in the last part of the report each perspective is presented as a narrative text, which is commenting on the measures that are represented as numbers and calculated percentages within the text (mid-year report 2009). In that way, the suggested context for framing measures in is provided first – then the numbers. It seems then as TT expects users of information to frame the measures in compliance with this. However, according to Hall (2010a), measures and numbers means more to an otherwise uninformed user but less to a well-informed one. Thus, arguably, it might as well be enough for an information user to believe that s/he is a well-informed user, in order to act as one. Measures in the scorecard are upkeyed to a frame of calculation, as the scorecard itself is a calculative context. Still, information users will downkey numbers into the their interpretation of the referred situation.

“Before, it was basically the financial perspective that was reported – and nothing else. Now I have the other three [perspectives of the scorecard] in which I can direct the focus a little bit where I want. And also the municipality declares that the citizen perspective should be at the center, even in their own accounting, and that has always been our standing-point. The citizen perspective is, as it were, what’s important to us. And that’s why [the scorecard] goes well with our thoughts.”

The managers in TT perceive it as a good thing that their owners express a focus on the same perspective. However, it does not make reporting by numbers any less problematic. Noteworthy here is that the administrative manager claims that s/he can direct the focus of the information users. As Robson (1992) acknowledges, accounts are usually given by numbers for to enable long-distance control, but in this case the manager indicates a control exercise in the opposite direction; it comes forth as TT attempts to control the control-by-numbers, i.e. the accountability relation, by directing the account holder’s framing of the numbers. Even further on this matter, on a question on how the administrative director perceive the board members’ knowledge in the theater context, s/he replies:

“We try of course to train our board – so now they actually work pretty well. They have been there for four years now, so now they’re starting to somewhat understand what our business is about; what are the difficulties; how do we relate to others, and so on. But now they are about to be replaced, next year, after the annual general meeting. So then we have to start over again, training the new board and explaining to them: this is how you make theater, and this is what
theater production is about and this is what our county region looks like… well we will have to start over again, basically.”

”[The board] is our link to our owners. They are…I mean, our largest benefit of having a board at all is […] they have entrances to the politicians who make the decisions on our funding, here in the municipality. If we can talk to them and they in turn may influence other politicians – that this is a good project, for instance – then it makes it easier for us to get funding. That is our best benefit from the board. ‘Cause that the board should supervise our organization, well…it has not really been like that. They simply lack too much in their knowledge.”

Thus, TT perceives their board to lack the personal knowledge that is necessary for downkeying and making use of measures. However, since they also seem convinced that they can control how the board frames reported information, measurement is still perceived to be useful at this level of distance. This further raises questions whether measures, at this level of distance, are seen as representations of reality or as additional information, and if numbers act as decision drivers. Whereas the board in a sense is situated on the border between the organization’s internal and external environment, in the next section the distance between information producer and user increases, studying how TT relates to sending measures outside the organizational border.

3.3 reporting to external funders and others within the business

When Hall (2010a) talk about differences facing internal end distanced managers, he referrers primarily to the access of additional information. In a similar way, Mouritsen (2009) upholds the importance of personal knowledge of the referred situation. By personal knowledge or experience based on a reasonably similar situation, information on intangibles would arguably be more useful to people within the same business. In TT there however seem to be slight distrust in their business colleges:

“As long as, well not always, you talk to people within the arts business – as there are not all people within the business that are aware of the differences, though they are at least more aware.”

At the time of the field study, the administrative director of TT was engaged in an accounting standardization project, initiated by the Swedish Performing Arts Association (Svensk Scenkonst), the aim of which was to improve the relevance and comparability of accounting among performing arts organizations in Sweden and to find relevant key figures and benchmarks.

“We’re writing this brief information sheet, like: this is our intentions, and then there is this is how the account plan looks like, and this is how the annual report template looks like, and these key figures, we think may be useful to look at. […] The aim [with the standardization project] was basically for us to create some sort of common standard, labeling things the same… well… to obtain a
conceptual structure, basically, so that we're talking about the same things. When we discuss production costs, we know that it’s not being one thing at one theater and another thing at another theater - which has been the case. And when we say *touring costs*, we include these costs and nothing else. We now have the outline for that.”

Again, measurement seems to be thought of as a means for comparability and benchmarking. There shines through a belief in measurement as being useful, although there is a perceived need for structuring first-order measurement practices. On the other hand, the usefulness referred to is in this case not the use by others but TT’s own use of others’ information, but the argumentation would arguably be the same. It also appears in the quote above that downkeying is perceived to be hopeless, or impossible, not only when the situational context is unknown, but also detailed information about the first-order measurement practice is prerequisite.

> “Then there was of course the ambition from NCD – who funded the project – they wanted… well most of all they wanted key figures which you could line up just like this to tell *this theater is good* and *that theater is less good*. That was about what they wanted.”

This indicates a perceived limitation of the usefulness of measurement for comparability. Since measures cannot represent intangible values, neither can measurement distinct between good and bad, or even better or worse. Its potential lay in adding something to someone who is already informed and hence able to downkey measures.

> “R: [How do you think that e.g. NCD read your figures?] I: I’m not afraid of *them*, since they know what it concerns, to a certain extent. They are engaged in, as it were, the problem. What everyone is afraid of is the press – media – where the knowledge and understanding of our various circumstances are lacking.

Reporting on intangibles here comes forth as an emotional practice, as the manager in the quote above relates to reporting in terms of *fear* of the information user. It is also here drawn a clear-cut border between reporting to NCD and the press, whereas these differ in their understanding of TT’s situational context. In the following section, TT’s relation to measurement is studied in their practices of reporting to the press, and unknown information users.

### 3.4 reporting to unknown users and the press

As the interview quotation from the last section above continues, there are indications on who is thought of as external users of measurement, and what is perceived to be particularly problematic with reporting at a distance:

> “…What everyone is afraid of is the press – media – where the knowledge and understanding of our various circumstances are lacking. Because it comes ones a
year: *this much is the cost of a theater visit*, and there we are, all the theaters from all over the country, all mixed up. I mean, like the Royal Opera […] with a choir of 40 people and a symphony orchestra […] – of course it cost a lot more producing opera than a small story-telling play here. But [the press] mess it all up and write *this is the price of your theater ticket.* […] And, yes, that gives the impression of that this one theater should be better than the other. But for example [a specific dance organization], they have a touring mission in a narrow art genre and a large touring region – of course that costs a lot – NCD knows that kind of things, but the regular person reading those articles in the newspapers doesn’t. And then the local politicians, when they read these figures they… then they have too little knowledge of what it is really about.”

The manager fear the press, since the press does not present numbers in what the manager perceive as a proper frame. In such press articles as referred to, measures are presented in a frame of calculation, upkeyed, without information on the differences in the organizations’ operating contexts. Since first-order measurement practices are not disclosed, nor is any information on situational factors in each organization disclosed, such newspaper articles are not enabling downkeying. Regarding the comparability problem argued in the quote, the manager’s critique of such use of measurement is in line with some of the arguments in the previous theoretical section. Measurement may be useful for adding information, but it is not perceived to be useful as representation of reality. It thus appears that TT perceives the limit of measurement usefulness to be crossed at this level of distance:

“It is that they don’t know what it means to produce theater. *What does it take? How do we work? What does the process look like? What are the difficulties? What is not?* That’s where the huge knowledge gap is. […] When you discuss theater, people ask questions like ‘how do they manage to remember all that text’ – as if that was the major issue. But all the other stuff we’ve been struggling with – technical issues, research – nobody knows anything about that.”

Measurement on intangible performance is useful only as far as it is understood as additional information on a specific situation, yet with increased distance other information sources decreases, and at long distance measures will be the only information available. Given that measurement is useful only as additional information, users at a distance should not make decisions on measures. Paradoxically, and in line with Hall’s (2010a) suggestion, TT perceives their information users-at-a-distance to be the most ignorant users. Hence, fear is part of how TT relates to their distant information users.

From the document analysis it becomes evident that TT is not satisfied describing the performance solely by numbers; all studied reports are enriched by descriptive text, and the annual reports reveal an extensive use of visual accounts (cf. Cuganesan and Dumay, 2009, Davison and Warren, 2009) e.g. pictures, tables and graphs. Furthermore, since a few years
ago, the theater contracts an external review of the major newspapers’ cultural pages critique of performances, which is then presented in the annual report (in statistical numbers, graphs, and quotations), as an attempt to reveal and put light on the artistic quality of performance. By their fear of that measures may be framed in calculative practices where the intangible performance is forgotten, TT attempts to provide information in the annual report that can shape the readers’ framing of measures. In line with Mouritsen et al.’s (2001) suggestions for storytelling accounting, such narrative stories aim at explaining how the organizations operate, rather than how much they have spent and how much is left. In other terms, the additional accounts may be seen as an attempt to assist downkeying measures into a certain context, in order for distant information users to frame measures in a frame that TT is comfortable with. Mouritsen et al. (2001) recommends for narratives to be taken serious there should be supportive numbers, yet in order to understand the narrative accounts of the case theater it might be useful to try Mouritsen et al.’s argument analogously from an opposite perspective; it comes forth rather as a case where TT perceives that numbers need supportive context information to be useful i.e. for the managers to feel more comfortable giving away numbers.

4. Trust, control, or fear of information users
Intangible performance reporting comes forth as an emotional issue in the cases study, where the feeling of trust is important, and control of information use may comfort latent distrust. Measurement may be part of an accounting system for the purpose of enabling long-distance control (Robson, 1992). Arguably, if measurement can be utilized to remotely control a situation, it would also imply that someone has the control of measurement practices. To apply measurement for the purpose of control thus arguably suggests controlling the practices of it. Internally, in the studied theater, second-order measurement practices are arguably controlled by the organization, yet such control is lost as soon as a number leaves the organization. The organization cannot control whether or how external readers of reports interpret numbers and take into account the limitations of measurement, i.e. they need to trust the users.

It is not the superficial neutrality of arithmetic, but the specific coupling of sign utilization to the ordering on ongoing activity which makes the use of numbers such a unique form of social activity. It brings about layered framings of activity which the use of letters is utterly unable to sustain, since it lacks the instant laminating power of upkeying offered by the use of numbers. (Vollmer, 2007, p. 597)

The ‘instant power of upkeying’ could be part of the explanation for the theater’s apprehensions when they as a starting-point express distrust in numbers as representations of their performance. The managers appear to fear distant users’ upkeying, because of a presumed focus on the calculative qualities of numbers. Still, at the same time the managers appreciate the symptomatic
qualities of numbers for their own use. That is not to say, however, that TT would not like to report externally on measures. They want to make their performance visible in a language that is legitimate, which numbers are considered to be by others. Numbers are in that sense also enabling external reporting. It appears rather to be due to a lack of trust in remote users of accounting to take into account the limitations – or ‘impossibility’, as Mouritsen (2009) puts it – of measurement, in their framing of numbers and in their presumed inability of downkeying.

Related to the distance between the producer and user of information, two factors seem to be critical for TT’s perception of the usefulness of measurement regarding intangibles. That is trust in and control of information users’ framing of reported information. The trust and control are both related to distance in terms of contextual likeness or understanding. Where there is distrust, they try to take control, hence the ‘control’ is indeed also related to lack of trust. However, the greater the distance between producer and user is, the more difficult it also gets to achieve control.

Using measures within or very close to the first-order measurement practice, TT has control also over the second-order measurement practices. When reporting to the board, TT does not trust the users’ framing of measures, but perceive it as they to some extent can control the board members’ framing of information. Regarding other information users with some knowledge of the business, TT indicate moderate trust, and some evidence of control exercises was also found in this category of reporting distance. To external users at greater distances, where information users according to Hall (2010a) even may care more for measures, there is – accordingly – distrust towards users. Even though there in this category are examples of attempts made for controlling how users frame reported information, there is basically no trust. The case study further revealed that when there is no trust in the users of information, there is fear of the reports users. Thus, the perceived usefulness of measurement is dependent on the distance to information users, and the findings implicate that this relationship is moderated by the trust and control of users’ framing of information. Increased distance to users elevates distrust and decreases control, both of which affect the perceived usefulness of measurement. Further, distrust and control are interrelated; as distrust triggers the perceived need for control, and also distrust may be moderated by control.

5. Concluding remarks

The paper has studied how an information producer use measures for intangibles in external reporting and relates to measurement on the basis of its assumptions of external users’ second-order measurement practices. Regarding the managing of intangible performance, the results support previous critique of measurement as a prerequisite for management control, in the sense that measures were assisting but not driving decisions; managing decisions were made on the basis of additional information and personal knowledge. Focusing on the producer of
information, the study has further provided examples on how a producer of accounting information on intangible performance cautiously takes into consideration how information users may frame the reported information. In this sense, the case illustrates how an accounting producer may relate to measurement on the basis of presumptions regarding the user. Measures are affected by their environment but also the perceived usefulness is affected by assumptions on how a different environment may affect measures.

Reporting externally on intangible performance comes forth as a complex and emotional practice, which is based on trust in distant users’ framing of information. The case illustrated that when there were signs of distrust in the users’ framing of measures, attempts were made for taking control over second-order measurement practices i.e. either the use or the framing of reported information. Measurement was perceived by the producer to be useful in reporting as long as there were trust or control of the information users. If there was neither control nor trust, there was distrust in – and even fear of – measurement. Still, at any levels of distance studied, measurement was used for reporting. Although the findings have not indicated any certain level of distance at which usefulness ends, the findings suggest that the perception of measurement usefulness is related to the distance between information producer and information user. Further the case study implies that the use of measurement regarding intangibles may serve enabling purposes beyond internal management.

From the perspective of the information prodder, intangible performance measurement comes forth as potentially useful in reporting for as far as the users of information can be trusted, which in turn depends on the perception of the users’ knowledge about the referred situational context. Thus, intangible measures may possibly make sense to other information users than managers, although the distance between producer and user of information seems to be critical for two reasons. First, users at a distance may have over-reliance in measures. Second, at a certain level of distance users will fall short on either information access or situational knowledge, which in turn makes downkeying of measures difficult. From the case study of an intangibles information producer, the perceived usefulness of measurement is found to be dependent on the distance to information users, yet this dependency is moderated by the trust and control of users’ framing of information. More specific, increased distance to users elevates distrust and decreases control, both of which affect the perceived usefulness of measurement. Furthermore, distrust and control are interrelated, as distrust may be moderated by control yet at the same time distrust triggers the perceived need for control.

Taking accounting to the stage could provide a metaphor for intangible performance reporting. Intangibles reporting may then be thought of as a theater play, with the theater management as the director, and on the stage there is ‘accounting play’; an ensemble of various – acting – characters (accounts). However, for the artistic ‘message’ (intangible value creation) to come through, this play requires a responsive audience. The ‘message’ is not exposed in the
lines, outspoken by the actors on stage, but it may be revealed in their interaction. However, the managers in the case study, in their role as the ‘director’ of such reporting ‘play’, do not trust the interpretative skills of their audience; hence they try to direct the audience.

[1] Many variations seem to circulate of a proverb on this matter, e.g. Donato Donato F. Managing IC by

[2] The name of the theater is not revealed. ‘TT’ – as in Touring Theater – is used throughout the paper.

[3] A brief comparison was made to annual reports from IT and Industry businesses, counting pictures, tables, graphs and texts per page. The result was striking on the extensive use of large pictures and limited use of numerical tables.
References


Hall M. Accounting information and managerial work. Accounting, Organizations and Society. 2010a;35:301-15.

Hall M. Do comprehensive performance measurement systems help or hinder managers’ mental model development? Management Accounting Research. 2010b.


Vollmer H. How to do more with numbers☆Elementary stakes, framing, keying, and the three-dimensional character of numerical signs. Accounting, Organizations and Society. 2007;32:577-600.

Appendix A

Details on collected data

Semi-Structured Interviews

<table>
<thead>
<tr>
<th>Interview number</th>
<th>Position</th>
<th>Duration</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Administrative Director</td>
<td>90 min</td>
</tr>
<tr>
<td>2</td>
<td>Theater Director</td>
<td>90 min</td>
</tr>
<tr>
<td>3</td>
<td>Administrative Director</td>
<td>40 min</td>
</tr>
<tr>
<td>4</td>
<td>Actor</td>
<td>20 min</td>
</tr>
<tr>
<td>5</td>
<td>Technician</td>
<td>20 min</td>
</tr>
<tr>
<td>6</td>
<td>Administrative Director</td>
<td>110 min</td>
</tr>
</tbody>
</table>

Observations

<table>
<thead>
<tr>
<th>Observed event</th>
<th>Participants</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly management meeting</td>
<td>Theater Director, Administrative Director, Technical Director</td>
<td>90 min</td>
</tr>
<tr>
<td>Observations in informal situations</td>
<td>Across-staff</td>
<td>6 x full days</td>
</tr>
<tr>
<td>All staff week-meetings</td>
<td>All-staff</td>
<td>2 x 1 hour</td>
</tr>
<tr>
<td>Project planning meeting</td>
<td>Administrative Director, Project leader, Consultant</td>
<td>1 hour</td>
</tr>
</tbody>
</table>

Document Analysis

- Internal report (to owners and the board) August 2009.
- The National Cultural Department 2010 funding application form.
- Owners’ addressed key figures on mission statement objectives, 2009.
- Archive of internal reporting documentation since 1980.