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**MANAGEMENT ACCOUNTING SYSTEMS
AND THE EXERCISE OF INTERPERSONAL POWER IN ORGANIZATIONS:
OBSERVATIONS FROM AN “ACCOUNTING FREE” ZONE –
THE CASE OF NOT-FOR-PROFIT PERFORMING ARTS ORGANIZATIONS**

by

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To Normand,
Marc-André and Dominic

To my parents,
Micheline and Philippe

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ABSTRACT

MANAGEMENT ACCOUNTING SYSTEMS AND THE EXERCISE OF INTERPERSONAL POWER IN ORGANIZATIONS: OBSERVATIONS FROM AN "ACCOUNTING FREE" ZONE – THE CASE OF NOT-FOR-PROFIT PERFORMING ARTS ORGANIZATIONS

This thesis has two main concerns. First it attempts to shed new light on the ways in which alternative "critical" approaches have developed within management accounting research, over the past two decades, to challenge approaches which depict accounting in organizations as a rational, objective and value-free device. My literature review analyses the range of issues covered by the new approaches, and their boundaries, and suggests that, to date, the more significant contributions have taken place at the theoretical level, although an increasing amount of empirical research is coming through.

My second and major objective is to contribute to the critical project in two ways: empirically, by undertaking a field study in an area where management accounting systems (hereafter MAS) are not necessarily accepted in a taken-for-granted way, the not-for-profit performing arts sector, and theoretically, by developing and validating, via this field study, a conceptual framework adapted from organization theory, which may help shed light on a theoretical issue which seems to have been somewhat overlooked, the *reciprocal* way in which individuals interact with MAS, as a problem of power relations. The play of relations which I wish to scrutinize is best expressed in the following two questions: How do the actions of individuals affect the power of MAS? How does the power of MAS affect the actions of individuals?

Methodologically, the conceptual framework is designed to enable me to analyse action in terms of the interactions between "individuals", "concrete systems of action" and the social, economic and cultural "environment". I aim to identify the relative influence on power relations of MAS, when compared with other "concrete systems of action", bearing in mind three types of constraint: those arising in the "immediate" environment, and others deriving from the "political-economic" and "cultural-aesthetic" environments. My objective is to examine the extent to which MAS are appropriated as a resource by individuals in search of, or in the exercise of, power within not-for-profit based theatres. I have undertaken comparative field research in two countries, in order to see what regularities and differences there may be within and between countries. Data were gathered through direct observation and interviews, plus written documentation from two theatres in Montreal, Canada, and two in the English Midlands. Given the qualitative nature of my research, and in order to maintain a formal separation of observations and interpretation, I first present the detail of my findings using a simple narrative format, before presenting the interpretation based on my conceptual framework.

My findings suggest that, even though many organizational actors still perceive an incompatibility between MAS and artistic objectives, artistic activity is heavily shaped by accounting-related activities, across all departments, in all theatres. Accounting discourse in general, and the MAS in particular, does affect actions and represents an indispensable resource in negotiations with outside actors, e.g. sponsors, funding bodies, formal Boards. At the same time, my comparative data suggest that an MAS which is structured to allow individuals to participate actively and positively in day-to-day accounting work will be more positively perceived by managers, even in a not-for-profit, performing arts contexts, as a helpful and constructive means of reconciling the aesthetic and economic objectives which are required for their organization's survival and success.

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INTRODUCTION

I. STATE OF THE FACTS IN MANAGEMENT ACCOUNTING RESEARCH

For nearly two decades, management accounting academics, and some practitioners, have been pursuing “alternative” approaches to the so-called “traditional” way¹ of depicting management accounting, as a rational and technical device operating in an objective and value-free reality. For some, the “traditional” view oversimplifies the functioning of management accounting in organizations (Burchell et al, 1980; Morgan, 1983; Chua, 1986) and for others, this approach (which, they argue, is rarely tested in real organizational settings) is completely disconnected from management accounting practices (Covaleski & Dirsmith, 1990; Scapens, 1990; Ferreira & Merchant, 1992; Spicer, 1992).

Thus, over the last fifteen years or so, a multiplicity of theories, frameworks and methods has been elaborated aiming to prove that the “traditionalist” vision needed to be either enriched by, or abandoned for, the “alternatives” proposed.

In retrospect, during that period, the growth of the management accounting research agenda has been simultaneously important and diffuse. As a result, several epistemological debates have been conducted by management accounting academics concerning *the nature* of management accounting (Hofbeck, 1995). For instance: “Is management accounting an art, a discipline or a science?” (Cormier & Tremblay, 1991, p. 23, free translation). Other academics have been concerned by management accounting’s status as a science (or discipline... it depends), vis-a-vis the *natural* sciences or the *social* sciences. At the level

¹ Some authors refer to the “structuro-functionalist” approach (e.g. Macintosh, 1994).

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of methods, questions were also raised up: should frameworks be tested in real organizational settings? in different spheres of practices? with a quantitative or a qualitative analysis? in fact, should the research endeavour be more concerned with its impact on the practical world?

Today, all these confrontations are still very much alive and even if the “alternative” agenda has not yet displaced the “traditional” discourse in management accounting research (Macintosh, 1994), these fresher approaches have undoubtedly started to take a valuable place in the management accounting research community.

This thesis is precisely concerned with the place taken by the alternative agenda over the last fifteen years. More precisely, the central argument of the following text is:

With the advent of a plurality of written discourses concerning the multiple roles played by management accounting systems and practices within organizations, have we, as accounting academics, a good understanding of the functioning of management accounting in action?

In the following section, I explain how this project may elucidate the above question.

II. THEORETICAL AND EMPIRICAL CONTRIBUTIONS OF THIS THESIS

As a first theoretical contribution, I wish to shed light on the *reasons* and the *ways* alternative views have taken shape within the management accounting research agenda. Although several authors have judiciously compared the advent of alternative perspectives in management accounting research with the traditional way of depicting management

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accounting, I suggest an analysis of these “newer” approaches purely from the point of view of the alternative agenda. Therefore, in my literature review chapter, I will intentionally ignore developments in the traditional wing to concentrate my study on *why and how alternatives have arisen*.

Analysing certain discursive changes in the literature, I will seek to compare recent changes in the management accounting field with ones that have occurred in the social sciences in general, and more precisely within the sphere of *organizational theory*. I will seek to demonstrate how since the “1980’s shift”² in the management accounting research agenda, alternative views have proliferated and it is now possible to understand the functioning of management accounting systems (hereafter MAS)³ and practices through a variety of lenses.

Over the last fifteen years, studies have demonstrated a growing multiplicity of roles for accounting in organizations: the *organizational, behavioural, economical, social, institutional and societal* nature⁴ of MAS and practices have increasingly come under examination⁵. However, these studies have until recently furthered theoretical debates for

² This “shift” will be clearly explained into the next chapter.

³ Since I will frequently utilize the appellation “management accounting system”, the abbreviation MAS is appropriate.

⁴ In this research the two words “social” and “societal” refers to two different notions. The social nature of MAS means its role within a given society whereas the societal nature of MAS refers to its relative place across different societies. I have selected the word “societal” as opposed to “cultural” since my research is not concerned by the cultural dimensions in the sense used in previous studies on the cultural aspects of MAS and practices (e.g., Ansari & Bell, 1985; Dent & Green, 1985; Thomas, 1989).

⁵ This list is not an exhaustive one of the roles claimed on behalf of management accounting systems and practices.

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the most part, with less of an emphasis on empirical testing in real organizational settings. At the same time, certain types of organizational areas have been infrequently examined. One objective is therefore to extend the scope of the alternative agenda by examining, in an innovative way, MAS and practices in an under-explored organizational area as a means of demonstrating that there is considerable potential for using non-mainstream approaches to shed light on the various different roles played by MAS and practices, within different types of organization.

As a second theoretical contribution, I aim to extend a conceptual framework first developed within organizational theory, in order to study the operation of MAS and practices in detail within one particular under-researched area, the not-for-profit arts organization. Using Morgan's (1986) metaphors of organization as a starting-point, I propose to elaborate a framework which should try to capture the reciprocal relationship between individuals and MAS within such organizations, with a special focus on power relations. I shall argue that MAS and individuals reciprocally influence each other and that there is, behind the rational and objective image of MAS, a significant play of power relations, even in a context where there is no profit motive or dynamic. The play of relations which I wish to scrutinize is best expressed in the following two questions:

How do the actions of individuals affect the power of MAS?

How does the power of MAS affect the actions of individuals?

My framework is an adaptation of the one developed by Crozier & Friedberg (1980) whose aims were to explain the presence and importance of the "organization" phenomenon by

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analysing relations of power between actors and systems⁶. By using a similar level of personification for MAS (see note 6), I propose to analyse, within a specific organizational context, the presence and importance of MAS throughout the relations of power. The operationalization of my framework is further detailed in the first empirical portion of my project: the selection of a research context and methods.

As a first empirical contribution, this project will investigate a context rarely examined by management accounting academics: *performing arts organizations in the not-for-profit area*. Given that proponents of alternative approaches have not sufficiently tested their theories and frameworks in areas where MAS and practices are not taken for granted, organizations in the Arts area represent an auspicious environment in which to investigate the increasing presence and importance of MAS. Chiapello (1991), in one of the rare studies on management accounting in arts organizations has identified a certain incompatibility between the accounting and arts domains. As she expressed it

...any attempt to enhance the role of accounting in arts organizations is suspect. We are told that this will destroy creativity, that “great art” is not possible if money is counted (p.3).

What then, is the place of MAS and practices in those not-for-profit institutions? Assuming that these organizations are motivated by goals other than “profit maximising / cost

⁶ Analysing the relations of power between an individual and a system requires a form of abstraction. Crozier & Friedberg (1980) are thus using the concept of personification for the organization (i.e. the system).

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minimising”, I am interested to observe how management accounting take its place within the power relationships. The empirical questions I will therefore try to elucidate are

How does the reciprocal relationship between individuals and MAS within a not-for-profit performing arts organization take shape?

How –in this reciprocal relationship– does MAS take its place within relations of power?

Why does the power of MAS (in the sense of its pivotal role in the interactions of organizational actors) manifest itself in different ways in different not-for-profit performing arts organizations?

As a second empirical contribution, I will attempt to validate a method of research of the kind advocated by “alternativists”, which are proliferating but are not yet sufficiently diffused to undermine the traditional methods of investigation in management accounting research. A multiple *case study* approach is adopted to compare MAS in four institutions (two in the Quebec province in Canada and two in the Midlands in England) with a view of shedding light on internal and external factors which could account for the specific form of reciprocal relationship between individuals and MAS. The interpretation of the data collected is executed with a *qualitative* method of analysis since, as I will further justify, this way of interpreting seems a more realistic common-sense method for capturing the “elusive and complex concept of power” (Crozier & Friedberg, 1980) than any linear quantitative-based research model.

I will present my findings in two distinctive chapters in order to avoid criticisms concerning “...an excessive focus on the conclusions” (Ferreira & Merchant, 1992, p. 23). In their

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study of recent field research⁷ into management accounting and control, the above two authors have, along with other experts in field research methods, recommended a full description of the methodological steps followed, and of the observations themselves, so that readers can draw their own conclusions from the data gathered (Yin, 1989; Ferreira & Merchant, 1992; Miles & Huberman, 1994). Therefore, in the first of the two chapters exposing my results, I try to remain at a distance from the testimonies gathered and the facts observed. It is only in the chapter called *Results Interpretation* that I shall aim to analyse the “deeper truth” behind my observations.

My findings reveal that MAS occupy a notable place in the not-for-profit performing arts organizations investigated. Within the four theatres, significant individuals who are likely to be at the forefront in the search for, or exercise of, power within organizations are taking MAS into account in their strategies, even if they do not possess specialist accounting knowledge. Environmental pressures exerted by outside actors’ (sponsors, funding bodies, Board Executives) seem one major factor in the strong influence exerted by MAS within these non-business institutions. In addition, my findings uncover the importance of implementing an MAS i) adapted to the theatre’s specificities in terms of accounting practices and ii) in tune with the other organized systems (such as the marketing, the artistic, the production systems). Where systems are more congruent the feelings of incompatibility between aesthetic and administrative objectives seem to be reduced.

⁷ *Case study* and *field research* methods are used as two synonyms. I shall explain in Chapter 3, the “terminological jungle” concerning the appellation of research in real organizational settings.

III. OVERVIEW

The remainder of this thesis is organised as follows. **Chapter 1** includes a review of the alternative agenda publications within the last fifteen years with a view to evaluating the extent to which the emerging plurality of discourses in management accounting research has improved our understanding of management accounting in action. Based on the literature review, **Chapter 2** sets out a conceptual framework which may capture the operation of power via management accounting within organizations. In **Chapter 3**, I explain the reasoning behind the selection of both my area of study and my research methods, and describe the research design, the data collection process and the data analysis phase. **Chapter 4** presents the raw materials collected in each of the four case studies performed and **Chapter 5** analyses, in reference to my conceptual framework, the presence and importance of MAS throughout the relations of power in each of the four theatres of my sample. Finally, in the **Conclusion**, I highlight the various contributions made by this research and provide directions for future research.

CHAPTER 1 : LITERATURE REVIEW

I. INTRODUCTION

[A]ccounting is no longer to be regarded as a neutral device that merely documents and reports “the facts” of economic activity. Accounting can now be seen as a set of practices that affects the type of world we live in, the type of social reality we inhabit, the way in which we understand the choices open to business undertakings and individuals, the way in which we manage and organize activities and processes of diverse types, and the way in which we administer the lives of others and ourselves. To view accounting in this way is to attend to the complex interplay between ways of calculating and ways of managing social and organisational life (Miller, 1994, p. 1).

In the space of little more than a decade, accounting literature has witnessed a dramatic increase in papers that have tried to reconceptualize the nature, the roles and the history of the accounting phenomenon. The so-called traditional way of depicting accounting as a technical and impartial device operating in an objective reality is now often abandoned in favour of diverse alternative approaches, because the traditional perspective is viewed as presenting a reductionist vision of the complex relationships that exist within organizations.

Chua (1986), in a paper on epistemological and ontological assumptions in accounting research has argued that the mainstream (traditional) accounting assumptions “...offer certain insights (on accounting developments) but obscure others” (p. 626). She has suggested that new assumptions could “...potentially extend our knowledge of accounting in action within organizational and societal contexts” (p. 626).

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Thus, accounting researchers have moved from a unique and rather simplistic way of perceiving accounting to a much more pluralistic conceptualization of the accounting phenomenon, concerned with capturing its multiple facets (Stewart, 1992).

In this chapter, I aim to analyse and then comment on the place of alternative streams in the management accounting research agenda. In so doing, I wish to answer the following question: How have newer perspectives on management accounting influenced our understanding of the functioning of management accounting systems (hereafter MAS) in different organizational contexts?

This chapter outlines my theoretical answer to the above question. By describing the history of the recent changes that have occurred in the management accounting research agenda, I wish to indicate the extent to which, non-traditional ways of depicting the functioning of accounting in organizations have sensitised management accounting academics to the presence and importance of MAS and practices in areas previously under-explored.

As I see it, traditional, mainstream research established a “raison d’être” for a *structuro-functional* (Macintosh, 1994) approach, or discourse, by examining accounting in the ostensibly “economic” context of private-sector, for-profit organizations, and by focusing on the “economistic” role of MAS and practices as objective and value-free instruments aiming to help *any type* of organization to optimise its quantitative economic results. However, this traditional discourse has been increasingly challenged by work from within the alternative agenda, for instance for its over simplification of the complexity of

organizational reality, and for its relative inability to explain the presence and importance of MAS in organizations motivated by criteria other than economic quantitative ones (such as those in the not-for-profit area). Therefore, I propose, in the empirical portion of this project, to utilise a conceptual framework inspired by the alternative agenda, in order to investigate MAS and practices in not-for-profit performing arts organizations. In this way, I hope to show that there are positive and potentially formative links between management accounting and artistic endeavours –an insight strangely lacking, despite the proliferation of work analysing management disciplines within arts institutions–, and to suggest that the lack of such insights is one consequence of the continuing influence of the *structuro-functional* (Macintosh, 1994) discourse, which has narrowed the horizon of analysis, even in work which has followed the alternative agenda. The following thesis will thus try to acknowledge

...that accounting's roles and effects are not predetermined or contained as an essence of the practice, but assume a variety of contingent forms within specific settings (Robson, 1992, p.685).

In the first section, I contrast my classification of recent developments in management accounting research with certain typologies that have depicted these trends according to the traditional mainstream accounting research agenda. Then, I propose a justification of my theoretical delineation of the alternative agenda starting at the beginning of the last decade. I see the 1980s as a turning point in the management accounting research agenda, something which is apparent from the changes that occurred in written discourse. Since then, numerous papers have challenged the traditional /functional /rationalistic /mainstream way of depicting accounting in organizations and I wish to examine what are the distinctive elements that are

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characterizing these “new” written accounting discourses. I conclude this first section by explaining on what grounds I made my classification of the post-1980s research papers under three distinctive phases: 1) the fragmentation; 2) the contagion; 3) the consolidation.

In the second section, I begin by focussing on the broader conditions that signalled the emergence of various perspectives in management accounting and I then closely examine the characteristics of alternative management accounting publications within the last fifteen years in relation to my three phases of classification.

The third and final section evaluates, from a critical standpoint, the significance of the alternative agenda by questioning its impact on the management accounting discipline as a whole.

II. THE ANALYSIS OF RECENT DEVELOPMENTS IN MANAGEMENT ACCOUNTING: SELECTION OF A PERSPECTIVE

A. Parallels with the traditional agenda

The exercise of tracking “changes” in a discipline’s curriculum is becoming very popular (Burrell, 1992). In the management accounting discipline, recent developments have often been compared with the traditional research agenda. For example, Hopper & Powell (1985) and Macintosh (1994), using a paradigm classification¹, have compared the various

¹ Their paradigm classification has been inspired by the work of Burrell & Morgan (1979), who have classified the management literature according to two main sets of assumptions: those about the nature of social science and those about the nature of society.

“alternative approaches” to the “functional” perspectives which are still dominating “...most management accounting and control systems thinking” (Macintosh, 1994, p. 4). Chua (1986), has adopted a somewhat different strategy to examine new assumptions in the accounting research agenda: she compares these approaches with what she dubs the “mainstream accounting research agenda”².

Using a cyclical classification of management accounting research, Dent et al. (1984) analysed the “gap” between management accounting research and practices in terms of “conventional wisdom”³. They suggested that the dominance of the traditional view –despite the advent of several alternatives– could be explained by the notion of “myths” in research.

Myths abound in the accounting literature. Myths about accounting in organizations and society, its role and objectives, its functioning, its impact; and myths about accounting research, important issues, appropriate research methods and so on....They impose a very particular coherence on accounting; one, we suspect, that is quite distinct from the ambiguity of accounting reality (Dent et al., p. 235).

For these authors, the degree of consensus increases in so far as this principle of coherence is reflected in textbooks, accounting journals and regulations. However, the recognition of

² Chua (1986) has not only examined the management accounting area, but she has also analysed research approaches in the accounting field as a whole. Moreover, she has selected a typology other than the paradigm since she has found in the Burrell & Morgan (1979) taxonomy several difficulties of application. Instead, her classification is inspired by assumptions: a) about knowledge, b) about physical and social reality and c) about the relationship between theory and practice.

³ The notion of “gap” was proposed several times at the end of the 1970s, because researchers and practitioners felt that management accounting theories and practices were no longer interacting. Practitioners were considered irrational and outdated by researchers, while the research produced was described by practitioners as irrelevant and abstracted (See Dent et al., 1984 for a detailed analysis).

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the partiality of research coupled with its abstraction from reality is gradually dispelling the myth. (Appendix 1 graphically illustrates their myth cycle as it relates to the conventional approaches within management accounting research).

One interesting characteristic of these four papers is the importance attached to the traditional / functional / rationalistic / mainstream way of depicting accounting in organizations despite the existence of a plurality of approaches. Even with almost a decade between them, both Hopper & Powell (1985) and Macintosh (1994) conclude –along with Dent et al. (1984) and Chua (1986) that the potential of “fresh” approaches lies in the friction (Hopper & Powell) and debates (Chua) that they stimulate. The dominance of the traditional approach has been unanimously accepted despite all of the negative attention that it has received and still receives. But surely, for a critical analysis of the alternative agenda, the important questions to ask are: *why and how have these alternatives arisen?*

This project proposes to investigate developments that have occurred in the alternative wing exclusively, in order to answer these two questions. Consequently, although I recognize the importance of the classifications postulated by the authors mentioned above, I have proposed an analysis that will account for management accounting developments in terms of criteria other than those of the traditional agenda. The goal is not to deny the dominance of the mainstream accounting thought; rather, I intend to analyze this situation from the point of view of the alternative agenda.

B. Parallels with changes in the written discourse

In order to categorize the recent history of developments in management accounting, I have chosen to examine the new traits that have appeared in the literature, since I believe that the internal features of such publications represent compelling evidence of discursive changes within the curriculum of a discipline. I begin by situating management accounting developments within the framework of changes that swept through the social science literature as a whole. In so doing, I start to clarify the “why” question elaborated above. I complete this initial inquiry with a brief analysis of the characteristics of pre-1980s management accounting publications.

The post-1980s publications that are marked by new features are then scrutinized and classified under three distinctive periods justified below. I have observed, along with several authors⁴, that at the turn of the last decade, management accounting research “...became increasingly fragmented and moved away from the trends which had emerged in previous research” (Ashton et al., 1991, p. 5). At that time, the emerging phase of the alternative agenda was characterized by the *fragmentation* of the literature; this will be my first phase of analysis and I shall enumerate certain consistent features of the publications that articulated this fragmentation. Following this unfocussed period, the “new” agenda clearly manifested its existence in the mid-1980s, with the proliferation of studies that adopted diverse theoretical and methodological approaches; this second phase will be termed the period of *contagion*, and the characteristic of the new theoretical frameworks and research

⁴ See as examples Burchell et al. (1980); Flamholtz (1980); Hopwood (1983); Dent et al. (1984).

methods will be presented. Finally, the third and last phase of observation will be named the *consolidation* period. In the 1990s, the management accounting literature has started to witness the segmentation of the various alternatives into different and specific schools of thought as demonstrated by the advent of new specialized journals that I will enumerate.

III. THE WIND OF CHANGE

The evolution of management accounting knowledge is not independent of the development of social science in general, and is in particular closely related to changes that have occurred in organizational theory. In the 1960s, classical management theorists such as Fayol, Mooney, Taylor and Urwick, advocates of the mechanistic view of organizations, came under serious criticism. Since then, classical theory –from which many accounting techniques are derived, including management by objectives (MBO) and planning, programming, budgeting systems (PPBS)– has been discarded by modern organization theorists⁵. For the latter researchers, an organization and its constituents represent an open system that is continuously interacting with its environment (Morgan, 1986). Under this new paradigm, MAS –as a component of the organization– started to be seen not as an element that merely influences the organization but also as one that can be influenced by its organizational context. Thus, the neutral formality and instrumentality of MAS had begun to be questioned.

⁵ In brief, under classical management theory, organizations are treated «...as relatively closed systems that could be designed as clearly defined structures of parts.» (Morgan, 1986, p. 72). Little attention is given to the interaction between the environment and the organization.

In the 1970s, management and sociological reviews gave a clear indication of this tendency to favour an open system⁶. Notions such as “power”, “myth”, “ambiguity” and “adaptability” entered the discourse on organizational reality (Meyer & Rowan, 1977; Boland & Pondy, 1983; Morgan, 1986). At the same time, the assumption that organizations have an objective reality, as embodied in classical management theory, came under attack.

Modern organization theorists

see managements as responsible agents who interact symbolically and, in so doing, **create their social reality** and give meaning to their ongoing stream of experience. Problems are not simply presented to managements, problems are constructed by them (Boland & Pondy, 1983, p. 223, emphasis added).

Within this new perspective of organizational life, the objectivity, rationality and neutrality of MAS were refuted.

What is accounted for can shape organizational participants’ view of what is important, with the categories of dominant economic discourse and organizational functioning that are implicit within the accounting framework helping to create a particular conception of organizational reality (Burchell et al., 1980, p. 5).

In the early 1980s, the conjunction of movements explained earlier –changes within the social sciences and organizational theory, recognition of the partiality of ongoing research and deteriorating relationships between management accounting researchers and practitioners– led the management accounting community to examine closely the relationships between MAS and their organizational contexts (Hopwood, 1983). The early years of the

⁶ Often cited in examples the literature include, Cohen, March & Olsen (1972) in *Administrative Science Quarterly*; Argyris (1976) in *Administrative Science Quarterly*; Meyer & Rowan (1977) in *American Journal of Sociology*.

last decade witnessed a “shift” in the management accounting research agenda. “In general, management accounting researchers became increasingly critical of the existing state of management accounting knowledge” (Ashton et al., 1991, p. 5). As they did, they raised various questions regarding the reasons behind such criticisms. In the section below, I propose to answer two questions related to this observation: Why is the traditional view being challenged? and How have the alternatives emerged?

The first question is briefly answered by an examination of the period that preceded the “shift”. The second question will be analyzed in detail, in terms of the three distinct phases described above: fragmentation, contagion and consolidation.

A. Pre-1980

It was in the 1960s that the conventional way of depicting MAS and practices reached its “peak” period of “coherence” (Dent et al. 1984) – a period which coincided, as already mentioned, with the highpoint of belief in the possibility and efficacy of a “scientific” social science in the US. At that time, the mainstream management accounting research agenda was dominated by ideas derived from the fields of already-established and emergent disciplines such as economics, psychology and decision theory (Macintosh & Scapens, 1991). Researchers adopted as their principal objective the application of the techniques and tools derived from the above disciplines to improve the efficiency and effectiveness of profit-oriented companies. According to the general frame of reference, the primary objective of an organization was “profit-maximising/cost-minimising”. Organizational actors were

rational economic agents driven primarily by monetary and status rewards. Moreover, they operated in an organizational context that was implicitly non-problematic, or where conflict was an aberration to be corrected by the increased application of sound management techniques. In that simpler world, management accounting faced no fundamental conceptual problems of its own. The problems it grappled with were predominantly technical: the best model for break-even, the best techniques for sensitivity analysis, the best economic solution to the transfer pricing problem, etc. It was, in the myth cycle of Dent et al. (1984)

... a period of increasing elegance and coherence in management accounting research. The managerial economics interpretation proved fertile for research, and perceived success reinforced faith in the ruling myth, engendering a measure of conviction among researchers in the “truth” of their results. As a consequence, a kind of “conventional wisdom” emerged (Dent, Ezzamel & Bourn, 1984, p. 237).

Simultaneously, in the practical world, a certain “fit” between research and practice was perceptible since MAS and practices –in concert with the growth of the modern business enterprise, the rapid expansion of electronic data processing and the global dominance of American business culture came to embody the principle that business was to be run along scientific/rational lines, particularly via the implementation of a system of “managing by the numbers” (Ezzamel, Hoskin & Macve, 1990). Such systems increasingly spread beyond their American home, and became entrenched in major business and financial corporations worldwide. They were used at every level from senior strategic management through middle-line management and even on the workshop floor. Sophisticated MAS, described and

promoted as “rational and objective” devices, quickly became “viewed as a control system per se” (Flamholtz, 1983, p. 153)⁷.

Thus, at the time, the “raison d’être” of management accounting research was to develop sophisticated financially based quantitative techniques (see Note 7) in a context-free analysis⁸.

However, during the 1970s, research gradually became fragmented. In part, perhaps, because of the apparent resistance of practitioners towards this conventional wisdom and in part due to the increasing familiarity of researchers with associated disciplines, some of the limitations of the prior research came to be recognized (Dent, Ezzamel & Bourn 1984, p. 237).

Studies and textbooks were revised to include notions of uncertainty, conflicting preferences (e.g. principal-agent model), behavioural dynamics and organizational factors among others (Dent, Ezzamel & Bourn, 1984). Nevertheless, at that time, only a few practitioners and academics were acknowledging the limitations of the “conventional wisdom”⁹.

Towards the mid-1970s, the accounting literature started, albeit slowly, to present theories emanating from disciplines other than economics. Contingency-based analysis, influenced

⁷ Sophisticated MAS included techniques such as management by objectives; cost-benefit and break-even analysis; capital budgeting and discounted-cash-flow techniques; zero-based-budgeting; standard cost systems (Humphrey, 1991).

⁸ Empirical studies were dominated by “...the “scientific” thinking so prevalent in the accounting literature which advances the discovery of so-called objective generalisations from a particular structured approach” (Laughlin, 1987, p. 480).

⁹ The level of confidence in the traditional approach was so strong —inside as well as outside the accounting discipline— that it took time for management accounting academics to realize that the practices used in organizations were significantly different from the theories and techniques taught in academic books (Ashton et al., 1991).

by organizational theory, represented one of the first “different” approaches developed by accounting academics, as the following quote from David Otley makes clear:

[T]he contingency approach to management accounting is based on the premise that there is no universally appropriate accounting system which applies to all organisations in all circumstances. Rather, it is suggested that particular features of an appropriate accounting system will depend upon the specific circumstances in which an organization finds itself. Thus a contingency theory must identify *specific aspects* of an accounting system which are associated with certain *defined circumstances* and demonstrate an *appropriate matching* (Otley, 1980, p. 413).

In retrospect, the immediate popularity of the approach is very clear. At the end of the 1970s, behavioural and organizational research in management accounting became largely dominated by contingency frameworks (Otley, 1980; Dent, 1986). However, theoretical and methodological problems in the new approach were identified equally quickly, limiting its impact (e.g. Spicer & Ballew, 1983). Most contingency-based studies in management accounting had identified that some contextual factors (e.g. technology, environment) needed to be considered to design a MAS which could be associated with organizational performance (Otley, 1980). However, according to Otley (1980), these analyses were based on a quite simple model. After his survey of the major contingent-based studies published in the mid-1970s, he wrote,

[A]ll that can be concluded is that there is some degree of association between some hypothesised contingent variables and the existence of certain features of an accounting system. The general case for a contingency theory is thus supported, but specific findings are sparse (p. 418).

Spicer & Ballew (1983) also supported Otley’s criticisms that, in the existing contingent-based analyses, contextual factors or “contingent variables” have been ill-defined and

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“... little explicit attention has been given to organizational effectiveness in this work even though it is a vital part of a true contingency theory of control system design...” (Spicer & Ballew, 1983, p. 76, note 2).

A few years later, Chua (1986) and Dent (1986) echoed the scepticism regarding the “...patterns of causality depicted in the contingency framework...” (Dent, 1986, p. 156). The model was characterized as too simplistic by both researchers, since it ignored the complexities of the organizational process. For Chua (1986), the contingency theory of management accounting was still dominated by a belief in the existence of an objective reality, observable in the world, independently of human beings.

Because of this object-subject distinction, individuals, for example accounting researchers or their objects of study, are not characterised as sentient persons who construct the reality around them. People are not seen as active makers of their social reality. The object is not simultaneously the subject (Chua, 1986, p. 606).

According to Dent (1986), most contingency theorists have explored the formal properties of organizations and accounting systems, while ignoring the informal patterns of behavior and communication. This exclusion might have explained the absence of significant empirical results, since the author had cited several studies in which the informal structure was as important as the formal one, in order to gain an appropriate understanding of organizational functioning.

All of these inherent limitations have certainly diminished the infatuation with contingent-based analysis. Nevertheless, this view –despite its “functional” features– has undeniably

contributed to building new bases for the study of the relationships between MAS and organizational contexts (Hopwood, 1983).

To underline the significance of the theoretical departure from the norm, an attempt “to start questioning what has not been questioned and make problematic what has so far been taken for granted” (Burchell et al., 1980, p. 11) was launched with a conference in UCLA, in July 1979, on the theme of “The Roles of Accounting in Organizations and Societies”¹⁰. The main objective of the conference was to give a certain visibility to:

a new school of thought in accounting. In contrast to the traditional paradigm that treats accounting principally as a technology, the emerging view is a multistrata perspective (Flamholtz, 1980, p. 3).

Of all the papers presented, the most significant enduring work has been that by Burchell, Clubb, Hopwood, Hughes and Nahapiet (1980): *The Roles of Accounting in Organizations and Societies*, which clearly epitomised the new agenda: “...to mirror the conflicting and heterogeneous nature of accounting in action” (Hopwood, 1980, p. 1). Still frequently cited more than 15 years after its publication¹¹, the paper has played a major role in inspiring and focussing my thoughts on the recent developments in management accounting research. I will refer to it again in the following section.

¹⁰ **Accounting, Organizations and Society (AOS)** published papers from the 1980 Conference “The Roles of Accounting in Organizations and Societies” (Volume 5, Number 1).

¹¹ In the analysis by Brown et al.(1987) of the most-cited research contributions from AOS over the period 1976-1984, the Burchell et al. (1980) paper ranks third in terms of the most cited papers in accounting journals and publications of other disciplines.

B. The shift in the agenda

In the last 15 years, the management accounting research agenda has moved in various directions, from its initial organizational preoccupation, it has gone on to embrace social, cultural, political and historical aspects among others. These various research avenues gradually became part of the agenda and, in order to gain a clearer understanding of the various changes that have occurred, I have proposed a classification based on the changes in the features of publications. Three main phases have been defined in terms of changes in the features: 1) fragmentation, 2) contagion and 3) consolidation.

In the first of these three phases, several aspects in the literature have demonstrated that the management accounting body of knowledge was no longer unified. Alternative views have recently emerged; I will trace the origins of these “new” approaches. In the second period of my analysis, the split between traditionalists and non-traditionalists became manifest. As I will demonstrate, in the middle of the last decade, studies adopting alternative views proliferated. While the beginning of the decade had been characterized by unfocussed and atheoretical analyses, during this period it had become possible to identify various theoretical bases and new research methods for explaining MAS’ functioning in practice. In the last sub-section, I analyse manifestations in the present decade of the impact of the changes that have occurred in the 1980s. During this period, a tendency towards consolidation seems to characterize the alternative literature in management accounting. I will argue that this tendency is observable through the re-examination of recent theories and research methods

proposed in the 1980s and through the inception of specialized journals devoted to the “new” management accounting agenda.

1. The fragmentation phase

By the early 1980s, MAS in various countries had begun to be implemented in private for-profit organizations. These systems were becoming essential tools for organizational survival in many sectors, as well as important instruments for government economic and social policies (Burchell et al., 1980)¹². However, until then, very few accounting scholars had been interested in questioning this rapid and sudden expansion of the use of accounting systems and practices. All of their efforts were concentrated on the refinement of the craft (Burchell et al., 1980), at the expense of investigating the actual rise of the sophisticated tools in organizations and societies. In their paper, Burchell and colleagues argued that the focus of accounting research had been overly narrow and was nothing more than a reflection of accounting practice.

At the very least, research suggests that in laying down the pretensions of the accounting craft we have uncritically adopted a rather particular set of views of human, organizational and social rationality and the relationships between accounting, decision making and organizational action. Whilst such presumptions might have legitimized the accounting mission, provided the means for acting on accounting and simplified the accounting system design and implementation process, their relationship to the realities of organizational and social life is questionable at best (Burchell et al., 1980, p. 13).

¹² At the time, Perrin (1981) noted that in a British context, various not-for-profit organizations (e.g. health, academic institutions) became accountable for their funding bodies. For example, specific management accounting practices and reports (e.g. split between fixed and variable costs, operating budgets, investment budgets) were requested by governmental agencies before any subsidies were granted.

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In the first four years of the decade, both the relevance of conventional managerialist discourse and the adequacy of its assumptions came under serious examination. Whereas the view that the traditional approach was partial and inadequate seems to have been shared by an increasing number of academics, the conflicting and ambiguous results produced by other popular approaches (e.g. contingency theory) left researchers confused regarding the direction and significance of their discipline. As a consequence,

...rather less management accounting research appeared in the academic journals, and there were few major contributions in the professional press (Ashton et al., 1991, p. 5).

A review of articles published in some of the leading academic accounting journals¹³ between 1980 and 1983 corroborates the above conclusion. With the exception of *Accounting, Organizations and Society* (AOS), which published several papers proposing alternative views on management accounting research, during these four years¹⁴ other leading journals such as the *Journal of Accounting Research* and the *Journal of Accounting, Auditing and Finance* concentrated almost exclusively on specific financial and auditing problems.

In this limited but relevant literature there are two themes that were examined frequently:

1) the role of management accounting in public and not-for-profit organizations and

¹³ Accounting and Business Research; Accounting Historians Journal; Accounting Organizations and Society; Accounting Review; Journal of Accounting Research; Journal of Accounting Auditing and Finance; Journal of Business Finance and Accounting.

¹⁴ Two complete issues of AOS were devoted to the new approaches (the first one is in 1980, see Note 10; the second issue appeared in 1983, on "Accounting in its Organizational Contexts", Volume 8, Numbers 2/3). In addition, several articles presenting non-conventional topics have been featured in other issues.

2) analyses of MAS according to an organizational perspective. In the first case, two British journals, *Accounting, Organizations and Society* and *Accounting and Business Research*, proposed either conceptual papers on management accounting in the non-business sector (e.g. Hofstede, 1981) or more “focussed” analyses of management accounting problems in specific public enterprises (e.g. Lapsley, 1981). In addition, the 1981 edition of *Essays in British Accounting Research* devoted three chapters to possible agendas which accounting academics could develop in the non-business sector.

The second recurrent theme, which aimed to clarify links between a particular MAS and its organizational context, comprised a variety of approaches. Some studies proposed a focus on the total MAS¹⁵, while others elaborated on specific features of the budgeting system. In the latter case, the analyses favoured a revival and re-orientation of certain types of budgetary studies, a popular exercise in the 1970s. The distinction between old and new approaches is captured in the following observation:

[t]he research basically has taken a micro orientation dealing with the motivational and psychological aspects of budgets focusing on individuals rather than on groups and on personality rather than on process. Its major contributions have often been diluted by conflicting results. (Birnberg, Turopolec and Young, 1983, p. 118).

Examples of the newer approach include articles in the *Accounting Review* and in *Accounting, Organizations and Society* that suggested both quantitative (e.g. Brownell, 1981; Merchant, 1981) and qualitative (e.g. Flamholtz, 1983) empirical analyses in order to gain

¹⁵ Examples include Burchell et al., 1980; Cooper et al., 1981; Collins, 1982; Spicer & Ballew, 1983, Markus & Pfeffer, 1983; Boland & Pondy, 1983.

an appreciation of the complex relationship between budgeting and the overall organizational control structure (Merchant, 1981; Flamholtz, 1983). Independently of the specific focus of the research (total MAS or budgeting system), the general objective was “to move beyond the restrictive static and often functionalist presumptions which have characterized past forms of contingent analysis” (Hopwood, 1983, p. 289). The authors of articles on MAS with an organizational perspective frequently began their papers with a critique of earlier contingency-based studies (Burchell et al, 1980; Otley, 1980; Spicer & Ballew, 1983; Birnberg et al., 1983; Hopwood, 1983).

Looking back on this period, and consequently on the emergence of a new wave of critical questioning in management accounting research, two points have held my attention. Firstly, the majority of the papers published in these four years coincide with and reflect the “organizational agenda” that emerged in the early 1980s (Miller, 1994). Whereas Burchell and colleagues (1980) had advocated analysing accounting as “...an identifiable form of *organizational* and *social* practice” (p. 8) since it had influenced and continues to influence the organizational functioning of a particular enterprise and the social order of a given society, most of the papers that followed barely touched upon the social dimension. In the field of management accounting, the immediate sphere of action of a MAS —the organization— was seen as having the most important or determining influence on the success/failure of a given accounting, budgeting and control system (Markus & Pfeffer, 1983).

However, this organizational focus was adopted by authors with divergent orientations. On the theoretical side, for example, some authors discarded the premise of organizational

rationality in favor of the “organized anarchy” paradigm (Cooper et al., 1981), whereas others preferred to complement and extend the rational paradigm with a “natural” view in which the organizational reality was seen as being created via symbolic and ritual functions associated with organizational processes (Boland & Pondy, 1983). In terms of methodology, some researchers still believed in quantitative analyses but preferred real organizational contexts over laboratory experiments; others provided theoretical support for more qualitative methods which they felt had been absent in management accounting studies¹⁶.

Within this broad agenda, it seems to be difficult to identify the “new school of thought” advanced by Flamholtz in 1980. On the contrary, and this is my second observation, this first phase of questioning appears “...fragmentary and essentially atheoretical” (Hopwood, 1983, p. 303). The net result, up to the end of 1983, was that the dominance of the traditional / functional/ rationalistic / mainstream research discourse was hardly disturbed at all by the alternative views. The management accounting literature was still under the yoke of the rationalist view.

However, supporters of alternative theories did not abandon their quest for a better understanding of the development of accounting practices. In my opinion, in the six

¹⁶ This observation ensues from my review of the academic journals for the years 1980 to 1983. I have noted that journals concerned with specific empirical matters were devoting more attention to quantitative analyses (e.g. in the *Accounting Review*, *Journal of Accounting Research*) in real organizational settings, because experimental analyses, appropriate for behavioral questions, were not relevant for organizational research in management accounting (Dent, 1986). In the journals dealing with broader theoretical and empirical aspects (e.g. in *Accounting, Organizations and Society*) the tendency was either to publish theoretical papers suggesting a need to execute more qualitative analyses or to propose a qualitative framework of analysis in various organizational settings.

remaining years of the 1980s, the non-traditional management accounting literature underwent a period of contagion. In contrast with phenomena observed at the beginning of the decade, the mid-1980s can be said to be characterized by the proliferation of numerous and diverse approaches, methodologies and interpretations proposed to compensate for the deficiencies and oversights of the conventional view.

2. The contagion phase

From 1984 to 1989, studies adopting an organizational and social perspective proliferated in the management accounting literature. Researchers were united in their dissatisfaction with the partiality of the traditional approach, if in nothing else (e.g. Dent et al., 1984; Burchell et al., 1985; Roberts & Scapens, 1985; Hopwood, 1985; Miller & O'Leary, 1987; Laughlin, 1987; Hopper et al., 1987), as evidenced by the quotations below:

Now researchers are starting to recognize some of the ambiguity of accounting reality. We are learning that our solutions are based on very selective perception. We are beginning to appreciate more fully that it is important to understand why the practice of accounting has evolved as it has (Dent et al., 1984, p. 233).

The conventional view maintains that accounting is nothing more than a technical activity (cf. Burchell et al., 1985) but there is both a growing research and support for seeing this thinking as a gross oversimplification (Laughlin, 1987, p. 480).

However, in this era, it was increasingly seen as insufficient to merely reject the "conventional wisdom". In their studies, accounting academics demonstrated their willingness to scrutinize "the ambiguity of accounting reality" and to look behind the "technical" nature of the accounting craft. My review of several papers published in the

second half of the 1980s elucidates the development of non-traditional approaches. In the following section, I analyse a few elements of this contagion phase.

The tendency to borrow notions from organizational theory continued to increase in magnitude. In addition to the contingency approach, still used by some accounting academics (Jones, 1985; Evans III et al., 1986; Thomas, 1986), other organizational theories were adopted in management accounting studies. The “culture” concept, first borrowed from anthropologists and then employed by organizational theorists, represented a noteworthy example of this expansion. In the mid-1980s, several management accounting scholars wrote on the significance of the cultural concept for accounting practices and control systems in organizations (e.g., Ansari & Bell, 1985; Dent & Green, 1985; Hofstede, 1987; Hopwood, 1987; Morgan, 1988; Birnberg & Snodgrass, 1988; Thomas, 1989)¹⁷. Using a rather different approach, Otley (1984) had tried to understand developments within management accounting through changes that had taken place in organization theory. Meanwhile, the Hopper & Powell (1985) paper, presented in the first section, was an attempt to classify and categorize “...previous research into the organizational and social aspects of accounting”¹⁸ (p. 75).

¹⁷ Some of these papers appear in the proceedings of two conferences held in Amsterdam in 1985 by the European Institute for Advanced Studies in Management (EIASM), and in New York City in 1986, by the American Accounting Association.

¹⁸ Not surprisingly, they concluded that the functionalist paradigm dominated the research agenda. However, they added that more interpretive methods and radical approaches had started to question the rationalist assumptions.

In addition, the increasing popularity of inter-disciplinary work gave alternative views more visibility. Journals outside the accounting discipline (e.g. *Journal of Management Studies*; *Administrative Science Quarterly*) provided some exposure to alternative theories¹⁹. Nevertheless, *Accounting, Organizations and Society* remained the major medium for publishing unorthodox studies. Dent (1986) has affirmed that this “innovative” journal, founded in 1976, indisputably promoted organizational research in management accounting; “...it has since gained recognition and support from researchers on both sides of the Atlantic” (Dent, 1986, p. 143). It is more specifically in this journal that I have observed the growing tendency towards conducting management accounting research in keeping with various “organizational theory” frameworks.

These theoretical perspectives include: the Structurationist approach (Roberts & Scapens, 1985); the Dialectical approach (Neimark and Tinker, 1986); the Critical theory of Habermas (Laughlin, 1987); the Hermeneutical perspective of Gadamer (Lavoie, 1987); the Labour Process perspective of Braverman (Hopper et al., 1987); and the Metaphorical approach of Morgan (Morgan, 1988).

The use of these various frameworks clearly illustrates the “new” preoccupation of management accounting academics with situating MAS and practices in the wider context of organizational theories in order to gain a better understanding of the complexity of

¹⁹ The paper by Hopper & Powell (1985 op.cit.) was published in the *Journal of Management Studies*. In a special issue of the journal *Administrative Science Quarterly* on the theme “Organizational Culture”, Wilkins & Ouchi (1983) submitted a paper on the links between culture and organizational performance.

management accounting in action. Furthermore, despite the fact that these frameworks appear at first sight to be quite heterogeneous, they share, in some ways, similar ideas. For example, Roberts & Scapens (1985), Laughlin (1987) and Lavoie (1987) all define accounting systems as “language systems”²⁰.

In their respective papers, the authors maintain their opposition to the vision of accounting practices as an objective description of reality. As Morgan puts it:

Accountants often see themselves as engaged in an objective, value-free, technical enterprise, representing reality “as is”. But in fact, they are subjective “constructors of reality”: presenting and representing the situations in limited and one-sided ways. They are not just technicians practising a technical craft. They are part of a much broader process of reality construction producing partial and rather one-sided views of reality, exactly as an artist is obliged to produce a partial view of the reality he or she wishes to represent (Morgan, 1988, p. 477)²¹.

²⁰

For instance, according to Roberts & Scapens: “[i]t is undoubtedly possible to view accounting as a language (Daft and Wiginton, 1979). Perhaps it is not too much to describe it as the *language* of capitalism. As a language, accounting provides organization members with a set of categories, or “system of relevances” (Schutz, 1967) in terms of which they can make sense of what has happened, anticipate the future, and plan and assess action” (p. 448).

Compare Laughlin: “[t]hey are, as language systems, human artefacts which model certain aspects of organizational life whose “terms” and “sentences” (the more technical aspect of their design) find meanings in the historical, organizational and societal context in which they are “uttered” (p. 481),

and also Lavoie: “[a]ccounting should be understood as a language, that is, as a process of bi-directional and interpersonal communication. ...Language is not just talk, it is our way of seeing the real world. It is a process of mutual adjustment and communication in which the knowledge socially generated by the participant is greater than that possessed by any of them individually” (p. 580).

²¹

See also, for instance, Hopper et al.: “[f]ar from providing a secure or accurate depiction of reality, accounting is seen to represent a language system furnishing a partial and particular type of (socially-created) perspective on everyday life. It is an intersubjectively negotiated “way of seeing” (p. 442) and Laughlin: “...the assumption that accounting systems are part of and give shape to organizational reality” (p. 488).

Nevertheless, for certain of these alternative theories (Neimark & Tinker, 1986; Hopper et al., 1987; Morgan, 1988), accounting is not only depicted as producing a partial view of the reality but as a "...set of practices shaped by, (and to a degree, shaping) the contradictions and conflicts that inhere within the wider society" (Hopper et al., 1987, p. 454).

Increasingly, origins of accounting practices are seen to reside "...in the social conflicts which are enacted in the organisational arena" (Hopwood, 1987, p. 213). This perspective, infrequently advocated at the beginning of the decade²², was being embraced by an increasing number of accounting researchers in the second half of the 1980s²³. More radical than the other alternatives, this emergent school of thought is often labelled the "critical" or "radical" perspective.

Adopting a different stance, other academics who were interested in the influence of social developments on accounting began to conduct historical analyses to understand better the underlying processes behind the supposedly "mechanical" evolution of the accounting craft. New historical analyses took a number of forms. Since conventional historical research had solely or mainly documented the technical evolution of accounting practices (Hopwood, 1987; Miller & O'Leary 1987), the new researchers articulated a need for other conceptions

²² See Cooper, 1980, 1981; Tinker, 1980; Tinker et al., 1982.

²³ As examples, in the Dialectical approach (Neimark & Tinker, 1986) and in the Labour Process perspective (Hopper et al., 1987), the evolution of accounting was justified by the demands of the capitalist mode of production. Given the premise of "...capitalism's unequal and antagonistic social relations" (Neimark & Tinker, 1986, p. 378), notions of interests (in class structure), politics, power, conflicts and contradictions (between the goals of the different classes) were now seen as elements that might explain developments in the accounting craft.

of accounting history (Miller & O'Leary 1987). For example, Armstrong (1985, 1987) and Meyer (1986) have looked at changes in the accounting profession to identify the rationales behind the proliferation of accountants in various societies and organizations. Willmott (1986) has examined the social, economic and politic aspects behind the development of major U.K. professional accounting associations. Another avenue was taken by Dent et al., (1984), Chua (1986) and Dent (1986) who have scrutinized the developments in management accounting research with a view to shedding light on the reasons for the continued dominance of conventional discourse despite the emergence of other valuable alternatives²⁴.

Finally, the history of management accounting practices has been analysed by Hoskin & Macve (1986, 1988), Hopwood (1987) and Miller and O'Leary (1987). A consensus seems to have emerged among these authors that accounting changes were not a necessary and automatic response to a changing environment (Miller & O'Leary 1987). The social, economical and organizational forces that may have potentially contributed to the evolution of the practices needed to be explored and documented (Hopwood, 1987). In an attempt to "...enlarge or refocus the debate on the roles and value of accounting" (Hoskin & Macve, 1986, p. 133), Hoskin & Macve (1986, 1988) and Miller & O'Leary (1987) proposed using selected concepts developed by Michel Foucault –in his series of histories of the emergence of the human sciences (Miller & O'Leary, 1987, p. 237)– in order to introduce a distinctive approach to accounting history. These authors focussed in particular on the issue of "power-knowledge relations", with Hoskin & Macve arguing for instance that:

²⁴ Chua (1986) has already been presented in the first section.

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...transformations in the practice of accounting are linked to transformations in the techniques for organising and creating knowledge developed by pedagogues--transformations which enable the emergence of new forms of power (Hoskin & Macve, 1986, p. 106).

This standpoint views the “genesis” of new accounting practices (for instance management accounting) as being related to shifts in the mode of exercising power. For example, in the nineteenth century a new mode of “disciplinary” power took shape. Consequently accounting discovered a new significance as a means of disciplining individuals and workforces. For both Hoskin & Macve and Miller & O’Leary, such transformations in power-knowledge relations are seen as discontinuities –historical departures from what went before– and not as gradual “evolutionary” developments, as was argued in many earlier conventional histories of accounting. A similar historical approach was used by Hopwood (1987) “...to illuminate at least some of the pressures and processes involved in accounting changes” (p. 209). In presenting three illustrations of accounting changes, Hopwood aimed to demonstrate the interdependence and reciprocal relationships among social, organizational and accounting changes.

Few attempts have been made ...to appreciate how accounting might enable the concerns of the social to pass through and thereby transform the organisation and, in turn, to create organisational practices which can be influential in the construction of the world of the social as we know it (Hopwood, 1987, p. 214).

Hopwood argued that historical analyses of accounting changes in real organizational settings have revealed that accounting change is a *constructive* rather than a reflective organizational endeavour (p. 212).

In the area of research methods, Hopwood had, as early as the 1970s, promoted the idea that “...empirical organizationally based research...should constitute the essence of accounting research” (Hopwood, 1978, p. 93). Was there any significant progress within this method of investigation in management accounting research? Even though it is beyond the scope of this chapter to measure the relative importance of the research methods employed in management accounting research, it is worth noting that there were an increasing number of empirical analyses performed in the second half of the 1980s. These empirical studies were a tool often used by alternative theorists who were attempting to capture the multiple and subtle functions of accounting in action²⁵.

Perhaps, because the empirical research method is still undergoing development, it has been used in various ways and in diverse organizational settings. Such studies have largely been published in AOS: the empirical analyses have been either quantitative (e.g. Macintosh & Daft, 1987; Birnberg & Snodgrass, 1988), qualitative (e.g. Berry & al., 1985; Covalski & Dirsmith, 1986; Lukka, 1989) or a combination of both methods of data collection and interpretation (e.g. Giroux et al., 1986; Simons, 1987; Colignon & Covalski, 1988). Moreover, these studies reveal an increasing interest in diverse types of enterprises. Some have examined private sector organizations within different industries (e.g. Thomas, 1986; Simons, 1987), others have concentrated on a specific type of enterprise from the public sector (e.g. Bourn & Ezzamel, 1986; Ansari & Euske, 1987; Laughlin, 1988), and still

²⁵ See Brown et al. (1987) for an analysis of the distribution of articles (in accounting journals) by research methods for the years 1976 to 1984.

others have investigated numerous businesses in both sectors (e.g. Macintosh & Daft, 1987)²⁶.

Public corporations and the not-for-profit sector have been increasingly investigated. In some studies the concern has been purely theoretical (e.g. Ramanathan, 1985; Hirshhorn, 1989; Euske & Euske, 1989) but in the majority, empirical data have been used to illustrate the theoretical framework (e.g. Berry et al., 1985; Mayston, 1985; Bourn & Ezzamel, 1986; Ansari & Euske, 1987; Covalleski & Dirsmith, 1988; Hogheim et al., 1989; Laughlin, 1988). This growing concern about businesses outside the private sector along with non-traditional research methods²⁷ is both linked to and reflected in the arrival of two new accounting journals: *Financial Accountability & Management* (FAM) in 1985 and *Accounting, Auditing and Accountability Journal* (AAAJ) in 1988. FAM is interested by articles which are related

...to the financial planning and control, the accounting and financial reporting, and the audit, of all kinds of organizations which exist for reasons other than primarily the maximisation of profits or their distribution to owners (editorial policies, p. 1, 1985).

FAM has clearly stated in its editorial policy that papers on topics which could be generalised to all types of organizations would not be considered for publication (adding that

²⁶ In the above paragraph, the examples in parentheses are not an exhaustive representation of empirical studies published between 1984 and 1989.

²⁷ From Brown et al.(1987) the most utilized and traditional methods for 1976 to 1984 in *Accounting, Organizations and Societies* (AOS); *Journal of Accounting Research*(JAR); *The Accounting Review*(TAR) are:

AOS:	1) analytical-internal logic,	2) opinion-survey,
JAR:	1) archival-primary,	2) analytical-internal logic,
TAR:	1) analytical-internal logic,	2) archival-primary.

mainstream journals were available for these types of articles). In 1988, AAAJ was launched to encourage research projects (in both private and public sectors) that have been “...marginalised by more traditional journals” (p. 3), stating that

[t]his journal will also support research approaches and methods that are of growing importance in the study of accounting and auditing but which are still not readily admitted in traditional research journals. These include case studies, field studies, historical developments studies, content analyses, critical and interpretive theory analyses, ethnomethodological studies and others (Guthrie & Parker, Editorial, 1988, p. 4).

The three points discussed in the pages above –new methods, distinct analyses of public and private sectors and innovative media for publications– combined with more interactions with organizational academics, theories and journals, as well as wider historical concerns (aspects discussed earlier) all attest to a tendency towards the need to elaborate other and better means of understanding the distinctive and various characteristics of MAS and practices in organizations. Thus, in the second half of the 1980s, both the “raison d’être” and the viability of other ways of describing management accounting reality or realities were definitively demonstrated to the traditionalists.

What was the impact of works published in the contagion period on management accounting publications of the 1990s? In the following section, I propose to review several articles, books and new journals published in the present decade. In my opinion, two major

tendencies are now observable: a) a move towards more focussed analyses and b) an increasing appreciation and visibility of alternative research methods²⁸.

3. The consolidation phase

As mentioned above, during this phase proponents of alternative theories in management accounting were being recognized as a distinct group with at least one obvious common attribute: most are “anti-objectivists”²⁹ (Moore, 1991). At the same time, however, the diversity of frameworks, approaches, methodologies and interpretations proposed in the late 1980s had divided rather than united the “anti-objectivists”³⁰. Nonetheless, I have noticed that significant features of the management literature currently tend to indicate a move towards more focussed alternative studies. Approaches have been either re-examined, refined or criticized, whereas others have been simply abandoned. It seems to be less a period of trying to find *the* approach that will explain the evolution and functioning of management accounting and more a tendency towards consolidating the acquired knowledge of the recent past.

²⁸ I use the term alternative methods to refer to research methods (e.g. field research, case studies, qualitative data collection method...) that have been popularized largely by the growth of alternative theories.

²⁹ In the sense that they do not believe that management accounting practices are merely neutral technical devices.

³⁰ This is not to say that the diversity represents a negative aspect. In this section, I am not criticizing; I am merely stating an observation. The critique will be found in the next section.

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At the beginning of the 1990s, in the “new” management accounting research community, the need to distinguish between public and not-for-profit organizations and private for-profit ones is incontrovertibly acknowledged. The organizational context is now a vital matter in management accounting research. In addition to the greater exposure given by the publication of *Financial Accountability & Management*, the public and not-for-profit institutions represent a topic of frequent inquiries in *Accounting, Organizations and Society*. To date, this research agenda has been dominated by studies in the health area (e.g. Abernethy & Stoelwinder, 1991; Arnold, 1991; Chua, 1991; Ezzamel & Willmott, 1991; Preston, 1992; Preston et al., 1992). Nonetheless, other settings are coming under examination, for example universities (e.g. Ezzamel & Bourn, 1990; Boland, 1991) and government institutions (e.g. Williams et al., 1990). In certain cases, extensive fieldwork studies are being undertaken, for instance, into the implantation of budgeting in schools in England, under the “Local Management of Schools” initiative (e.g. Edwards et al., 1995). There is also a growing number of studies that are seeking to better understand the political context of management accounting, for instance the studies of Miller (1990), Humphrey (1991) and Jonsson (1991) which have looked at the growth of accounting in the public sector (via the analysis of state interventions or the absence of interventions).

I have noted from approximately 1990 the emergence of a trend towards more focussed analyses through the advent of journals and books devoted to specific accounting research segments. In the management accounting domain, two new journals launched their first

issue: the *Journal of Management Accounting Research* (JMAR)³¹ in Fall 1989 and the *Management Accounting Research* (MAR)³² journal in March 1990. These two publications aim to promote recent developments in management accounting research. During the 1980s, several books and reviews had been questioning the relevance of management accounting research (e.g. AOS; FAM; AAAJ). JMAR and MAR are the first regularly published periodicals entirely devoted to the management accounting research agenda. The editors of each journal have widely defined the field of management accounting research by welcoming any type of study that could be of interest to management accountants. They have given special encouragement to field work and case study research since there is a need “...for more of it in management accounting” (Ferrara, editorial, 1989). However, despite these similarities, the journals differ in scope. MAR is specifically interested in the professional debates surrounding the

[c]laims that management accounting has lost its relevance and is a possible reason for the lack of competitiveness of many western corporations... (Bromwich et al., editorial, 1990).

The authors of the first editorial argue that now is the time “...for academics to study management accounting practices of modern businesses” (Bromwich et al., editorial, 1990).

³¹ Annual journal issued by the Management Accounting Section of the American Accounting Association (AAA) in the United States.

³² Journal published quarterly for The Chartered Institute of Management Accountants in the United Kingdom.

Notwithstanding its interest in emergent issues in management accounting research³³, the JMAR has stated in its editorial that it has a strong commitment to publishing Ph.D. dissertation abstracts which have received awards of distinction from the Management Accounting Section (editors of JMAR, see note 31)³⁴. In that sense, the journal better reflects an academic orientation. The birth of these two “management” journals devoted to “new” issues provides evidence of the *institutionalization* of the agenda driven by the conjunction of new streams in the disciplines of management, accounting and organizational theory.

Meanwhile, Ashton, Hopper and Scapens (1991) published the book *Issues in management accounting*, which was “...intended to update conventional textbooks and to expand important topic areas which are not normally well covered” (Ashton et al., preface, 1991). The editors and authors of some chapters of the book argue that the last ten years has witnessed significant changes in management accounting research “...but much of the literature covering these developments is not easily accessible to either students or practitioners” (Ashton et al., preface, 1991). The book aimed to familiarize the uninitiated with contemporary research in management accounting.

As a further sign of the specialization of the field, an initiative was launched in the behavioural accounting research (BAR) domain, namely the publication of *Behavioral*

³³ As an example of this interest, the first issue of JMAR presented a theoretical paper from Shank entitled “Strategic Cost Management: New wine or just new bottles?” which deals with a new way of allocating costs within organizations.

³⁴ In the first issue, three articles out of nine were Ph.D. dissertation abstracts.

Research In Accounting (BRIA)³⁵. The arrival of this specialized journal, in an area that had been examined for over 20 years, confirms once again the tendency to circumscribe or delimit various accounting domains. This journal, which first appeared in 1989, has also contributed (within the subfield of managerial BAR) to publicizing recent developments in management accounting research.

Finally, I would like to mention the *Critical Perspectives on Accounting* (CPA)³⁶ journal, launched in March 1990, which represents the first publication to adopt an explicitly radical position that opposes the traditional stance.

In research, the mainstream now pursues an impoverished and value-laden notion of science that elevates empiricism and technique as “objective,” and denigrates ethical and social concerns as “normatively biased.” ...We reject market or economic forms of determinism and accept that accounting inevitably intervenes in human and social conduct, and that the primary choice, therefore, is how to make the intervention progressive and enhancing. Most of all, we reject methodological secularism and academic obscurantism, and support new forms of dialogue and tolerance that encourage catholic, eclectic and interdisciplinary approaches. The only methodological endorsement we will make is that “anything and everything” should be open for “Critique” (Tinker & Cooper, editorial, 1990).

The editors of this journal have certainly been among the pioneers of this critical wing (see note 22) which has gained –in less than a decade– sufficient adherents to publish an issue four times a year and hold periodic symposiums. Throughout its brief history, CPA has

³⁵ BRIA is an annual journal issued by the Accounting, Behavior and Organizations Section of the American Accounting Association (AAA). The journal aims to publish theoretical, empirical and methodological papers in the various subfields of BAR (e.g., auditing, financial, managerial, information systems, tax,...).

³⁶ Journal published quarterly.

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covered the auditing, financial and management areas, in private and not-for-profit organizations, as well as in governments and state agencies.

In terms of theoretical approaches, the development of the critical wing was not the only alternative approach postulated in the mid-1980s to be re-examined and reformulated. Giddens' structuration theory has been empirically tested (Roberts 1990; Macintosh & Scapens, 1990, 1991; Lawrenson, 1992) and criticized (Boland, 1993). The culture concept is still being explored by management accounting theorists in diverse ways (Chow et al, 1991; Dent, 1991; Preston, 1991; Hammon & Preston, 1992; Bento & Ferreira 1992; Arrington & Francis, 1993). Finally, a more technical approach initially advocated in the 1980s to compensate for the obsolescence of traditional accounting allocations systems is worthy of mention. Known as the ABC approach (for Activity-Based Costing), it has continued to gain prominence during the present decade. This "different" way of allocating costs is based on identifying the relations between the costs (including overheads) and their specific activities (Staubus, 1990; Amhed & Scapens, 1991). The ABC technique, quite specific to the management subfield, was first applied in manufacturing organizations but is now increasingly utilized in a variety of organizational settings (Gietzmann, 1991; Bhimani & Pigott 1992).

The area of "new" historical analyses is also expanding. A number of scholars have joined Armstrong (1985, 1987), Hopwood (1987), Miller & O'Leary (1987), and Hoskin & Macve (1986, 1988) to give their own contribution to the history of accounting. Miller et al. (1991) have described "the new accounting history" which

...does not represent a unitary research programme with definite theoretical boundaries. ...Rather than viewing the history of accounting as a natural evolution of administrative technologies, it is coming increasingly to be viewed as the formation of one particular complex of rationalities and modes of intervention among many, a complex that has itself been formed out of diverse materials and in relation to a heterogeneous range of issues and events. Attention has been directed to a variety of agents and agencies, ranging from the accounting profession through to the diverse bodies of experts claiming a legitimate knowledge of this or that area of economic or social life (Miller et al., 1991, p. 396).

This new approach to the history of accounting seeks to broaden

...the context within which accounting has traditionally been situated. The social, political and ideological contexts of accounting have become as just important as its economic or technical contexts (Stewart, 1992, p. 57).

In the non-traditional accounting literature of the present decade, I have noticed some interesting aspects related to this “new” historical perspective. Firstly, several academics who have adopted this viewpoint have no specific background in the *History* discipline. Secondly, several theoretical and empirical analyses have included a historical section in their analyses. Thirdly, the majority of accounting journals, reviews and books appearing in the 1990s have presented one or more papers dealing with this “new accounting history”³⁷. It is once again possible to observe –via this growing interest in historical analyses– the tendency towards strengthening the cohesion among alternative theorists.

³⁷ See as examples AOS, 1991, Number 5/6, for a complete issue on The New Accounting History; AAAJ, 1992, Number 2, Stewart’s paper; CPA, 1990, Number 4, Forrester’s paper and Funnell’s paper; The book of Ashton et al., 1991, Chapter 2 by Loft. For an extension to the theoretical analysis of accounting as a “language”, see Robson’s historical-theoretical analysis, using a Latourian approach, of accounting as a form of “inscription” (Robson, 1992).

Another noticeable tendency of the 1990s is related to the firm establishment of the new research methods. The strong plea in favor of producing more field research and case studies and of using more qualitative methods of data collection has had a strong effect on management accounting research (e.g., Kaplan, 1984, Hopwood, 1987). These methods, advocated in the 1980s as the means of exploring new theories or new domains of investigation, have now started to be used in areas where traditional methods such as hypothesis-testing, surveys, laboratory experiments and quantitative analyses, were once predominant. In a special issue on Strategy (AOS, 1990, Vol. 1/2), two empirical papers (Simons, 1990; Roberts, 1990) that discussed the relationship between accounting information and strategy have employed a descriptive method (e.g., interviews, review of documentation and meetings observations) to illustrate the complexities of the relation.

The familiar normative approach to management control describes a feedback process of planning, objective-setting, monitoring, feedback and corrective action to ensure that outcomes are in accordance with plans (Simons, 1990, p. 128).

Their results show less consensus on the above systematic link.

A very complex picture of the relationship between strategy and accounting emerges. Although accounting results are often taken as a proxy for the relative success of strategy, the case suggests that in this respect accounts typically conceal as much as they reveal (Roberts, 1990, p. 106).

At present, this increasing appreciation shown by researchers of what I label alternative methods (see Note 28), is combined with a greater level of visibility for their results. The new recently launched journals (FAM, AAAJ, JMAR, MAR, CPA) have all promoted and published more field research, as well as case studies which use, in full or in part,

descriptive techniques of data collection (interviews, observations, etc...). However, “[a]s field work and case studies are emerging areas in management accounting research, methodologies and research methods are not well defined” (Bromwich et al., editorial, 1990). In fact, studies covering the changes in methodological aspects of management accounting research have just begun to capture academics’ interest.

For instance, Covalleski & Dirsmith (1990), strong advocates of interpretative research approaches, have questioned the current use of qualitative methods in accounting research. They conclude “...that relatively little guidance exists on conducting analyses and interpreting data” (p. 567). Scapens (1990) similarly proposes an in-depth study of the role of case-study methods in management accounting research.

In comparison with the more traditional forms of accounting research, it is important to recognise that case studies are concerned with explanation, rather than prediction (Scapens, 1990, p. 278).

He believes that case studies “...are fundamental to the development of explanatory theories of management accounting practice” (p. 279). Birnberg et al. (1990) define, distinguish, discuss and evaluate three research methods: field research, laboratory experiments and survey research. They then “...advocate a multiple method approach to empirical research in management accounting...since no research method dominates the other on all criteria...” (p. 61). Ferreira & Merchant (1992) have performed a review and evaluation of field research in management accounting and control by examining the literature published between 1984 and 1992. From their analysis, they conclude that “[f]ield research is particularly powerful for studying issues that are not yet well understood...” (p. 28). In

addition to its common use for theory development, field research has been and can be further employed to develop new classification systems and measures for previously identified concepts, and to test theories and hypotheses (p. 29)³⁸. As a final example of the interest in documenting emergent methodologies, Spicer (1992) has analysed, in one section of his paper, the potential contribution of case and field research to improving academics' knowledge of practioners' needs.

These five examples of studies on methodological aspects all aim to better define alternative methods. In four of these studies (Covaleski & Dirsmith, 1990; Scapens, 1990; Ferreira & Merchant, 1992; Spicer, 1992), the authors insist on the importance of using these methods to improve the positive impact of management accounting research on accounting practices. All of the efforts fall within the scope of promoting new and more efficient ways of conducting research in management accounting. Therefore, to date one can affirm that there is at least an increasing recognition of alternative research methods. However, "...[S]ignificant impediments still exist to further growth in the application of field research..." (Ferreira & Merchant, 1992, p. 33) as I shall demonstrate in the critical section of this chapter.

In conclusion, the consolidation phase is mainly characterized by the erection of distinctive bases for the alternative agenda in management accounting research: the clear demarcation of studies between private and not-for-profit sectors; the increasing investigation of new sites

³⁸ At page 29 of their paper, the authors give some examples of these uses.

in the not-for-profit area; the establishment of new specialized periodicals dealing with “newer” issues; the re-examination of frameworks emanating from organizational theories; the use of new management accounting techniques; the consideration of social, political and ideological dimensions in historical studies of management accounting; and finally, the increasing interest of management accounting academics in conducting field research and using qualitative measures in their empirical work have all attested to the *institutionalization* of the alternative agenda.

At this point, it seems quite obvious to state that, at the turning of the 21th century, the management accounting discipline is being analysed through various lenses. In other words, a plurality of discourses concerning the management accounting reality within organizations are now circulating. However, notwithstanding the impact on the literature, I now intend to question, in the last section, whether these *fresher* approaches have broadened our understanding of the functioning of MAS in various organizational settings.

IV. CONCLUSION: CRITICAL INTERPRETATION

In the introduction, I specified more than once that despite the emergence of a plurality of discourses, the management accounting discipline is still dominated by the traditional / functional / rationalistic / mainstream view of management accounting within organizations. I have intentionally ignored developments in the traditional wing to concentrate my analysis on changes in the alternative views. The next stage is to evaluate the overall impact of the new agenda on our understanding of management accounting *in action*.

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I now consider it important to express my standpoint on the debate between the dominance of the traditional agenda and the place of alternative perspectives in management accounting. Fifteen years of alternative developments in management accounting research have not yet been sufficient to unseat the traditional discourse in management accounting. In the area of practice, organizational, behavioural, social and societal aspects are rarely analysed in any detail when a particular MAS is examined. Moreover, most undergraduate textbooks and programmes are still depicting MAS as an objective value-free instrument that is independent of individuals and various organizational settings; the MAS is seen as influencing people's actions and organizational functioning, but the reverse effect –the influence of individuals and of organizational contexts on MAS– is barely mentioned. If recent changes in the management accounting field have not yet permeated the practical and educational worlds is it justified to conclude that developments are marginal and ephemeral?

Although I would not agree with the above conclusion, I have observed in the building of the alternative agenda some impediments to its wider popularization. To gain a more complete picture of the recent history of the management accounting discipline, I will illustrate A) what has been done, B) what I see as quite improbable and C) what remains to be done in the alternative agenda, by referring to Kuhn's (1970) classic work: *The Structure of Scientific Revolutions*. I believe that certain of Kuhn's notions shed light on the problematic balance between the stability of the traditional discourse and the difficulties that plague the dissemination of alternative viewpoints³⁹.

³⁹ However, Kuhn's notions will only be heuristically helpful. I will therefore use his concepts as a metaphorical representation of recent changes within the management accounting research agenda.

A. What has been done

To begin with, I propose to compare the traditional /functional / rationalistic / mainstream view in management accounting research to what Kuhn (1970) called *normal science*. For the author,

...“normal science” means research firmly based upon one or more past scientific achievements, achievements that some particular scientific community acknowledges for a time as supplying the foundation for its further practices. Today such achievements are recounted, though seldom in their original form, by science textbooks, elementary and advanced. These textbooks expound the body of accepted theory, illustrate many of all of its successful application, and compare these applications with exemplary observations and experiments (p. 10).

Such scientific achievements “...served for a time implicitly to define and legitimate problems and methods of a research field for succeeding generations of practitioners” (Kuhn, 1970, p. 10).

However, Kuhn (1970) specified that the tradition of *normal science* is not immutable. There are, from time to time, anomalies discovered in the *normal science paradigm* which may lead to the occurrence of a crisis. Subsequently, a transition between a new tradition of normal science and the old one emerges. For Kuhn (1970), this transition is far from a cumulative process,

(r)ather it is a reconstruction of the field from new fundamentals, a reconstruction that changes some of the field’s most elementary theoretical generalizations as well as many of its paradigm methods and applications. During the transition period there will be a large but never complete overlap between the problems that can be solved by the old and by the new paradigm. But there will also be a decisive difference in the modes of solution. When

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the transition is complete, the profession will have changed its view of the field, its methods, and its goals (p. 85).

In the last fifteen years of developments in the alternative agenda, I discern some of the above *reconstruction* elements in the management accounting discipline with the emergence of *new fundamentals*, such as constant references to management and organizational theory; new *elementary theoretical generalizations*, such as the influence of individuals and organizational contexts on MAS; new *methods*, such as more field studies and qualitative interpretation; and new sites of *applications*, such as the not-for-profit area.

In a number of ways, alternative views have already begun the process —identified by Kuhn— of destabilizing the *normal science* paradigm. By searching in areas ignored by *normal science*, and thus attempting to resolve problems outside the *normal science* paradigm; by re-writing the history of management accounting developments, in order to instil in other members of the community a greater historical awareness; by publishing new journals and periodicals totally devoted to alternative issues, with a view to increasing the credibility of their discoveries; and by using new conceptual frameworks and research methods, to highlight anomalies in the *normal science* paradigm, proponents of alternative views have all executed in some form what Kuhn has called *extraordinary research*⁴⁰. Consequently, advocates of the *normal science* vision no longer have the unrestricted

⁴⁰ By using the appellation “extraordinary research” Kuhn (1970) referred to any type of research outside the normal science paradigm. The proliferation of competing articulations, the willingness to try anything, the expression of explicit discontent, the recourse to philosophy and to debate over fundamentals, all are symptoms of a transition from normal to extraordinary research (Kuhn, p. 91).

freedom “...to fit nature into the preformed and relatively inflexible box that (their) paradigm supplies” (Kuhn, 1970, p. 24).

Nevertheless, whereas in Kuhn’s *Scientific Revolutions* *extraordinary research* becomes the *normal science*, I have observed, so far, a tendency to multiply alternative views for analysing management accounting in action. If the *extraordinary research* continues increasing in scale in various directions, is it still relevant to debate the replacement of the *normal science* paradigm?

B. The improbable

It is unlikely that the advent of a “new” normal science paradigm will emerge from the ongoing reconstruction of the management accounting field by proponents of alternative views. Whereas in Kuhn’s *Scientific Revolutions*, observations are derived mostly from the “hard” exact sciences, where discoveries render previous findings ineffective, in the “soft” social sciences, where I place management accounting, the existence of other paradigms does not necessarily invalidate previous ones. On the contrary, in the “soft” fields, authors are inclined to believe that *multiple images* (e.g. Morgan, 1986, in organizational analysis) or *multiple paradigms* (e.g. Macintosh; 1994, in management accounting and control systems analyses) better capture the complexity of organizational functioning. In this sense, the idea behind Kuhn’s *revolution* principle⁴¹, –that there is a battle between a “normal science” and alternatives– loses its relevance. Rather than seeing changes as occurring in a *unilinear*

⁴¹ The *revolution* means for Kuhn the rupturist passage from the old *normal science* paradigm to the new one.

progressive way or in an *eternal return to past paradigms*, I concur with Burrell (1992) in his analysis of the “management of changes”. Burrell has argued for the existence of multiple histories, occurring at the same time and best understood in terms of heterogeneous chronological codes⁴². He contends that the analysis of changes in a discipline, or its curricular structure, is best expressed by “progress and reversals”, “...acting in one direction at one moment and in another at the next” (p. 180) and by the recognition of the “concept of contradiction”. The last fifteen years of changes have arguably followed this kind of “progress and reversals” tangent, especially if one looks more closely at the contents of the new publications. The alternative literature has successfully shown that MAS and practices are not just technical and instrumental devices but rather instruments that have organizational, behavioural, social and societal implications; however, there has been progress in transmuting these characteristics into empirical studies. Publications over the last fifteen years in the alternative agenda have been far more concerned with criticizing existing theoretical concepts and research methodologies than with finding new and different solutions to the understanding of accounting in action.

C. What remains to be done

Kuhn has argued that a new vision of the field is acquired by the elaboration of new and different solutions to research problems⁴³ (See Kuhn’s quotes from p. 85, above). I believe

⁴² Burrell (1992) used the appellation “spiral conceptualization of time” to reflect heterogeneous temporal codes, and opposed it to the “unilinear” and “cyclical” conceptualizations in which there is place for a unique history of time or for an homogeneous temporal code only.

⁴³ Even if the field of management accounting is not characterized by the notion of *revolution*, Kuhn’s principle for establishing new visions is applicable here.

that it is an opportune moment for proponents of alternatives to abandon their isolated theoretical tower, and to adopt more inductive methods of analysis than they have done previously, if they wish to better understand MAS and practices in action.

What remains to be done is to operationalize the alternative frameworks borrowed from organizational theory and management disciplines and to produce more empirical studies in order to provide evidence of the organizational, behavioural, social and societal nature of MAS and practices. MAS not only operate in organizational contexts, but they also take shape through the actions of individuals, who are interacting with other individuals inside and outside the organization. All types of organizational contexts need to be investigated; however, more specifically, it is in non-traditional contexts, where MAS does not serve *a priori* objectives of profitability and efficiency, that the other roles of MAS may best come to light.

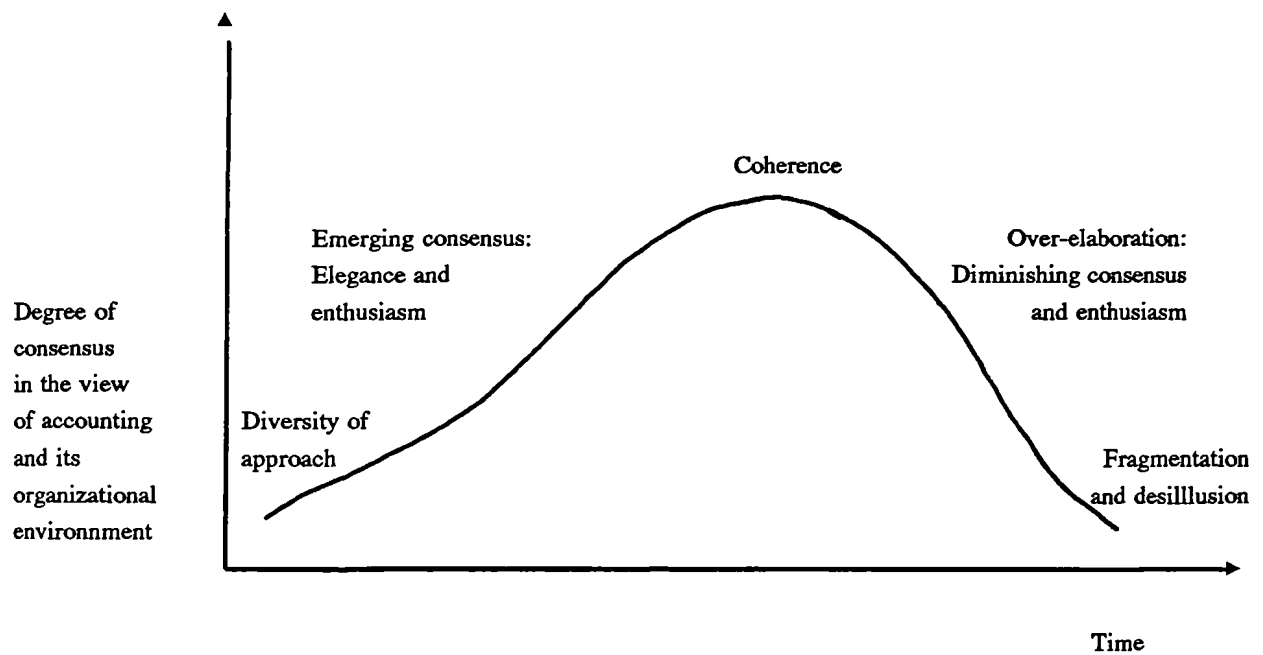
Within the educational area, I have already observed several contributions from the alternative wing to journals and books that have appeared in the 1990s (e.g. CPA journal; Ashton et al., 1991; Macintosh, 1994). These new visions are not yet widely accessible to undergraduates since the *institutionalization* of the alternative agenda is not complete. Again, this *institutionalization* will require substantial production of empirical data. It is only when sufficient *field work* will have disentangled the complexity of the organizational operation of MAS that it will be possible to conclude that alternative views have succeeded or failed in improving our understanding of management accounting in action. So far, as observed recently by Macintosh (1994) –in his study on the various *paradigms* used in management accounting research– there

is still a greater number of studies conducted with the traditional / functional / rationalistic / mainstream paradigm. As a consequence, no one should be surprised that textbooks and curricular schemes retain the *normal science* paradigm. At the same time, the conclusion must be that the shaping of the future research discourse lies in the hands of proponents of alternative views, although they have a formidable task before them.

My objective in this project is to contribute to advancing further along this long road. To that end, I propose in the following chapter to develop an alternative theoretical framework, initially derived from organizational theory, in order to capture the reciprocity whereby the functioning of MAS shapes and is shaped by the actions of individuals. The preceding literature review has shown that, in recent years, research publications have demonstrated that the roles of MAS are much more complex and subtle within organizations than empirical studies had previously implied. However, perhaps because of an initial focus on combating the strengths of the structuro-functionalist position head-on, much of the earlier alternative research tended to continue analysing accounting within the ostensibly “economic” context of private-sector, for-profit, organizations. But it is increasingly clear that a great strength of the alternative view lies in the way that it looks beyond this narrow economism, to provide richer and more nuanced understandings of the multiple roles played by MAS and practices within different types of organizations. It is precisely this kind of understanding that I wish to take further here, by exploring the ways in which MAS operate in a context where the legitimacy of MAS is not automatically taken for granted, arts institutions. In this way, this project may perhaps help to reduce the implicit dominance of mainstream approaches and assumptions, by pushing the research agenda into the non-profit world.

APPENDIX 1

A myth cycle in management accounting research



[Source: J.F. Dent, M. Ezzamel and M. Bourn, 1984]

CHAPTER 2: CONCEPTUAL FRAMEWORK

I. INTRODUCTION

The actor does not exist outside of the system that defines the freedom that is his own, and the rationality that he can use in his actions. Yet this system exists only through that actor, who is the only one who can carry it and give it life, and is the only one who can change it. (Crozier & Friedberg, 1981, p. 11, free translation.)

In the preceding chapter, I identified an urgent need to operationalize an alternative theoretical framework and to observe in real organizational settings *the organizational, behavioural, social and societal nature of MAS and practices*.

Newer theoretical perspectives in management accounting research have begun to question and to examine the *nature* of accounting practices. These streams have studied the conditions and consequences of the production and use of accounting information, and the interfunctional human relationships (marketing, production, personnel, etc...) in relation to MAS and practices. In these types of research question, the focus is often more on the contextual study *of* accounting practices rather than *on* accounting practices in themselves (Burchell *et al.*, 1980; Robert & Scapens, 1985). Such work is now appearing (Ezzamel & Willmott, 1991). However I would further suggest that the analysis *of* management accounting practices and systems requires the researcher to go beyond the analysis of the practices as such, or the system in place; the *interpersonal aspects* of MAS need to be examined as well. Such questions involve the examination of the double loop of influence exerted by MAS on individuals in organizations and, reciprocally, by individuals in

organizations on MAS. It is specifically this double and reciprocal relationship that I wish to study in the present project: in particular, the way in which **the reciprocal relationship between individuals and MAS within organizations takes shape.**

Examining the *interpersonal aspects* of MAS and “its relationships” with individuals requires a certain level of abstraction. Here, I wish to observe MAS as if it was an animated entity and the **individual** as if he/she was the one who gave life to the system. As Morgan (1988) put it:

Accounting systems do more than just monitor or mirror reality; they also shape reality (p. 482).

Accountants are enmeshed in a process of reality construction. They grasp and articulate complex realities in partial ways, and these grasping and articulations help to sustain the realities *as perceived* (p. 484).

In line with these sentiments, I share with Morgan (1988) and other authors presented in the preceding chapter (Roberts & Scapens, 1985; Laughlin, 1987; Lavoie, 1987) the view that accounting is everything but an objective representation of the reality.

To capture the subtle and complex implications of accounting in action within organizations, I have first drawn inspiration from Morgan’s book *Images of Organizations* (1986) in which he starts from the premise that organizations can only be understood “...in distinctive yet partial ways (p. 12)” since “...organizations can be many things at one and the same time (p. 321)”. He therefore argues that our understanding of organizations is based on *taken-for-granted images* which are in fact metaphorical representations that give one possible way of

thinking and seeing organizational life. He then suggests that conventional ways of depicting organizations, as being a *machine* (like in most classical management theories) or as being an *organism* (like in most human-relations theories) need to be enriched with other metaphors to learn how to deal with the complex, ambiguous and paradoxical situations that emerge in organizations. His use of different metaphors (machine, organism, brain, culture, political system, psychic prison, flux and transformation, instrument of domination) allows the *personification* of the organization. For Morgan, an organization is better represented by the word *imaginization* since:

Organization is always shaped by underlying images and ideas; we organize as we imaginize; and it is always possible to imaginize in many different ways (p. 343).

Images and metaphors are not just interpretive constructs used in the task of analysis. They are central to the process of *imaginization* through which people enact or “write” the character of organizational life (p. 344).

From this point of view, organizations are animated entities which take shape out of individuals’ imaginization and these organizations are, throughout metaphorical representations, reciprocally shaping individuals’ behaviours.

Morgan’s convictions about organizations were thus close to my beliefs about MAS; understanding the functioning of MAS within organizations needs to acknowledge individuals’ imaginization but MAS is also an entity which is able to shape individuals’ attitudes and actions. Moreover, in my view, Morgan’s approach was interesting because his type of analysis was not “oversimplifying the complexity” of organizational functioning nor was it trying to entirely capture this complexity. Thus, it was through the reading of his

book that I began to conceptualize an alternative framework that could help to understand the reciprocal relationship between individuals and MAS within organizations.

As an initial tactic, I took the same orientation as in the previous chapter, which is to examine MAS in action throughout lenses other than the traditional ones. In reference to Morgan's metaphors, I was not interested in the conventional ways of depicting MAS, as a rational device (machine metaphor) or as a system "contingent" to other features of a specific organization (organism metaphor)¹. I was interested rather in the exploration of a specific, yet partial, aspect of accounting functioning which could help to shed light on the hidden roles occupied by accounting practices in a specific and under-explored organizational environment, which was also one which is conventionally seen as virtually "accounting-free".

In the preceding literature review, I advocated that the alternative accounting literature had identified "new" roles for accounting in organizations. According to authors of the new stream (e.g. Hopwood, 1987; Hoskin & Macve, 1986; Miller, 1994) MAS and practices are enmeshed in economic, social and societal transformations.

Accounting,... is not a passive instrument of technical administration, a neutral means for revealing the pregiven aspects of organisational functioning. Instead its origins are seen to reside in **the exercising of social power** both within and without the organisation. It is seen as being implicated in the forging, indeed the active creation, of a particular regime of economic calculation within the organisation in order to make real and powerful quite

¹ For more explanations on the contingency frameworks in management accounting research, see Chapter 1, under Section III, A) pre-1980.

particular conceptions of economic and social ends (Hopwood, 1987, p. 213, emphasis added).

In this project, my aim is precisely to observe the active, constructive role of MAS within organizations. If MAS are to be implicated in the power structure of organizations, how does this active and constructive role take shape? Here it seemed crucial to me to focus on the interpersonal level and the possible active interactions of accounting into the actions and discourses of organizational members, to see how accounting might construct personal interactions and people's self-perceptions. Answering questions such as:

How do the actions of individuals affect the power of MAS?

and

How does the power of MAS affect the actions of individuals?

could possibly help us to understand one form of reciprocal relationship between MAS and individuals within organizations, and could also shed light on the presence and importance of MAS in all types of organizations, even ones guided by criteria other than "profit maximising/cost minimising". (Indeed one extreme test of accounting's power was to see how it functioned in such unpromising contexts.)

In the following, I elaborate a framework inspired by two organizational theorists, Crozier & Friedberg (1980), as a means of examining, in the empirical part of this thesis, the *reciprocal influence between MAS and individuals within organizations*. This, I hope to show, will help to elucidate the overly-neglected and even taboo concept of the specific *power of MAS and accounting practices* (Hoskin & Macve, 1990).

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The reasons behind the selection of organizations from the not-for-profit performing arts sector, in two different geographical environments, will be discussed in more detail in the next chapter. Here I propose to expand first upon the concepts developed by Crozier & Friedberg (1980). This will not be an exhaustive presentation of the ideas developed in their book *Actors and Systems - The Politics of Collective Action* since my reading and appropriation of their framework is shaped by the demands of my research topic and my reflections as I undertook my fieldwork. Instead, I have formulated an interpretation of their “modes of research” which diverges from and develops their approach in one particular respect, by elaborating a concept which remains in my view implicit and underdeveloped in their framework, that of “the environment”. This theoretical expansion will be further explained below. The rest of the chapter will consider the way in which my “adapted framework” is suitable for the analysis of MAS and practices in organizations.

II. ANALYSING THE RECIPROCAL RELATIONSHIP BETWEEN MAS AND INDIVIDUALS: THE ADAPTATION OF A FRAMEWORK

In adapting the Crozier and Friedberg framework, I begin from a premise which can be extrapolated from their work, namely that MAS derive their meaning and worth from the actions of individuals. Beginning from this premise does not imply that the action of MAS does not also impact on and influence individuals; however, my view is that an initial focus on individuals may help to better illuminate how relations of power, conflicting interests and negotiations impact on the role of MAS in organizational life by serving as a corrective or counterbalance to the widespread focus on the social power of accounting practices, and the social construction of organizations. For, as Crozier & Friedberg contend:

...an organization cannot be analysed as the transparent entity which its leaders often wish it were. It operates in the realm of power relationships, of influence, of bargaining, and of calculation. On the other hand, it is not the instrument of oppression which its detractors take it to be, because its conflictual relationships are not ordered according to an integrated logical schema. Within the framework of such relationships, innumerable actors can find the means to make their wishes felt and to influence the system and their partners, even if such means are distributed quite unequally (Crozier & Friedberg, 1980, p. 19).

Crozier & Friedberg, in their book *Actors and Systems - The Politics of Collective Action* (1980, first published in 1977)², were proposing arguments to oppose the structural-functional approaches that prevailed heavily during the 1970s. Such approaches typically held that “organizations” accounted for the functioning of their multiple constituents; but from the standpoint of these two authors, the understanding of *collective action* necessitated the prior analysis of those multiple constituents, and of relations inside and outside the organization (see below, note 3). Such an approach would, in their view, involve a case-by-case analysis and should not be associated with

...the elaboration of a “theory of organizations” or of “laws” or general precepts which would define *a priori* what the “good” organization should be” (p. 54).

This approach was therefore intended to be a *method of analysis* of social reality which was not so much informed by a sociology of *organizations* as by a sociology of *organized*

² The first edition appeared in French in 1977. It was then adapted, in 1980, for an English audience.

*action*³. Central to their approach were the two concepts of *action* and *power* which I will develop in the main section of this chapter.

III. UNDERSTANDING CONCRETE SYSTEMS OF ACTION

The main goal of Crozier & Friedberg (1980) was to question the conditions and constraints which allowed organizations and organized systems to exist. They postulated that organizations are a problem which requires understanding, and not

...“natural” beasts whose existence is a given of nature. They are “human constructs” developed half consciously, half unconsciously, by man to solve problems of collective action, and above all the most basic of these –cooperation for the production of some collective good by relatively autonomous social actors pursuing diverse and always, in a certain sense, conflicting interests (Crozier & Friedberg, 1980, p. 4).

They were therefore opposed to viewing the organization as a *hand*, as in most structural-functionalist approaches or as a *hand and a heart*, as in most human-relations studies. They also saw the organization as having a *head*, and as being “...an autonomous agent capable of calculation and manipulation, who can adapt himself and invent responses depending on the circumstances and the maneuvers of his partners (p. 19)”.⁴ Nonetheless, they also described individuals involved in such an organization as actors with a certain

...margin of liberty and negotiation. This *margin of liberty* (signifying a source of uncertainty for his partners as well as for the organization as a whole) *endows each actor with power over the others*, which increases with

³ As I shall explain in the following pages, Crozier & Friedberg often substitute the word *organization* with concepts such as *organized action* and *collective action* because the latter terms better capture the “active” character of the concept of *organizations*.

⁴ I found in Crozier & Friedberg’s conception of an organization as a “human-construct” certain parallels with Morgan’s ideas.

the relevance for these others of the source of uncertainty controlled by the actor (p. 45).

Their main objective was to understand “*which among the possibilities of actions are chosen by actors and how and why one strategy is pursued rather than another*” (p. 260). Their contention was that such an understanding would ensue from two modes of analysis: *the strategic analysis* and *the systemic analysis*. Below, I present the main concepts that characterize these two methods.

A. Strategic analysis

This type of analysis deals with concepts such as *strategy*, *game*, *power*, *uncertainty*, *capacity*. Strategy refers to each actor’s limited freedom (margin of liberty) and, consequently, to his capacity for using his necessarily limited rationality⁵. In order to understand an actor’s strategy, the researcher must try to capture the mechanism by which humans structure and regulate their power relations:

The game reconciles freedom and constraint. The player remains free but must, if he wants to win, adopt a rational strategy which conforms to the nature of the game, whose rules he must respect... So defined the game is a human construct. It is linked to a society’s cultural models and to the capacities of the players, but like every construct, it remains contingent. The structure is nothing other than a collection of games. The strategy or the strategies of participants are nothing but the tactics they employ in the game, and the nature of the game makes these strategies rational (p. 56).

⁵ I have chosen to retain Crozier & Friedberg’s masculine-gender terminology, since they were writing at a point before gender sensitivity was so widespread.

[The notion of “human construct” is omnipresent in *Actors and Systems*. Crozier & Friedberg advocate that abandoning well-delimited notions such as organization, person, role and structure “...is not merely a matter of a new vocabulary but a change of logic” (p. 56). To capture the phenomena of relations, interdependence, negotiations and power, the words *organized action*, *actor*, *game* and *system of concrete action* should be used as replacements for the four above, in order to reflect more actively the structuration⁶ and regulation that govern organizational functioning.]

In the strategic analysis, games are concrete mechanisms that decode the structuration of power; but what is power? “The phenomenon of power is simple and universal, but the concept of power is elusive and complex” (p. 30). Crozier & Friedberg define power as a relation of negotiation, not as an actor’s attribute. The relation of power is an instrumental relation, meaning that “power is conceivable only from the standpoint of an aim ...which motivates the actors’ commitments of their resources” (p. 31). It is also a nontransitive relation⁷, reciprocal but unbalanced. The power of an actor is a function of the size of the *relevant zone of uncertainty*; not every zone of uncertainty is relevant. A relevant zone influences the *capacity* of the parties to act. Consequently, it is an actor’s capacity to act within the relevant zones of uncertainty, that enables them to increase their power.

⁶ For the authors, the word *structuration* “...implies inequality, communication bottlenecks and necessary deviations from the direct course of action. ...(S)tructuration above all implies the existence of power relations” (Crozier & Friedberg, 1980, p. 301, Note 11).

⁷ Nontransitive because it is inseparable from the actors engaged in a relation. For example, A could obtain an action X from a person B, B could obtain X from C but it is possible that A will not get X from C.

It is by observing the experience of the participants and by studying their opportunities and capacities to act that the investigator can make inferences regarding the *resources and rules of the games* which structure actors' relations, and consequently, orient their strategies. To succeed in this inferential exercise, the investigator must try to identify: i) the *resources* (individual, cultural, economic, social and societal) available to each partner and ii) the *advantages* that each partner might get by enlarging their margin of liberty (Crozier & Friedberg, 1980, p. 34). The ultimate goal of the strategic analysis is to better understand the relations of power from the actors' standpoints.

However, this strategic perspective does not specifically define organizations⁸. It is within the "boundaries"⁹ of the organization that an actor will apply his strategies to "...the *structural constraints* characteristic of a given negotiating situation" (Crozier & Friedberg, 1980, p. 36). The actor's perspective subsequently gives way to the mode of research identified by Crozier & Friedberg as the *systemic analysis*. I will now examine this second perspective.

B. Systemic analysis

(W)hatever the degree of formalization of an "organized group", the existence of power is synonymous with the existence of a minimum of "organization" of the relationships between men (Crozier & Friedberg, 1980, Note 26, p. 278).

⁸ Crozier & Friedberg (1980) advocate that the full range of human activities and social situations involve *games and relations of power* (p. 123).

⁹ The notion of organizational boundaries will be developed in greater detail in the following section.

The authors perceive an organization as a *concrete system of action* which is defined as:

a structured human ensemble which employs relatively stable game mechanisms to coordinate the actions of its participants. It furthermore maintains its structure, i.e., the stability of its games and the relationships among them, by means of mechanisms of regulation. These, in turn, form the content of still other games (p. 153).

In my opinion, this new object postulated by the authors has a twofold objective. Firstly, by the appellation *concrete system of action*, the authors wish to emphasize the “constructed nature” of the organization phenomenon (as opposed to a natural system) and its “empirically verifiable, concrete aspect” (as opposed to its abstract nature). Secondly, Crozier & Friedberg’s intention is to expand the usual limits of an organization. A *concrete system of action* is not delimited by four walls, but is rather a *containing* system with “elastic” boundaries, in the sense that “...the means and processes available for mobilizing and demobilizing...” (p. 89) its members cannot be determined *a priori*. As a result, “...organizational limits themselves become a problem for research” (p. 89) which will be resolved through the *nature and rules of games* played at any specific time. The technological, economic, social, and societal conditions characterizing the environment of a given organization should be seen as constituting these fluctuating boundaries.

The organization, as constructed entity, is therefore essentially human and bounded. These two ideas, the “personification” and the “frontiers” of the organization, need to be examined more closely to achieve an appropriate operationalization of the framework.

1. The personification of the organization

Crozier & Friedberg suggest that the organization –as a *structured human ensemble*– creates its own sources of power, “...each corresponding to different sources of uncertainty particularly relevant for organizations” (p. 40). These sources are “human constructs” and should be:

...analysed as artifacts, as so many props which the actors in the organization “put together” out of their material and cultural resources to support and sustain their exchanges (p. 40).

They identify four major sources of power, as follows. First, there is the *expert* source of power, which they describe as “...the most apparent of the four” (p. 40). The possession of competence, knowledge and experience for resolving problems, which others cannot easily solve, is an advantageous position in negotiation and is well known in organizational analysis. However, it should not be confused with “expertise” since this appellation refers to a superior skill possessed in any situation. In Crozier & Friedberg’s sense, a source of power is always relative, and context-specific.

As a second source, they recognize the organization’s *relations to its relevant environment*. Actors capable of establishing connections with particular sectors of the environment for the organization’s benefit may be able to increase their margin of liberty within the organization.

The third source concerns the manner in which *communication and information flow* within the organization. To perform the tasks associated with his position, each actor needs

information held by other organizational members. If one actor is not capable of obtaining the cooperation of the others, it will affect his own capacity to act. This source is not necessarily related to regulations or hierarchical positions. On the contrary, in several circumstances lower-level personnel are well placed to withhold information from their superiors. I would like to illustrate this source of power by describing actors in a fictitious management accounting department. If the director of this department urgently requires up-to-date budgets for an executive meeting, he must have the task executed by accounting clerks. As a result, these individuals control a quite relevant zone of uncertainty for their superior. Their choice of “rushing” or not on this urgent task will have a critical impact on the management accounting director’s ability to successfully conduct his meeting.

Crozier & Friedberg’s last source of power is represented by the *utilization of organizational rules*. It is, they claim, the most “obvious construct” of the four sources and is, in fact, “...a managerial response to the problem posed by the existence of the three other sources of power” (p. 43). However, even if rules are implemented to eliminate sources of uncertainty, they paradoxically create new uncertainties which could be cleverly used by the actors for whom these rules were established. Recalling the above example, if the management accounting director states that monthly up-to-date financial statements are required, accounting clerks might violate basic accounting rules in order to accelerate their tasks and subsequently imperil the quality of budgeting information.

To summarize, the analysis of relations of power is linked at one end to the *actor’s strategy*, and at the other end to the *concrete system of action*. Each of these poles needs to be

examined from two different perspectives: the strategic analysis is applicable to the behaviour of the actors in the game, whereas the systemic analysis is concerned with the parameters and outcomes of that game.

It is by studying this “personified” organization that the researcher can grasp the *relevance* of each actor’s resources (resources identified in the strategic analysis described above) or, in other words, the *stakes* involved in the relations with regard to relatively autonomous structural constraints of the organization such as its formal hierarchy, and its official rules (p. 34).

Nonetheless, as I mentioned earlier, the organization viewed as a system of concrete action deals with fluctuating boundaries. These elastic frontiers are, I believe, a third dimension of major importance in the analysis of relations of power. Thus, I propose to add an **environment** dimension to Crozier & Friedberg’s concerns with the **actor** and the **system of concrete action**. Whereas Crozier & Friedberg are including the technical, economic, social, and societal conditions prevailing in the environment in their systemic analysis as constraints *for* the organization, I propose that the *environment* dimension should be isolated to emphasize its existence as a relatively autonomous concept that influences and is influenced by the **actor’s strategy** and the **organized system of concrete action**. Below I will justify what I see as an internal contradiction in their framework and I will explain why and how the *environment* dimension has become part of my framework.

2. The frontiers of the organization

Actors and Systems - The Politics of Collective Action includes a section on *the organization and its environment* in between the authors' strategic and systemic frameworks of analysis. In so doing, the authors stress the importance of the interrelations between an "internal system of action" and its environmental context.

[An organization] is part of a given society which has attained a certain level of technical, economic, and cultural development, which is characterized by a certain social structure, and which inculcates certain values to which its members are particularly attached. These factors establish and impose a series of conditions and requirements on the organization's structure and functions (p. 67).

Crozier & Friedberg argue against the kind of "social" focus found in the *structural contingency* stream of research, contending that research on such contingent factors as the *technology*, the *organizational size* and the *adaptation of organizations to the requirements of their environments* is too deterministic and that:

...the relation to the environment cannot be reduced to a mere unilateral adaptation to an exterior influence. It is actually a permanent process of exchange through which an organization opens itself selectively, so to speak, to the broader system of power in which it participates. Because it does participate, it integrates parts of that system in a fairly permanent way into its own system of action, for the purpose of *adapting the broader system* to its own requirements (p. 89).

Now in their analysis, the major focus is on a two-pole model, wherein power circulates between "actors" and "organized systems". However, the recognition, in this quotation, of the environment as a separate factor suggests that it may have a status potentially equivalent to their two poles of analysis: in other words, the external environment should perhaps be

represented as another “construct” which takes shape through its interaction with the specific actors and organizations in a given situation. For, whereas Crozier & Friedberg are arguing that their framework has two poles of analysis, this reference to something that connects them, –the environment–, suggests that there is a silent “third term” which is the frame that connects the two explicit focuses of concern, and enables them to interact. Therefore, when beginning my research, I felt it was potentially important to keep a certain theoretical distance from their “twin-pole” framework, by recognising that there are frontiers between a given organization and the external environment, and that the role of this external environment is a factor in its own right in the play of power relations.

As I got deeper into my fieldwork, I felt increasingly that the external environment needed to be distinguished from the internal “concrete systems of action” in a categorical way. Firstly, I observed that there were independent influences from outside on the games in which actors engaged in order to increase their respective margins of liberty (as will become clear in more detail below). Secondly, I recognised that there were different forms of outside influence which had varying impacts on the play of power relations, and which I felt could be defined in terms of three types of external environment, as follows.

First, there was a kind of “immediate” environment in which the organization and its actors were embedded. Other players in this immediate environment included economic agents such as debtors and creditors, banks, etc., plus local officials, surveyors, planners, the local press, etc., and of course the potential audience of theatregoers in the immediate local area; but those who had the most immediate, close and effective impact on the play of power

relations were the Board of Directors. Now a Board is obviously made up of executive and non-executive members, and is arguably therefore inside the organization as much as it is outside. However for the purposes of this research, I have concentrated on defining the “inside” in terms of the everyday practices and discourses of actors within the organization. In this respect, top executives and managers have a different role in terms of their everyday practices, interacting with other organization members, than they do as members of the Board. Therefore, in terms of the “elastic frontiers” mentioned above, I see the Board as an entity which brings to bear power effects from outside the everyday practices of organization members, and so perhaps even stretches the organization into new shapes; however, it is never part of the everyday practices of organizational members, not even of those members who sit on the Board. In terms of the “elastic frontier” it is always outside, stretching and reshaping the frontier possibly, but not coming within it. Therefore, in order to track the kind of effects produced on the organization from within the immediate external environment, I have chosen to focus on the effects produced by the Board of Directors.

However, I also saw that this did not exhaust the effects produced by the external environment. There were, in particular, two other categories which I observed at work, which I would designate as the wider “political-economic” environment and, with special reference to the arts sphere, the “cultural-aesthetic”. Doubtless there are other categorisations which could be produced in addition to these, and would need to be for sectors other than the not-for-profit arts sector, but these two categories seemed to me to be particularly important for the purposes of my study.

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The wider “political-economic” environment I see as including government-level agencies, and tax authorities, all of whom could by particular policies and decisions have major impacts on arts organizations, and all of whom have also increasingly, first in Britain and now in Canada, moved towards becoming themselves managed “by the numbers”, rather than continuing as old-style bureaucracies (e.g. McSweeney, 1994). Obviously there are a number of *social* and *societal* factors which could arise from within the political-economic environment, to affect the play of power relations inside the organizations I studied here: changes in tax laws affecting charitable donations might change the funding given by foundations, or state-level or global economic crisis could cut the grants from government bodies such as happened with the Arts Council in Britain.

The “cultural-aesthetic” environment was of course harder to define, since it would potentially extend to include the whole cultural ethos of a nation, and its preferences for theatre, movies, art, music, dance, etc., across the spectrum of taste from “high culture” to mass entertainment and specialist niche cultural preferences. However, its importance could not be denied in attempting to consider the nature of these organizations and the kinds of issues which became a focus for power struggles.

In the context of this study, I felt able to focus on the way that cultural-aesthetic concerns played out within a fairly constrained sphere of action. After all, the focus of my concern was always live theatre, and generally towards the “high” or “fringe culture” end of the spectrum. So experimental plays were to be found alongside “classic” dramas (as respectively defined in the British and French-Canadian cultural traditions), and, where there

were productions with more mass appeal, these tended to have some form of cultural sanction, as with the pantomime within the British tradition. At the same time, within each cultural-aesthetic context, there was a different range of productions to be discerned (reflecting the different range of cultural and aesthetic preferences at the level of the individual society); between Britain and Canada, there were also some definitional differences affecting similar terms (e.g. in the type and style of the “classic” plays, but also in the types of experimental and “popular” work). Such differences as these one could define as societal or cultural. In any event, the point of concern to me was that there was a cultural-aesthetic environment within each country, which shaped the interests and motivations of organizational actors, as it also shaped the tastes and enthusiasms of potential audiences. This environment therefore had a significant role to play, affecting the range of artistic choices which organizational actors proposed and then agreed upon, in order (i) to please the audience’s taste and demands and (ii) to fit the cultural image that a particular theatre had developed through its traditions and production policies. [Of course this did not necessarily mean that a theatre’s choices were mechanistically determined. As we shall indeed see, in at least one case, the actors within the organization could decide to move in a new cultural-aesthetic direction, given changes in other parts of the environmental field, e.g. with a potential shift in the demographics of the audience.]

However, let me give some brief examples of the way in which these different environmental influences may have effects on the interplay of power relations, and in particular in the role of MAS. Regarding the “immediate” environment, one might consider how a theatre’s chief executive officer (hereafter CEO) would act and react, if a newly-appointed chairman of the

board decided to intervene in the budgeting rules and policies originally established by the CEO without any external interventions. In this situation, the relations of power would be likely to be modified, and the CEO would have to adapt his strategy to deal with this new environmental constraint. Whether he were to choose to challenge the new chairman's ideas or accept certain compromises would be influenced by specific critical issues within the situation. What resources might he have to argue with his superior's ideas? On the supposition that this change of policies would also affect the CEO's relations with his personnel, would it be more advantageous for him to win the argument with his chairman or with his employees?

The wider "political-economic" environment might also influence actors' games in their search for power. For example, how would the power of an artistic director as expert, be affected if the Arts Council were to decide to introduce "box office targets" and base the allocation of future grants on achieving them? Would his selection of plays be modified by such a political-economic constraint? How would he weigh up the economic impact (number of tickets sold) with that of aesthetic realization? He would have to consider how far his power might be weakened in favour of, possibly, the marketing manager who would appear to have the skill, knowledge and experience to determine better which plays would be successful in terms of box office.

Finally, the "cultural-aesthetic" environment might feature as a constraint on the power games of actors in the event of the appointment of a new artistic director who proposed to change, slightly or more drastically, the style of productions mounted. How would such

programme changes alter the cultural-aesthetic image of the theatre? How might they alter the age-profile and numbers of subscribers? How far would the loyalty of existing subscribers be compromised, and how successful would any drive for new subscribers be? How far would there be more managerial and accounting controls affecting the play selection and production processes? At a more psychological level, how would the tactics of key actors be modified by a concern with the possible reactions of existing and future patrons? Often the cultural-aesthetic environment tends to be taken as a “given”, so long as there is no change in the general style or type of productions mounted. But when there is significant change, then its significance comes into focus. One might then well find that there would be culture-specific traditions and assumptions concerning “good” or “appropriate” types of production which would influence the way key actors engage in contesting for power. In these three examples, the autonomous character of each component –*actor*, *organized system*, and *environment*– is perceptible. Therefore, I now present my adaptation of Crozier & Friedberg’s framework, including the addition of this third component.

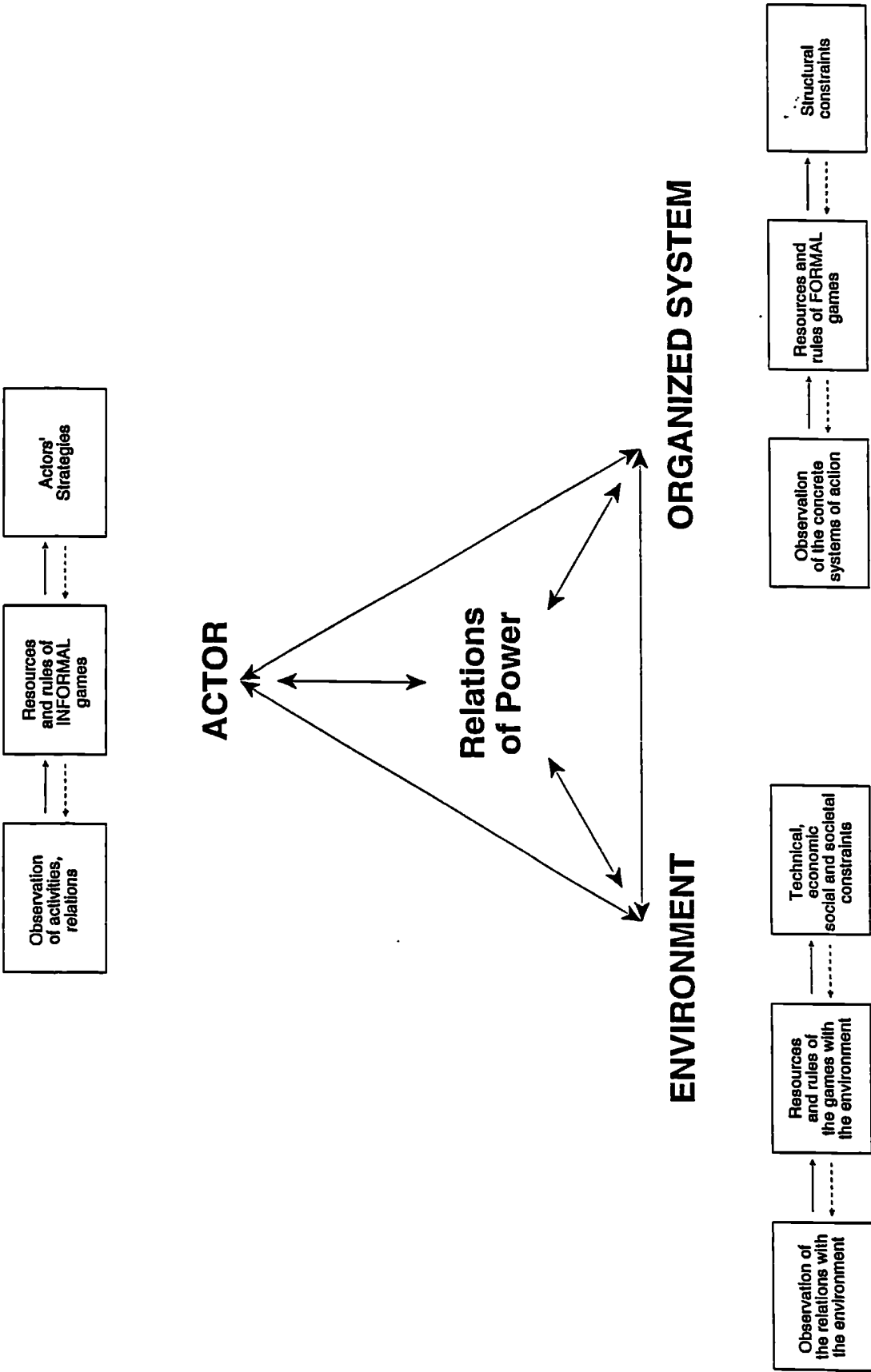
IV. COMPONENTS OF MY FRAMEWORK OF ANALYSIS

This section begins with a schematic diagram of my new theoretical framework. I will then briefly explain the links between the various elements shown in the diagram and conclude this chapter with the specific aspects related to the study of MAS.

A. Schematic representation

My adaptation of Crozier & Friedberg’s conceptual framework is illustrated as follows:

TABLE 2.1
Adaptation of Crozier + Friedberg's
Framework of Analysis



B. Explanation

In this adaptation, the understanding of *relations of power* needs to be examined in terms of three autonomous components: the *actor*, the *organized system*, and the *environment*.

In each given instance, the contingent natures and rules of the games which structure the relations among actors, and consequently condition their strategies, are sought by the investigator. Once this has been done, it then becomes possible to go back to the modes of regulation which assure the integrated independence of these games within a system of action (Crozier & Friedberg, 1980, p. 259).

In my framework, I have deliberately replaced “system of action” by “organized system” to avoid confusion between the *internal* system of action and the *external* role of the environment. Furthermore, I have used the plural form for the sub-elements “observation of concrete systems of action” since I see a given *organized system* as being comprised of several systems of concrete action (e.g. the accounting department, the marketing department, the personnel department) which are regulating each other. The interdependence of the sub-elements of each of the three major components is reflected by the solid arrows and those with dotted lines. This interdependency implies that several hypotheses regarding the *resources and rules of games* are postulated before the selection of the proper combination among the three elements: the actor’s strategy, the structural constraints, and the technical, economic, social and societal constraints. Since this framework will be operationalized to understand the relations of power surrounding the MAS, a word must be said on the insertion of this specific dimension within the framework.

C. The place of MAS in the framework

My research centres around the analysis of the reciprocal relationship between individuals and MAS within organizations. The above framework contains the key elements required to recognize and track this reciprocal relationship. In this scheme of analysis, I have conceptualized MAS as a “concrete system of action” among other “concrete systems of action” within an organized system. From this standpoint, a specific MAS is, for certain *actors* of a given *organized system*, an object of *games* used to increase their margin of liberty within this organized system; however, the MAS and the actors using it are confronted with other actors who are using other “concrete systems of action” to broaden their relative power. All of these fairly complex interrelations are further complicated by the existence of wider “concrete systems of action” such as specific technical, economic, social and societal conditions which may positively or negatively affect the capacity to act of actors and of organized systems. In spite of these wider multiple and even conflictual constraints certain actors and their strategies will eventually gain more power because they will have managed to control all of the relevant zones of uncertainty more effectively than their opponents have done.

In all of the games played in a particular organization, one should examine how MAS is used by actors in their respective strategies to widen their margin of liberty. Furthermore, how does the MAS function within the relations of power? How do actors and environmental conditions influence the role and significance of MAS? Why does the power of MAS (in the sense of the role played within the organizational actors’ interactions) differ from one

Chapter 2

organized system to another? These are questions that I shall return to in the interpretive chapter.

I would like to conclude with Crozier & Friedberg's comment on the importance of understanding the *relations of power*. For, like them, I advocate that the understanding of MAS needs to acknowledge the existence of a

...“parallel power structure” which completes, modifies, and even nullifies the formal plan [of an organized system]. ...The strategies of all parties are shaped and guided by their relationship to this shadow organizational structure (p. 44).

In the next chapter, I take a further step for the operationalisation of my framework by explaining the selection of my research context and methods. In making both these choices, I have constantly had in mind the objective of furthering the new approach to management accounting developed by alternative research streams examined in Chapter 1. Concerning the issue of context, I have felt that there is a contribution to be made by applying the conceptual framework elaborated in the previous pages in a context to which management accounting research has not previously paid much attention, and where traditionalist profit-focused approaches have little to offer towards explaining the presence and importance of accounting practices. Concerning my methodology, I need to explain further my choice of methods, given the complexity of understanding the functioning of MAS throughout the relations of power.

CHAPTER 3: CONTEXT AND METHODS

For there is little doubt that accounting is increasingly one of the most influential bodies of expertise in a number of western nations. It is only by analysing the multiplicity of practices that make it up that we will be able to understand how it has come to assume such a dominant position (Miller, 1994, p. 38).

I. INTRODUCTION

In Chapter 1, I argued that the 1980s saw the emergence of an alternative body of research that is opposed to viewing accounting systems and practices as “rational” and “objective” devices. In the management accounting area, proponents of such *alternatives* started to reconstruct [in Kuhn’s (1970) sense] the discipline by means of new reference disciplines, new fundamentals, new application sites and new methods of investigation¹. In this project, I propose to apply a combination of these four elements of reconstruction to establish how far these newer perspectives have influenced our understanding of MAS and practices in organizational settings. My discipline of reference—the *sociology of organized action*—has been presented in Chapter 2 above, which also contains my definition of the fundamental elements to be explored: *the reciprocal relationship between individuals and MAS in organizations*. Therefore, in this chapter I shall turn to discuss in more detail the site of application and methods of investigation I have chosen, in order to explain the reasons behind my selection of the not-for-profit performing arts sector, and the data collection methods used.

¹ For further details see the concluding section of Chapter 1.

II. SELECTION OF A RESEARCH CONTEXT

A. The not-for-profit area

I see this project as situated within what Kuhn (1970) has called “extraordinary research” and so, in accordance with his recommendations, I wanted to select a research context where it appeared that the normal paradigm failed to explain the presence and importance of MAS². The overview of the alternative publications in Chapter 1 already suggested that the *not-for-profit sector* is an area which has not been investigated in depth by proponents of the traditional/functional/rationalistic/mainstream paradigm, and that this might be due, in large part, to the fact that, in this sector, measures of success and performance are somewhat qualitative (Humphrey, 1991; Rousseau et al., 1995).

To this extent, it seemed reasonable to hypothesize that there must be goals other than “profit maximising/cost minimising” which could account for the observable phenomenon that the presence and importance of MAS in not-for-profit organizations was increasing (Rousseau & al., 1995). It is precisely these hidden, overlooked goals that I wish to explore, via a conceptual framework which should help to uncover relations of power in a specific not-for-profit industry: *the performing arts*. My choice of the *not-for-profit-performing arts* area was not arbitrary; at the same time, it had to be precisely focused, if only because of the vastness of the arts domain as a field in which to study the impact of

² Further explanations can be found in the conclusion of Chapter 1.

management accounting. I therefore begin by justifying *why*, as an accounting researcher, I have been attracted to the cultural sector in the first place.

B. The arts domain

I was particularly interested by the arts domain, since it has been, over the last 15 years, a stimulating arena in which one can observe the proliferation of management disciplines in general and of MAS in particular. In the 1960s, not-for-profit arts organizations were shunning *managerialism*, mostly because they seemed “different” and even anti-managerial, given their evolution in a cohesive clan structure as opposed to a market or a hierarchical one³. In other words, they embodied aesthetic rather than business objectives, and they were not driven to achieve financial success. These organizations were typically under the reign of the *impresario*, normally the founder of the institution, who tended to be the person responsible for artistic and financial matters alike. However, since then, in a more or less explicit manner, a new kind of *managerialism* has taken shape in the arts sector. The *Arts Management* discipline came into existence at the end of the 1970s, bringing with it a new form of management discourse. Shore (1987), in his book *Arts Administration and Management*, defined management as “...the art of reaching goals through the effort of other people” (p. 53); Schafer (1991), at the first International Conference on Arts Management, in Montreal, described arts management as “an art in its own right” (p. 24). As part of this appropriation of management by the arts, new disciplines such as Marketing the Arts,

³ The notions of *clan*, *market* and *hierarchical* structures have been developed by Ouchi (1980). They highlight the distinctiveness of governance structures where, in a *clan* structure, each member is socialized in a way that individual goals are merging with organizational ones in a more complete manner than in the two other structures.

Strategic Management for Arts Organizations, Human Resources Management in Arts Organizations, and Financial Management in the Arts have been included in the curriculum of several arts management programmes, in order to develop *suitable* managerial skills among current or potential arts managers. Concurrently, the impresario has given way to a dual leadership system in many arts institutions, in which an *artistic manager* is in charge of aesthetic policies and decisions and an *arts administrator* is responsible for behind-the-scenes activities and financial decisions. This role differentiation is best expressed in the following statement.

Whereas the impresario relied on personal ties and charm in an entrepreneurial environment, the arts administrator relies on the **norms of formal accounting** in an environment of numerous bureaucratically structured organizations and unstructured publics (Peterson, 1986, p. 164, emphasis added).

In the arts management literature, the penetration of management principles into the arts world has been seen as the result of various internal and external factors, such as the rapid internal growth of arts institutions and an increasing complexity in the organizational environment (Jeffri 1980; Turk & Gallo, 1984; DiMaggio, 1987). Other authors have considered that the rise in not-for-profit arts organizations in the mid-1970s has led to the implementation, by responsible public and government bodies, of more formal rules for fund allocation (Pick, 1980), thus creating a surge in demand for diverse types of information “...about finances, personnel, budgets, and audiences that the organizations did not collect a decade ago” (Peterson, 1986, p. 177).

However, I would argue that such factors do not apply solely to the arts sector since, over this period, growth, complexity, and a new style of managerial government intervention were affecting numerous organizations across widening sectors of the Western economy. In contrast, I am inclined to believe that arts organizations have, willingly or otherwise, been captured by “management tentacles”. To this extent, I subscribe to Hoskin & Macve’s (1990) arguments about the ubiquitous nature of management. They have claimed that *management invented modern business* (p. 17) and that the concept of management is fundamentally misunderstood in so far as there is, behind the culture of managerialism, a game of power in which managers of all types of organizations need to participate in order to run what increasingly gets defined as “their business” effectively.

Following this line of argument, I believe that arts managers have been, in a certain sense, obligated to acquire greater knowledge of all branches of management, including accounting, in order to survive in an environment where it has become essential to record and measure everything (Hoskin & Macve, 1990). In this process, people involved in the arts world (e.g. actors, researchers, teachers) have moved towards becoming active participants in the various managerial reforms implemented in their sector: or rather, they have done so in all but one area: the *management accounting* discipline (Rousseau et al., 1995).

My point is that, whereas there are now signs of discursive reciprocity between the discourse of the arts world and that of management in many sub-sectors of both disciplines, this does not yet seem to apply to the arts/management accounting relation. In an investigation of research over the five past years in both the arts and management accounting areas (including

research works cited above), I have found a near total silence regarding a possible reciprocity between management accounting and arts domains. On the contrary, Chiapello (1991), in one of the rare studies on this possible interrelation, has argued that potential reciprocity has seemed almost impossible, noting that

any attempt to enhance the role of accounting in art organizations is suspect. We are told that this will destroy creativity, that *great art* is not possible if money is counted (p. 3).

It is not necessarily the case that Chiapello subscribed to this point of view; she was simply observing how its continuing articulation within the arts management field reflected a perception, possibly shared by artists and managers alike of accounting as a “money counter” — a perception which therefore reinforced traditional/functionalist/rationalistic/mainstream assumptions.

The question I would like to raise is: given the fact (i) that arts management has discovered a means of critically appropriating other aspects of management practice and (ii) that management accounting itself has discovered its own form of self-criticism, why has there been no substantial transition to a form of reciprocity between the worlds of management accounting and not-for-profit arts institutions⁴? A number of possible answers have been suggested.

⁴ I have already observed, in my survey of alternative wing publications (see Chapter 1), that various sub-sectors of the not-for-profit sector (e.g. hospitals, universities, police and fire departments, city administrations, day care centers) have been investigated.

Perhaps the lack of reciprocity stems from the fact that accounting is only incidental in not-for-profit arts organizations (Chiapello, 1991, p. 26), so that any rules and procedures implemented would not directly impinge on the creative process. It has also been proposed that, due to the fact that the members of not-for-profit arts organizations generally do not have sufficient administrative or accounting backgrounds, it is potentially unrealistic to develop and utilize more than the financial accounting system imposed by funding bodies (Krug, 1992). Or again, it has been argued that most managers of not-for-profit arts organizations may have been initiated into the Taylorist conception of accounting, so that they have perceived MAS and practices mainly as monitoring instruments for detecting errors and punishing guilty individuals (Rousseau et al., 1995).

My own view is as follows. Although the first two possibilities could plausibly explain the resistance to accounting in these organizations during earlier times of abundant funds, and when impresarios dominated the scene, I consider that the third hypothesis fits better with recent developments in the field. For it appears that management accounting is no longer incidental in not-for-profit arts organizations, so that, despite their individual feelings, arts managers have to base their artistic decisions more and more on budgetary constraints. I also suggest that the proliferation of training courses and degrees means that arts managers increasingly possess the required knowledge and skills to use accounting figures as tools for projections (including overall budgets, detailed budgets by activity, forecasts); as tools for measuring and updating quantitative results (e.g. updating figures for revenues and expenditures); and as tools for analyses and comparisons (e.g. attendance, wages paid for two different years). However, I hypothesize that the presumed inevitable opposition

between the arts and the management accounting discourse will itself prove to be a “missing link” arising from the lack of correspondence between the management accounting discourse and the reality of not-for-profit arts organizations.

Because the traditional/functionalist/rationalistic/mainstream depiction of management accounting still dominates the fields of both research and practice, arts managers’ views of accounting tend to remain dominated by this “objective” way of seeing⁵. In contrast, because not-for-profit arts organizations are not principally driven by objectives of economy/effectiveness/efficiency they cannot, from an “objectivist” standpoint, make effective and efficient use of MAS.

Nevertheless, my aim is to demonstrate by means of an empirical investigation in a specific not-for-profit arts context that it is possible to develop an effective and efficient use of MAS if its presence is understood throughout the “parallel power structure” (Crozier & Friedberg, 1980). Since the *not-for-profit arts* area is comprised of a heterogeneous group of institutions in terms of their artistic products, sources of funding, organizational structure, etc. (Colbert, 1989), I will limit this exploratory study to a single sub-sector of the not-for-profit arts area: the *performing arts*. Concentrating on one specific type of arts organization, I aim to examine similar uses of MAS in a number of performing arts organizations in order to identify and compare the elements that reflect i) the reciprocal

⁵ The approaches taught in schools or the reports published by external agencies such as funding bodies all tend to reinforce a structuro-functionalist conception of accounting.

relationship between MAS and individuals and ii) the relations of power in which MAS unfold⁶.

The section below sets out the research strategy for my empirical investigation. First, the rationale behind my selection of a *case study strategy* are explained, and then each methodological step is documented, from the research design to the data collection process and data analysis.

III. SELECTION OF A RESEARCH METHOD

A. Goals

The choice of method is vital in all types of research. Numerous options are available (experiments, surveys, case studies, histories...) but before selecting any research strategy, researchers must determine which strategy best suits their project and aptitudes. In chapters 1 and 2, I have strongly emphasized the need for more field studies 1) to better understand the complexity of accounting in action; 2) to reinforce the legitimacy of field studies within the portfolio of tools used in accounting research (Ferreira & Merchant, 1992) and 3) to explore the “parallel structure” of the relations of power in which MAS plays an active role. Here I wish to set out the particular goals which I envisage being achieved by the field study approach.

⁶ To answer the question of why the performing arts sub-sector was selected, my past experience in performing case studies in this type of arts institutions had naturally awoken my curiosity and interest in gaining a further understanding of the place of MAS in this type of organizations.

1. To assess the complexity of accounting in action

In Chapter 1, I have documented the existence of a new stream of research in management accounting, in which MAS is typically seen as an *active agent* which both shapes and is shaped by the actions of individuals in organizations. Nonetheless, I have suggested that publications defending this point of view have to date been primarily theoretical and that there is an urgent need for empirical “investigation” of these complex interrelations⁷. It is through the observation of the interactions through which MAS are applied that the “real” roles of such systems in not-for-profit performing arts organizations might be clarified.

2. To verify the legitimacy of alternative methods

I have more than once specified that the implementation of “valuable” field studies or case studies or qualitative research⁸ is essential for gaining a better understanding of MAS in action. However, I recognize that the legitimacy of this alternative form of inquiry needs to be strengthened not only in accounting research, but also in social science in general (Bruns & Kaplan, 1987; Ferreira & Merchant, 1992; Yin, 1989). As Yin (1989) remarked:

The case study has long been stereotyped as a weak sibling among social science methods. Investigators who do case studies are regarded as having deviated from their academic disciplines; their investigations, as having insufficient precision (that is, quantification), objectivity, and rigor (Yin, 1989, p. 10).

⁷ This investigation could either be quantitative or qualitative.

⁸ I must mention that there is no consensus on the categorization of research conducted in organizational settings: case study, field work/study, qualitative research, etc. (See Appendix 3.1 for definitions). For the purpose of this project, I will use the appellations “case study” and “field work” to define the selected data collection method.

Therefore, Yin (1989) questioned the increasing popularity of this method despite severe weaknesses noted by the method's detractors. One of Yin's explanations, also offered by Ferreira & Merchant (1992), is that young researchers or doctoral students, who often use a case study strategy, are not experienced enough in such alternative approaches. As a result, certain weakly supported field studies have tarnished the method's reputation. Nevertheless, reference articles and books are now available to guide future investigators in their methodological constructs (Bruns & Kaplan, 1987; Ferreira & Merchant, 1992; Yin, 1989). In my opinion, the blame should not be placed solely on young researchers or doctoral students with "little experience". The legitimacy of field research methods will surely increase if reference books and support from experienced researchers are available, and especially if field researchers elucidate the distinctiveness of their method. First of all, to firmly establish the legitimacy of field research, investigators need to be both committed and well-suited to this method of inquiry.

Too many people are drawn to the case study because they believe it is an "easy" method... In actuality, the demands of a case study on a person's intellect, ego, and emotions are far greater than those of any research strategy (Yin, 1989, p. 61-62).

The case study method precludes re-counting or starting the study over. In fact, it is essential that the investigator be "experienced" even for the first field study (Yin, 1989)⁹. Certain individuals are quite talented at rapidly acquiring field researcher aptitudes, but I believe that the primary element of success is to relish direct communication with people in

⁹ Yin (1989) gives a list of five skills required to conduct a high-quality case study: 1) ask good questions, 2) be a good listener, 3) be adaptive and flexible, 4) have a firm grasp of the issues being studied, 5) be unbiased by preconceived notions (p. 63).

an uncontrollable environment. Unexpected situations often yield valuable data, and the investigator must learn how to cope with unforeseen events. Secondly, to increase the legitimacy of field research methods, I postulate that the necessary evaluation criteria vary with the type of methods of inquiry. With a case study strategy, there is no need to talk of “precision” and “objectivity” since the method aims to capture the complex and subtle elements of organizational reality. Field research should be assessed in terms of the effort to understand a tiny piece of a complex organizational reality (Daft, 1983). Thus, in organizational research, it would be opportune to recognize that different methods are suitable for different researchers, and also that comparisons between methods could be irrelevant when the researcher is using a specific strategy¹⁰.

3. To explore the parallel structure of the relations of power in which MAS plays an active role

In Chapter 2, I began by conceptualizing my organizational analysis of MAS in action in terms of Crozier & Friedberg’s framework (1980). One interesting aspect proposed by these authors is that their theoretical concepts “...are above all modes of research” (p. 259). In fact, they recognize that it is only through direct contact with actors in *organized systems* and through empirical analyses of organizational processes that it will be possible to explain the actors’ strategies and the organizational constraints (Crozier & Friedberg, 1980, p. 274, Note 13). As the authors noted, in order to help the investigator

¹⁰ Comparisons could be relevant when different methods are used to complement each other (see Miles & Huberman, 1994).

[t]o understand and explain the origin and nature of these constraints, we have proposed the strategic method, which cannot study a field of action in the abstract, on the basis of some *a priori rationality*. Instead we must adopt a restricted phenomenological viewpoint in order to reconstruct the intrinsic logic and rationality of the relations and interactions which operate within the group; this is the only procedure which makes it possible to discover the weight of the constraints on the actors and on the organization they comprise (Crozier & Friedberg, 1980, p. 259).

Moreover, the understanding of MAS through analysing power relations represents a relatively new approach in the management accounting literature, and according to Ferreira & Merchant (1992), in their study of field research into management accounting and control (MAC) published between 1984 and 1992, this field research method is highly recommended for unusual research topics.

The above three motives have influenced my choice of approach. As to my methodology, this is comprised of three elements: the research design; the data collection process; and the data analysis framework. Note that this classification under three separate headings is not representative of the iterative process involved in actual field work. The three phases, design-collection-analysis, normally overlap in pairs, meaning that the design and collection phases evolve concurrently during the first half of the field inquiry, whereas the collection and analysis phases unfold simultaneously during the second half.

B. The research design

Over and above my strong motivation for using a case study approach, I had to ensure that my research design met the criteria for a case study. Yin (1989) established criteria

governing research strategy selection and, in the following section, I situate my project within these parameters. My research questions and propositions are subsequently clearly stated. Lastly, my sample characteristics and site selection complete the research design section.

1. Criteria governing strategy selection

According to Yin (1989), “[a] research design is the logic that links the data to be collected (and the conclusions to be drawn) to the initial questions of a study (p. 27)”. He specified that effective strategy selection depends on three conditions: 1° types of research questions; 2° extent of control over behavioral events; 3° degree of focus on contemporary as opposed to historical events (p. 17, 19). Table 3.1 reproduces Yin’s classification of strategy choices with the three conditions along the horizontal axis. The first selection criterion is contingent on the type of research question. The familiar 5 “W” questions: “who, what, where, how and why” suit different methods. With regard to Table 3.1, the case study method appeared to be the best strategy for questions starting with “why” and “how”. My three major research questions are as follows:

How does the reciprocal relationship between individuals and MAS within a not-for-profit performing arts organization take shape?

How —in this reciprocal relationship— does MAS take its place within relations of power?

Why does the power of MAS (in the sense of its pivotal role in the interactions of organizational actors) manifest itself in different ways in different not-for-profit performing arts organizations?

These questions undoubtedly satisfy the first condition. However, according to Yin (1989), “why” and “how” questions could also be answered by means of an *experiment* or a *history* strategy.

Histories are the preferred strategy when there is virtually no access or control. Thus, the distinctive contribution of the historical method is in dealing with the “dead” past... (E)xperiments are done when an investigator can manipulate behaviour directly, precisely and systematically (Yin, 1989, p. 19, 20).

TABLE 3.1

Relevant situations for different research strategies

Strategy	Form of research question	Requires control over behavioral events?	Focuses on contemporary events?
Experiment	How, why	Yes	Yes
Survey	How, what, where, how many, how much	No	Yes
Archival analysis (e.g., economic study)	How, what, where, how many, how much	No	Yes/No
History	How, why	No	No
Case Study	How, why	No	Yes

[Source: Yin 1989, p. 17]

Since I plan to question the different *actors* (i.e. department managers and employees of performing arts organizations), my focus is on contemporary events and so a case study is

preferable to a historical approach (third condition). Lastly, because I wish to understand the way in which MAS are implicated in, and structure, relations of power, it would be inappropriate to choose an experiment strategy which requires control over behaviour (second condition)¹¹. Therefore, my research situation satisfies Yin's three conditions for selection of a case study strategy.

In addition to these more formal criteria, my strong interest in direct contact with people within organizations has prompted my selection of the case study strategy. I believe that my interest in, and empathy for, organizations in the arts domain will be best harnessed by the choice of a field research strategy.

2. Questions and propositions

To recap, my three research questions, which will subsequently focus the specific directions of my investigation, are:

How does the reciprocal relationship between individuals and MAS within a not-for-profit performing arts organization take shape?

How –in this reciprocal relationship– does MAS take its place within relations of power?

Why does the power of MAS (in the sense of its pivotal role in the interactions of organizational actors) manifest itself in different ways in different not-for-profit performing arts organizations?

¹¹ I believe that the experiment strategy would be totally inappropriate to observe the relations of power in a given organization. These relations are part of the parallel structure (Crozier & Friedberg, 1980), of informal and even taboo relationships (Morgan, 1986).

The first question identifies the major issue of my empirical analysis: the reciprocal relationship between individuals and MAS in organizations; the second question operationalizes my framework of analysis: the place of MAS in the relations of power; and, in the last question, the influence of the context of investigation is taken into account by elaborating on the differences between not-for-profit performing arts organizations.

In the conceptualization of the research questions, I developed some initial theoretical propositions about my field research. For Yin (1989), in the design of a case study the elaboration of research propositions is an important corollary to the research questions.

...“how” and “why” questions, capturing what you are really interested in answering, led you to the case study as the appropriate strategy in the first place. Nevertheless, these “how” and “why” questions do not point to what you should study. Only if you are forced to state some propositions are you beginning to move in the right direction. (Propositions) besides reflecting an important theoretical issue...also begin to tell you where to look for relevant evidence... (p. 30).

The initial theoretical propositions I formulated are as follows:

- Proposition 1:** Case study evidence will show that –even in institutions primarily driven by objectives other than quantitative ones– actors are taking into account MAS in their respective strategy.
- Proposition 2:** Case study analysis will corroborate the presence of MAS –as an organizational constraint¹² on the way actors are able to act vis a vis relations of power.

¹² As an organizational constraint, an MAS could either be a constraint generated from within the *organized system* or the *environment*. (See the conceptual framework developed in Chapter 2).

Proposition 3: Case study analysis will show that there are, in the various organizations investigated, behavioural, organizational, social and societal elements that affect the place of MAS in the parallel power structure.

I felt that these three propositions represented “sufficient blueprints” for me to be able to identify features which were common to my sample cases, and to guide my strategy of data collection and analysis (Yin, 1989). However, I recognised that these propositions would be subject to change. To cite Ferreira & Merchant’s (1992) third criterion for field research definition¹³:

(3) the research design is not totally structured. It evolves along with the field observations.

New propositions and questions were always likely to emerge, which is why I felt it was important to be aware that the two phases of design and data collection should evolve concurrently. Lapierre (1984) neatly summarized my personal conception of methods in his Ph.D. dissertation:

We believe that a kind of pendulum should exist between rigour and flexibility, between discipline and abandonment, between openness and closure, between involvement and distance, between preparation and improvisation, between elaboration and spontaneity (methods chapter, p. 182, free translation).

¹³ See Appendix 3.1 for a full definition.

3. Sample characteristics and site selection

Miles and Huberman (1994) emphasize that sample selection has a crucial impact on the data analysis that follows.

Your choices —whom to look at or talk with, where, when, about what, and why— all place limits on the conclusions you can draw, and how confident you and others feel about them (p. 27)... Choices of informants, episodes, and interactions are being driven by a conceptual question, not by a concern for “representativeness” (p. 29).

Sample selection clearly placed certain limits on what I could find. Organizations in the *not-for-profit* area are not primarily or solely driven by quantitative monetary objectives. Thus, the role and importance of MAS in such enterprises could hardly be explained in terms of “profit maximising/cost minimising” criteria. At the same time this sample, by being taken from one sub-sector within the vast arts domain, offered some special opportunities. By focusing on actors/organized systems/environments from one specific area, my findings would not be diffused by noise caused by a variety of dissimilar actors, organized systems and environments. The decision to use “multiple case sampling” within this sub-sector was influenced by three factors: the lack of prior empirical research on MAS in an arts context; the goal of testing a conceptual framework which had never been tested before in a real organizational setting¹⁴; and the goal of identifying differences between organizations by undertaking a “cross-case analysis”¹⁵. This “multiple case” approach meant that elements

¹⁴ Crozier & Friedberg (1980) empirically tested their framework, but my adaptation of their framework has not yet been validated in an organizational setting.

¹⁵ The term “cross-case analysis” refers to the comparative analysis among my sample of performing arts organizations.

which may differentially affect the functioning of MAS, as well as its role in the parallel power structure, could be identified. In addition, it was possible to research in two different socio-cultural of *environments* in order to assess the impact of the social and societal constraints on the relations of power in which MAS are implemented. For convenience purposes, I selected the Midlands in England, where I pursued my doctoral studies, and Montreal in Canada, my place of origin. Furthermore, I set the number of cases as four (two in the Midlands and two in Montreal) in order to obtain internal social and societal comparisons while keeping the number of cases manageable. However, in my sample selection, I have selected three not-for-profit theatres in each province with a view to performing one pilot study per province. (These two pilot tests are explained below.) As a final means of matching the organizations chosen, I decided that each organization had to be relatively small in size [less than one hundred (100) permanent employees] and had to have at least one *administrative*, one *artistic* and one *technical* department¹⁶. (Table 3.2 summarizes my sample characteristics).

One final distinctive aspect of my project was its bilingual nature, which meant that I had to prepare documents for the data collection phase in two different languages: in English (for the Midlands) and in French (for Montreal). I first designed the English version, and then translated the necessary documents in French.

¹⁶ The latter two specifications were re-adjusted to reduce the noise caused by incomparable company size.

TABLE 3.2

Sample characteristics

1	Arts sub-sector investigated	Performing arts organizations
2	Area (profit/not-for-profit)	Not-for-profit
3	Case study design (single or multiple)	Multiple
4	Sites selection	Midlands (United Kingdom) Montreal (Canada)
5	Number of organizations investigated	Six theatres contacted, divided in: three in the Midlands (one pilot) three in Montreal (one pilot)
6	Organization size	Less than 100 permanent employees
7	Departmental structure	One artistic One administrative One technical

C. The data collection process

Like life, being “in the field” is never static.
[Lofland & Lofland, 1984, p. 31]

The data collection phase is a rich, dynamic and iterative process that is difficult to “animate in print”. Below I will explain how I selected my **sample** and how I drafted my **investigation plan**. I will also comment on the experience gained from my **pilot studies** and

the **sources of data** used in my field work¹⁷. In fact, behind this dense description lies a process of evolution, learning and improvement that the reader will recognize if he or she has also embarked on the “adventure” of field work.

1. Sample selection

My sample selection of six not-for-profit performing arts organizations was *purposive* rather than chosen at random (Miles & Huberman, 1994). In fact, I selected a “highly purposive” sample, with my primary selection criterion being adequate cooperation from members of each organization, as recommended by Ferreira & Merchant (1992). These two authors made clear in their survey of management accounting and control (MAC)-related field research that:

[B]y its very nature, field research cannot be effectively conducted without adequate company cooperation... In any case, we argue that writing off the “sunk costs” of time invested in the uncooperative site and starting the study at another organization is preferable to obtaining only marginal results from an organization that is not willing to participate fully in the study (p. 21).

To fulfil my objective of understanding the parallel power structure in which MAS unfold obviously required adequate cooperation. Since power is a complex dynamic process, the investigator must earn the trust of the actors observed (Crozier & Friedberg, 1980). Thus, to ensure “adequate cooperation”, I chose my theatres by making direct contact with managers of performing arts organizations. My sample was first selected –during the summer 1993– in the Midlands where I was enrolled in a Ph.D. program. As an overseas

¹⁷ I have classified these four steps under the data collection process because, even if they are part of my design, they have been modified with the gathering of evidence.

student, my contacts were quite limited in the English arts area. My first meeting was with a director of the Arts Center at the Warwick University. He suggested that I contact a *freelance* arts administrator to gain a good *portrait* of performing arts organizations in the Midlands¹⁸. This *freelance* administrator had obviously had considerable experience with the arts in the Midlands and was quite pleased to provide me with names of not-for-profit performing arts organizations and managers who would potentially be willing to participate in this type of project. He eliminated some theatres immediately since he knew that my main criterion was “adequate company cooperation.”

[He explained to me that the scarcity of public funds and sponsorships makes some arts managers quite reluctant about commenting on their financial systems and accounting figures.]

Nevertheless, I emerged with four theatres’ names along with either their chief executive or administrative manager. I contacted these individuals by phone, and three companies agreed to receive a written explanation of my project and its implications for them (Appendix 3.2, English version)¹⁹. All of the parties replied with a positive answer to my written request.

During the autumn that followed, I planned to investigate Montreal theatres. I began by contacting one of my colleagues in Montreal, François Colbert, Director, Chair in Arts Management at HEC. He identified three potential “cooperative” not-for-profit theatres. I followed the same procedure as that used in the Midlands. I first contacted managers by

¹⁸ I respect individuals’ choice to remain anonymous.

¹⁹ The theatre that refused was restructuring at the time. A new administrative manager had recently been appointed and management was still looking for an artistic director.

phone and then a letter was sent outlining my project (see Appendix 3.2, French version). Three organizations consented to participate in my study but one postponed my investigation to the following spring, in 1994.

To adequately prepare myself for the “real” data collection phase, I wrote what I called an “investigation plan”. The main elements of the plan are described below.

2. Investigation plan

I believe that the *investigation plan* for my field work is comparable to a *table of contents* in a book. I designed that plan to help me to visualize “the things to do” while I was collecting the data²⁰. With a multiple-case design, this plan seemed essential for the collection of comparable information.

My plan resembled Yin’s (1989) “case study protocol” (p. 70). However, my investigation plan was much more a “travel warrant” than a formal protocol in which every procedure and rule of conduct is described in detail²¹. I am inclined to believe that techniques are necessary, yet they should be judiciously selected and cautiously applied. As Lofland & Lofland (1984) noted:

Keep your creativity and intellectual playfulness alive. As Peter Berger so succinctly expressed the necessary stance: “In science as in love, concentration on technique is quite likely to lead to impotence” (Lofland & Lofland, 1984, p. 151).

²⁰ The table of contents helps the reader visualize the different sections of the book.

²¹ Yin’s “protocol” was intended to be useful to diverse investigators and a sizeable number of research sites.

My plan was comprised of four different sections: 1) my study objectives; 2) the agenda; 3) questions not to forget; 4) the conceptual framework summary²². (See Appendix 3.3, English example of my investigation plan). In the first section, I set out my project objectives, which I was prepared to show to any member of a theatre, to account for my presence in their organization. In the second section, I planned a schedule of meetings with the various persons to be interviewed. The third section is devoted to the enumeration of questions to ask personnel members (e.g. organizational chart, financial statements). The fourth section contains a brief summary of my conceptual framework, which enabled me always to keep in mind the relations between the data collected and the analysis to perform. Attached to this plan are the “interview questions” and “follow-up questions,” documents that were to guide my *focused* interviews and my *open-ended* interviews respectively (See appendices 3.4 and 3.5 for questions). The latter two documents are presented following the next section which describes my process of pilot testing.

3. Pilot study

Conducting a pilot study is, for Yin (1989), an effective means of refining the investigator’s plan for data collection, in terms of content and procedures. In fact, it represents the final preparation stage before data collection. Yin specified that a *pilot test* is not a *pre-test*.

The pilot case is used more formatively, assisting an investigator to develop relevant lines of questions –possibly even providing some conceptual clarification as well. In contrast, the pre-test is the occasion for a formal

²² My four sections are similar to Yin’s protocol sections: 1) overview of the case study project; 2) field procedures; 3) case study questions; 4) guide for the case study report. However, I preferred to adapt his model to my project’s specific characteristics.

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“dress rehearsal”, in which the intended data collection plan is used as faithfully as possible as a final test run (Yin, 1989, p. 80).

This distinction is quite important for my project since my initial intention was to conduct two pre-tests (one in each country) but, for several reasons, I ultimately conducted (according to Yin’s distinction above) a pilot test at the theatre in the Midlands and a pre-test for the one in Montreal. The selection process for these two theatres and their contributions to my research design and field procedures are described next, in chronological order.

I spent the summer of 1993 in the Midlands collecting my English data. At the time, I had planned to conduct my first case as a “formal dress rehearsal” (see Yin’s expression above) to gain experience for the two following cases. However, during that period, the English theatre environment was quite turbulent. The Arts Council of Great Britain had just decreed that each subsidized theatre should be headed by a Chief Executive rather than by an Artistic Director. In addition, a “three-year plan” outlining the main artistic and administrative policies and objectives for the three coming years was required in order to be eligible for government funding. Despite the fact that these administrative measures were not welcomed by theatre arts managers, at the beginning of July 1993, the Arts Council announced that due to a £5 million reduction in funding from Central Government, for the years 1994-95, the Council had decided

...to increase the proportion of its spending on contemporary dance and the visual arts at the expense of drama. A list of regional theatres was used as the basis for discussion about cuts... (The Times, August, 6, 1993)

One of my sample theatres was included in that list. A headline in the Observer: “Now that the accountant calls the tune” (July 11, 1993), made me quite concerned about the theatre’s willingness to receive an accountant and to discuss accounting (see Appendix 3.6 for the article). Therefore, I decided to start with that theatre, hereafter referred to as the *Plato* theatre, and to use this investigation as a “pilot study” in Yin’s sense, to improve my research design and field procedures²³.

The data obtained in this pilot study enabled me to clarify two sections of my investigation plan as well as certain questions in my second interview grid²⁴. Before this study, Section 1 of my plan: “objectives of my study”, had been written for my own purposes. Since three of my respondents asked for the rationale behind my research, I realized that I needed to adapt this first section in order to use it to introduce my project and myself²⁵. In addition, the first version of Section 3 in my investigation plan: “the things not to forget”, listed the documents to request at each theatre. After my first field experience, I realized that aspects other than those contained in documents were necessary in order to gather the same type of data in each theatre. For instance, I needed to create an “informational data” sub-section to record the number of employees, the number of studios, the period of operations, the existence of an union, etc. Furthermore, I needed to supplement my initial

²³ After discussions with my supervisor, we agreed that it would be inappropriate to refuse this theatre’s acceptance simply because they were struggling for survival. Nevertheless, the data to be collected there would have been dangerous to interpret because of the theatre’s precarious situation.

²⁴ Appendices 3.3, 3.4 and 3.5, which present the plan and grids for interview, are the modified and final versions (i.e. the ones written after the two pilot tests).

²⁵ I spent four full days at the Plato Theatre and met seven people: the Director/Chief Executive, the Finance Manager, the Artistic Manager, the Production Manager, the Marketing Manager, the House Manager, and the Box Office Manager.

questions with certain “follow-up questions” (Appendix 3.5). For instance, I added a second sub-question to question 1: *What are your daily activities?* and question 3 was replaced by: *With whom are you frequently working?* since these two questions better clarified the relationships among the employees of each department²⁶.

The procedures I adapted for my field work had to be modified in two ways. In my first plan, I did not realize the importance of unionized employees at lower hierarchical levels. According to Crozier & Friedberg (1980) these actors could sometimes control *relevant zones of uncertainty* even if they were not in a managerial situation. To this extent, throughout the “conceptual framework summary” I always strived to parallel and contrast the *resources and rules of the games* of unionized employees with those of non-unionized employees. The second adjustment was to my data collection scenario. In the original plan, I did not specify that each interviewee had to be met separately. Thus, at the *Plato*, I interviewed the Finance Manager and the Artistic “Theatre-in-Education” Manager simultaneously²⁷. I rapidly observed that the interviewees were trying to arrive at a consensus in their respective responses. One possible result of that procedure was the introduction of a significant bias in the responses. To avoid that, I added another prerequisite in my interviewing scheme: each respondent needed to be questioned individually.

²⁶ The original question 3 of my follow-up grid was: How would you rate the importance of each department for goal achievement? I quickly realized that this question was very biased. In fact, this question was the only one not well understood by respondents, an incontrovertible sign that it needed improvement.

²⁷ This Artistic Manager is responsible for raising Community awareness of the theatrical arts.

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Finally, my pilot study of an “English” theatre yielded some distinctive “British” characteristics, which I noted for future investigations: the importance of raising Community awareness of the theatrical arts (the Artistic Director is assigned that mission and there is also an annual production of a Christmas show dedicated to the children in the audience); the importance of welcoming the audience with the *Front of House* employee; the importance of the theatre’s catering section, which offers the audience the option of a meal before or after a performance²⁸. Therefore, I resolved to add collection of this “informational data” to my investigation plan (Appendix 3.3, Section 3).

My second test was conducted in Montreal after the two main case studies had been completed in the Midlands. This second test was intended less to refine the data collection process –already largely achieved in the first pilot study– and more to ensure myself that my “equipment” for collecting data was “exportable.” In that sense, I would describe it as more of a pre-test than a pilot study. The first step was to translate all the field work material (appendices 3.2, 3.3, 3.4 and 3.5). Then, I needed to choose one site for my “Montreal” pre-test study from among my sample of three theatres.

My choice was influenced by cross-case analysis criteria. Among the six theatres of my sample, one had a distinctive mission: to promote and present plays by Quebec playwrights only. Because of its status, a higher percentage of funding was received for operations (up to 80 % annually) and, consequently achieving box office targets were not a major issue for

²⁸ To my knowledge, all of these characteristics were absent at the Montreal theatres, and therefore important to analyse in terms of the *environment* dimension of my framework.

survival. In fact, in my first meeting with the Administrative Manager, I confirmed that it was acceptable to obtain low box-office returns since the main objective of the theatre was to help Quebec authors improve their writing and to help them achieve recognition. These distinctions sufficed to affect management decisions in terms of activity selection, planning, budgeting and controls, and MAS performance. Thus, I decided to select the “Quebec productions” theatre for my pre-test study. Hereafter, this theatre will be referred to by its fictitious name: the *Yuko* theatre²⁹.

With the *Yuko* investigation, I confirmed that my design was “exportable” in terms of its major analytic categories. I also noted an important element of the Montreal theatre *environment*: subscriptions³⁰. This distinctive cultural characteristic, which was absent from the British context, and so from my initial plan, was added to my list of “things not to forget” in my plan (Appendix 3.3, Section 3). However, my field procedures did not change with this pre-test, although at the beginning, my main difficulty had been to talk and think in French, since I was already so familiar with the English version of my empirical “tool kit”. At the very least, this pre-test was a good rehearsal for conducting my research in French (!).

²⁹ I spent four full days at the Yuko Theatre and met seven individuals: the Artistic Manager/Chief Executive, the Administrative Manager, the Production Manager, the Assistant Manager/Marketing, the Accountant, the Box Office Manager, and the Director’s Secretary.

³⁰ This is not to say that subscriptions were not important in the Midlands theatres, but, according to the Finance and Artistic managers of the *Yuko* theatre, Montreal theatres were quite aggressive in recruiting season subscribers.

In the above section, I have presented the various steps in data collection. To supplement this process, I propose, in the following sub-section, to describe the sources of data available and those used in my four case studies.

4. Sources of data

Yin (1989) enumerated six sources of data for a case study strategy: "...documentation, archival records, interviews, direct observations, participant-observation, and physical artifacts (p. 85)". Table 3.3 enumerates the six sources in column 1; column 2 gives examples and column 3 identifies the major uses of the source in a case study strategy [these data are extracted from Yin's book, p. 85 to 95]. The fourth column refers to my empirical analysis and identifies which sources I used in the theatres³¹. I followed Yin's (1989) recommendation and used multiple sources of data in order to corroborate my findings with different but converging observations. However, these sources could not be equally employed. In practice, interviews and direct observation represented my two main sources of data, following the pattern recommended by Ferreira & Merchant (1992),

- (1) *The researcher has direct, in-depth contact with organizational participants, particularly in interviews and direct observations of activities, and these contacts provide a primary source of research data. (See Appendix 3.1 for a complete definition).*

³¹ The participant-observation technique was not used to collect evidence because my project objective and my profession would have been in conflict. Being an accountant, and observing from an inside point of view the relation of power in which MAS unfold would certainly have been perceived by actors as containing serious biases.

Table 3.3

Sources of evidence

Source of evidence	Examples	Possible uses in a case Study strategy	Sources used or not used in my project
Documentation	Letters, memoranda communiques Administrative documents	To corroborate and augment evidence from other sources	YES Ex.: Letters Memoranda Administrative documents
Archival records	Service records (number of clients) Maps + Charts	Vary from one case to another (to give a global picture of the organization)	YES Ex.: Organizational charts Financial statements Budgets
Interviews	Open-ended nature Focused interview Structured interview	An essential source of verbal reports	YES Ex.: Open-ended + Focused
Direct observation	Attendance to meetings, classrooms The condition of use building Locations of offices	To provide additional information	YES Ex.: Meeting attendance Conditions of building Locations of offices Offices' conditions
Participant observation	Being an employee of the organization studied Being involved in some decisions	To perceive the reality from an "inside" viewpoint	NO
Physical artifacts	A technological device, a tool or instrument, a work of art...	To develop a broader perspective of the aspects studied	YES Offices' arrangement (with a sofa...)

[Source: Yin, 1989, pp. 85-95]

Interviews were the starting point of the data-collection process. I chose to mix two types of interviews: the 1) *open-ended* type and 2) *focused* type³². In an open-ended interview, the investigator asks opinions about events. Any respondents who cooperate significantly may become a “key informant” and subsequently help the investigator find other sources of inquiry (Yin, 1989). However, there is a risk that the researcher can be wrongly guided by the key informant. To overcome this danger, other sources of data are an important complement (Yin, 1989), but focused interview questions also complement the open-ended interview strategy. My personal experience with the open-ended type of interview taught me that on several occasions respondents were taking tangents that diverged from the areas needed for my data analysis³³. To preclude these types of responses, I prepared a set of focused questions related to the open-ended ones in order to ensure that all interviewees would answer in the same direction, along lines recommended by Crozier & Friedberg:

The investigator who wants to explore largely unfamiliar terrain must display a particularly open attitude in order to demonstrate to his subject that he is an interested and understanding partner whose role is limited to asking open questions which allow the other person to talk of his work, describe his situation as he sees it, etc. [However] the interviews have a precise goal: they must bring out the opportunities and capacities to act that are characteristic of the various actors in the specific field under study. The investigator's problem in other words, is to lead his subject to reveal the sources of his action and to explain the characteristics of the strategic field in which he must act as he sees them. (Crozier & Friedberg, 1980, p. 263).

³² In the literature, certain authors have referred to the term “semi-structured” interview to describe open-ended or focused interviews. In my opinion, the distinction between the two types of interviews (open-ended and focused) is more explicit.

³³ In some occasions, these tangents could reveal interesting aspects otherwise not perceived; however, the primary questions and propositions of the research design needed to be covered by the data collection process.

Appendix 3.5 contains the English and French focused questions. These two instruments for interviewing performing arts employees have been designed with a view of collecting sufficient evidence on the three dimensions of my framework: the actor, organized system and environment. Therefore, I have divided both the *open-ended* and the *focused* grids into three distinctive sections: **Activities** (to document on each actor's role and actions), **Systems** (to document on the place and importance of MAS in comparison with the other organized systems) and **Management Structure** (to document on the organization's internal functioning and on the influence of environmental constraints). Both grids of interviews were attached to my investigation plan.

Interviews were not recorded. Yin (1989) wrote that using a tape recorder "...is a matter of personal preference (p. 91)". For several reasons, I was reluctant to carry this device. First, some respondents are uncomfortable in the presence of a tape recorder, and they often refrain from commenting on certain conflictual aspects since their words are stored in a machine. Second, this machine frequently creates a distraction for both the interviewer and the interviewee (e.g. is it properly recording? Is the tape long enough for the interview or will I have to change sides?...). Furthermore, I believe that the tape recorder –even if it provides a more precise rendition of interviews– is a substitute for attentive listening throughout the interview process (Yin, 1989). I preferred to enter respondents' answers in my grids and to note any other sources of data observed.

Lapierre (1984) stated:

(W)hile observing or interviewing, it is primary to be “all eyes” and “all ears” to everything said and everything seen, with in mind, like a second nature, our theoretical framework components, however alert to other interesting categorizations (p. 182, free translation).

Then, after every day of data collection, I would write an exhaustive summary of the multiple forms of data gathered.

Each individual was interviewed in his or her office, for an hour and a half (as scheduled in Section 2 of my investigation plan, Appendix 3.3). It was important to meet respondents in their normal environment in order to observe the distinctive elements of their surroundings. In my “interview introduction” I insisted on the fact that the interviewee could still receive phone calls or visitors during the interview. The purpose of this arrangement was to collect my additional sources of data (it would be easier to make “direct observation” and examine “physical artifacts” while the respondent was conversing with someone else)³⁴. Then, whenever it would seem appropriate, I would request “documentation” (e.g. if they were showing me documents, I asked for a copy) and ask for “archival records” such as organizational charts, financial statements and budgets (as per Section 3 of my investigation plan, Appendix 3.3).

³⁴ With several interviewees, the interview interrupted either by the phone or by a person coming to ask a question. Not only was I able to examine the environment, but it happened more than once that my interviewee would then digress on to the point he was discussing with the intervening party and, consequently, I received either supplementary information or documentation about an event occurring at that time.

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Direct observations of activities also played a key role in data collection. First, the fact that I spent several days on the premises enabled me to accumulate numerous observations. Examples included the locations of each office in relation to the Chief Executive's office; the use of computers in the different departments; the attendance at several meetings; a visit backstage, wardrobe; etc. Direct observation was also helpful in confirming or discarding information obtained in my interviews. For example, if the Marketing Manager told me that he was spending a lot of time with the Artistic Manager, I made a point of noticing in my subsequent visits if, in fact, I had seen the Marketing Manager chatting with the Artistic Manager.

Obviously, documentation and archival records had to be gathered on a voluntary basis. Access to documents (e.g. letters, memoranda, organizational charts, accounting procedures, programming planning, accounting manuals, budgets, financial statements) was sometimes easy to gain but, occasionally, it was a difficult task³⁵. However, I tried to document the grounds upon which access was denied and these were incorporated into my analysis of results (See Chapter 5).

Finally, when I was observing physical artifacts, I concentrated on the physical layout of the respondent's office in order to notice anything that could be related to his or her strategy (including positioning of furniture, tidiness of office, etc.).

³⁵ The problems encountered will be explained in Chapter 5.

As the reader will have observed, in my empirical work I had to collect the various sources of data simultaneously. Of course, errors and omissions were inevitable and for that reason, I asked all of my interviewees if it was possible to call them later or to come back to their office to clarify any aspects which might have been unclear when transcribed. I used this measure frequently as an iterative process, and in most cases, I did not encounter any problems when wanting to see or talk to a person again.

The last methodological section describes the analysis of the data gathered.

D. The data analysis phase

The analysis of case study evidence is one of the least developed and most difficult aspects of doing case studies... Unlike statistical analysis, there are few fixed formulas or cookbook recipes to guide the novice... Instead, much depends on an investigator's own style of rigorous thinking, along with sufficient presentation of evidence and careful consideration of alternative explanations (Yin, 1989, p. 105).

Ferreira & Merchant (1992) have also argued that data presentation and interpretation are "...the weakest element of the field research published in the MAC literature in recent years (p. 23)". Among the problems they identified, they noticed "...an excessive focus on the conclusions" (p. 24) with a resulting overly brief description of the methodological steps or the raw data collected. In their examination of field research in management accounting and control, they also observed a problem of communication, "(m)any research papers are difficult to read" (p. 26). In my scheme of analysis, presented below, I tried to design

procedures to circumvent these two major weaknesses. However, before presenting my procedures, I would first like to reflect further upon “qualitative” data and their attributes.

To that end, three sub-sections are presented below: 1) qualitative data and their attributes, 2) data description and interpretation and 3) the communicative channel.

1. Qualitative data and their attributes

Most researchers agree on the fact that, in field research, “...the prime sources of data are the *words and actions* of the people you are interviewing or observing” (Lofland & Lofland, 1984, p. 47). However, these qualitative data could be paired with quantitative data and still produce a *qualitative analysis* (Miles and Huberman, 1994), or *naturalistic research* (Lofland & Lofland, 1984), or *field research* (Ferreira & Merchant, 1992), or *case study research* (Yin, 1989) or *direct research* (Mintzberg, 1983, in Ferreira & Merchant, 1992), or an *ethnographic study* (Boland, 1991), etc. This “terminological jungle,” is, in my opinion, the result of attempts to transcend comparison with *quantitative analysis*, largely presumed to be the preserve of statistical analyses. We must be aware that qualitative data may produce quantitative analyses (e.g. verbatim analyses with computers) and that quantitative data may result in a qualitative report (e.g. a series of financial statements examined in a qualitative manner). Thus, to avoid getting trapped into a spurious opposition between “quantitative” and “qualitative”, some authors use labels other than *qualitative* (such as the terms mentioned above) when describing research in real organizational settings.

“...case studies should not be confused with the burgeoning use of “qualitative research” (Yin, 1989, p. 25)”.

“...we have a fondness for the term *naturalism*, or *naturalistic research*. This term has a tradition... and possesses transdisciplinary neutrality (Lofland & Lofland, 1984, p. 3)”.

In the analytical phase of this project, I shall use interchangeably: *case study analysis*, *field work analysis*, and perhaps sometimes, *qualitative analysis* since this last appellation is widely used and recognized. Moreover, it clearly reflects the subtle, complex and subjective processes involved in this type of analysis.

At the same time, I have attempted to avoid traditional analytic categories, such as those recommended by Yin (1989): construct validity, internal and external validity, and reliability. Yin's approach to satisfying these criteria is perfectly acceptable. Unfortunately, these *traditional* attributes have the disadvantage of being borrowed from quantitative research designs and merely adapted to case study analysis, thus narrowing the range of insights available. My objective is to maintain rigour in my analysis, without adopting a reductive approach to the data analysed. As one recent study has put it:

Many interpretivist researchers take the position... that it is not really possible to specify criteria for good qualitative work- and that the effort to do so is somehow expert-centered and exclusionary, not responsive to the contingent, contextual, personally interpretive nature of any qualitative study.

But the problem of quality, of trustworthiness, of authenticity of findings will not go away. The fact is that some accounts are better than others. Although we may acknowledge that “getting it all right” is an unworkable aim, we should... try to “not get it all wrong” (Miles & Huberman, 1994, p. 277).

One possible path to solving this conundrum is that proposed by Daft (1983), in his paper *Learning the Craft of Organizational Research*. He argued that significant knowledge about

organizations would more probably be discovered only if the researcher delves deeper than quantitative and qualitative observations.

Research (in organizations) involves basic attitudes and ways of thinking. **Research is a craft.** Like other crafts, activities are not analysable (Perrow, 1967). Cause-effect relationships are not clear (Daft, 1983, p. 540, emphasis added).

Daft then postulated that significant research requires the “craftsmanship way of thinking”, which is “...to get beyond sheer techniques and to interject the craft attitude into the research project (p. 540).” The elements that make up the craft (or the attributes for a good field research) are the following:

- Build in plenty of room for error and surprise
- Research is storytelling
- Design research as a poem, not a novel
- Research decisions are not linear
- Relate ideas to common sense
- Learn about organizations firsthand
- Many colleagues in our discipline really care about quality research and new knowledge

(from Daft’s paper, 1983)

Clearly, it is not feasible to abandon methodological rigour, and my observations above underline my commitment to generating reliable and valid evidence. At the same time, all research (arguably) and field work (definitely) involves this kind of craftsmanship. As Daft argues, the craft decision process is *random* and *messy*. It involves “intuition”, “feelings” and “esthetic qualities” (e.g. beauty, sensitivity).

The right brain has an important role in the craft side of the research process. Significant research is not a logical next step, is not the outcome of a strategic plan, is not calculable. The best time to undertake a research project is when the investigator suddenly realizes, “What a lovely idea!” (Daft, 1983, p. 542).

Selecting my topic and choosing my approach were not purely analytic-logical processes. I selected this thesis topic largely because I had enjoyed my past experience of investigating arts organizations. I chose the field work approach because it seemed a more realistic common-sense method for this topic than any linear quantitative-based research model. I subsequently devised a conceptual framework in part through “intuition”, since there was much that was new about both my topic and my approach. My research decisions have always been iterative, and, on occasion, components of my theoretical framework have been modified after the data was gathered³⁶. In so doing I have “built in plenty of room for error and surprise” (Daft’s criterion above);

...all scientific progress is due to errors and deviations. New knowledge is a surprise... If experiments are perfectly designed and the results come out as expected, then they probably are a waste of time. We must take chances, we must make mistakes, to be good scholars (Daft, 1983, p. 541).

The margin left for error and surprise and for nonlinear decisions created a continuous creative tension between the empirics of my “case study experiment” (research design, data collection and data analysis) and the theoretical development of my conceptual framework, as I attempted constantly to evaluate whether the complexity of accounting in action is captured adequately by this newer framework. Thus, one main objective of Chapter 5 (Interpretation) is to reflect upon the theoretical and empirical parts of this thesis, and the success (or otherwise) of this venture.

³⁶ In my conceptual framework, the “environment” dimension has been distinguished from the “organized system” one after the data collection phase, since I noticed the relative independence of each component on the relations of power (See Chapter 2, section III, B.2).

2. Data description and interpretation

To guard against the tendency of giving insufficient information of the observations themselves, many experiment investigators have insisted on the importance of providing details so that readers can draw their own conclusions from the data gathered (Yin, 1989; Ferreira & Merchant, 1992; Miles & Huberman, 1994).

In my analytical scheme, I have taken this advice seriously. I have presented my findings in two chapters. Chapter 4 lists the raw materials collected and Chapter 5 offers one possible interpretation of these data. In Chapter 4, I propose a detailed and individual description of each of the four theatres in my sample. Each description begins with a factual presentation of the theatre, including its location, personnel, program, complementary activities and financial structure. The presentation is supplemented by a detailed description of my observation period, for example, the duration of my stay and the people I encountered. Then, the *results section* is displayed under three specific headings: a) Activities, b) Systems (including management accounting system and planning system) and c) Management Structure (internal and external). In other words, Chapter 4 contains my observations of the actors' attitudes and behaviours. Nonetheless I recognize that as specified by Crozier & Friedberg (1980), this data does not reflect the

...“objective” reality, but rather the way the actor perceives and experiences it from his point of view: *it is inevitably “subjective”*. This is not a valid objection to strategic analysis. The essential point of this method is precisely to surpass the artificial dichotomy between “objective” and “subjective” reality. The strategic analyst regards the subjectivity of others, their manner of choosing strategies according to their perception of the constraints binding them, as an important element —quite as “objective” as the technical or

economic constraints— in defining the situation in relation to which each individual elaborates his particular strategy and conduct (p. 263).

Accordingly, in Chapter 4, I try to portray the overall organization and its principal constituents: the actors, the activities, the systems and the structures, as a precondition to analysing —via my conceptual framework— the constructive character of MAS in not-for-profit performing arts organizations. My objective is mainly to report the content of my interviews and observations, although clearly, I cannot distance myself from this reporting since it was I who observed, questioned, compared and reported individuals' behaviour and attitudes in the four organizations selected. However, I have tried to remain dispassionate and to accept my interviewees' answers at face value even where I suspect that their responses do not reveal, or may conceal, some "deeper truth". In other words, in Chapter 4, I remain at a distance from the testimonies gathered and the facts observed.

This means that, insofar as I am successful in my attempt, my data presentation section is a rich "laboratory for different interpretations". I have deliberately avoided using categorizations or explanatory terms which might be connected to my conceptual framework since I did not want to confine readers to my interpretive framework, nor to be too closed within it myself. Here Daft (1983) was again inspiring. He stressed the importance of "learning about organizations firsthand".

If we look, really look, at our subject of study, we cannot help but see things that will inform us about organizations... (However),... many authors have never seen or witnessed the phenomena about which they write (Daft, 1983, p. 544-543).

Too many authors, overly absorbed in their research techniques (quantitative or qualitative), forget to learn from their observations, to scrutinize mundane behaviours and to describe numerous relationships in detail. Thus, the opportunity to learn directly about organizations is reduced (Daft, 1983).

Turning then to Chapter 5, and the interpretation of my findings, my objective is very much, in Daft's terms, to "relate ideas to common sense" (Daft, 1983). Here Daft is signalling the danger in viewing research findings as "objective". As he puts it, "scientists"³⁷ must learn to trust

...gut reactions and others indicators of common sense (p. 542). ...In a sense one cannot deal with new scholarly findings except on the basis of the familiar and old fashioned (p. 543).

To embrace common sense, Daft recommends the use of *metaphors* and *analogies* because both concepts "...provide a vehicle for relating new ideas to what is already known" (p. 543), and goes on to link the notions of common sense, proof and validity. "Ultimate proof of an idea or theory is its acceptability to common sense. An important test of validity is liking an idea, feeling right about it, being able to use it to throw light on a previously hidden aspect of organization" (p. 543)³⁸.

³⁷ I would have preferred to use the appellation "researchers" since "scientists" (Daft's term) is more appropriate for the physical and natural sciences.

³⁸ In contrast, testing the validity must involve, in the traditional sense, 1) establishing the authenticity/credibility of the data, the "truth value" which is the *internal validity* and 2) establishing the domain of generalization which is the *external validity* (Yin, 1989; Miles & Huberman, 1994).

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On this argument, the investigator cannot pretend to present *objective* and *true* findings, independent of his or her judgment. Generalizability ensues only through replication in other settings; and where “internal validity” is concerned, one must always recall that behind the data collected, there are people, behind the data interpreted, there are people, and any field study should not attempt to hide this reality.

In any event, there may be a more important criterion at stake. During my analysis of the data collected, I began to realize the fact that “many colleagues in our discipline truly appreciate quality research and the opportunity to acquire new knowledge”, as Daft himself had found:

(i)nterchanges with senior scholars that did not have publication as the ultimate goal had a profound impact on my intellectual development (1983, p. 544).

Daft’s point was that, although many colleagues are preoccupied solely with publication as a means of advancing their careers, there are some who “count the content of a paper first and publication second”. For my data analysis, I had the opportunity to meet people in this second category, from whom, by discussing the interpretation of my findings, I learned a lot. Since my project was a tentative study in several aspects, I was fortunate to have such contacts, and I am pleased to acknowledge their contribution to the development of my ideas. Writing a doctoral dissertation is a long, lonely and arduous process, and the support of colleagues yields not only sound advice but also a motivational dimension of primary importance to gaining confidence in the thesis produced.

3. Communicative channel

Ferreira & Merchant (1992) noticed that many research papers “...often present the information in a chaotic manner and, consequently, it is hard to find pieces of information quickly³⁹. Moreover, since accounting researchers often incorporate another discipline into basic research (e.g. economics, psychology), they may use “...jargon that, while common in other disciplines, is foreign to most accounting researchers (p. 26)”.

In my presentation chapter (Chapter 4), I have divided each of the sections (Activities; Systems, and Management Structure) into two sub-divisions: *Significant issues* and *Empirical data*, with a view to helping the reader “quickly find pieces of information”. In the presentation and interpretation of my findings, I have tried to make my vocabulary accessible to the array of potential readers of my thesis, namely accounting researchers, organizational theorists and arts managers. I have, when necessary, defined technical terms that might be unknown to a specific group.

Furthermore, I found Daft’s criterion “research is storytelling” –another attribute related to the communicative channel– to be quite relevant given the massive quantity of data that I was presenting.

³⁹ In this project, I followed standard research papers outlines for a doctoral dissertation and I divided each chapter in sections to facilitate extractions of specific information.

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Storytelling means explaining what the data mean, using data to describe how organizations works. Stories are theories. Theory need not be formal or complex. ...Emphasis on method and calculation misses what the data represent. Human behavior and processes in organization are what we care about (Daft, 1983, p. 541).

In Chapter 4, I focus on actors' behaviour and attitudes. To reconstruct the narrative context, I frequently report the words of my interviewees between quotations marks even if the quotes are not verbatim reproductions of the respondents' quotes (because the transcript of each interview was written down on the same day of the data collection, I would contend that the quotations are an accurate approximation of the words employed by the interviewees). In so doing, my goal is to convey the richness of the data collected, since, even though reproduction could not be word for word, I felt that it was an important consideration⁴⁰. One reason for this approach is to underline my relative distancing from what they said and to convey their respective response styles. Moreover, this way of displaying the results should in my view enable readers to better interpret data collected. At the same time, the *assurance of anonymity* given to theatres and individuals in my sample has necessitated the use of pseudonyms to replace the real theatre names, and I have used "job titles" to refer to the persons observed and interviewed⁴¹.

⁴⁰ The use of a tape recorder would have been in any case problematic since I had to translate into English my French speaking interviews. Besides, under the section C) the data collection process, 4) sources of data, I stated other reasons for not using a tape recorder.

⁴¹ Although the subjects are anonymous, their gender was preserved to allow gender-related interpretations.

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Lastly, I must reiterate the point that my narrative and my interpretive work are not designed as an attempt to perfectly or totally understand accounting in action in the context of not-for-profit performing arts organizations. “Design research as a poem not a novel” said Daft (1983), and I have wished to preserve a space for the poetic dimension in research to be acknowledged.

Poetry means a research design that includes only a few, perhaps two, or three, or four variables. But they must hang together in a meaning unit, a coherent framework of sorts, that explains some aspect of organizations. A research poem also must have depth. The meaning unit must take a deep slice into organizations and convey a rich conceptualization to others (Daft 1983, p. 541).

I have attempted, by my field work approach, to take just such a “deep slice” into organizational life, in order to uncover certain deep and strong relationships which may shed light on the functioning of management accounting in not-for-profit performing arts institutions. I do not claim to answer all of the questions about management accounting; but I hope at least to have raised some which more quantitative linear approaches would tend to overlook. This is a debate which has to have two sides.

For as Van Maanen observed back in 1979, some things are not said, by adopting the quantitative point of view:

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Qualitative researcher:

“Many people these days are bored with their work and are...”

Quantitative researcher (interrupting):

“What people, how many, when do they feel this way, where do they work, what do they do, why are they bored, how long have they felt this way, what are their needs, when do they feel excited, where did they come from, what parts of their work bother them most, which...”

Qualitative researcher:

“Never mind”.

(Van Maanen, 1979, p. 7).

APPENDIX 3.1

Definitions

Ferreira & Merchant (1992) prefer to call **field research** any methods in which:

- (1) The researcher has direct, in-depth contact with organizational participants, particularly in interviews and direct observations of activities, and these contacts provide a primary source of research data.
- (2) The study focuses on real tasks or processes, not situations artificially created by the researcher.
- (3) The research design is not totally structured. It evolves along with the field observations.
- (4) The presentation of data includes relatively rich (detailed) descriptions of company contexts and practices.
- (5) The resulting publications are written to the academic community. (Some of the field research literature is also easily read and used by practitioners).

[Source: Ferreira & Merchant, 1992, p. 2].

Yin (1989) uses the appellation “**case study**” for an empirical enquiry that:

- investigates a contemporary phenomenon within its real-life context: when
- the boundaries between phenomenon and context are not clearly evident; and in which
- multiple sources of evidence are used.

[Source: Yin, 1989, p. 23].

APPENDIX 3.2

Presentation letters

A) English version

Dear Sir/Madam,

My name is JOHANNE TURBIDE and I am at present a faculty lecturer in accounting at the **Ecole des Hautes Etudes Commerciales (HEC) Montreal**, [affiliated to the University of Montreal in Quebec, Canada]. I am pursuing a Ph.D. program in accounting, having previously completed a M.Sc. in Business Administration. In addition, I am a qualified Chartered Accountant, and worked for two years as an auditor for a Montreal firm of Chartered Accountants.

I have been a Ph.D. student for two-and-a-half years at the University of Warwick. The subject of my doctoral thesis is Management Accounting Systems in Not-For-Profit Performing Arts Organizations. In the summer of 1988 I worked as a teacher assistant, and produced three case studies in an arts organizational context. Since then, I have developed a strong interest in accounting in the arts area, and I am presenting a paper on my research, with my main thesis advisor, Dr. Keith Hoskin, at the Second International Conference on Arts Management, in Paris this month.

I am currently in the United Kingdom to do field research into the use of management accounting systems in a performing arts context. My literature survey has already demonstrated that previous accounting studies seem quite rare in any arts context. However, I sincerely think that performing arts organizations are an unknown but promising area in which to research both the strengths and weaknesses of management accounting systems. Besides, I believe that mutual understanding between members of both communities could benefit performing arts managers and staff in dealing with their everyday management issues.

In order to attain these objectives, I am proposing to analyse six NOT-FOR-PROFIT performing arts organizations. I plan to contact three enterprises in the Midlands (United Kingdom) and three in Quebec (Canada). These organizations should ideally (but not necessarily) have at least one administrative, one artistic, one technical and one marketing department. My intention is to spend between one and two weeks in each enterprise trying to identify the contextual aspects of the organization that may shed light on the ways management accounting systems are employed and evaluated by staff in the different departments.

My proposed data collection method will mostly consist of observation with semi-structured interviews; I would, where possible, wish to have access to relevant documentation and meetings, but this will clearly require prior discussion and agreement. My main criterion

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for sample selection is adequate cooperation with members of the organization since without such willingness it will be impossible for me to pursue this style of investigation.

I have included with this letter five questions that I would like to discuss with either the administrative or artistic manager of the organizations I propose to study. Let me emphasize that information collected will be used strictly for research purposes and that the names of organizations and individuals involved will not be mentioned. At the same time, the results of my analysis will be available for the organization, and I will be pleased to discuss any part of my study with interested parties.

I hope to hear from you shortly. You may contact me either at the address above or by phone on campus 0203 524503.

Johanne Turbide
Crewe Farm
Crewe Lane
Kenilworth,
CV8 2LA

B) French version

Chère Madame,

Faisant suite à la recommandation de Monsieur François Colbert, je me permets de vous demander la participation de votre théâtre à l'échantillon de mon travail de recherche. Je poursuis mes études de 3^{ième} cycle à l'Université de Warwick en Angleterre et j'ai choisi comme sujet de thèse de doctorat: **Les systèmes de comptabilité de gestion au sein des théâtres à but non lucratif.**

Je crois sincèrement que les entreprises culturelles en général et les théâtres en particulier sont un milieu très pertinent pour connaître les forces et faiblesses des systèmes de comptabilité. Malheureusement, à ce jour, bien peu de liens se sont développés entre la comptabilité de gestion et la gestion des arts.

Souhaitant mieux comprendre les besoins des théâtres en matière de systèmes de comptabilité de gestion, j'ai choisi de rencontrer le personnel des théâtres afin de connaître leurs perceptions face à la comptabilité de leur organisation. Durant l'été, j'ai interrogé les membres de trois théâtres de répertoire situés au centre de l'Angleterre et je souhaite répéter ces entrevues au sein de trois théâtres montréalais. Votre théâtre conviendrait tout à fait pour ma collecte de données. Je souhaiterais rencontrer les directeurs de chacun des départements, pour une durée approximative d'une heure, afin de mieux connaître leurs tâches et responsabilités de même que leurs implications face au système de comptabilité. Les théâtres choisis ne seront nullement cités et l'information recueillie ne sera utilisée qu'à des fins de recherche. Par contre, il me fera grand plaisir de vous faire part des résultats de mon analyse, si telle est votre demande.

J'aimerais compléter la collecte de mes données avant la fin de l'année 1993. Je suis disponible du matin au soir, tous les jours de la semaine. Dans l'attente de votre réponse, je suis disposée à répondre à toute question. N'hésitez pas à me rejoindre par téléphone aux numéros ci-dessous. Veuillez agréer, chère Madame, mes sentiments distingués.

Bon début de saison.

Johanne Turbide

bureau: (514) 340-6555

domicile: (514) 385-0539

APPENDIX 3.3

**Investigation plan
Excerpt**

1) THE OBJECTIVES OF MY STUDY

Theoretical objective: How newer perspectives on management accounting have influenced our understanding of MAS and practices in different organizational contexts?

Empirical objective: Trying to understand the complexity of accounting in action with a newer conceptual framework.

Trying to document on the constructive character of MAS.

2) AGENDA

Schedules of the meetings with personnel (different for each theatre).

3) THE QUESTIONS NOT TO FORGET

A) Organizational chart, financial statements, budgets.

B) Informational data: number of employees, number of studios, period of opening, existence of a union.

C) Midlands theatres: educational section, Christmas shows, front of house, catering.

D) Montreal theatres: subscriptions.

4) THE THEORETICAL FRAMEWORK SUMMARY

See Chapter 2, Table 2.1.

APPENDIX 3.4

Questions

A) English version

1) WHAT WOULD YOU DESCRIBE AS THE MAIN ACTIVITIES OF THIS PERFORMING ARTS ORGANIZATION?

e.g. production of plays, creation and production of plays, presentation of various performing arts activities (ballet, orchestral/choral music etc...).

2) WHAT WOULD YOU DESCRIBE AS YOUR PRINCIPAL GOALS? (from most to least important)

e.g. increase audience, meet budgets, increase governmental funding/private sponsorship, produce high quality shows etc...

3) HOW WOULD YOU ENUMERATE THE DIFFERENT DEPARTMENTS OF YOUR ORGANIZATION?

e.g. production, technical, administration, accounting, box office, marketing/promotion, artistic conceptualization, etc...

4) HOW WOULD YOU DESCRIBE YOUR MANAGEMENT STRUCTURE?

e.g. in terms of an organizational chart, lines of authority, relations of board of directors to management.

5) HOW WOULD YOU RATE THE IMPORTANCE OF YOUR MANAGEMENT ACCOUNTING SYSTEM?

e.g. how frequently is accounting information used, for what purposes, by which department, etc.

B) French version

1) QUELLES SONT LES PRINCIPALES ACTIVITÉS DE CE THÉÂTRE?

p. ex. production de pièces, création et production de pièces, présentation de divers spectacles appartenant aux arts de la scène, etc.

2) QUELS SONT VOS PRINCIPAUX OBJECTIFS? (Du plus au moins important.)

p. ex. accroître l'audience, respecter les budgets, accroître les subventions gouvernementales ou les commandites, produire des pièces (spectacles) de grande qualité, etc.

3) QUELS SONT LES DÉPARTEMENTS DE L'ORGANISATION?

p. ex. production, technique, administration, comptabilité, billetterie, marketing, réalisation artistique, etc.

4) DÉCRIVEZ-MOI VOTRE STRUCTURE ORGANISATIONNELLE.

p. ex. relations et pouvoirs des divers départements, niveaux d'autorité, relations entre le conseil d'administration et les directeurs du théâtre, etc.

5) QUELLE IMPORTANCE ATTRIBUEZ-VOUS AU SYSTÈME DE COMPTABILITÉ DE GESTION EN PLACE?

p. ex. à quelle fréquence l'information comptable de gestion est utilisée, pour quelles raisons, par quels départements, etc.

APPENDIX 3.5

Follow-up questions

A) English version

1) ACTIVITIES

Which people in which departments, are involved in deciding the main activities?

2) PRINCIPAL GOALS

What is the system of one-year planning?

What form of longer-term planning for organizational goals are used?

3) DIFFERENT DEPARTMENTS

How many departments were created at the organization's inception?

How would you rate the importance of each department for goal achievement?

4) MANAGEMENT STRUCTURE

What are the basic functions of your board of directors?

What are your main concerns vis-a-vis

- a) the board of your organisation?
- b) other main departments?

5) IMPORTANCE OF MAS

What type of MAS is actually in place?

Did it change recently? If so, who implemented the changes?

What kind of budgeting do you have? When does the budget process start?

How and with whom is the budget developed?

What sort of control procedures do you operate with the MAS?

Do you operate any type of performance evaluation with the MAS?

B) French version

1) ACTIVITÉS

- a) Quel est le processus de décision menant au choix des activités?
- b) Quelles sont vos activités quotidiennes?

2) PRINCIPAUX OBJECTIFS

- a) Décrivez-moi votre système de planification annuelle?
- b) Quelle forme de planification à moyen ou long terme possédez-vous?

3) DIFFÉRENTS DÉPARTEMENTS

- a) Quelle est l'évolution de la structure départementale depuis les dernières années?
- b) Avec quel(s) membres du personnel travaillez-vous régulièrement?

4) STRUCTURE ORGANISATIONNELLE

- a) Quelles sont les principales tâches de votre conseil d'administration?
- b) Quelles sont vos principales préoccupations vis-à-vis
 - 1) votre conseil d'administration?
 - 2) les autres départements?

5) IMPORTANCE DU SYSTÈME DE COMPTABILITÉ DE GESTION

- a) Quel type de système de comptabilité de gestion est présentement en place?
- b) A-t-il changé récemment? Si oui, qui a implanté les changements?
- c) Décrivez-moi le processus de budgétisation.
- d) À quelle période de l'année est-il amorcé?
- e) Comment et avec qui est élaboré le budget?
- f) Quelles sont les lignes directrices de contrôle associées à votre système de comptabilité de gestion?
- g) Existe-t-il une quelconque forme d'évaluation de la performance liée au système de comptabilité de gestion?

APPENDIX 3.6

Newspaper article

Now the accountant calls the tune

Michael Church sees the latest threat to the future of three London orchestras as another example of the decline of the Arts Council – and its castration by Government.

WE MUST think the unthinkable, say Treasury folk these days. Right. Wind down the state pension scheme, make the sick pay to stay in hospital, give single mothers a harder time. Easy, once you start. Set against these shenanigans, the Arts Council's bright ideas for a solvent future – some officially proclaimed last Thursday, others merely leaked – seem very small beer.

Who will lose any sleep if London loses an orchestra, apart from those unfortunates made redundant? Who will weep if Glyndebourne opera tours no more? Bolton will not go hungry if its theatre is shut, and Hammersmith will not lack entertainment if it loses its historic Lyric. The books must balance, and that's that.

But what we are seeing at the Arts Council now is every bit as depressing as events at the BBC, and in some ways similar. Both institutions have been worn down by a long and sustained political attack. Both have lost their nerve. And both have handed the torch with which they were entrusted to the accountants. Most people now accept that there is a real

problem about standards at the BBC. But the decline of the Arts Council – and its castration by Government – is being accompanied by vociferous protests to the contrary.

Heritage Minister Peter Brooke welcomes a report recommending massive staff cuts at the Council, and in the next breath affirms his belief in its strength and independence. Council chairman Lord Palumbo emerges from a conference about the future and promises – provided the Government “reconsiders the implications” of its threatened cut for 1994 – “a succession of bright new dawns and limitless horizons for the arts in Britain, full of hope, optimism and confidence”. Just *trust* us!

Well, let's look more closely at last week's bright ideas. Six regional theatres including the Belgrade, Coventry, the Bristol Old Vic, and the theatres in Watford and Greenwich were secretly listed for the chop.

Now, no theatre can expect a meal-ticket for life. But the regional boards to whom the Council had previously agreed to devolve these (in some cases distinguished) houses kicked up

as fuss: the result has been a temporary reprieve. They may still go under, not as victims of the Government's impending £5 million grant-cut, but as part of Palumbo's bright new dawn.

Glyndebourne Touring Opera, which scores high on every conceivable measure of success – quality, accessibility, innovation, “educational outreach” – was publicly informed last week, without warning, that from 1995 it would be invited to tender for the work it has hitherto been funded to do. The Arts Council's claim that the company ignores medium-scale venues seems a flimsy pretext for this potential piece of destruction.

And now those orchestras. There are too many in town, say Palumbo and co. The London Symphony Orchestra has earned its place at the Barbican, but the other three – the London Philharmonic, the Royal Philharmonic and the Philharmonia – must now slug it out for one funding slot.

Palumbo's initial premise may be right: current audiences for classical music are 20 per cent down on the Sixties. It is the manner in

which he proposes to resolve things that is ominous. Each contender will have to lay out its wares, not before the Council's officers and panels of experts, but before a Court of Appeal judge, whose decision will be final. This way, the Council explains, there will be no unfairness.

But is not this a trifle odd? Why should an amateur — yes, Lord Justice Hoffman does sit on the English National Opera board — be thought the best judge of such matters? What have the officers and panels been doing all these years, if they haven't been appraising their clients' performance? They should already have 40 years' worth of evaluation stashed away in the vaults. This extraordinary abnegation looks like an admission by the Council that it's simply not up to the job.

Maybe it isn't. Its permanent staff has been

depleted by a haemorrhage of talent. Compare the star-studded advisory panels of the Sixties with the ranks of placemen today, and you see at a glance what has happened to its former authority. The difficulty it now has in persuading people of the right calibre to accept senior executive jobs is another indicator.

There is a parallel, here, with the teaching profession. Teachers have been told so loudly and so long by Government that they are lazy and inefficient that they have almost come to believe it themselves. Palumbo's troops have been similarly demoralised. They no longer have the courage of their convictions — they no longer know what their convictions *are* — so they call in consultants to tell them what to think. And the consultants bring their own agenda, based on market-effectiveness. Lord

Justice Hoffman is a cultivated chap, but the London orchestra contest will inevitably be fought out on this basis.

Megastar conductors and showbiz-style events are the main planks in the Festival Hall's new survival strategy: this could be London's musical future. And if the orchestras-to-be really *are* market-effective, there may no longer be any need for subsidy. In Thatcherite terms, a dream situation.

Let us hope this doesn't happen. Let us hope that old-fashioned convictions resurface, and that considerations beyond those of the marketplace prevail. That is what the Arts Council is for: in the staid words of its charter, to "develop the knowledge, understanding, practice... and accessibility" of the arts. In simpler terms, to keep the flame alive.

[Source: The Observer, 11/07/1993]

CHAPTER 4: RESULTS PRESENTATION

I. INTRODUCTION

In this chapter, I present the “raw materials” collected in each of the four theatres in my sample. As explained in the last chapter, my objective is to depict sequentially each of the four theatres of my sample. In the report below of my interviews and observations, I wish to give detailed information on actor’s activities, on the functioning of the various organized systems (and more specifically the MAS) and on the theatre’s relations with its environment in order to interpret in the following chapter, the way in which the reciprocal relationship between individuals and MAS within each of these four not-for-profit theatres takes shape (Crozier & Friedberg, 1980).

To familiarize the reader with my four theatres, I have divided the chapter into four sections, one for each theatre. Each theatre’s results report begins with a section entitled *Mise-en-scene*, in which I summarize the factual information pertaining to each theatre investigated. A brief description of the persons interviewed concludes the introduction. Then, I describe the actors’ activities, and the theatre’s systems and structures using a classification by a. activities description, b. systems (MAS and planning system) and c. management structure (internal and external). Each aspect described (a, b and c), is preceded by a section entitled **significant issues**, which reflects the conclusions drawn in relation to the aspect presented. Then, the supporting facts of the significant issues identified are reported in further detail (**empirical data**). These facts ensue from the data-collection process.

II. DETAILED DESCRIPTION OF EACH THEATRE

A. Ubus Theatre

1. Mise-en-scene

Located in the Midlands of England, this regional theatre has a staff of over 130 persons, approximately sixty of whom are full-time employees. Two studios are available for presentation of plays and musical shows: the main studio, with 750 seats, and the 120-seat studio theatre. The theatre is open from August to June inclusively, and presents 25 productions per year, divided into Autumn and Spring seasons¹. The Ubus presents a wide range of music and drama programmes, and its touring company stages selected productions at other theatres in the United Kingdom and overseas. On occasion, the Ubus invites other companies to present their shows (operas, dance, etc.) at the theatre. Furthermore, the theatre promotes educational drama for young people and the community at large².

A new membership scheme was introduced by the Head of Sales, Marketing and Development in late 1993³. Catering is provided by a concessionary company which operates a wine bar and a restaurant for lunch and dinner. The concession operator and the

¹ The Ubus is closed in July for maintenance.

² An "Outreach and Education" department is in place to ensure that everyone in the community has access to the theatre regardless of age, race, income and disability.

³ In the past, a membership group did exist at the Ubus but it had dissolved due to lack of interest, supposedly because it was not supported by the theatre.

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Theatre Accountant negotiate annually the percentage of catering income to be remitted to the theatre.

At the Ubus, income is derived principally from grants (between 45 % and 49 %), the box office, touring royalties, sponsorship programmes and catering. The Board of Directors includes approximately 20 persons (the Chief Executive is one of the directors). They meet ten to twelve times a year, along with certain members of the Senior Management Team (hereafter referred to as SMT)⁴. Theatre union membership is available for box-office and production workers, and for cleaners, ushers and performance/casual staff. I spent ten days at the Ubus in July-August 1993. On the final evening, I attended a performance courtesy of the theatre.

During my observation period, I met and observed 18 people, eight of whom I interviewed.

The **Chief Executive** was a man of nearly 50 years old who had previously been Artistic Director at another English theatre. I was under the impression that he liked to interact and negotiate with people and was generally politically astute. The **Artistic Director**, a man in his mid-thirties, at first sight fitted the stereotype of the actor or artist. He appeared to need someone to remind him of his appointments, and to be miles away when someone spoke to him; his office resembled a dressing room, with clothes, toiletries, toothbrush, etc. The **Accountant**, a man of around 50 years old, was a member of the Institute of Chartered

⁴ There are seven members of the Senior Management Team: the Chief Executive, the Artistic Director, the Head of Outreach, the Theatre Accountant, the Head of Administration, the Head of Sales, Marketing and Development and the Head of Production.

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Accountants of England and Wales (ICAEW). He had been working for the Ubus since 1989, yet his previous experience had been exclusively in the car industry. He projected a very business-like air. The **Head of Administration**, a woman in her early 30s, had recently graduated in arts administration. She was a relative newcomer to the Ubus (February 1993) and seemed rather quiet and diffident. The **Production Manager**, a man in his mid-30s, appeared quite calm and relaxed. He was eager to discuss his dissatisfaction with the employees he supervised who always seemed preoccupied by their union rules and agreements. He had held a similar position before, but in a smaller theatre where, he said, "...the atmosphere was not as negative and counterproductive." The **Head of Sales, Marketing and Development**, a woman in her early 30s, seemed highly organized and decisive. She had an administrative background in theatre but had long aspired to rising to a senior role in marketing. She had been at the Ubus for less than a year and had already changed numerous functions which she considered to be poorly organized. The **Theatre Manager**, a lively woman of about 25, had joined the Ubus a year ago. She was proud of the confidence placed in her by top management, and was now responsible for the theatre staff (ushers, cleaners, stage door). She was also a member of the SMT. The **Stage Manager**, an energetic woman in her mid-30, had been with the theatre for 13 years. She was responsible for the welfare of artists and production staff and for all budgets for stage-related activities (e.g. staff, food, accessories and props). She enjoyed working with several different people and found it easy to interact with senior management and unionized employees alike.

2. Results

a. Activities

Significant issues

Given that the Ubus offers a wide range of activities—production and creation of plays and musicals, youth theatre in the studio, educational theatre in schools and guest runs by touring dance and opera companies—managers have considerable leeway to balance their budgets by means of “playing with the figures”⁵. Consequently, the Artistic Director has a certain degree of freedom regarding production scheduling; he can stage “audacious and risky” plays (with potentially low box-office revenues), if at least a few other productions over the season are significantly profitable at the box office.

For the Ubus theatre, therefore, accounting numbers, systems and controls do not necessarily represent a strong constraint on the selection and presentation of productions. The three people most involved in programme selection—the Chief Executive, Artistic Director, Theatre Accountant—all agreed that a combination of high-quality high-risk shows with quite traditional but low-risk ones best satisfies artistic and managerial policies and objectives.

⁵ The next section will include the Theatre Accountant’s description of his “game” with the accounting figures.

Empirical data

In describing the theatre's main activities, both the Chief Executive and the Artistic Director referred to the theatre mission statement, which had been revised at the time of the current Chief Executive's appointment in January 1992.

The statement reads as follows:

We believe that the Ubus theatre should offer a service based on the absolute conviction that access to the best of world theatre, dance and music should be available to everyone. Therefore our aim is to present a wide ranging musical and drama programme that balances innovation with access, choice with populism. Our intention is to provide this programme at the highest quality of production which will combine classical standards with modernity of thought. (See Appendix 4.1).

With regard to the distribution of roles and responsibilities in the development and approval of programming, there was some divergence among members of the SMT⁶. The Artistic Director saw himself as a creator:

My principal goals are to create and to innovate. Here, it is possible to do so within the financial constraints since the Chief Executive gives me the opportunity to create what is reasonable to create within the financial constraints. I recognize that budgeting restrictions are a reality in any theatre and that there is no way to avoid them. However, the responsibility for dealing with budgets lies with the Chief Executive.

The Chief Executive expressed a slightly different view on programming:

The first draft of the production programme is the Artistic Director's responsibility. I then submit it for approval to SMT members.

⁶ As for Senior Management Team.

In contrast, the Theatre Accountant reported that:

I see the Artistic Director and the Chief Executive as both being involved in the first draft of programming, before it is presented to the SMT.

Finally, in the eyes of the other members of the SMT, the final decision about future events rested in the hands of three persons: the Chief Executive, the Artistic Director and the Theatre Accountant. The Head of Sales, Marketing and Development and the Production Manager indicated that their views and fears about box-office attendance figures and production budgets were often ignored. The three other interviewees (Head of Administration, Theatre Manager and Stage Manager) also commented that they believed that ultimate decision-making power over the production schedule rested with the three people mentioned above.

In a subsequent discussion, the Accountant elaborated on the reasons behind the common belief that the “top three” SMT members had supreme authority. According to him:

Concerning programme planning, artistic but risky productions are rarely abandoned because both the Chief Executive and I believe that there is always room for “creativity” in the reported financial accounts. With the financial figures, I need to satisfy members of the Board (more specifically the Chairman), the Chief Executive and the Artistic Director, and they all consider that the most important thing is the bottom line.

The Theatre Accountant went on to explain that his philosophy was strongly influenced by his background in the car industry.

For me, individual budgets and attendance figures per production are secondary. Grants go a long way to covering productions with poor

attendances. Moreover, transfers of production costs from one production to another are always possible, enabling smoothing⁷.

In terms of programme planning, this accounting strategy appeared to be successful. With the appointment of the new Artistic Director (in Autumn 1991), the Ubus theatre had appreciably increased paid attendance with innovative Christmas shows and audacious musicals. Attendance statistics taken from two annual reports (1991-92/1992-93), showed that the main studio was operating at 60 % capacity for the entire year, i.e. some shows at 20 % and others at 92 %. In addition, the deficit had dropped by 67 % over the two years.

b. Systems

Management Accounting System

Significant issues

The interviewees were unanimous concerning the irrelevance of the Ubus accounting system for management purposes, especially given that accounting figures were invariably late. Consequently, each manager had devised his/her own system, which was incompatible with the accounting one but appropriate for the department's needs. However, given that dissatisfaction with the MAS was unanimous among interviewees, measures to improve it were being set up by the Head of Sales, Marketing and Development.

⁷ The Accountant explained that the setting up of the main house production largely coincided with the one in the studio. Therefore, it was simple to "play with the cost figures" of these two productions and to satisfy the Board.

Empirical data

Each of the managers answered that their MAS was in need of improvements, but these improvements took a number of forms. For the Chief Executive and the Accountant, computerized equipment was required to improve the relevance of the MAS. At the same time, the Chief Executive noted:

For the Ubus to be more efficient, we would need more computerization, but due to lack of financial resources and competition for scarce resources we are still postponing changes.

For the Production Manager, the Head of Sales, Marketing and Development, the Stage Manager and the Theatre Manager, the MAS was useless for day-to-day operations. To compensate, each of them had developed data collection systems in order to track their budgetary positions. For the Production Manager, accurate and up-to-date information regarding the costs of a production were crucial. The department was therefore equipped with a dedicated computer system to track income and expenses relating to each production, and thus constantly update the budgetary position. As he remarked:

When I joined the Ubus in September 1992, I asked for an efficient computerized system in order to support the unceasing demands in terms of budgetary position. In this department, we deal with the biggest portion of the theatre's budget. We always need to know where we stand for each production. My assistant (the Department Production Manager) spends most of the time working on our computer to update the figures and answer our questions on money spent and remaining.

For the Head of Sales Marketing and Development,

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...the accounting system is inefficient, but we still keep it because we have always done it that way! With this system, no one is accountable. The resistance to change in this theatre really annoys me!

Encouraged by her success in computerizing the box-office system, the Head of Sales, Marketing and Development presented a schedule of “Budgetary Control-Authority/Responsibility for income and expenditure” (See Appendix 4.2) to the SMT to formally define each manager’s responsibilities in terms of income and expenditure. The Theatre Accountant remarked:

This represents the first attempt to set up some accounting and control procedures at the Ubus. I believe that the computerization of the box office imposes more accountability on Ubus personnel and managers.

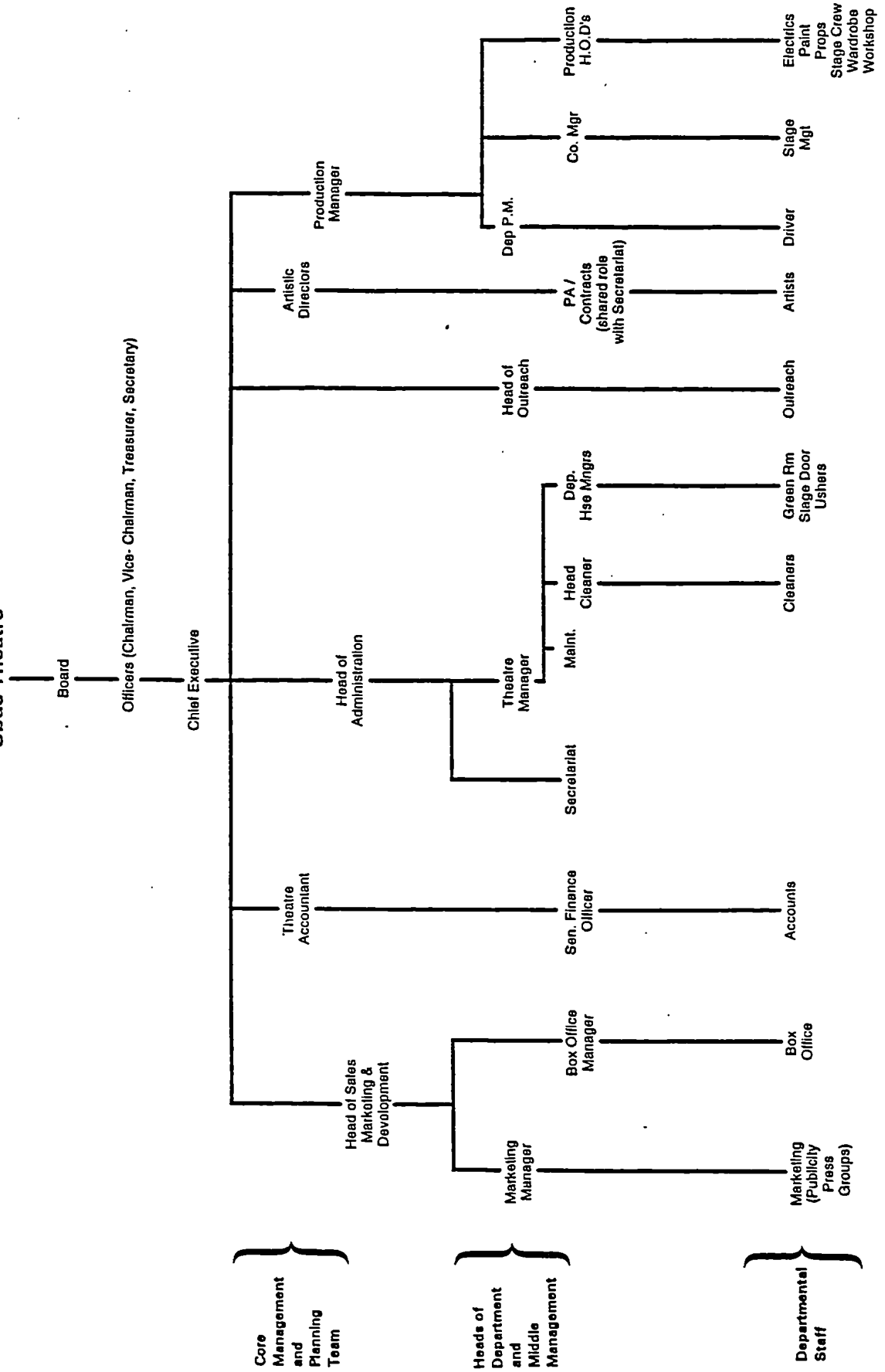
Planning System

Significant issues

At the Ubus, planning revolves exclusively around programming and budgeting. Once a year, instructions and input figures are established by the Chief Executive, the Artistic Director and the Accountant. These figures are then distributed to each department. Programming and budgeting are monitored at weekly meetings with department heads (See organizational chart, Table 4.1) and bi-weekly meetings with the SMT. The Chief Executive schedules and chairs each meeting. The hierarchical structure thus generated is a major “fact of life” for all the managers beneath the top three⁸ Even if the planning cell seems to be

⁸ The trio refers to the Chief Executive, the Artistic Director and the Accountant.

TABLE 4.1
Ubus Theatre



the individual department, each of the heads has little manoeuvring room. Moreover, long-term planning is not a serious consideration at the Ubus because the Chief Executive apparently harbours negative views of funding bodies' definitions of long-term planning. For the other managers, the day-to-day problems of harnessing scarce financial and human resources implies that the implementation of long-term objectives is constantly being postponed.

Empirical data

For the Chief Executive, the Accountant and the Production Manager, the one-year planning system mainly takes the form of production budgets which cover the entire year. The Artistic Director is involved in planning each production with the people he wants to work with.

For me, the choice of a play means the choice of the playwrights, and more precisely the selection of a guest director for each play picked. If the selected director refuses, I might choose another play since the match between a particular play and a director needs to be perfect.

The other managers (Head of Administration, Head of Sales, Marketing and Development, Theatre Manager and Stage Manager) have to plan and control their department budgets in order to meet the overall budget totals that they have been given at the beginning of the year. Each Tuesday at lunchtime, heads of each department meet with the Chief Executive to discuss practical issues concerning, for example, box-office sales for upcoming shows or real costs of a production in progress. The Chief Executive explained:

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If I have other duties during these Tuesday lunch meetings, the meeting is chaired by the Accountant since discussions frequently revolve around financial issues.

Each interviewee confirmed that the department head and SMT meetings were the official channels of communication. Three of the managers (Head of Sales, Marketing and Development, Production Manager and Theatre Manager) added that they were irritated by the way in which the Theatre Accountant and the Chief Executive seemed to decide matters privately in advance, an impression that was borne out by the Theatre Accountant's comments regarding one-year planning.

Here at the Ubus, the full year is planned by production, but the two last productions are left opened in order to present shows that will adequately balance the financial year. For example if, in the middle of the year, we estimate a sizeable deficit, we will complete the season with a quite traditional low-risk production in order to obtain profitable box office returns. If, on the contrary, we feel secure in terms of final financial figures, we will go with an audacious play since box office income is then less constraining.

In terms of long-term planning, the Chief Executive pointed out that

With the restructuring of the outside funding bodies, in the future we will have to present a three-year plan in which artistic as well as financial goals will be identified for each individual year. I believe that theatres are service rather than market-oriented. Therefore, the financial parameters should not measure profitability but artistic success.

In response to the same question, all the other managers stated that even though long-term planning is desirable, it is nonetheless futile due to the scarcity of resources and to the short-term vision of the Chief Executive.

c. Management Structure

Internal Management Structure

Significant issues

Depending on their status and organizational location, employees had diverging perceptions of the theatre management structure. As is often the case, at the Ubus, the top three executives talked of teamwork, informality and a flat hierarchy. In contrast, other department heads described their management structure as rigid and extremely hierarchical. Moreover, they perceived a lack of communication among the different departments. Activities seemed mainly concentrated within each department and there was a strong culture of defending one's own departmental interests.

Empirical data

The Chief Executive said that he espouses an open-door policy:

I like to mix employees from different hierarchical levels to “flatten the hierarchy.” One of my objectives is to call a meeting of all the employees every three months. However, I must admit that the unionized atmosphere is sometimes counterproductive, but the key is to get the employees on your side by motivating them and getting them involved in activities.

He barely mentioned interdepartmental conflicts and attributed these to a few “trouble makers.” Similarly, the Accountant and Artistic Director both commented favourably on the atmosphere and enjoyed working with other managers and employees. They viewed conflicts

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as constructive. For example, with regard to frictions with the Head of Sales, Marketing and Development, the Accountant noted:

the conflicts are good for the theatre and for me personally. I see in those frictions, that I personally have once in a while with the Head of Marketing, signs of a younger more dynamic replacement who can takes some of the pressure off of me. Since I plan to retire soon, I am pleased to see energetic workers.

According to the managers under the top three, the organizational chart (See Table 4.1) faithfully reflects the management hierarchy. The Chief Executive at the top, supported by his left-hand man, the Accountant, and his right-hand man, the Artistic Director. These three are identified by their subordinates as keepers of secret information. Certain managers have accepted this structure without complaint (Production Manager, Head of Administration, Stage Manager). However, other employees, such as the Theatre Manager, disapproved of the top three's underhanded practices.

I feel that a negative atmosphere is being created by this way of managing, but I have learned to handle everyone and, consequently, to get my points across.

Dissatisfaction was also expressed by the Head of Sales, Marketing and Development.

I personally refuse to live with the structure as is, with three top manipulators, and I plan to continue to initiate changes, as I did with the budgetary schedules, in order to make everyone, even outside my own department, responsible for his or her decisions and actions.

This group of managers (under the top three) gave very similar answers to the questions:

What would you describe as your principal goals? What are your daily activities? With

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whom are you frequently working? Each interviewee mainly referred to his/her department's goals, activities and team members. The Production Manager also mentioned that he was wasting considerable time with guest directors and designers (a new person for each production) and with union matters. He expressed his dissatisfaction in these terms:

60 % of my job is personnel management... Workload is very heavy and complicated by the union regulations. The Head of Administration should be more involved with union problems. The same phenomenon occurs with guest designers. Why should I be the one in charge of training them? Working with guest directors is an artistic decision.

The Production Manager believed that these operating methods resulted from a lack of communication between department heads. He mentioned: "...we always extinguish fires when we meet." The absence of task descriptions was another problem identified by the Production Manager, the Head of Administration and the Head of Sales, Marketing and Development. To this effect, the Head of Sales, Marketing and Development is quite proud to have taken the initiative of setting up the "Budgetary Control-Authority/Responsibility for income and expenditure" (See Appendix 4.2). She was convinced that

..things can change if only someone takes the time to change them. So far, my initiatives are appreciated by the Chief Executive and by most employees... So I will carry on...there is still a lot to change!

External Management Structure

Significant issues

In general, internal managers and employees at the Ubus did not have a particularly high opinion of members of their Board of Directors. All those questioned on this matter

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described them with such phrases as “good, for amateurs,” “rubber stampers,” “watch dogs,” “incompetents.” No one believed that Board members were running the theatre, or that they had the skills to do so. Board members’ abilities seemed limited to appraising or criticizing the accounting figures. The Chief Executive, Accountant and Artistic Director were unanimous that the Board should never be involved in artistic policies or decisions affecting the Ubus’ survival. Since the Chief Executive was a member of the Board and since the Accountant also attended Board meetings, both would meet informally with influential Board members (e.g. the Chairman, the Vice Chairman or a funding body representative) beforehand, and they would then find that other members were generally easy to convince.

The unionized theatre employees did not have a clear idea of the Board’s role in relation to the Ubus. For them, the “top three” were running the business, and the Board was there to “watch over” them.

Empirical data

All interviewees offered negative comments about the Board members. However, the Theatre Manager and the Stage Manager admitted that they were echoing their superiors’ opinion. Their criticisms largely stemmed from the rare presence of Board members at the Ubus, with the exception of their attendance at “Press Night” because that was, in the Theatre Manager’s words, “politically correct.”

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The Chief Executive explained that because nominations are political, members are often uninterested in theatre activities. The Theatre Accountant added:

Board members are concerned about money and the bottom line. Presenting them with figures showing a decreasing deficit is the key to keeping them out of the artistic side.

The Artistic Director expressed a similar opinion:

We (the SMT) must keep the Board away from artistic decision making. To do so, we have to present a healthy financial situation and they will even say that they like our shows!

The Head of Sales, Marketing and Development, the Production Manager and the Head of Administration all commented only briefly on the Board. They felt that the relationships between external and internal management was a political game and that "...you must have them on your side if you want to improve things in the theatre" (Head of Sales, Marketing and Development).

The Chief Executive discussed the external management issue⁹ at length. In addition to expressing a low opinion of the Ubus Board, he decried the topic of the irresponsibility of the Arts Council, which wanted

...to be in power without accountability. I believe that the Chief Executive position has been implemented to deal foremost with business concerns rather than artistic ones. In my opinion, the Chief Executive position will only work if it is well motivated, namely to relieve the Artistic Manager from having to deal with administrative issues.

⁹

See Chapter 3 for further details on the tense atmosphere prevailing in England at the time of my data collection. The Arts Council had at that time threatened to shut down several theatres by drastically cutting their funding or eliminating it entirely.

B. Nova Theatre

1. Mise-en-scene

This century-old regional theatre (1991) is also situated in the Midlands of England. The theatre employs some forty permanent employees out of a staff of over sixty, including part-time workers (e.g. box office assistants, ushers, wardrobe maintenance). The Nova includes two auditoria: the main house with 658 seats and a studio with a flexible space that seats up to 70. The programme comprises two seasons: Autumn (August to December) and Spring (January to June). A Music Festival is held at the theatre in July. The Nova presents ten main productions per year and welcomes national touring shows. Education and outreach work are also part of the Nova's artistic mission.

During my observation period, a membership scheme was already in place but the management was determined to significantly increase the number of subscribers¹⁰. The Nova has a catering subsidiary which remits its profits to the theatre (a wine bar, restaurant and ice-cream parlour served Nova patrons and the general public all day long).

Approximately 39 % of the Nova's income originates from various grants. Box office returns, sponsorship and catering represent the remaining sources of income. The eight-member Board of Directors meets every other month together with members of the Senior

¹⁰ In the plan for the coming year (1994), the marketing team had presented incentives to boost the number of subscribers (e.g. introduction of lower ticket prices for children).

Management Team (SMT)¹¹. Nova theatre employees are not unionized. I spent eight days at the Nova in August 1993. On my final evening, I received a complimentary ticket for the evening performance.

During my observation period, I was introduced to 17 persons of which I interviewed eight. The **Chief Executive** was a highly organized and dynamic woman in her early 30s. She had a background in arts administration. Before her nomination by the Board of Directors in January 1993, she had been the Administrator of the Nova. The **Artistic Director** was a man in his late thirties, who was well-known in England as a Director of plays. He had considerable confidence in his SMT and was proud of the good work atmosphere prevailing at the Nova. The **Administrator** was a man in his late 20s, who had a great deal of respect and trust for his co-workers. Hired in March 1993 to fill the vacancy left by the new Chief Executive, he was extremely dedicated to his work. The **Finance Manager**, a woman approaching 30 years old, was not a permanent employee of the Nova. She was a freelance chartered Accountant and she was working between two to four days per week for the Nova. The **Production Manager**, a man nearing 40, had previously worked at a larger theatre. He saw himself as “the middle man” between the artistic and the administrative poles. The **Marketing Manager**, a woman in her early 30s, had acquired experience as a marketing assistant at larger theatres. She had joined the Nova in March 1993. Although she appreciated the working climate at the theatre, she missed the facilities and resources

¹¹ The SMT is comprised of eight people: the Chief Executive, the Artistic Director, the Administrator, the Finance Manager, the Production Manager, the Head of Design, the Associate Director (community and education) and the Marketing Manager.

available in bigger theatres. The **Company Stage Manager**, a woman in her late 20s, was proud of her status at the Nova. She had previously worked at larger theatres, as a stage assistant, but she preferred a smaller business where there are fewer people to deal with. For the **Front of House Manager**, also in his late 20s, the position at the Nova represented his first full-time employment in a theatre. He had worked as an usher on a part-time basis since his teenage years. He considered himself responsible for the well-being of the patrons and the building alike.

2. Results

a. Activities

Significant issues

The Nova theatre strives to present high quality shows and to educate the community with regard to live theatre. Unfortunately, managers have commonly sensed that the business side has expanded much faster than artistic concerns. Consequently, the Nova has opted to select products with a view to higher box office returns rather than superb artistic performances.

However, despite the concentration on the box office, plays and educational activities are selected after considerable deliberation by a team. Each manager has his/her role and each takes pride in being involved in the selection process.

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In terms of activities, the Chief Executive identified another priority for the Nova's survival:

...one of my personal goals is to significantly increase sponsorship in order to compensate for the underfunding of the last few years.

Empirical data

The main objective of the Chief Executive and the Artistic Director was to fulfil their mission. The Artistic Manager wrote the mission statement and the Chief Executive knew it by heart.

To produce the highest standard of live theatre as an essential ingredient in the lives of the people of (...) ensuring accessibility to all sections of the community.

However, the Artistic Director and the Production Manager expressed disappointment over their degree of freedom in the selection of plays. The Production Manager believed that in the UK:

repertory theatres are becoming "business oriented" and I believe that this represents a major reason why not a single new play was staged at the Nova in the last five years.

The Artistic Director shared a similar opinion about the presentation of new plays:

...sometimes the artistic team would like to present a creation, something never played before, but I end up choosing successful productions to meet our box office targets. Thus, very few risks are taken.

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The other employees interviewed were less concerned about the “creation” of plays. They all mentioned the production of high quality shows and their principal professional objective: to meet quality standards. As the Stage Manager explained:

...my job is to make sure actors enjoy working at the Nova, in order to attract the best theatre players in the country.

The Front of House Manager talked about attending to patrons, i.e. their security and safety:

...to look professional and to make them appreciate the quality of our work.

Maintaining maximal quality was one of the ambitions of the Marketing Manager in terms of activity selection. Lastly, for the Finance Manager and the Administrator, the quality of productions needed to be reinforced by high quality standards in their respective areas, i.e. accounting and administrative policies. The Administrator stated:

I need to make sure that all administrative matters, for example, building and patron security, personnel relationships and office equipment comply with stringent quality standards and with our mission.

The educational mission of the Nova is the responsibility of the artistic team (Artistic Director, Associate Director-community and education, and Head of Design)¹². The Artistic Director, Chief Executive and Finance Manager all mentioned their recent success: the youth theatre was among the 12 winners (chosen from hundreds of entries from all over

¹² During my visit to the Nova, the Associate Director was on vacation, and I barely met the Head of Design since she left on my first day of observation for a two-week internship in London.

the country) selected to perform at the Royal National Theatre in a national competition in July 1992. In the Nova's business plan for 1993-96, it is clearly stated that

...(t)he Education and outreach work remains at the centre of our artistic policy and is applauded throughout the region and beyond for the innovative and challenging projects being produced.

With regard to activities, the Chief Executive elaborated on the subject of sponsorship. She took personal responsibility for increasing the volume of sponsors and their contributions. In the one year she had been working as the Chief Executive, she had increased sponsorship by 150 %. She said:

Sponsors are there but it takes time to get them. This is one reason why I believe in the Chief Executive (C.E.) position. The C.E. should be there to liberate the Artistic Director of administrative matters such as those ones.

b. Systems

Management Accounting System

Significant issues

The efficiency of the MAS was the responsibility of the Finance Manager¹³. All interviewees were satisfied with their accounting system since the appointment of the present part-time Financial Manager. The MAS was described as efficient and important by all the employees. The Finance Manager innovated with the computerization of the main accounting system along with various accounting procedures and different types of reports

¹³ Nova personnel did not distinguish between the terms "management accounting system" and "accounting system."

which were unanimously appreciated by employees. However, two complementary areas of the accounting system demanded further improvement: the box-office system, which was not linked to the accounting system, and the production system, which was still being executed manually.

Empirical data

In response to the question: *How would you rate the importance of your management accounting system?* all interviewees commented on the excellent progress made by the Finance Manager in the areas of defining and organizing the MAS. Furthermore, the Chief Executive, Administrator, Production Manager and Front of House Manager emphasized her pedagogical skills evidenced when she showed the personnel how to use the accounting system effectively. According to the Front of House Manager:

Accounting systems and figures are very important since good quality in our productions depends on the accessibility of funds. The current Finance Manager is very good at handling money and she makes it easier for all of us to understand how accounting works.

The Artistic Director's opinion of MAS is best expressed by a direct quote:

I would like to have as little contact as possible with accounting figures. The current Finance Manager and Chief Executive team relieve me of day- to-day contact with our accounting systems since both women are very good with numbers. However, I recognize that such a system is essential to obtain money for the theatre, to get paid and, thus, to survive.

Appointed as an external advisor in January 1992, the Finance Manager confided:

Here at the Nova, it took me quite some time to gain the trust of the personnel. In the first two months, I thought of quitting because I felt that

they did not have confidence in my abilities and I had a hard time communicating with certain employees. However, after some time and adjustments, they started listening to me, and I took the opportunity to introduce new accounting policies in order to improve the financial picture at the Nova¹⁴.

In 18 months, she had designed written control procedures, budget responsibilities, cash flow reports, comparable budget/actual/forecast figures, management reports for SMT or Board meetings and financial projections for the three-year plan. Budgets per production were updated each month and explanations from the Budget Manager (e.g. Heads of Department) were required if actual figures fell significantly below (for income) or above (for expenses) the amounts budgeted. She worked between two to four days per week, and she felt that the full-time personnel would soon be able to work without her help¹⁵.

For the Chief Executive:

...the MAS itself is crucial for attracting sponsors, and we have to show that we are accountable. However, I believe that the artistic side behind the numbers need always be kept in mind.

For the Production Manager, the communication channels were much better since the appointment of the current Finance Manager. However, the Production Manager added:

since I am responsible for the largest part of the budget and since I need up-to-date information on hand, I still use a manual registration for orders, invoices, expenses to date, balances per account, per productions, etc.

¹⁴ She admitted that the solid encouragement of the Administrator at the time (who had risen to Chief Executive in January 1993), had convinced her to continue working at the Nova.

¹⁵ The Chief Executive and the Artistic Director clearly stated that the presence of the Finance Manager on a regular, even if part-time, basis was essential for maintaining efficiency in theatre operations.

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I mainly use the computerized MAS as a back-up; even if a computerized system would accelerate my work, I am reluctant to convert because I have always worked manually.

In the Finance Manager's opinion,

...the production system should be computerized in order to make things easier, but I still believe that the Production Manager and I work efficiently together. At present, my main preoccupation is with the old computerized box-office system. The current system is useless for marketing research.

On this topic, the Finance and the Marketing Managers shared similar points of view. Moreover, they were preparing a written document that would demonstrate to the Board that funds were needed to modernize box office operations.

Planning System

Significant issues

The Nova uses a one-year planning system for its programming of the two coming seasons (Autumn and Spring). In concrete terms, programming consists of selecting plays and budgeting each production. The process is triggered by input from the artistic team, and all SMT members eventually participate. Each employee's role is clearly defined, and everyone seems to appreciate the general programming methods. Each budget manager must update his/her respective figures monthly, and the Finance Manager subsequently compiles monthly reports. In addition to this cyclical planning, the Chief Executive engages in ad hoc planning as a member of various sub-committees comprised of employees and Board members.

With regard to longer-term planning, all interviewees had mentioned the “three-year plan,” a document which every theatre is required to send to the government-funded Arts Council in order to obtain funding support for the three years in question. This long-term exercise was not uniformly appreciated by all Nova employees; some considered it to be a waste of time while others felt it was a worthwhile document.

Empirical data

Short-term planning has a 12-month horizon that begins in May-June for the artistic team¹⁶. The team presents their first draft to SMT members who give their ideas and opinions. At the end of the summer, the last draft, budgeted by the artistic team, is submitted to the “budget team” (Chief Executive, Finance Manager and Administrator) and it is then returned to the artistic team for revisions (i.e. reducing certain expenditures). Finally, the Production and Finance Managers carefully analyze each expense budgeted before the plan is shown to the Board in January. This process, explained to me line-by-line by four interviewees (Chief Executive, Artistic Director, Finance Manager, Administrator), was described as time-consuming but necessary by both the Artistic Director and the Finance Manager. For the Chief Executive, this method preserved the artistic vision while remaining realistic. The Administrator recognized the complementarity of this process and was proud of being involved its implementation. According to the Finance Manager,

...the goal is to budget as close as possible to the real figures. The Chief Executive and I are convinced that with good budgets, we will satisfy our Board and attract sponsors. Monthly revisions are a necessary exercise to

¹⁶ Planning takes place more than one year in advance. For example, in May 1993, the artistic team had already started planning for Autumn 1994.

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identify our target positions. At the beginning, it was hard to train budget holders to keep track, but now they see the advantages of doing so.

For the Production Manager, theatres have become increasingly accountable because the “business side” has grown too fast.

With all these budgets and updates, I end up working more often behind my desk than on the “spot” with my employees. Unfortunately, I think that the Chief Executive and the Finance Manager are right and that we have to follow our budgets closely in order to stay alive.

The Chief Executive was quite pleased to work with sub-committees in areas such as programming. She had strongly encouraged the artistic team to accept this iterative process and she now believed that everyone is pleased to contribute their ideas. The hardest part for her is always

...persuading the Artistic Director that more numbers will not hinder the artistic quality of productions. And, even though he (Artistic Director) likes to be removed from numbers, he is very “numerate” and knows the business side very well.

Since she was appointed to the position of Chief Executive in January 1993, she had slowly formed various committees whose objectives were to define clear goals for Board members. Three committees (Policies and Finance, Funding, and Catering) involving employees and Board members met once a month. In parallel, two internal committees (Health and Safety and Equal Opportunity) included employees members only, and met once every alternate month. All of these committees are temporary and they terminate when the objective is attained. The Chief Executive believed that

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...this type of structure is more effective and it helps motivate employees and Board members. However, I must admit that all these sub-committees mean more work, but at least we are not just extinguishing fires. In my job, I need sufficient time to deal with longer-term objectives and projects.

The Finance Manager and Administrator, each of whom were members of one sub-committee, recognized the synergy inherent in this approach. They were both impressed by the Chief Executive's leadership skills. According to the Administrator:

...since her appointment, the Chief Executive has methodically organized the work of all staff and Board members. She has demonstrated that her method was efficient, for example with the sponsorship committee which boosted the income from that source by 150 %. She has integrated gradually, and she is now respected and appreciated by everybody.

Differences of opinion arose when three-year planning was discussed. Basically, the artistic team was opposed while the administrative group (Chief Executive, Finance Manager, Administrator) recognized its value. The Chief Executive best explained the reasons behind these divergences.

The three-year business plan is very tricky. Its primary purpose is to ensure funding from the Arts Council. However, we all know that funding is no longer guaranteed despite this document. It is a double-standard situation. I honestly understand the Artistic Director and his team position. Why should they spend time producing a document with a three-year horizon, when they are aware that it does not ensure the Nova's survival and that to survive, the theatre's market is best served with short-term programming? I appreciate this exercise due to the fact that it helps us focus our objectives in the same direction. Besides, it is a very good sales document for other funding and sponsorship sources.

For the Production Manager, this document was further proof that the business side was expanding. The Marketing Manager viewed the plan as a good way to amalgamate the

administrative and artistic sides despite the reservations voiced by the artistic team. Staff members below the SMT were largely unfamiliar with the content of this document, but they still believed that it merely served governmental needs. The Front of House Manager remarked:

it is too difficult to predict 1) the demand in terms of artistic products, and 2) the supply in terms of funding over a three-year horizon. Thus, for me, preparing this document is a waste of time.

c. Management Structure

Internal Management Structure

Significant issues

Trust and a family-like atmosphere seemed to prevail among the employees of the Nova theatre. Everyone was occupied but easy to approach. Interaction with people at a higher hierarchical level was not formal, nor were there strict policies regarding punctuality. In general, the staff was proud to work at the Nova. The workload was distributed by team rather than by department. Consequently, each employee had responsibilities within his/her department as well as outside the departmental structure. The “open door” philosophy of both the Chief Executive and the Artistic Director was appreciated by all.

Empirical data

All interviewees’ answers to the question: *How would you describe your management structure?* converged in the same direction. The structure was described as: easy-going,

friendly, relaxed, understanding, open door, family atmosphere, confidence in each other.

The Chief Executive stressed her new image.

As the Chief Executive, I am the administrative representative of the theatre. I need to be respected but this should be done in a family spirit. My relations with the Artistic Director are crucial. Since he did not participate in the nomination of a Chief Executive, I have to be careful about my administrative policies.

To illustrate this situation, the Chief Executive explained to me that she was in the middle of implementing an appraisal system for SMT members. She noted:

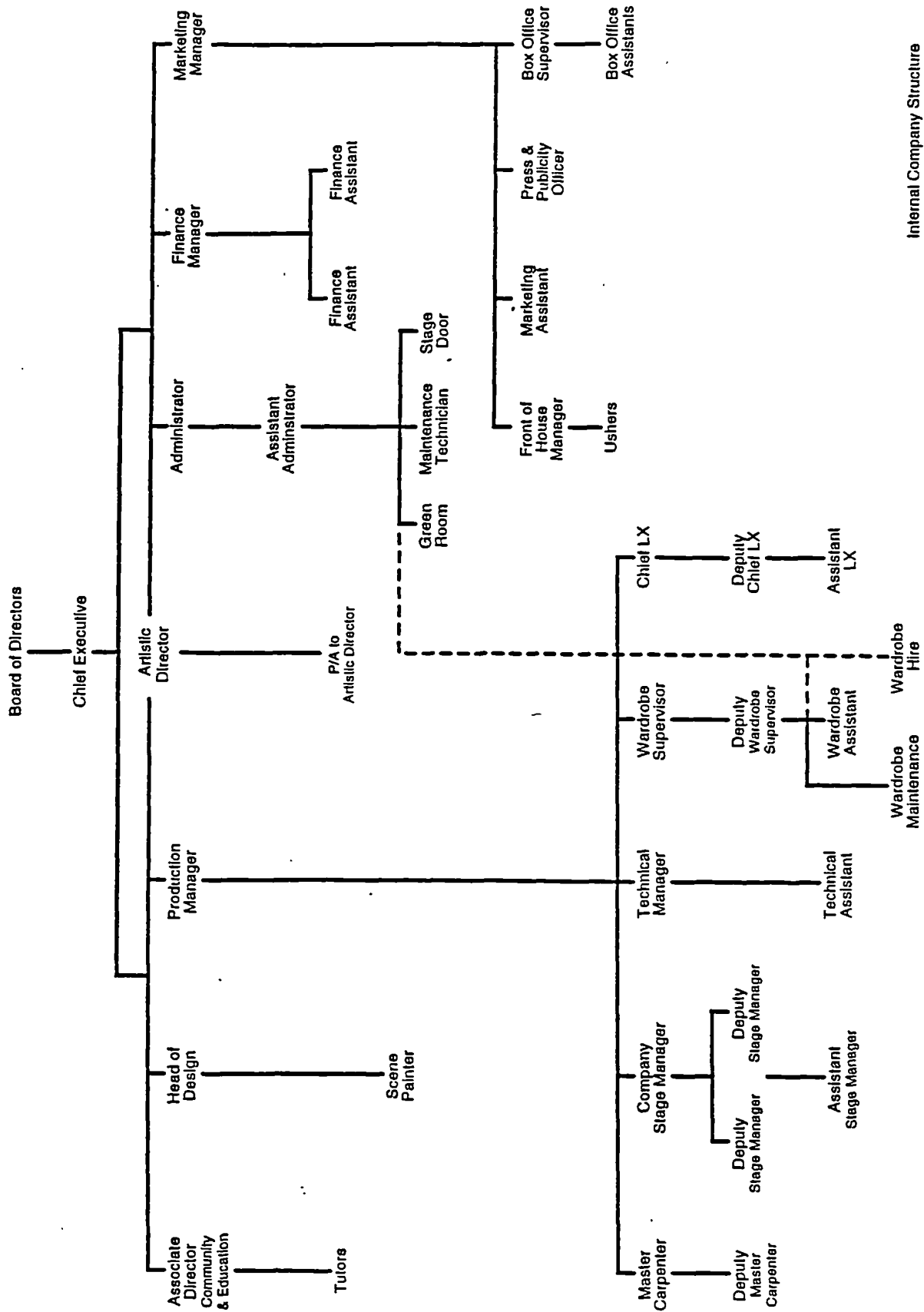
...since the Artistic Director dislikes the idea, I have decided to ignore the artistic team in my plan and to wait for tangible results that I can use to persuade him of my system's benefits.

According to the Chief Executive, the Nova's organizational chart (See Table 4.2) does not accurately reflect the relationships in the theatre. She insisted on the fact that at the Nova, employees regularly worked with different people, depending on the activity.

In fact, answers to the question: *With whom are you normally working?* confirmed the diversity of the interactions between employees. The Chief Executive interacted mostly with SMT members, but she would also meet with a number of people from outside the Nova. The Finance Manager worked most often with SMT members (with the exception of the artistic team), and with her assistants. The Production Manager worked with the artistic team and the Finance Manager. The Production Manager described his role in these words:

I think of myself as a "middle man" since I have to deal with artistic and administrative demands. Thus, I have to please both sectors, but, fortunately, communication channels are quite good.

TABLE 4.2
Nova Theatre



Internal Company Structure

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The Artistic Director was involved with the entire staff at various times of the year. He was firmly convinced that

...it has to work from inside. If not, the quality of the shows will suffer. I have a lot of trust in my SMT, and the Chief Executive is doing a tremendous job. Her position will succeed because she is not a government employee. She has artistic vision, which is indispensable.

The Administrator had to deal with all of the internal administrative issues: security, equal opportunity matters, personnel requirements, office equipment.

I have daily contact with everybody, but the Chief Executive, Finance Manager and Front of House Manager are my principal collaborators.

The Marketing Manager dealt most of the time with employees in her department: her Press Officer, her Assistants, the Front of House Manager and the Box Office Supervisor. During promotion and advertising campaigns, she spent time preparing the advertising materials with the artistic team. The Stage Manager interacted with the artistic team, the Production Manager, the Administrator and her staff of full-time and part-time assistants.

The Front of House Manager enumerated his daily activities:

Every evening when there is a performance, I encourage my staff of ushers and box office assistants to properly represent the theatre. Then, every morning following a performance, I meet with the Administrator and the Marketing Manager to give my report on maintenance and the box-office personnel.

External Management Structure

Significant issues

The relationships between Board members and Nova staff could be described as respectful. Members were supporting the theatre and its mission and, since the nomination of the Chief Executive, they were intervening less in day-to-day management. The Chief Executive, Finance Manager, and Artistic Director currently attend Board meetings. Topics debated at these meetings are invariably financial and even artistic decisions need to be justified in financial terms. Consequently, the Artistic Director had mandated the Chief Executive to make Board members sensitive to the artistic side of the enterprise. In fact, most interviewees were convinced that directors are mainly preoccupied by the business side of the theatre and that their knowledge of the theatrical context is nonexistent.

Empirical data

According to the Chief Executive, the Board's philosophy had significantly improved since her arrival at the Nova in 1991 (she occupied the position of the Administrator until 1993).

I have smoothly implemented my vision of theatre management and those who were unwilling to participate in various sub-committees and to deal with specific issues have left the Board.

The Finance Manager had taken part in this restructuring of the Board and she had started to produce "management account reports" for each meeting. These reports contained comparative figures in financial statement format for a two-month period. In addition, variations between budgeted and actual figures were explained (See Appendix 4.3).

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According to the Finance Manager, members clearly grasped the financial situation of the Nova but they had few artistic concerns. The goal, staunchly advocated by the Artistic Director, was to increase awareness among Board members eyes of the artistic reality;

...we are trying to make them tolerate occasional undesirable financial positions for artistic reasons. For example, a new play might yield low box-office returns but might nonetheless be an impressive artistic production acclaimed by theatre experts. This is important when you have artistic vision.

Given that directors were now trusting the business acumen of their Chief Executive, the Artistic Director was pushing the Chief Executive “very hard” to instil his artistic vision in Board members.

The Administrator believed that the Board should recruit more members with an artistic background. The Marketing Manager stated:

I have sat on the Boards of two other theatres, and I must admit that this one is more active than the others. I am not surprised by Board members’ business vision. It is natural for them to speak about what they know: their business.

The Production Manager reiterated his idea that the business side was predominating, and answered that directors represented the business side of the theatre. The Stage Manager and the Front of House Manager knew very little about the Board’s influence. Both considered the highest authority to be the Chief Executive. The Front of House Manager had added that the Board was just there to respect the structure of English theatres.

C. Sila Theatre

1. *Mise-en-scene*

Located in Montreal, Quebec, this theatre has two places of business; the office is situated a few miles from the main studio. In the office, there are approximately 20 permanent employees and another ten in the studio building. Thirty casual workers (ushers, box office assistants, cleaners) comprise the remaining human resources at the Sila. The main studio seats up to 860 patrons. The program consists of five different productions, presented from October to May inclusively. Each production is performed 24 times, and a two-week period is available for hold-overs if the play is highly successful. In the four summer months, the theatre is rented out for other shows and the Sila receives a fixed amount per ticket sold for these shows. The mission of the Sila is to produce classical and contemporary repertory plays with a large cast. Occasionally, certain promising productions tour other towns in the province of Quebec.

The Sila subscription scheme was quite attractive. Numerous advantages included reductions of 30 % on ticket prices, and appealing contest prizes which were offered to subscribers who registered before July of the next season (e.g. a trip to Paris or Quebec City or tickets for other shows). Moreover, subscribers were given opportunities to meet with designers and actors of each production¹⁷. In addition, subscribers doubled as judges for the selection of

¹⁷ The Sila has between 5 000 and 10 000 subscribers per year. At the time of my research, the new management team was trying to regain the confidence of over 8 000 subscribers in the wake of a severe management crisis in 1991.

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the best performance, the best designer, and the best actors (female and male) for the year of their membership. A bar operated by the Sila served refreshments to patrons during the intermission.

Income at the Sila originates from grants (approximately 55 %), box-office returns, programme sales, sponsorships, donations, bar revenues, touring and leasing. The Board of directors is made up of 17 members, including an executive committee of five¹⁸. The Board normally meets five times a year, and both the Chief Executive and Administrative Manager attend each meeting. There are three different groups of unionized employees at the Sila. Ushers, cleaners and box office employees belong to one group; technicians are represented by another union and wardrobe employees have their own union.

I spent nine days at the Sila's office and two days at the theatre (one for scenery production and one during a rehearsal). I met over 30 employees but closely observed 15, of which six were interviewed. The **General Manager/Artistic Director** (or Chief Executive Officer), was a very active and ambitious woman in her late 30s¹⁹. She rose to the position of Chief Executive Officer (hereafter referred to as CEO) in July 1992, in response to the serious financial crisis which had gripped the Sila at the time. Nevertheless, she had multifarious projects in mind as well as the means to attain them. She recognized that the workload was

¹⁸ The executive committee includes the chairman, two vice chairs, one treasurer and one secretary, none of whom are employed by the Sila.

¹⁹ The General Manager/Artistic Director position combines the duties of both the Chief Executive and the Artistic Director. In order to facilitate the reading of this chapter, I will use the abbreviation CEO (for Chief Executive Officer) to refer to her title.

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very heavy but she loved her team and her work. The **Administrative Manager**, a woman in her mid-40s, was approached by the CEO in August 1992; she took the job because of her confidence in the CEO. Furthermore, she was intrigued by the challenge proposed by the CEO. The **Accountant**, a good-natured woman in her 40s, was a Chartered Accountant. She had been working for the Sila since 1983. She admitted that with the exception of the last administrative manager, she had not experienced human relations problems with top management (artistic and administrative directors). She enjoyed the theatre atmosphere, which was more “human” than that prevailing in other organizational contexts. The **Marketing Manager**, a woman in her mid-30s, gave off an air of confidence, although this job represented her first experience as a marketing manager. Her main ambition was to innovatively promote the theatre. The **Production Manager** was a calm man in his 30s. He seemed very interested in his work but he disliked the negotiating aspects: striking deals with unionized employees, arrangements with the administration, accommodating guest directors, etc. The **Box Office Manager**, a man in his late 30s, was not very talkative. He saw himself as the link between the office and the theatre. He added that he was sometimes placed in conflictual situations since he had to interact with management and with unionized employees.

2. Results

a. Activities Description

Significant issues

Since it was founded in 1951, the Sila theatre has had the mission of producing classical and contemporary repertory plays by national and international playwrights. Molière, Goldoni, Shakespeare have all been performed by great and renowned actors and designers in audacious settings and with elaborate costumes. The magic of theatre was very much alive at the Sila. However, at the time of my investigation (end of 1993), the Sila was in a recovery phase. The new position of CEO, which combined both the Artistic Director and the Chief Executive roles, was intended to significantly decrease the cumulative deficit of nearly 1 \$ million Canadian²⁰. Despite these harsh financial conditions, the CEO and her new management team nonetheless were able to innovate with new activities and projects in order to preserve the main vocation of the Sila: to produce daring plays with a large cast.

Nonetheless, all interviewees were preoccupied by the deficit situation. They were all aware that the Sila was facing a crisis that could lead to its closing and they displayed willingness to fight for its survival.

²⁰ In the 1990s, approximately two Canadian dollars equalled one pound sterling.

Empirical data

In her explanation of the Sila's mission, the CEO began by describing the circumstances that had led to her appointment. She explained that during a serious financial crisis in 1992, the Chairman of the Board and both internal directors (Artistic and Administrative) had resigned. At that time, the Sila was in a disastrous position. Box office and funding were both falling, and funding bodies went so far as to question the Sila's survival. One strategy proposed by Board members was to create the CEO position to eliminate bicephalous direction, which had been a source of perpetual conflicts.

When I arrived at the Sila, my mandate was quite demanding. I had to propose a "recovery plan" for the five coming years in order to obtain substantial help from funding bodies. I had to convince Board members to recruit a proven and competent Chairman, and I had to find a new Administrative Manager willing to rescue the theatre and willing to work under a CEO's authority.

In the recovery plan, it was clearly stated that the Sila's mission should not change, and that

...even if it sounds paradoxical, the long-term solution is to think development, expansion and municipal, national and international reach.

In fact, over the short-term, a serious attack on the deficit had to be launched; each interviewee had this situation in mind. Over and above this urgent objective, the CEO mentioned other goals of the recovery plan: to remain audacious in the selection and presentation of plays even with fewer resources; to regain the patrons' confidence and to increase subscriber volume; and, finally, to give more work to artists. For the Administrative Manager:

...the issues important to me, personally, meaning the ones related to my job, are to increase the number of subscribers and to renovate the theatre.

The principal objectives of the Marketing Manager were

...to increase ticket sales, to innovate with new products and new projects and to search for new sources of income to eliminate the deficit. To this effect, I am preparing a “fund-raising dinner” which is a new activity we plan to hold annually. If this activity is successful, the theatre will derive two types of benefits. First, with a good number of tickets sold (at 200 \$ each) the activity will be quite cost-effective, and second, this type of activity will most probably have a favourable effect on the reputation and visibility of the theatre²¹.

For the Production Manager and the Accountant, the activity with the highest priority was to ensure that each production fell within budget limits. For the Accountant, a Sila employee for more than ten years,

...the current CEO achieved quite a feat: in a single year, she straightened up the bad financial situation and established a positive working atmosphere among the employees.

b. Systems

Management Accounting System

Significant issues

At the Sila, the MAS was strongly associated with “control.” Without exception, all questions on MAS led to answers involving a control over budgets or over expenses. For

²¹ For this event, patrons were paid to attend a gala evening in which a play was presented followed by a reception. A well-known artist was asked to serve as the honorary president and patrons were invited to wear extravagant costumes that would evoke the magic of theatre.

some employees the MAS was crucial, but for others the central system was irrelevant. However, interviewees who relied very much on the MAS admitted that the system was somewhat efficient and for that reason, some improvements had already taken place. The employees dissatisfied with the actual MAS claimed that parallel systems existed to satisfy their needs.

Empirical data

Two different streams of thought emerged in the responses to the question: *How would you rate the importance of your MAS?* The first perspective was expressed by the CEO, the Administrative Manager and the Accountant. These three women insisted that the MAS was essential to their work. For the CEO:

the budgeting process, the reasons behind the differences between budget figures and real figures, and clear financial statement numbers strike me as three very important aspects which are coming out of the MAS.

The Administrative Manager described the MAS as follows:

This system is the basis of my work. I have to build budgets that are easy to understand, to reconcile budgets and results, and to analyze monthly financial statements. Here, budget responsibilities are divided into the three areas of administration, production and marketing. Each department head is responsible for his/her division.

The Administrative Manager, who is in charge of budgeting together with the CEO, had decided to improve the actual MAS by implementing a new accounting program proposed by the theatre's auditors. These changes, which had been under way in November 1993, should, according to the Administrative Manager and the Accountant, accelerate day-to-day

operations and improve the accounts chart and the presentation of financial statements. For the Accountant, who is responsible for data processing, the efficiency of the MAS lay primarily in monitoring expenses. She explained that

...currently, the Sila needs to have accurate information on expense accounts. My job is to produce monthly financial statements for the three budgeting areas and to give a copy to each person responsible, such as the Administrative Manager, the Production Manager and the Marketing Manager. These financial statements are often analyzed at Board meetings, so they need to be easily understandable. There are no special reports for Board meetings.

The Accountant believed that, with the new accounting system and chart of accounts, reports should be easier to draft and to understand. Thus, more users should be satisfied with the same type of reports. As she explained :

in the near future, I will have less work to do, but for the time being, I am a few months behind with my reports since both systems (the old and the new) are used in parallel ways. This is, unfortunately, the price you have to pay for progress!

The second point of view was expressed by the three other interviewees. The Marketing, Production and Box Office Managers found that the MAS was too slow for their needs. For the Marketing Manager, the best way to update her budget information was to calculate the expenses-to-date manually.

I know my budgets by heart, so it is easy for me to subtract the expenses. Of course, an assistant could certainly help me deal with marketing expenses and budgets but I know that the Sila cannot afford it.

The Production Manager was responsible for the largest budget allowance. However, this allowance had recently been reduced by 17 % and thus:

...there is no time to wait for the accounting reports. I have my personal database by production, by budget account and by sector. I need to plan in advance. If one production has cost too much, I have to spend less on the production of the next one.

Lastly, the Box Office Manager believed that:

the system is deficient because the theatre is struggling to survive. Sometimes I think that the administration hides the real figures so that they can offer less when new collective agreements are negotiated with employees²².

Planning System

Significant issues

At the Sila, the planning system centres around programming and budgeting. The CEO chooses the plays jointly with an external committee in the autumn for the next season. The next step is the preparation of production budgets by the Production, Administrative and Marketing managers, which must be completed by the Funding's bodies subscription deadline in March. Each production budget is then revised by the SMT before it is announced²³. In addition, each manager has parallel planning activities involving his/her department, and each attends one weekly SMT meeting scheduled by the CEO at a time that is convenient for

²² It should be noted that, at the time of my research, the Sila was entering into negotiations with the three unions for new agreements. The precarious situation of the theatre was certainly not auspicious for unionized employees.

²³ The SMT comprises the CEO, the Administrative Manager, the Marketing Manager and the Production Manager.

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the four members. The Box Office Manager plans the schedules for his box office employees, ushers and cleaners in keeping with all agreement conditions.

Long-term planning was not yet envisioned since all managers had been hired within the last 12 months. They were mainly extinguishing fires, and long-term planning matters consisted largely in proposals. The projects and ideas emanating from the CEO had all been included in the “recovery plan.”

Empirical data

The four SMT members agreed that the one-year planning started when they received the selection of plays by the CEO. The CEO explained:

in my selection of plays, I choose the Director of each production before submitting the play to SMT members. The choice of the Director is crucial, and if the selected Director refuses to produce a particular show, I have to go back and select the second best, if not I choose another play.

Once the CEO is satisfied with the plays and Directors, she prepares the first draft of the budgets together with the Administrative Manager. Then, the Administrative and Production Managers work together to carefully examine each production budget. At the same time, the Marketing Manager reads each play selected and devises original ways of promoting each one.

For the CEO and Production Manager, day-to-day planning implies the revision of each production budget just before it is presented. The CEO must also build the “creators’ team”

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(Head of Design, Lighting Designer...) with the Director of each coming play and she must plan SMT and Board meetings. The Administrative Manager helps the CEO in the planning of Board meetings and she is also responsible for union matters such as preparing answers to grievances and negotiating new agreement conditions. For the Marketing Manager, day-to-day planning involves:

preparing each programme in advance, as well as newspaper advertising, press night etc... I am now helped by the Press and Advertising Officer, recently appointed. He is mostly involved with media communications. As a result, I have more time to organize the "fund-raising dinner" and I also wish to find new and better ways to update budget figures, as opposed to doing it manually.

When asked about planning, the Accountant replied that she had no planning responsibilities.

She performed the jobs that she was asked to do, and she was content with that arrangement.

More responsibilities mean more accountability. I prefer to let the Administrative Manager and the CEO solve the problems. I enjoy working for them; they make me feel part of the team even if I am at a lower hierarchical level.

The Box Office Manager talked of personnel-related planning for each performance:

I now routinely book the staff for rehearsals, shows, additional performances etc. I must admit that the hardest thing to learn is to respect the union agreements and to avoid grievances and conflicts with the administration.

All of the employees stated that long-term planning did not exist. The Administrative and Marketing Managers added that, unfortunately, they did not have enough time left to engage in that sort of planning. However, the Administrative Manager commented:

with the theatre restoration project and the drive to find more private backers, we will have to plan in advance in order to succeed.

The CEO added:

at present, the climate is too precarious to undertake projects at the theatre. But I must confess that my head is full of projects and ideas that I have partly expressed in the formal document given to the arts authorities in both the Canadian and Quebec governments (the recovery plan). However, it is in the next two years that we will see if the public and the funding bodies believe in the Sila's vocation!

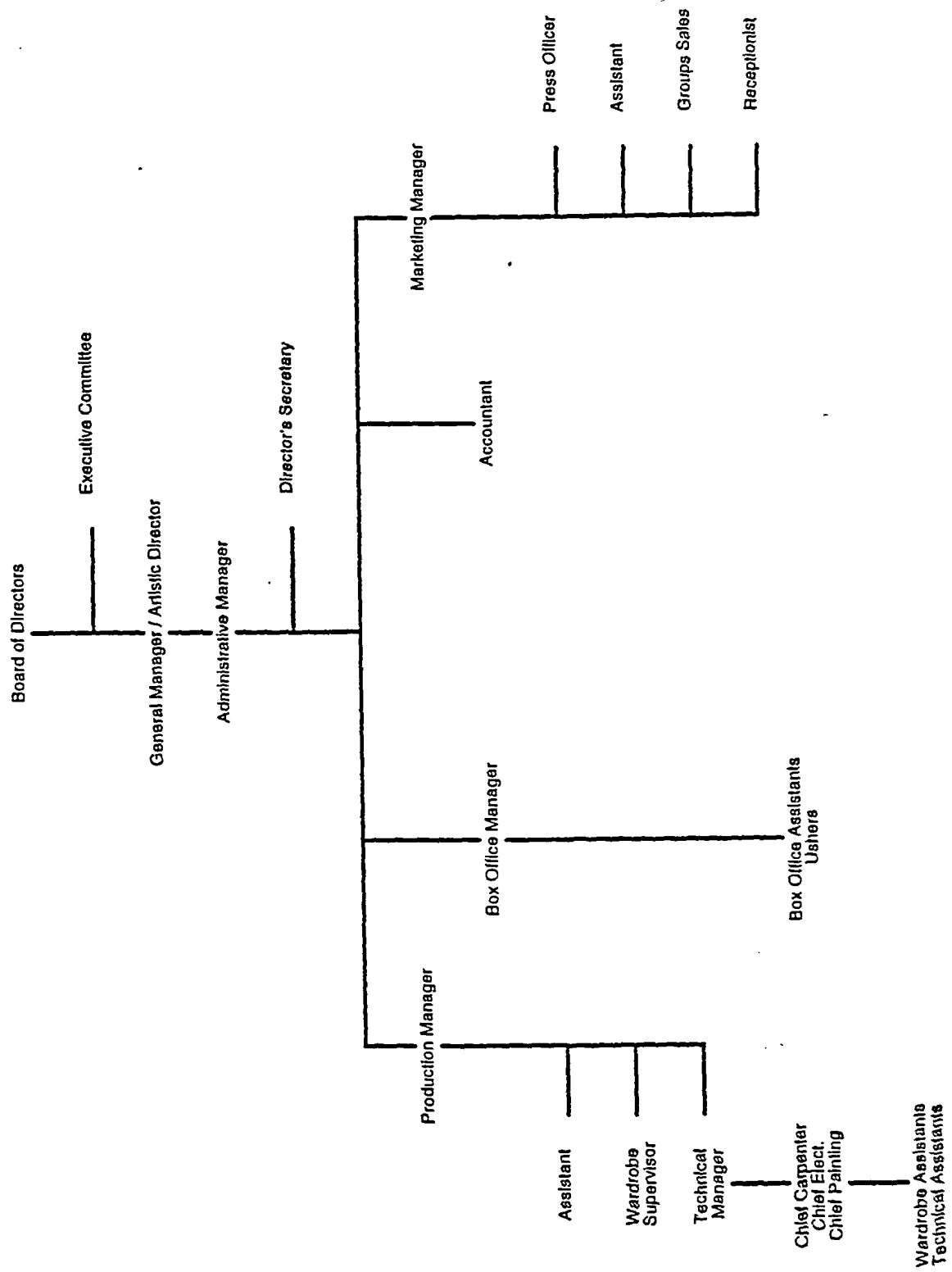
c. Management Structure

Internal Management Structure

Significant issues

The management structure could be described as taking shape. The appointment of a CEO eliminated the bicephalous structure of two Directors (Artistic and Administrative), thus obligating the Sila directors and other employees to adjust to the fact that the CEO was the supreme authority (See Table 4.3, organizational chart). As mentioned above, all of the departmental managers had been hired in the last 12 months, which meant that they had had to learn from each other and to cope with the challenge of keeping the theatre alive. In that "setting-up" period, interviewees identified two different styles of management: a friendly style and a rigid and sometimes conflictual style.

TABLE 4.3
Sila Theatre



Empirical data

With the exception of the Production and the Box Office Managers, the four other interviewees (all women) described their management structure as friendly where everyone had his/her responsibilities and where it was easy to have one's ideas heard. The Administrative and Marketing Managers both claimed to have a very good relationship with the CEO. As expressed by the Marketing Manager,

I like to discuss my projects with the CEO because she is receptive to my vision of marketing in theatres: we have similar ideas, we think the same way.

The Administrative Manager had been hired by the CEO, and she enjoyed working under her authority since she preferred to avoid artistic decision making.

The CEO has confidence in me and my role is to represent the "business" side of the theatre. For me, good relationships with Board members and with unionized employees are very important for successful operations at the theatre.

The three female managers (CEO, Administrative and Marketing Managers) were all satisfied with the SMT. The Accountant was also impressed by the good work executed so far by this SMT. She stated:

I believe that this new team of managers is quite dynamic and that they have fresh ideas which are listened to. It is sometimes better to get "fresh blood" when the boat is sinking. Besides, I think that the CEO position is a great idea. I have, in the last ten years, witnessed several conflicts emanating from contradictory points of view between the Artistic Director and the Administrative Manager. A "classic" example of this type of situation was when the Marketing Manager wanted to increase advertising for a play; the Artistic Director's answer was positive, the Administrative one was negative.

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The Production Manager viewed the CEO's position from a different standpoint.

I see the CEO's role as conflictual. As the Artistic Director, the CEO has wild and expensive ideas, but when playing an administrative role, she has to be realistic and to rein in the artistic vision.

The Production Manager had also complained about his personal role in the SMT:

I feel that my influence is very limited and that I have to bend to the whims of every department. I am always caught between two stools because, on the one hand, I have to satisfy the producers —in terms of budget limits— and on the other hand, I have to express the authority of management opinion with unionized employees who are often unwilling to please the management.

The CEO had expressed a similar concern about the strong unionized atmosphere prevailing among the three groups of unionized employees.

I found it very hard to manage a group of unionized employees, especially in times of financial problems. I would like to smooth the relationships between the two groups. It goes well at the top, so why shouldn't be a good atmosphere with unions? I believe that because the office and the theatre are separate from each other, there are communication problems. I hope that once the theatre is restored, tensions will ease.

The Box Office Manager was worried by tensions between unionized employees and management. He grouped employees into two categories: the non-unionized and the unionized, and the style of management was quite hierarchical with the second group.

I am under the impression that managers will take advantage of the Sila's bad financial situation to offer lower working conditions than the ones actually in place. I know that on occasion, unionized employees have abused their privileges but there have also been cases where management was the one asking too much.

External Management Structure

Significant issues

The appointment of a new Chairman seemed to have positively affected the Sila employees' opinion of the Board. There was a consensus as to the Board's purpose among all interviewees: the primary mission of its members was to find money to sustain the theatre. As representatives of the theatre's business transactions, they should not interfere in the artistic mission. The role of supporting theatre activities was also mentioned.

Empirical data

The CEO explained that the composition of the Board had significantly changed since her appointment.

I have recruited a new Chairman, a well-known businessman. He had proposed a vision for the theatre, and members unwilling to follow him have resigned. The Board now includes several new members who are willing to help the Sila in its fight for survival.

All interviewees mentioned that the mission of Board is to raise more funds, to support the theatre's decisions and to represent the theatre in their respective business relationships. They all had a negative opinion of an "artistic" Board. To this effect, the Production Manager opined:

I see their roles as Support-Control-Representation. I don't think that they should be involved in the artistic mission; they should trust our abilities. Their business titles should bring us prestige and should attract sponsors.

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The CEO added that:

Board support is also necessary for the restoration project, the most important one at the moment. If the theatre is not restored, we won't survive. One important strategy needed to complete the funding of this project is to recruit more private sponsors. This goal is in the hands of Board.

The Accountant compared the previous Board with the present one:

Our relationships with Board members have changed radically since the appointment of the new Chairman. I am only invited to the budget and financial statement meetings, but I am now getting the impression that they rely on us to run the theatre. I also felt that they are more dedicated to saving the theatre than to the prestige of being a Board member.

The Marketing Manager was particularly proud of the representativeness of current Board members:

Their background is diversified. Thus, the visibility of the theatre will be enhanced. One of my projects is to design a "communication plan" with Board members in order to increase our possibilities of obtaining private funds.

D. Lamy Theatre

1. Mise-en-scene

Founded in Montreal, Quebec, in 1973, this not-for-profit theatre is currently renting its premises (office and studio) from a cultural complex. There are approximately 15 permanent employees in the office. Fourteen work for the theatre company and one person is in charge of the Foundation, whose aim is to attract sponsors (individuals and companies) to finance the theatre's activities. The production team is comprised of four casual employees (Director, Head of Design, Accessorist and Wardrobe). The theatre is often referred to as a "family business" because it was founded by the father of the family, and since his death in 1990, four of his children have still been working for the theatre. They occupy the positions of the Chief Executive, the Production Manager, the Director and the Head of Design (the latter two are employed on a temporary basis). Box office employees, ushers and cleaners are all hired by the cultural complex. Furthermore, in addition to the fixed rent, the Lamy pays the cultural complex a "royalty" for each ticket sold per performance. While the scenery team changes with each new play presented, the Lamy theatre is obligated to hire the production team of the complex and to respect their collective agreement. The studio contains 755 seats. The Lamy theatre proposes five productions in one season, from September to May inclusively²⁴. For each production, there are 36 fixed performances (six per week) and a two-week possibility of extending a production if the box-office is sold out. The Lamy strives to present a variety of "popular" plays to attract a substantial number of

²⁴ The Lamy's office is closed in July (except for the subscription team), and the cultural complex rents the studio in the summer months (June, July, August) to other producers.

subscribers. At times, successful productions tour various cities within the province of Quebec.

Subscriptions were the “lifeblood” of the theatre. Each year, subscribers represented between 70 % and 75 % of the audience. The subscription campaign is very aggressive and started in May for the coming season. A permanent employee was in charge of subscriptions. She worked eight months per year (February to September) on the campaign, and her tasks ranged from preparing the promotional materials to compiling the statistics for the season. A casual team was hired from April to August. Team members started by mailing pamphlets and subsequently called each subscriber to encourage them to pay their contributions immediately over the phone. In turn, they would receive 20 % off box-office prices. Moreover, they were offered a better selection of seats, which were reserved for future years of subscription. Subscribers would also be entered in a contest to win a trip for two to Europe. Subscriber loyalty was impressive; a sizeable number had been subscribing for more than ten years.

Grants represented around 25 % of the Lamy’s income. The box office, programmes, the foundation’s contributions, interest and sponsorship represented the other sources of income for the theatre²⁵. The Board has 13 members, four of whom formed the Executive Committee. These four were all staff members: the Chief Executive (Chairman), the

²⁵ The bar did not generate income for the theatre because it was run by the complex. Refreshment income received by the landlord was one of the Lamy’s arguments in favour of reducing the rent. If the Lamy management was dissatisfied with the negotiated rent, intervals would be cancelled in their future productions.

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Artistic Director and the Director (Vice Chairs) and the Administrative Manager (secretary/treasurer). The regular administrators were not employed by the Lamy. Three or four Board meetings are scheduled per year.

I visited the Lamy's office over a seven-day period, and I spent one full day in the studio to observe the scenery production and to interview members of the production team. At the end of my stay, I was generously offered two tickets for the evening performance.

I met all of the permanent and casual employees of the theatre, and interviewed seven. The **Chief Executive** was the daughter of the founder. She was in her 40s, and she came across as a determined woman. She had issued few rules, but the existing ones were important and had to be followed. The **Artistic Director** a man in his early 50s, was proud of his position in the family business. For him, artistic direction was a job in which he transformed dreams into reality, and he was grateful to the Chief Executive for having been given this opportunity. The **Production Manager** was the founder's son. He had been working at the Lamy for nine years, and he believed that even if he occasionally accepted outside contracts, he would always keep his job in the family business. He was proud of having introduced tight budgeting procedures since the theatre was rarely reporting a deficit²⁶. The **Technical Manager**, a man in his 30s, seemed to act in close collaboration with the Production Manager. These two employees had mutual confidence in each other, which was felt in the

²⁶

In fact, the year ending in 1993 had been the exception, with a deficit situation caused by a larger cast to celebrate the 20th anniversary of the Lamy.

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office as well as on the stage. The Assistant Accountant was a woman in her early 40s²⁷. She had been working at the Lamy for over 15 years. She had gone for one year and then returned because she had missed the positive working atmosphere. She seemed to possess in-depth knowledge about how the theatre operated, and she was proud to have gained the confidence of senior management²⁸. The Press and Advertising Officer was a man in his mid 30s who had been working for the theatre for six years. He had gained the Chief Executive's confidence slowly and was now "practically" in charge of the marketing at the theatre. Lastly, the Subscription Manager, a woman in her late 30s, was a highly sociable individual who had been working for the theatre for 15 years. She seemed to suit her task of managing subscribers and she was identified as the woman who helped everyone perform their duties.

2. Results

a. Activities Description

Significant issues

The Lamy theatre concentrates exclusively on the production of plays. The main criterion governing selection of a particular production is to please the large number of regular subscribers. Thus, the plays selected are popular and diversified. In the programming of one season (from September to May), the Lamy's management needs to hire between 40 and

²⁷ The Administrative Manager was absent for a long period. Consequently, I met her designated substitute.

²⁸ Senior Management refers to the Chief Executive and the Artistic Director.

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45 actors, and to strike a balance between female and male roles. In this family-run business, the selection of plays is strongly governed by tradition. However, the recently appointed (1991) Artistic Director has slightly modified the selection criteria primarily to attract a new audience.

For some interviewees, the imposing number of subscribers (around 20 000 seats per season) has had a positive and negative impact on operations at the theatre.

Empirical data

For the Chief Executive, the Artistic Director, the Subscription Manager and the Accountant, the “raison d’être” of the theatre was its subscribers. According to the Chief Executive:

the plays proposed need to be emotional to keep a percentage of over 70 % of subscribers. At the Lamy, our priority is subscriber satisfaction.

In addition to her role of Chief Executive, she has assumed the roles of Head of Marketing and Head of Subscriptions. Besides, she was responsible for negotiating the contracts with the actors. Within the Board of Directors, she chaired the Executive Committee.

I took charge of the Lamy in 1990 when my father became too ill to continue. He gave me his artistic vision but I have found that an administrative vision is also essential for survival. Since my ambition was to control the entire business side of the Lamy, I decided to hire an Artistic Director, one who my father would have probably hired himself. Thus, I selected one of his best friends, who had played every season at the Lamy for the last ten years or so.

Thus, since this appointment, she had kept all of the roles identified above and abandoned artistic projects. She had much confidence in her Artistic Director; she agreed with his

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selection of plays as long as he respected both criteria elaborated by her father: 1) the maximum number of actors for one season (around 45) and 2) the equilibrium between women/men actors.

The Artistic Director was being involved, in a sense, in this family business. In his role, he still kept his freedom, which was vital for him. He was highly respectful towards the Chief Executive and towards the founder of the theatre, and he basically accepted the job because of this respect and:

...of course because I did not have to deal with administrative matters. I am first and foremost an actor and I prefer to leave the money concerns to others. In fact, I am quite happy that my unique responsibility is the selection of plays. I enjoy helping the Chief Executive hire the actors, the Production Manager assemble the production team and the Administrative Manager do the budgeting work.

Concerning his principal duty, the selection of plays, he explained that he would read and choose plays years in advance. He would subsequently outline a realistic season in a discussion with the Executive Committee.

My aim is to initiate our patrons to authors and creators rarely, if ever, presented in this theatre. By doing that, I wish to satisfy our current subscribers and attract new ones. Of course, I need to dream realistically. Here, the artistic mission comes first but we have to live within the possible. Money is a constraint but not a major barrier to my creativity. As one example, for the 20th anniversary (in 1993), I proposed a season with 70 actors..., we had to reduce it to 55, whereas normally we have 45 maximum. This is how we combine quality with realism.

The Artistic Director normally performed in one or two plays per season when he was so requested by the Director of the coming play. He rarely refused, because he enjoyed acting.

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He was also convinced that the audience was pleased to see concrete signs of artistic involvement in the plays presented.

For the Production Manager, the main criterion to be respected in the selection of plays was the total number of actors.

My job starts when the season is selected. I can speak up if I disagree with one or two plays, but here everyone knows that we have little manoeuvring room in terms of production budgets.

The principal duties of the Production Manager were to budget the production expenses for each of the five plays and to negotiate with the creators. He normally worked with the same team, but he enjoyed varying the personnel once in a while. He was pleased by the innovations introduced by the new Artistic Director.

I think that my father had always selected plays to please the subscribers. Now we more often see audacious plays that are not always traditional and it brings new people to work with and new challenges. I appreciate this combination of traditional and audacious shows.

The Production Manager, the Artistic Director and the Accountant all stated that the need to maintain a high percentage of subscribers had had certain negative effects. Government funding was very low because of the Lamy's high box-office income and consequently, artistic risks were reduced to a minimum (i.e. one or two non-traditional plays per season). Paradoxically, because the average age of subscribers was relatively high (over 40), risks needed to be taken to attract new patrons. In contrast to these negative aspects, the Accountant mentioned the following positive repercussions:

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...because we receive subscriptions before the season, our cash flow is easier to plan and we can earn considerable interest income. It is also easy to sell advertising in our programmes (one for each play) because of our visibility. Finally, subscribers have an impact on our touring shows since over 20 000 persons have seen the plays in the area of Montreal.

The Technical Manager and the Press and Advertising Officer both answered that they were little involved in the selection of activities. For the Technical Manager,

my job is basically to prepare each show with the Production Manager and to be in charge of the “technical crew” in the warehouse and on the stage.

The Press and Advertising Officer’s duties began with preparing the season programme and booking television and radio shows to promote the coming season.

b. Systems

Management Accounting System

Significant issues

There are three computerized systems in place at the Lamy to gather quantitative information: the subscription system, the main accounting system and the production budgets system. Interviewees were satisfied with their systems and they noticed the increase in efficiency caused by automation. Each system was built for the respective department’s needs, and each department was working independently.

Empirical data

The Chief Executive and the Artistic Director were satisfied with the MAS because they usually received all the information and the explanations they requested. They were not involved in the day-to-day activities, and they had no computers in their respective offices. However, they had noticed the improvements brought about by the automation of the main accounting system in 1991. The Chief Executive authorized the installation of computers only after the death of her father because her father had been fearful of these machines.

I am certainly like my father and for me computers were not a necessity except in the production department, where unions rates and conditions make budgeting by hand too complicated.

The Artistic Director was not a computer era convert either, but he admitted that computers were accelerating the accounting process. The Artistic Director believed that the Lamy theatre was very well administrated but:

...paradoxically, this efficiency reduces our grant income. Governments are there to help ailing institutions not the ones that are working hard to survive.

The Accountant, a Lamy employee for over 15 years, considered the computerized MAS to be much more efficient. She explained that it was quite difficult to convince the Chief Executive that computers were a necessity:

The subscription system was computerized in 1985, the production department received computers in 1988 and we had to wait until 1990 to transfer our system to computers. We now have a customized system built for our needs and it is much easier to prepare reports and analyses.

The Accountant elaborated on the functioning of the administrative department:

In the department, three Accountants perform the day-to-day work, and each has specific responsibilities. Each Accountant fulfils the Administrative Manager's requests for reports for Board meetings, reports on marketing expenses, or analyses of budgets/real figures for each production, to name a few.

Regarding the MAS, the Accountant explained that budgets were proposed by the Chief Executive and the Artistic Director. They were then approved by the Executive Committee and submitted to one Accountant in the department so that figures by production could be updated. Control procedures existed for all order slips; orders needed to be approved by the Administrative Manager. However, the Accountant confessed that some exceptions to control procedures were found in the case of purchases by one member of the founding family. The Accountant added:

the administration department produces all types of reports to evaluate theatre performances: diagrams of incomes/expenses; analysis of attendance for each production, etc.²⁹

In the production department, budgets were the responsibility of the Production Manager. He elaborated on his way of working with budget figures.

First of all, I never tell the producers the full amount I have spent on the production; I always keep a few thousand aside, just in case. Secondly, I never touch my budgets to come, if I do well on one production, I will have more money available for the next.

²⁹ The Accountant provided samples of these reports. However, due to my confidentiality agreement, the reports cannot be reproduced in this thesis.

Given that he is obligated to hire the unionized technicians employed by the complex for stage work, he would contract all of the assembly to an outside warehouse, so that the inside technicians would only perform the building on-stage.

In my computer programme, I could plan in advance how many hours I need to hire the internal technicians. I have their hourly rates per category as well as overtime rates. These technicians are competent but expensive and also demanding because of their union status. The key to meeting the budgets is to avoid paying overtime and surplus workers.

He rarely delegated computer tasks to his assistant (Technical Manager) or to an Accountant.

He added that his department had virtually no contact with administration.

They [the administrative personnel] are always too late for my needs. I update my data every hour if necessary. In our respective departments, we do not try to compare or to corroborate our information. We have different systems and objectives. Sometimes an Accountant will ask for one of my reports to reconcile her data with mine, but that's it.

For the Subscription Manager, the subscribers' satisfaction had grown significantly since the Lamy has taken over the administration of subscriptions and group tickets.

Before 1985, the complex was in charge of our subscriptions. They considered our subscribers clients among others, but for us clients are the mainstay of our survival. Some patrons who had been subscribing for several years were quite happy to come and book their subscriptions in our office. They feel like part of the theatre, and they like to see our office, the personnel, the Artistic Director, etc.

She explained how her section functioned. Temporary personnel (mostly students) were hired from April to September and the conference room would be transformed into a subscription room equipped with computers. Normally, the training period is short because

employees would return year after year. When subscriptions are booked, the main accounting system received this income information and the accounts were automatically updated.

The Press and Advertising Officer was not directly involved in the MAS. One Accountant (the one I interviewed) was in charge of preparing and updating the marketing budget. The Press and Advertising Officer appreciated this help since he was the only one in the field to promote the theatre. He enjoyed engaging in teamwork with the Accountant.

We complement each other. She is good with numbers but she understands my "marketing" business and she always prepares clear and useful reports for my files or for advertisers.

The Technical Manager was not involved in preparing budgets, and he was pleased with that arrangement.

I love to be on the stage with the technicians, not behind a desk calculating. My boss is doing a great job with production budgets and everyone on the stage has a lot of respect for him.

Planning System

Significant issues

The one-year planning process centres around programming and budgeting, but starts at different periods of time depending on the employees, i.e. on their status and duties. Long-term planning is the exclusive preserve of certain managers, and is used mainly for ad hoc projects.

Empirical data

The Artistic Director noted that each year the same pattern of planning recurs. For him and for the Chief Executive, the process starts in June when the Executive Committee approves the programming for the season after the next one. In July, the theatre is closed and when it re-opens in August, employees prepare the first play to start in September and the budgeting of the plays for the following season. The Production Manager and the Accountant have established the starting point in the one-year planning process as February, when both departments have to elaborate detailed budgets for the season beginning the following September. The Production Manager went on to explain his duties:

I have to prepare exhaustive budgets for each production. The Accountant's job is to fulfil government requirements in time (end of February) to get subsidies³⁰. In parallel, I need to conduct production meetings and rehearsals for the plays in the current programme. Meanwhile, the Accountant, helped by members of her department, is doing the day-to-day accounting work for the productions on stage, for example, accounting for expenses and incomes, preparing budget/actual financial statements, preparing ad hoc reports for the Executive Committee or Board meetings, planning the year-end work for the auditors in June, etc...

The Subscription Manager begins her planning in February by taking inventory of subscriptions and the hiring of personnel. The program is prepared in April and sent to subscribers of the previous season in May. She explained that:

...the month of June is devoted to renewal and changes in our subscribers. Each year around 85 % come back. In July, the subscription team continues to work on attracting new subscribers. In August, we make a second call to

³⁰ In Quebec, two levels of government offer grants: the provincial (Quebec) and the federal (Canada). In a sense, these correspond with the regional boards (Quebec) and the Arts council (Canada).

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our subscribers of the previous season and we continue trying to increase the new members. Each year, we get an average of 15 % of new subscribers.

The Press and Advertising Officer and the Technical Manager both responded that their respective planning schedules reflect programming. One month before the presentation of a play, the Press and Advertising Officer designed each “souvenir programme” together with the Chief Executive and the Accountant. In parallel, he would book advertising in newspapers and on the radio. During that time, the Technical Manager was occupied with preparing meetings and working schedules for the coming play.

Regarding long-term planning, three interviewees cited specific plans. The Chief Executive identified the development of closer contacts with private companies as her major long-term goal.

So far we have three major sponsors, two for our advertising and one for our touring productions, but we have to increase private sponsorships since the government is giving us less and less subsidies.

The Artistic Director commented that long-term planning consisted of various projects but no specific times. He was reading a number of plays and thinking of producing them at some indefinite time.

Actually, it is too hard to plan for a long period since we are struggling to survive. Less people are going to see plays for economic reasons; the government is giving us less money for our plays, so we have to concentrate instead on diminishing the number of plays for one season. However, if we start that where will it end? At first, we will present four plays instead of five... than three... than two... The government will then feel justified in further reducing its contribution to theatres... I believe that our survival is at stake.

The last interviewee with a long-term vision was the Production Manager. He had organized meetings with other Production Managers of not-for-profit theatres in Montreal to discuss the salaries offered to playwrights. In so doing, he wanted to reduce the discrepancies among theatre offers to writers. He believed that

...creators will have more difficulties negotiating better fees for similar jobs in different theatres. We have to survive in this business. We have to protect ourselves against governments, unionized technicians and non-unionized creators. The game is vicious but also legitimate.

c. Management Structure

Internal Management Structure

Significant issues

The management structure was described as “very relaxed,” “cooperative” or “friendly” by the interviewees. Everyone knew what to do and was pleased to work for the Lamy. Consequently, the turnover was very low and very few disciplinary measures were applied by managers or the Chief Executive. In fact, the lines of hierarchy were unwritten; the Chief Executive was opposed to having an organizational chart at her theatre. Rather, working units were defined by the type of activities to be executed. Thus, each employee had a chance to interact with either a member of his/her department or with someone outside his/her department, depending on the task.

The presence of three members of the founding family at the top of the organization was not negatively perceived by employees. However, certain interviewees admitted that this situation had changed some behaviours within theatre operations.

Empirical data

The Chief Executive and Artistic Director used the expression “very relaxed” to describe the management structure of the Lamy theatre. The Chief Executive viewed her role as “the boss” as very minor. She believed that in a small organization like the Lamy (14 permanent employees), it was unnecessary to depersonalize the organization with a chart.

Here, everyone belongs to a department and has tasks to accomplish inside his/her department. In parallel, each employee works for and with people outside his/her department. An organizational chart will not be representative of our adaptable structure. The best example is with the marketing of the theatre. This team is made up of the Press and Advertising Officer, one Accountant, one Secretary, the Subscription Manager for the annual pamphlet, and me.

The Chief Executive explained that she was in charge of marketing before the death of her father and since then, she resigned herself to being unable to find someone that could carry the image she wanted for the Lamy. She also insisted on the fact that employee turnover was very low. All of the employees had been at the Lamy for over five years. She was convinced that her personnel enjoyed working together, and she refused to change a winning formula. The Artistic Director also used the expression “very relaxed” to describe his duties within the theatre.

Everyone knows what to do. The personnel is very respectful of my busy schedule; I am an actor on a daily soap opera, I act in some plays, I have meetings to attend... It is impossible for me to be in this office five days a

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week from nine to five, and besides, I could not stand having fixed working hours... I am an artist. Here, I just have to tell them where I am and if they need me they ring, fax, send a taxi, whatever.

The Artistic Director liked the “family” atmosphere of the Lamy. For him, the freedom of employees should not be sacrificed for administrative policies.

We all work together and in fact, we are the best run theatre in Montreal. Paradoxically, we receive the smallest percentage of funding from governments. We are penalized because of our success and our good management!

The Artistic Director expressed his opinion on the general “cultural” problem that plagues contemporary societies. He believed that the notion of keeping alive the culture of a country was not important for the man on the street. Only actors and writers were intent on protecting their culture. The Production Manager also manifested bitterness concerning government decisions to slash funding for theatres that report profits.

We cut our expenses before creating a deficit and we end up with less help from governments. What is going on here?... Before the death of my father, I was not overly preoccupied by this paradoxical situation. Now I have the conviction that we must prove that we deserve as much as the other theatres from the government.

With regard to his relationships with the Lamy personnel, the Production Manager felt that his credibility stemmed from being a member of the founding family. He appreciated that situation but he tried not to abuse his “name.” He had considerable respect for his sister, the Chief Executive, and he admired her “open door” method of theatre management. The Production Manager believed that

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my extensive experience with the theatre has contributed to its administrative success, since I know everything that needs to be done and everything to avoid to respect production budgets and to make technicians happy. I have noticed that, unfortunately, the Production Manager's position in other theatres is always underrated by senior managers and Board members.

The Accountant liked the working conditions: closed one month in the summer and two weeks around Christmas. She appreciated the atmosphere of collaboration between departments and she liked the diversity of her work. She did not feel that the administrative department was negatively perceived by the artistic or the production department. Nevertheless, she noticed that when demands and projects were coming from a member of the family or from the Artistic Director the normal rules did not apply and preferential treatment was expected.

If an employee refuses to accept the distinctive treatments for the family's members, he/she must leave. The family is so nice that most of us excuse these situations. However, in order to avoid jealousy and conflicts among employees, the payroll is executed outside the theatre, so nobody can compare his/her wages.

The three other interviewees: the Subscription Manager, the Technical Manager and the Press and Advertising Officer all described the management structure as "friendly." They all mentioned their good working conditions in comparison with other theatres in Montreal.

The Technical Manager said

...even if we work long hours, we can take time off when the schedule is not tight. As long as we do our job, no questions are asked. I enjoy the freedom and the confidence I receive from the Production Manager, we make a team rather than a boss/employee relationship.

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The Subscription Manager and the Press and Advertising Officer identified a hierarchy despite the absence of an organizational chart. They both were aware of who made what decisions and they accepted their subordinate roles since they were respected by managers.

As the Subscription Manager commented:

It is not a suffocating atmosphere, we have a certain freedom in our work and top management listens to our comments.

External Management Structure

Significant issues

At the Lamy, there were two separate Boards: one for the theatre and one for the Foundation whose mission was to collect money from individuals and companies and to obtain corporate sponsorships. The presence of Lamy Theatre managers on the two Boards was noticeable. The top management of the theatre felt that the Board needed to develop an artistic vision. For the other employees, the role of the Board was purely to confer prestige, and Board members were there to approve projects.

Empirical data

To the question: *What are the basic functions of your Board of directors?* the Chief Executive answered that their principal tasks were to evaluate the overall management of the theatre. She specified that on the Theatre Board, the Executive Committee comprises four managers of the theatre: the Chief Executive as the Chairman; the Artistic Director and one Director (her sister) as two vice-chairs, and the Administrative Manager as the Secretary of the Board. Furthermore, the Chief Executive belongs to the Executive Committee of the

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Foundation Board as the Secretary, the Administrative Manager occupies the Treasurer position, and the Artistic Director is a regular member of the Foundation Board. Each Board meets approximately three times a year. The CEO stated:

Normally, in these meetings, we present our decisions and projects and Board members approve them. They are not at all involved in the day to day management.

For the Artistic Director, Board members are financially oriented people who work with numbers and statements. He added

...the presence of myself and other actors is very important since it obliges them to explain their numbers and to listen to our qualitative results.

Both the Chief Executive and the Artistic Director expressed their willingness to develop an artistic vision among Board members. They had already started discussing artistic issues with Board members and both the Artistic Director and Chief Executive noticed an improvement in their interest in the Lamy. As per the Artistic Director,

...they are taking their responsibilities more seriously and they even come to see our shows.

The Chief Executive identified another concern of the Board. Since it has become so hard to survive, she wished that Board members would protest to the government.

It is incomprehensible that because we meet budgets, we receive less subsidies! I believe that members of the Board will have the necessary credibility to be listened to by governmental authorities.

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The Production Manager and the Accountant talked briefly of their Board. They were both pleased at not being closely involved in Board meetings. For the Production Manager, the responsibility of the Board lay in the hands of the Chief Executive and the Administrative Manager. According to the Accountant, who attended a financial statement meeting once a year, the Board was an approval structure that was not at all involved in the management of the theatre.

III. COMPARATIVE FACTUAL DATA

In the preceding pages, I have described each theatre individually. In order to set the scene for both the individual analyses and the comparisons among the four theatres which will be presented in the next chapter, I have prepared the following Table (Table 4.4) in which I summarize the factual data collected in each organization with a view of easily find information concerning each theatre's localization, products, sources of income, and informational data on actors, activities, systems and structure. This, I hope will help the reader —less familiar with my sample of organizations— to quickly situate each performing arts institutions.

TABLE 4.4

Comparative Data Among the Four Theatres

Description	UBUS	NOVA	SILA	LAMY
Localization	Midlands (England)	Midlands (England)	Montreal (Canada)	Montreal (Canada)
Products	2 studios 750 seats/120 seats	2 studios 658 seats/70 seats	1 studio 860 seats	1 studio 755 seats
Sources of income	Grants 49 % Box office 39 % Touring 8 % Others 4 % (Sponsors + Catering) [from Y/E March 93]	Grants 39 % Box office 45 % (including catering) Sponsors 15 % (Donations) Others 1 % [from Y/E March 93]	Grants 55 % Box office 34 % Touring 5 % Sponsors 6 % [from Y/E June 93]	Grants 25 % Box office 68 % Touring 1 % Sponsors 3 % Interest 3 % [from Y/E June 93]
Informational Data on:				
a) Actors	60 permanent employees Union	40 permanent employees No union	20 permanent employees Union	15 permanent employees No union
b) Activities	Two Seasons (Autumn and Spring) Christmas show 25 productions/year Catering Touring Educational Activities	Two seasons (Autumn and Spring) Christmas show 10 productions/year Catering Educational Activities	One Season 5 plays/year Touring Fundraising Dinner	One season 5 plays/year Touring

TABLE 4.4

Comparative Data Among the Four Theatres

Description	UBUS	NOVA	SILA	LAMY
c) Systems				
MAS	Acct. Dept. = Control over income and expenditures in general Prod. Dept. = Control over productions' expenditures (biggest budget portion)	Finance Dept. = Control over income and expenditures in general Prod. Dept. = Control over productions' expenditures (biggest budget portion)	Adm. Dept. = Control over income and expenditures in general Prod. Dept. = Control over productions' expenditures (biggest budget portion)	Adm. Dept. = Control over income and expenditures in general Prod. Dept. = Control over productions' expenditures (biggest budget portion)
Planning	Short Term: programme budgeting Long term: no	Short Term: programme budgeting Long term: three years plan	Short Term: programme budgeting Long Term: no	Short Term: programme budgeting Long Term: ad hoc projects
d) Structure				
Internal	Departmental Top hierarchy = Chief Executive Senior Management Team	Team Top hierarchy = Chief Executive Senior Management Team	Departmental Top hierarchy = General Manager/Artistic Director Senior Management Team	Team Top hierarchy = Chief Executive 13 persons 3 to 4 meetings/year (Chair = C.E.)
External (Board of Directors)	20 persons 10 to 12 meetings/year	8 persons 6 meetings/year	17 persons 5 meetings/year	

APPENDIX 4.1

Ubus Theatre: Draft Mission Statement

The Ubus Theatre offers a service based on the absolute conviction that access to the best of world theatre, dance and music is not a luxury but a necessity for people of all ages, classes, creeds and cultures.

Our intention is to provide the highest quality of production which will combine classic standards with modernity of thought, and we are committed to achieving this through a permanent and semi-permanent company of artists, crafts people, technicians and other essential staff.

Within this over-riding framework of quality we will aim to provide choice, access, innovation, education and entertainment to as wide an audience as possible both in numbers and range.

We will be prepared to adapt to financial and other circumstances, but are determined to sustain our aims of excellence and range of provision.

Draft Artistic Policy and Aims

1. To sustain a programme of work that balances innovation with access, choice with populism.
2. To provide the highest quality of production within existing resources.
3. To develop a wide ranging drama and musical programme based on the best available works from the canon of world theatre.
4. To encourage and commission writers, composers and artists to produce new, stimulating, challenging and innovative work.
5. To create and commission new and innovative work involving cross artform initiatives.
6. To create and produce work for children and young people appropriate to their age and development.
7. To create and develop work for new audiences, disenfranchised by location, culture, attitude or disability.
8. To build and sustain a team of directors, actors, designers, choreographers, crafts people, technicians and other essential staff, to enable the implementation of this policy.
9. To promote other theatre companies from differing cultures and of particular innovation within the overall programme of work.
10. To attract and promote the best in dance and music within the overall programme of work.
11. To offer from time to time the resources of the Ubus Theatre to encourage theatre productions by sections of the community.
12. To sustain the Studio for as long a yearly period as possible to balance the main theatre programme, and without which the fundamental artistic policy cannot be achieved.
13. To sustain and develop the use of the foyer spaces for visual art exhibitions.
14. To develop the artistic policy within the financial and physical resources available to the Ubus Theatre.

APPENDIX 4.2

Ubus Theatre
Budgetary Control
Authority/Responsibility for Income and Expenditure

NON DIRECT PRODUCTION LINE ITEMS	AUTHORITY	IN CONJUNCTION WITH
INCOME		
Grants	Chief Executive	Theatre Accounting
Programmes	Head of Marketing	
Catering	Theatre Accountant	
Wardrobe Hire	Theatre Accountant	Wardrobe Manager & Production Manager
Lettings (Schools, Amateurs, Body Building, Bride of the Year)	Head of Administration	
Business Development (Hires, Sponsorship)	Head of Marketing	
Miscellaneous	Theatre Accountant	Production Manager
Interest Receivable	Theatre Accountant	
Royalties	Chief Executive	Theatre Accountant
PRODUCTION OVERHEADS		
<i>Salaries:</i>		
Production Management	Production Manager	
Wardrobe	Production Manager	
Workshop	Production Manager	
Elect and Sound	Production Manager	
Stage Crews	Production Manager	
Stage Management	Company Manager	
Elect and Sound Maintenance	Production Manager	
Transport	Production Manager	
Maintenance and Consumables	Production Manager	
Short Street Repairs	Theatre Manager	
Short Street Rent and Rates	Theatre Accountant	
Depreciation	Theatre Accountant	
Training	Head of Administration	
New Writing	Chief Executive	
Front of House Manager	Theatre Manager	

APPENDIX 4.2

Ubus Theatre
Budgetary Control
Authority/Responsibility for Income and Expenditure

NON DIRECT PRODUCTION LINE ITEMS	AUTHORITY	IN CONJUNCTION WITH
Disability Access	Theatre Manager	
Outreach	Head of Outreach	
ADMINISTRATION OVERHEADS		
<i>Salaries:</i>		
Directors	Chief Executive	
Front of House Manager	Theatre Manager	
Box Office	Head of Marketing	
Administration	Chief Executive	
Finance	Theatre Accountant	
Marketing	Head of Marketing	
Theatre Rent	Theatre Accountant	
Insurance	Theatre Accountant	
DIRECT PRODUCTION LINE ITEMS	AUTHORITY	IN CONJUNCTION WITH
INCOME		
Box Office	Chief Executive	Head of Marketing
Awards, Schemes, Grants	Chief Executive	Head of Administration
Sponsorship and Donations	Chief Executive	Head of Marketing
Co-production Income	Chief Executive	
Tour Income	Chief Executive	
EXPENDITURE		
Actors: including travel and subsistence		
Musicians: including travel and subsistence	Head of Administration	
Production Casuals	Production Manager	
Chaperones	Head of Administration	Company Manager
Creative Team Fees and Expenses	Head of Administration	Production Manager
Production Materials	Production Manager	

APPENDIX 4.2

Ubus Theatre
Budgetary Control
Authority/Responsibility for Income and Expenditure

DIRECT PRODUCTION LINE ITEMS	AUTHORITY	IN CONJUNCTION WITH
Actors: accommodation and subsistence*	Head of Administration	
Actors: travel	Head of Administration	
Musicians: accommodation and subsistence*	Head of Administration	
Musicians: travel	Head of Administration	
Other: accommodation and subsistence* (invariably foreign artists)	Head of Administration	
Other: travel	Head of Administration	
Travel: taxis (actors and stage management)	Head of Administration	
Carriage	Production Manager	Head of Administration
Transport	Production Manager	Head of Administration
Rehearsal Room Hire	Company Manager	
Audition Expenses		
Travel and Expenses: children	Head of Administration	Company Manager
Music and Scripts	Head of Administration	
Insurance	Head of Administration	
Miscellaneous: Hospitality Welfare (physiotherapy etc) Other	Head of Administration	Company Manager and Theatre Manager
Marketing	Head of Marketing	
Resident Staff: Front of House Manager Green Room Stage Door Production Manager Stage Management Workshop Paintshop Props Wardrobe Elex Sound Stage Crew Box Office Cleaners (invariably late nights, lets, visiting companies depending on contract)	Head of Administration	Theatre Accountant and Production Manager
Royalties: visiting companies	Chief Executive	Head of Administration

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APPENDIX 4.2

**Ubus Theatre
Budgetary Control
Authority/Responsibility for Income and Expenditure**

DIRECT PRODUCTION LINE ITEMS	AUTHORITY	IN CONJUNCTION WITH
Box Office Split: visiting companies	Chief Executive	Head of Administration
Guarantee: visiting companies	Chief Executive	Head of Administration
Contingency	Head of Administration	Theatre Accountant
NON DIRECT PRODUCTION LINE ITEMS	AUTHORITY	IN CONJUNCTION WITH
Telephone	Theatre Accountant	
Light and Heat	Theatre Accountant	
Security	Theatre Accountant	
Cleaning	Theatre Manager	
Repairs	Theatre Manager	
Postage and Stationery	Head of Administration	
Computer Supplies	Theatre Accountant	
Licences	Head of Administration	
Publications and Subscriptions	Head of Administration	
Travel	Theatre Accountant	
Corporate Hospitality	Theatre Accountant	
Legal and Professional	Theatre Accountant	
Office Equipment, Hire, Lease, Maintenance	Head of Administration	
Miscellaneous	Theatre Accountant	
Recruitment Costs	Head of Administration	
Health and Safety	Theatre Accountant	
Depreciation	Theatre Accountant	
Pension Fund Contributions	Theatre Accountant	
Marketing	Head of Marketing	
Bank Charges	Theatre Accountant	
Bank Interest	Theatre Accountant	
Box Office Computer Maintenance	Head of Marketing	
Theatre Service Charge	Theatre Accountant	

APPENDIX 4.3

Nova Theatre
Management Accounts
Income and Expenditure Account
For the 2 Months to 31 Mai 199-X³¹

	Actual to date £'000	Budget to date £'000	Actual in month £'000	Budget in month £'000	Forecast £'000
DIRECT INCOME					
Box Office					
Sponsorship					
Other Income					
TOTAL DIRECT INCOME					
DIRECT COSTS					
Productions					
Direct salaries					
Production O'heads					
TOTAL DIRECT COSTS					
CONTRIBUTION					
GRANT INCOME					
OVERHEADS					
Administration Pay					
Building costs					
Other Overheads					
Marketing					
Youth and Education					
TOTAL OVERHEADS					
SURPLUS/(DEFICIT)					

³¹ To respect the anonymity of the Theatre, I have reproduced this schedule without any numbers or explanations.

APPENDIX 4.3

**Nova Theatre
Review of Variances in the Month**

	Variance in month £'000	Explanation
DIRECT INCOME		
Box Office		
Sponsorship		
Other Income		
DIRECT COSTS		
Productions		
Direct salaries		
Production O'heads		
GRANT INCOME		
OVERHEADS		
Administration pay		
Building costs		
Other Overheads		
Marketing		
Youth and Education		
TOTAL		

CHAPTER 5: RESULTS INTERPRETATION

I. INTRODUCTION

The time has come to examine the extent to which the empirical investigation of four not-for-profit theatres can shed light on our understanding of accounting in action. I begin this analysis by presenting the fundamental principles behind my interpretation of the evidence collected; then, I shall examine individually each of the four sample theatres in light of the first two questions of this thesis:

How does the reciprocal relationship between individuals and MAS within a not-for-profit performing arts organizations take shape?

How —in this reciprocal relationship— does MAS take its place within relations of power?

I have chosen to perform a case-by-case analysis since, as shown in my literature review chapter, the functioning of MAS varies from one organization to another. Thus MAS is not only an objective and rational element that solely influences organizational functioning; it is also an element that can be reciprocally influenced by its specific organizational context. To this extent, my analysis must recognize the “distinctive character” of each organization’s MAS. Subsequently, it is important to bear in mind that, as mentioned in the preceding chapter, in the four theatres investigated there was no clear distinction between financial and management accounting. However, from the data presented in that chapter, I have determined that there were two accounting “oriented” systems: one overseen by the administrative managers and the other in the hands of production managers. Given that the interviewees have identified the first of these two systems as their MAS in each analysis, I will designate the system controlled by administrative managers as the “official” MAS,

whereas the system administrated by production managers will be referred to as the “un-official” MAS.

I will then turn to examine my last question, namely:

Why does the power of MAS (in the sense of its pivotal role in the interactions of organizational actors) manifest itself in different ways in different not-for-profit performing arts organizations?

I will perform a cross-case analysis based on the responses to the first two questions. As a means of structuring the analysis, each of the four individual interpretations will be presented in three *acts*, and the comparisons across the four theatres will be entitled the *epilogue*.

In Act I, I shall first provide, for each theatre, an “interpretive summary” of the evidence detailed in the preceding chapter with regard to a) activities b) systems and c) management structure. My objective is to set the scene for both the *strategic* and *systemic* analyses that will follow. Since I wish to analyse the reciprocal relationship between individuals and MAS in terms of relations of power, I conclude Act I by identifying the actors that I have viewed as being at the forefront in the search for, or exercise of, power within the organization.

Act II consists of the *strategic analysis*. My objective is to examine the strategy of actors who are searching for or exercising power, to clarify the extent to which —in a context in which the pertinence of MAS is not taken for granted— MAS represents a resource used by individuals to increase their respective margins of liberty. To do so, I describe each actor’s

games in relation to the relevant zone(s) of uncertainty and try to pinpoint the place of MAS in these games.

In Act III, the MAS –as a structural constraint– comes under examination. With the *systemic analysis*, I aim to situate the relative influence of MAS on power relations, compared to the other “concrete systems of action” and specific environmental constraints. For example if, in the strategic analysis, I have concluded that the MAS was a resource used in one actor’s games to increase his margin of liberty, it is in the systemic analysis that I shall evaluate whether the MAS is, in fact, a significant resource used to obtain power. I shall also assess the extent to which the MAS is used to control a relevant zone of uncertainty, the nature of any source(s) of power ensuing or derived from the MAS, and the effect of environmental (i.e. economic and social) constraints, on the influence of MAS. Act III concludes with an assessment of the presence and importance of MAS in terms of power relations in each of the four theatres.

In the Epilogue, I will draw comparisons and conclusions across the above four case study analyses in order to single out and identify the distinctive elements that characterize the presence and importance of MAS within organizational power relations.

II. FUNDAMENTAL PRINCIPLES

In keeping with the approach outlined in Chapter 3, I have tried, as an interpreter of MAS in their organizational contexts, to “put myself in the place” of the various actors examined during my stay at their company, in order to search for the “deep sense” that is often hidden

behind the apparent “sense” or “nonsense” of their testimonies (Crozier & Friedberg, 1980). In other words, in order to evaluate the importance of MAS in each theatre, my initial aim has been to respect interviewees’ standpoints and perceptions, while reconstructing the significance of their behaviours in terms of the structure of MAS in their organization. The goal therefore is not to evaluate or to criticize their uses of MAS but rather to understand the way in which MAS function within a context which is not primarily driven by “profit maximizing/cost minimising” objectives.

One major hurdle behind this reconstruction task was striking a balance, as an investigator, between my *exteriority* and *interiority* while I was in the field. For example, the descriptive data that I collected might have reflected false reticence or false openness, and I needed to remain vigilant in order to evaluate the degree to which reticence was a sign of prudence (being careful about what one says), and how far openness might reflect a disarming strategy (appearing to tell the “whole story” but keeping something hidden by appearing so open). It is by constantly comparing what I perceived as an outside observer with what I decoded from the responses of the interviewees, and then by resolving anomalies between these two sources of information through a comparison with the perceptions of other interviewees, that I have hoped to succeed in unearthing deeper regularities beneath the surface meaning of what was said (Friedberg, 1981).

III. CASE-BY-CASE ANALYSIS

A. Ubus Theatre

1. ACT I - Interpretive Summary

The data collected apparently reveals that Ubus employees' perceptions and opinions about their organization's operations and components vary depending on the employee's hierarchical position. More specifically, there is a core of three persons, namely the Chief Executive, Artistic Director and Accountant, who represent the "top management," then there are the "others". In terms of how activities are perceived, there is a clear gap between the perceptions of the "top three" and those of the remaining managers. Whereas the top three reported an integrated set of activities, the lower echelons perceived a gap between what the top three do and their own actions. The MAS is seen by everyone as irrelevant, but whereas the Chief Executive and the Accountant have claimed that there were insufficient financial resources to improve the MAS, the other department managers blamed top management for remaining inactive despite the fact that they knew that improvement is possible. For all employees, planning mainly centres around short-term budgeting. Top management believes that each department manager is in charge of his(her) budgeting section, yet the department managers complained that they had little room to manoeuvre. In a parallel manner, the top three described a relatively open internal structure, whereas the others spoke of a hierarchy with decision-making located exclusively at the top. Lastly, in terms of external management, senior and subordinate personnel alike reported that the system is a failure: the Board of Directors were described as "rubber stampers." The top

trio considered this situation “necessary,” in order to preserve the open system they saw themselves as running. However, for the other employees, this situation was simply another proof of the gap they believed existed between themselves and top management.

In this not-for-profit theatre, the actors’ strategies evoked –ironically– a *business* atmosphere. (The name UBUS has been chosen from letters of the word business). In this performing arts organization, actors’ games are strongly influenced by the hierarchical structure. There are three distinctive groups of actors: the top three, middle management (namely other department heads) and unionized employees.

During my stay, I was constantly under the impression that I was in a factory (figuratively, of course) and that there was little contact between top and bottom individuals. The descriptions offered by the top three (Chief Executive, Accountant and Artistic Director) of activities and relationships as “team work” and “open doors” initially surprised me. Nonetheless, I rapidly invalidated this “cheerful” atmosphere by analysing the responses of all the other interviewees and by noting memos stating that thieves were possibly circulating among employees because personal belongings were disappearing every day. According to the five other interviewees¹, the climate was rather tense. Moreover, employees below the “top three” said that they had little room for manoeuvre.

¹ Head of Administration, Production Manager, Head of Sales, Marketing and Development, Theatre Manager and Stage Manager.

It appeared to me that the actors who were in search of power were all trying to increase their respective margins of liberty by controlling the activities, personnel and functioning of the Theatre. In addition, I observed that the MAS was –either indirectly or directly– used as a key resource in their games. Below, I analyse the strategies of five Ubus actors: the Artistic Director, Chief Executive, Accountant, Head of Sales, Marketing and Development and Production Director. I will also clarify the role of MAS within their respective strategies.

2. ACT II - Strategic Analysis

The Artistic Director's strategy was driven by his total devotion to the creation and production of plays. Through control of the Ubus programming, he gained a prestigious reputation for himself and for the Theatre; thus, he was perceived as “essential” for the Ubus' success, and the other employees had to accept the Artistic Director's whims. Although his radical aversion to any *administrative* issues was still in accordance with the projection of his *artistic* image², as I related in the preceding chapter under activities description, he nonetheless had to consider budget limits and financial restrictions in his selection of plays. Consequently, the MAS represented an indirect component of the Artistic Director's strategy despite the fact that his discourse and behaviour completely denied any involvement whatsoever with accounting figures.

² The Artistic Director's office was disorderly; clothes, deodorants, after-shave and cold drinks were strewn all about. He did not feel particularly embarrassed by this state; in fact he justified it by saying that he was never in his office doing “paperwork.”

The strategies of both the Chief Executive and the Accountant had similar foundations, namely control over the Theatre's personnel and operations. The tool primarily used to wield this control was the MAS, in particular **budgeting figures**. They both used quantitative information as the ultimate measure of the Ubus's success, regardless of the fact that the internal climate was deteriorating. Both directors ran the Ubus like a for-profit business, and expressed satisfaction with all aspects of their enterprise as long as the bottom line was positive. They viewed the MAS not as a means to attain success, but rather as an end in itself. Although the dissatisfaction with the system might have been ubiquitous there was no need to change it if the deficit was decreasing³. The object of the game was to manipulate the data to please the rest of top management and senior board executives. MAS was –in both the Chief Executive's and the Accountant's strategies– of primary importance. However, this decision took its toll on the one hand, on positive employee relations, and on the other hand, on employee satisfaction with their working conditions.

Reporting to this male "top trio", the female Head of Sales, Marketing and Development was also trying to increase her margin of liberty by controlling Ubus activities. She believed that the top three managers –in particular the Accountant– were using outdated methods of management, old-fashioned systems and outmoded channels of communication (i.e. private bargaining with Board members) and were reluctant to change. Although she openly admitted her divergence with the Accountant's control strategies, she rapidly came to understand that the "accounting numbers game" was vital, so she decided to improve

³ I explained in Chapter 4 that in the last two years, the deficit has decreased by 67 %.

management accounting practices in the area of budget responsibilities (explained in Appendix 4.2). Instead of remaining disgruntled in the marketing department and being accused of errors arising from a deficient MAS, she chose to play the game by the other players' rules. Thus, even if the MAS seemed to run counter to her convictions, the Head of Sales, Marketing and Development had to incorporate the accounting system into her strategy to increase her margin of liberty.

Furthermore, the Production Manager's situation deserved a closer look even though I could not detect evidence of his search for greater power within the Ubus theatre. I observed that despite the fact that he was in charge of the largest portion of the budget, the Production Manager was not struggling to increase his margin of liberty through his use of the budgetary system. Rather, he strived to execute his duties with professionalism and to manage his production team effectively. He confessed that the working climate exhausted him, as did being under the control of too many individuals: the Artistic Director or guest designers (a new designer was hired for each production), the Chief Executive or the Accountant and even the unionized staff schedules⁴ (In fact, three months after my stay, he left the Ubus for good, for a production company somewhere in China). His quiescent attitudes and behaviour had certainly helped to maintain the predominant place occupied by the obsolete MAS, which is analysed below.

⁴ In Chapter 4, the Production Manager had expressed his dissatisfaction with being overly involved in personnel management.

3. ACT III - Systemic Analysis

At the Ubus, I distinguished four different organized systems, each of which I associated with one actor: the marketing-box office system, controlled by the Head of Sales, Marketing and Development; the “official” MAS, managed by the Accountant; the “un-official” MAS, directed by the Production Manager; and the programming system, under the responsibility of the Artistic Director. To a certain extent, the Chief Executive had *veto* rights over selection of the system to be privileged. I believe that his decision to control Ubus activities by means of the MAS was affected by the most important zone of uncertainty for the Ubus: the profitable bottom line. Thus, the Chief Executive’s way of dealing with the increasing demands of funding bodies in terms of quantitative measures of success has been to attack the deficit and to present profitable results to Board Executives.

Even if there were, on the surface, two organized systems —along with their respective managers— to help the Chief Executive generate profitable results —namely the audacious and attractive programming of the Artistic Director and the Accountant’s business-oriented way of harnessing the MAS— the latter system was, I concluded, *the organized system* which allowed artistically audacious programming. The MAS represented the *expert* source of power since it was the “official” MAS that the Accountant used to convey a profitable situation. Secondly, the MAS and its quantitative figures were the best way to communicate with Board Executives, who represented the *relevant environment* for the Ubus’ survival. Thirdly, the MAS was the *channel of communication* through which the relevant information

needed to pass. Lastly, the MAS served as the basis for implementing and utilizing *organizational rules*.

As an example of the first source of power, consider the game played by the Accountant with the production costs of a less profitable play and a successful one. His method of “playing with the numbers” showed that he possessed the skills, experience and knowledge to reduce the Ubus’ most important zone of uncertainty: the profitable bottom line. Using the MAS to deal with Board Executives was undeniably a wise tactic to prevent the theatre from being controlled by outsiders such as Board members. Since top management was not interested in having Board members interfere in Ubus management, they used the business language that Board members understood best: accounting figures. In terms of communicative channels, it is worth noting that the “un-official” MAS, controlled by the Production Manager, should have been the best tool to convey relevant management accounting information. However, due to the prevailing influence of the “official” MAS, the “un-official” one was neglected. Furthermore, the attitude of the Head of Sales, Marketing and Development towards the implementation of budgetary responsibilities with respect to the MAS was again significantly revealing of the importance of the MAS as the basis of organizational rules.

Despite the fact that the “official” MAS was described as obsolete and irrelevant for controlling the Ubus day-to-day activities, it is not surprising, after the identification of the sources of power it had created within the theatre, to detect the strong influence exerted by the MAS on the actors’ strategy. As explained in Act II, the strategy of the four actors

identified as being at the forefront in their quest to increase their respective margins of liberty (the Chief Executive, the Accountant, the Artistic Director and the Head of Sales, Marketing and Development) was constantly influenced by this “official” MAS, which was not at all economical, effective and efficient (the three criteria advocated by traditionalists in management accounting research).

In this particular organization, the MAS’ role was grounded in the political games initiated between individuals inside the Ubus and its outside managers, namely Board executives. Examining the presence of MAS from the standpoint of the relations of power suggests that the MAS had been largely designed to satisfy “external” constraints such as avoiding grants cuts from Local Authorities or the Arts Council or deterring interference from Board members.

At the Ubus, the MAS operated as the common discourse that connected the organization to its environment. However, with regard to internal operations, the MAS per se is not what counted the most on a day-to-day basis⁵. In this case, the “official” MAS was variously shaped by individuals’ actions, and thus became the concrete system of action which oriented the Ubus’ relations in terms of external constraints. Superficially, the image projected is what was desired by the managers: quantitative results are improving. Nevertheless, inside the Ubus, this method of applying and even manipulating the accounting figures had undermined the credibility of accounting systems and practices as tools to help the

⁵ I believe that the “un-official” MAS, overseen by the Production Manager, would be the one regarded as important by individuals who wished to increase their respective margins of liberty.

performing arts institution to better manage its scarce resources. The specific characteristics of the context were neglected, and the MAS consequently fomented conflicts among actors, as well as harming the atmosphere. Moreover, the MAS was generally perceived as consuming excess time and energy by actors below the top three managers, who were in fact keeping these actors at a distance from the “official” system.

B. Nova Theatre

1. ACT I - Interpretive Summary

At the Nova, all of the employees were proud of “their” theatre, and everyone aspired towards high standards in their work. Therefore, the presentation of high quality performances along with the educational and outreach mission were determining factors in activity selection despite the fact that, for both the Artistic and Production Managers, the business side of the theatre sometimes necessitated consideration of the impact on box office returns above quality. Nevertheless, it seemed that box office constraints had not begun to hinder the team nor had they tainted the friendly atmosphere in which activities were selected. The MAS owed its efficiency to one person: the Finance Manager. All employees, from senior management to accounting clerks, attributed the effectiveness of the MAS and the reports to the arrival of the part-time financial manager and to the changes she had put in place. This young woman admitted that when she started, it was hard to change employees’ mentalities, but now that she had earned their confidence, she was planning to computerize the old box-office system and the production system that was presently independent of the MAS. The short-term planning system involved SMT (senior

management team) members at one stage or another, and all members were satisfied with their roles in selecting the program. As for long-term objectives, the Chief Executive had headed numerous sub-committees comprised of SMT members. In terms of internal management structure, the Nova seemed to be run smoothly by the Chief Executive. The working atmosphere was described by all interviewees as friendly. The Chief Executive had implemented an open-door policy: she wanted to be respected in a family-like context. She had promoted interaction among all employees, and the respondents greatly appreciated her leadership. Furthermore, the external management structure represented by the Board of Directors, was now respected by Nova employees. The Chief Executive and Finance Manager had significantly heightened the Board members' interest in the business side of the theatre. However, the Artistic Director still hoped to broaden their artistic vision.

Six months before my investigation, the Nova had reorganized its management structure. The bicephaleous structure with the administrative and artistic directors at the top of the internal hierarchy had been replaced by a Chief Executive position as stipulated by the Arts Council⁶. This imposed structure, not at all appreciated by the artistic team of the Nova, seemed nonetheless to prove beneficial for both Theatre activities and employees. I characterized their "new" way of managing their organization as an innovative one, since I felt that Nova actors were trying to adapt the imposed way of managing to their specific situation. (The name NOVA has been chosen from the word innovative).

⁶ See Chapter 3, under C) Data collection process, [iii) pilot study].

I sensed immediately that my presence in this Theatre was welcome. I received a letter from the Administrator with an interview schedule of the personnel I asked to meet⁷. The atmosphere seemed quite relaxed, office doors were all open, and people appeared happy to be there. I was initially suspicious of this cheerful climate but I rapidly grasped that most employees enjoyed their working conditions.

This pleasant atmosphere was apparently attributable to one person: the Chief Executive. Before her appointment, the Nova's atmosphere had been hampered by the theatre's fight for survival in the wake of a sizeable cumulative deficit. However, on the strength of the Artistic Director's solid reputation and a positive evaluation of Nova management by the Arts Council, funding bodies gave the Nova a chance to rectify the financial situation. Since her appointment, the Chief Executive had devoted all her energy to striking a smooth and harmonious balance between administrative and artistic issues. From what I observed and heard, in a few short months she had achieved tremendous progress in reconciling the two areas. While upholding the high standards of quality for productions, she had also increased the efficiency and reputation of the MAS in the opinion of everyone that I interviewed. In collaboration with the Chief Executive, who had a lot of trust in her abilities, the Finance Manager overcame hurdles to successfully implement new management accounting procedures and reports, adapted to theatre activities and to the personnel, who did not relish analysing numbers. Even though I tried to investigate or unearth any residual signs of the conflicts that had taken place in the first few months of the Finance Manager's appointment,

⁷ Apart from the Artistic Director, who had to change his meeting with me, I met everyone according to this schedule.

Chapter 5

I could only detect a certain fear and slight frustration on the part of both the Artistic Director and Production Manager. These feelings stemmed not so much from the work performed by the Finance Manager, but rather from the increasing importance of the business side of theatre activities in general, best represented by the increase in administrative requests and the inflation of accountability.

From the evidence collected at the Nova, I concluded that the central issue was reconciling “business” objectives with existing aesthetic goals in a harmonious manner. Paradoxically, in this search for harmony, both the Chief Executive and the Artistic Director were at the forefront in their quest to increase their respective margins of liberty. Below, I examine how the MAS had been incorporated into respective strategies of these two Nova actors. I shall also examine in less detail the strategies of the Finance Accountant and the Production Manager.

2. ACT II - Strategic Analysis

At the Nova, the Chief Executive’s leadership role was crystal clear. It seemed that her appointment as the “ultimate authority” had changed the internal life of the theatre. I believe that an important key to her success lay in the fact that she was controlling a sizeable and relevant zone of uncertainty: reducing the deficit while striving to minimize the impact on the theatre’s artistic mission.

I wrote in my conceptual framework chapter that

(t)he power of an actor is a function of the size of the *relevant zone of uncertainty*... A relevant zone of uncertainty influences the *capacity* of the parties to act. Consequently, it is an actor's capacity to act within the relevant zones of uncertainty, that enables them to increase their power (chapter 2, p. 67).

I believe the Chief Executive played two different types of games since she had to deal with two different zones of uncertainty. First of all, she had to maintain good relations with her Artistic Director, because the Nova's artistic reputation had always been vital to the theatre's success⁸. At the same time, the Chief Executive had to significantly improve the quantitative results of the Nova to satisfy Board members and ultimately to ensure the theatre's survival.

To reconcile these two apparently incompatible issues, she used a strategy of delegation and education. In her mission to improve quantitative results, she knew she had to fine tune the MAS, yet she anticipated the tension that such changes might create. Thus she chose to delegate this task to an external part-time accountant, not because this improvement played a role in increasing her margin of liberty (it did not), but because it was important for her to be able to implement these changes while retaining her "artistic" credibility in front of her artistic team⁹ in general and her Artistic Director in particular. Thus, the general acceptance of greater accountability at the Nova was not the sole accomplishment of the

⁸ In Chapter 4, I have explained that the Nova's survival had been ensured by its Artistic Director's reputation, recognized all over England.

⁹ The artistic team refers to the Artistic Director, Production Manager, Head of Design, Associate Director Community and Education.

Finance Manager. The success of the implementation of new accounting policies, procedures and reports actually stemmed from the Chief Executive's strategic plan. She had increased her margin of liberty because she remained outside administrative/artistic conflicts by hiring someone credible, flexible and able to adapt accounting language to the specific traits of the not-for-profit theatre reality. Moreover, she never abandoned the artistic vision espoused by her Artistic Director because she had faith in his artistic talents.

I propose that the Chief Executive's strategy was reinforced by the relationship she developed with the Finance Manager. Since the Finance Manager had always intended to let the Nova's personnel maintain the MAS by themselves after its implementation, she had in a certain way imposed her strategy of education on the Chief Executive. In implementing the educational aspect, the Chief Executive was supported by her Administrator who had full confidence in her work. The Administrator was highly committed to his duties and was strongly convinced that administrative and aesthetic policies could coexist harmoniously.

The Chief Executive's past experience as the Nova Administrator had undeniably taught her how to smoothly implement new administrative procedures, and thus maintain solid relations with the Artistic Director. Moreover, she was aware of the dangers that loomed on the horizon: if she assumed too dominant a role as the ultimate authority, and if she implemented too many administrative procedures, she would risk losing her Artistic Director's confidence, and possibly his presence, altogether. Therefore, her choice of evaluating the personnel apart from the artistic team was judiciously planned since she was aware of her Artistic Director's aversion to these types of procedures.

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In such a critical administrative context, the Artistic and Production managers' attitudes and behaviours were in accordance with their backgrounds, image and convictions. They had resigned themselves to placing less emphasis on artistic concerns in theatre management, because the theatre's survival was at stake. Meanwhile, neither of them used computers¹⁰, they both preferred to be on-stage rather than behind a desk, and they both believed that the vocation of "the theatre" was rapidly decreasing. For the Production Manager, it is worth noting that he seemed quite annoyed by the large number of *business* practices. For him personally and for the Nova, it would have probably been more efficient to automate budgeting procedures. However, the Production Manager had refused installation of any computer systems not so much because he was unable to cope with these machines (as he said) but because it was for him a way to reject the growing business side of the Nova¹¹.

The Artistic Director conveyed less resistance to the changes initiated by the Chief Executive. The Artistic Director's strategy involved putting the Nova's administrative destiny in the hands of *his* Chief Executive but, at the same time, keeping his eyes wide open to preserve the quality and the aesthetic side of the productions with which his name was associated. Because his artistic reputation was at stake, he would only accept additional accounting practices if his artistic convictions, such as the importance of educating the community to performing arts activities or the importance of giving Board members an artistic vision, were preserved.

¹⁰ The Artistic Director's office looked like a reading room with three bookshelves, a sofa, a coffee table, and a small desk. The Production Manager's office was filled with papers but the Manager had his own filing system under which he had no problem finding what he wanted.

¹¹ At the end of the Summer 1993, the Production Manager left the Nova for a smaller theatre.

Basically, I interpret the games played by both the Chief Executive and the Artistic Director as a **fair game** of “give and take” in which, as I shall explain below, the use of internal and external structural constraints were reinforcing their respective strategies.

3. ACT III - Systemic Analysis

The distinguishing characteristic of the Nova is the fact that dramatic changes were adopted in the theatre’s organizational structure without prompting a change in personnel. The shift from a bicephaleous management structure to a single *administrative* one in an institution not primarily driven by quantitative objectives could have had a negative impact. However, because the same actors were kept in place, my interpretation is that the rules of the game and the organizational objectives were already established: to reduce the deficit while minimizing the impact on the artistic mission of the Theatre, in other words, to improve the quantitative results of the Nova while preserving its artistic reputation at the same time. Because of the problems posed in reconciling these two issues, the programming system managed by the Artistic Director and the Chief Executive’s accounting system became a focal source of power.

[Even if there was a team under the Chief Executive to manage the day-to-day accounting procedures (i.e. the Finance Manager, the Administrator, the Marketing Manager and the Production Manager), the Chief Executive was, as demonstrated in the strategic analysis, the one who initiated, directed and controlled the administrative life of the Nova.]

The programming system had already established itself as a structural constraint since it had helped maintain the Theatre’s educational vocation (*expert source*). Moreover, it had gained an enviable reputation from the Arts Council and the general public through prizes won by

its Artistic Director and its Youth Theatre troupe (*relations with its relevant environment*); it had involved employees in the selection of plays (*communication and information flow*); and it had integrated an artistic vision into the three-year plan (*utilization of organizational rules and procedures*).

However, at the time of my investigation the key issue was deficit reduction. It appears that the new MAS was becoming the concrete system of action used to reduce this relevant zone of uncertainty. In a six-month period, the MAS had gained the approval of most employees¹², probably because the employees had been trained to use the MAS and because the accounting language had been adapted to the Theatre reality (*expert source*); the discourse was adapted to the external parties (e.g. Board members, funding bodies and sponsors) through production of “management reports” (*relations to its relevant environment*). Moreover, the MAS had taught all budget managers how to prepare budgets and perform a close follow-up (*communication and information flow*). Lastly, the MAS introduced mechanisms of budgeting procedures in order to meet the forecasts, along with a three-year plan with income/expense budgets (*utilization of organizational rules*).

To conclude, I believe that the importance of the “official” MAS within the Nova’s relations of power is mainly attributable to the following elements. First, the advantage of the “official” MAS and its managers, i.e. the Finance Manager and the Chief Executive, is that it encompasses both financial and management accounting in the same system and it tries to

¹² I exclude the Production Manager since he had continued working with his own manual system. However, I also observed that he was pretty late in calculating his budget positions although he did not admit it.

reconcile information from both the production and the administration departments in order to gain an accurate and up-to-date picture of the Nova's financial position. In this institution, the "un-official" MAS and its manager did not agree to follow the Chief Executive's strategy, and this is probably one major reason for the Production Manager's departure (see above, note 11).

Moreover, the presence and importance of the MAS is strongly related to the obligation of accountability which has been felt, over the past decade, by increasing numbers of not-for-profit businesses. The requirement imposed by the Arts Council on performing arts institutions (to be headed by a Chief Executive rather than by artistic and administrative directors), had put pressure on Nova's management to increase administrative and accounting controls. However, this theatre represents a concrete example where a MAS has been developed that equally promotes aesthetic and administrative objectives.

The strategy of actors who wished to increase their respective margins of liberty (the Artistic Director and the Chief Executive) undoubtedly helped the "official" MAS gain importance within the relations of power. At the Nova, the MAS assumed a structure that is adapted to the reality of the organized system. The importance of accounting practices did not hinder the Theatre from continuing to place priority on the presentation of high quality shows and the education of the community. In this specific theatre, accounting practices permeated day-to-day activities of a majority of employees but not at the expense of a pleasant working atmosphere.

C. Sila Theatre

1. ACT I - Interpretive Summary

At the time of my investigation, the Sila was in a recovery phase. A serious management crisis had led to the resignation of all of the senior managers (Chairman of the Board, Artistic, Administrative, Production and Marketing managers), in addition to a sizeable cumulative deficit. A new management structure¹³ and team had been put in place to regain the confidence of government and patrons. The main short-term objective was unanimously considered to be deficit reduction. To meet this objective, two compatible strategies for the selection of activities had been applied by top management. For the General Manager/Artistic Director (hereafter CEO, for Chief Executive Officer) and the Marketing Manager, the priority was to preserve the original mission of the Sila¹⁴ and to devise creative means of fund-raising. For the other interviewees, decreasing the deficit necessitated compliance with budget limits in each department. The importance of the Sila's MAS is closely related to the deficit reduction objective. For all employees, the MAS was synonymous with control over budgets and expenses. However, interviewees were equally divided in their opinions of their MAS. The improvements made by the Administrative Manager satisfied herself, the CEO and the Accountant, but the Production, Marketing and Box Office managers continued to rely on their personal parallel systems to satisfy their needs on time. The planning system had a short-term horizon and primarily concerned

¹³ The bicephalous management structure, with the Artistic and Administrative managers at the same level, has been replaced by the appointment of a General Manager/Artistic Director at the top of the hierarchy.

¹⁴ Since 1951, the mission of the Sila had been to present daring classical and contemporary plays with a great number of actors.

programming and budgeting. The process would start with the selection of plays by the CEO, the overall budgeting by the Administrative Manager and departmental budgeting by the managers concerned. During this crisis, everyone was so preoccupied with day-to-day work that they were unable to envision long-term planning. Even though the CEO had various long-term projects in mind, she had to concentrate her efforts on short-term issues to ensure the theatre's survival. The internal structure therefore seemed to resemble an adaptation phase. Employees had to learn from each other and to become accustomed to the new position of CEO. Whereas the core of women seemed to appreciate the working climate, it appeared less friendly and impartial to the two men interviewed. The Production and Box Office Managers had to deal with unionized employees and they both sensed serious tensions between top management and unions in that period of financial restrictions. Furthermore, since the appointment of the new Chairman, the role of the external management structure had significantly changed in the eyes of all Sila employees. The Board was seen as being mandated to represent the business side of the theatre; no one perceived an "artistic" role for it.

This not-for-profit institution was, at the time of my investigation, very much preoccupied by quantitative results. The size of the cumulative deficit undeniably motivated this pecuniary objective mainly because long-standing employees were afraid of losing their jobs, and because the new management team had been hired to reduce the deficit and keep the Sila alive.

Facing these difficult financial conditions was not, for the CEO, a reason to neglect the artistic vocation of the Sila, recognized for its audacious and elaborate productions. In Montreal, the Sila was known as “*the repertory theatre*” and its fight for survival sparked heated media coverage regarding the place of cultural industries in the province of Quebec¹⁵. (The name SILA has been taken out of the word classic, for *the* classic theatre in Montreal).

After the first two days of my investigation, I could sense that the working climate was very much compartmentalized. In two days I had interviewed the three managers under the CEO’s authority: the Administrative, Marketing and Production managers; each of whom had their specific duties and distinct relationships with the CEO. I also noted two partnerships, one between the Administrative Manager and the CEO and one between the Marketing Manager and the CEO¹⁶. However, the Production Manager admitted to having a very limited influence in that triangle of women. My interview with the CEO a few days later was enlightening: she acknowledged her total confidence in the Administrative Manager for controlling the Sila’s expenditures to reduce the deficit (e.g. budgets procedures, monthly financial statements, agreements with unionized employees) and her solid complicity with the Marketing Manager in all aspects related to increasing income (e.g. subscribers, selection of attractive plays, sponsorships).

¹⁵ For reasons of confidentiality, I did not reproduce any of the numerous newspaper articles related to the debate surrounding the possibility of closing the Sila.

¹⁶ It is interesting to note that the CEO’s office was in between the offices of the Administrative and the Marketing managers with a connecting door to each of the two offices.

The questions I then tried to elucidate were: Why is the Sila's management in the hands of these three women? and What was the place of MAS in this tripartite management? In both the strategic and systemic analyses that follow, I will propose an answer to these two questions by analysing the relations of power which influence these actors and the MAS.

2. ACT II - Strategic Analysis

My hypothesis was that to attack the Sila's vast relevant zone of uncertainty –decreasing the deficit and upholding the theatre's image as “the repertory theatre of Montreal” – the CEO was in need of competent acolytes. Since she was experimenting for the first time with the General Manager/Artistic Director position¹⁷ and since she admitted to being more concerned with artistic matters than with financial and business issues, she tried to find someone to reduce the expenses and increase income.

Despite her strong artistic convictions, the CEO was aware that deficit reduction was **the critical issue** in the Sila's survival. Therefore, she hired someone with a well-known reputation in administrating arts organizations in order to be relieved of the day-to-day administrative work. She placed her full trust in the Administrative Manager for all the Sila's business issues. Thus the CEO had more time to deal with the selection of plays, creators, directors, etc. She was in fact acting like an Artistic Director yet she was also the

¹⁷ Prior to this job, the CEO had occupied various artistic director positions and had been director of several productions across the province of Quebec.

final authority in decision making to avoid conflicts formerly caused by the bicephaleous management structure¹⁸.

At first glance, I believed that her involvement with the MAS was minimal. In her office, there was no trace of administrative work, no computer, and no filing cabinet¹⁹. However, after a few days on the premises, I observed her important but indirect involvement with the MAS. She obviously delegated all the administrative work to her Administrative Manager. The CEO was constantly asking her for reports, budgeting figures, statements, invoices, etc. Both women frequently met informally to discuss various topics such as improvements to the MAS, planning of Board meetings, negotiations with unionized employees, and the theatre renovations. I observed that in those meetings accounting figures and reports were frequently used and that the CEO was counting on the Administrative Manager's explanations to decode the significance of crucial data. Thus, the MAS was an indirect resource for increasing the CEO's margin of liberty. By means of her Administrative Manager's abilities, the CEO was using the Sila's quantitative results to justify Theatre decisions.

The CEO's interactions with the Marketing Manager were also significant. I could sense friendship and complicity between the two women. Both emphasized creativity, originality and audacity. Their minds were brimming with projects, they were very ambitious and they had the will to rescue the Sila from its negative situation. Again, when both managers were

¹⁸ The bicephaleous management structure refers to the top management position occupied by both the artistic and the administrative directors.

¹⁹ Her office was furnished with an antique table and chairs.

in their respective offices, they would often visit each other and would chat about the success of the plays, box office figures, marketing campaign and newspaper reviews, among other topics.

To interpret the behaviour and attitudes of the CEO's two acolytes, I believe that the Administrative Manager was totally aware of her business role at the Sila and she was minded to execute her tasks in the interests of the Sila's artistic vocation. Her games were basically financial and her main objectives were to control expenditures of all types (salaries, insurances, building renovations,...), to improve the preparation and presentation of accounting reports, and to plan the restoration of the theatre building. She had no specific interest in the artistic vocation of the Sila; in this area she had full faith in the CEO. She knew that improving the MAS was essential for the Sila's survival and that the CEO relied on her to improve it. Thus, I believe that she saw the opportunity to increase her legitimacy in the Theatre by implementing changes to the system that would satisfy both internal and external management.

As for the Marketing Manager, her games centred mostly on the income side of the theatre and consequently, she had no direct interest in the MAS to control expenditures. In her hands the MAS was simply a budget; too small, but nonetheless impossible to increase because of the substantial cumulative deficit. Instead, she chose to circumvent the MAS and to find other ways of revitalizing the Theatre's finances.

The activities, resources and behaviours of these three managers were tightly interwoven. With their respective strategies they were covering the Sila's entire zone of uncertainty. Thus, the place left to the Production Manager was very little even if he was also playing an important financial and managerial game by controlling day-to-day production expenditures with his personal system. From what he showed me, his system was a more accurate and efficient MAS, in that it produced up-to-date budgeting figures (for the largest portion of the overall budget). However, due to his inability to act within the relevant zone of uncertainty –his system was not the one used for external reporting and he was unable to pierce the three-woman complicity– I consider that he was a less important actor in the Sila's relations of power.

3. ACT III - Systemic Analysis

At the time of my investigation, in 1993, the Sila Theatre was a relatively new *system of concrete action* since all the managers had been replaced within the past 12 months. From the various *organized systems* that were taking shape out of the actions of individuals within the organization, I have identified four different systems which could potentially represent sources of power: the programming system managed by the CEO; the marketing box-office system controlled by the Marketing Manager; the "official" MAS under the responsibility of the Administrative Manager; and the "un-official" MAS directed by the Production Manager.

Here, the place occupied by the MAS in the relations of power was directly affected by the theatre's economic viability. Even if the programming system was foremost in the CEO's

mind and the marketing box-office system was crucial to land new sources of income, the “official” MAS was perceived as the *organized system* to achieve deficit reduction. This system was generating the four sources of power. For example, the MAS allowed better control over expenditures (*expert source*); it was the system used to convince Board members, funding bodies and sponsors of financial improvements (*relations to its relevant environment*); it acted as the system of reference in negotiations with unionized employees (*communication and information flow*); and was the system which everyone needed to respect in terms of their budgets (*utilization of organizational rules*).

However, one interesting aspect of the Sila’s concrete systems of action was their complementary nature. The “official” MAS served well to extinguish the “deficit fire” but not at the expense of the Sila’s artistic vocation. I did not feel that the MAS was permeating the activities of all managers in search of more power; nor did I feel that the system was perceived as creating conflicts. In this specific theatre, I postulate that the programming system was also creating the four sources of power and was, in fact, the concrete system that upheld the Sila’s legitimacy as the repertory Theatre of Montreal (*expert source*). From its past successful seasons, the Sila’s programming had gained popularity among a sizeable number of patrons (*relations to its relevant environment*). Moreover, the programming of daring plays represented the leitmotif of the Theatre, and plans to land new sources of income to maintain this objective showed that the Sila’s discourse was artistic rather than administrative (*communication and information flow*). Finally, the programming system represented the ultimate system, namely the one on which the artistic vocation is built (*utilization of organizational rules*).

In comparing the sources of power created by these two systems, I consider that the Sila's concrete systems of action were trying to adapt themselves to the environment. Since economic constraints were predominant, the CEO had to accept the fact that the official MAS needed to be at the forefront. However, I believe that as soon as the deficit situation proved to be under control, the programming system and its manager, the CEO, would reclaim their leading position in the relations of power because the Sila has, above all, an artistic vocation complemented by secondary administrative and accounting policies.

To conclude, I believe that the Sila Theatre was at the beginning of an organizational transition whereby each manager who wished to increase his or her margin of liberty would rely on their own abilities and organized systems to help the Theatre decrease the cumulative deficit without losing its artistic mission. The opposition between aesthetic and financial objectives was perceptible since some artistic compromises were necessary to correct the deficit situation. However, because the Administrative Manager was aware of the arts context characteristics, she was able to build an appropriate MAS.

In other respects, this otherwise interesting complementarity between artistic and administrative issues was suffering from one missing element: the Production Manager and his budgeting system. Too preoccupied by their relevant zone of uncertainty, oriented towards the external environment –their patrons and their financial backers– the three women in charge of Sila management had failed to consider the department in which the largest portion of their budgets was spent. Furthermore, the Production Manager was not aggressive in his search for more power in relation to the female trio. Thus, at the Sila,

understanding the importance of MAS from the standpoint of the relations of power revealed that the *concrete system of action* by which better quantitative results would be shown was not necessarily the system that was technically the most efficient. Rather, it was the system that reduced the relevant zone of uncertainty and which was managed by the actor, here the Administrative Manager, who was trying to increase her respective margin of liberty through this *organized system* (the “official” MAS). Therefore, the strong interdependency between the *actor/organized system/environment* is exemplified here, and can go a long way to account for the presence and importance of MAS within the relations of power.

D. Lamy Theatre

1. ACT I - Interpretive Summary

Apparently, two distinctive attributes characterize this family business: the importance of subscribers (an average of 70 % for the last ten years) and the low percentage of personnel turnover at all hierarchical levels. The first attribute represents attractive financial security, yet at the same time it limits the artistic director’s leeway in his selection of plays as well as the theatre’s share of public funds. According to the Artistic Manager, the Lamy is the victim of his successful management since the more it meet its budgets, the less it receives in government subsidies²⁰. The second attribute, employee loyalty, appears to be partly related to the successful management of the Lamy. All of the employees were proud to work for the theatre (even if they were not members of the founding family) and they

²⁰ The Lamy was receiving subsidies of only 25 % per year. See the comparative table of the four theatres in my sample (Table 4.4).

enjoyed their tasks and responsibilities. Rules and policies were firmly established even if they were not specified in writing²¹. The Chief Executive disliked formality, yet she acted as leader of many functions in order to orient the theatre's mission. In terms of activities, there were however, modest signs of changes initiated by the Artistic Director. Whereas the founding Artistic Director would select plays to satisfy current subscribers, his replacement introduced the production of one less traditional play per year in order to attract a new audience. For the Production Manager and the Accountant, this new vision was advantageous in light of the ageing subscriber population. However, with the exception of the above three, all interviewees believed that the highest priority was to select plays so as to please current subscribers. The functioning of the computerized MAS was independent from the two other computerized information systems: production budgets and subscriptions. Thus, the MAS was evaluated by the Accountant, Chief Executive and Artistic Director exclusively. These three individuals considered the MAS to be much more efficient since its automation, although both the Artistic Director and the Chief Executive had never worked with computers before. The short-term planning system concerned programming and budgeting. All employee had their roles and duties and the process started every year at the same time, for each employee. Long-term issues were planned for specific projects and were the responsibility of top management (i.e. Chief Executive, Artistic Director and Production Manager). The internal management structure was described as "friendly" by all employees. The Chief Executive practised an open door policy. She was respected as the ultimate authority but she nonetheless wanted to preserve the family-like atmosphere

²¹ For example, there is no organizational chart at the Lamy.

Chapter 5

The structure was adaptable and employees worked with other employees from inside or outside their department. At the Lamy, the Production Manager was highly positioned in the hierarchy: firstly because he was a member of the founding family, and secondly because he had occupied his position for the past nine years. Furthermore, his aptitudes for managing production budgets were well known both inside and outside the Lamy. This distinction is noteworthy since the Lamy is one of the rare theatres in Montreal with a large cumulative surplus. The external management structure was comprised of an “internal” Executive Committee (i.e. four Lamy managers). Subsequently, Board members played more of an advisory role than that of a formal authority. Two actors who often play in Lamy productions are members of the Board; in fact the Artistic Director wished to broaden the artistic vision of the Board by their inclusion.

In this relatively small organization (fifteen permanent employees), which was in fact the smallest of my four-theatre sample, I strongly felt that there was a *clan structure*, as advocated by Ouchi (1980), where social agreement among members is based on common values and beliefs and where forms of control are based on traditions. My “intrusion” in that organization was only welcome to a certain extent. As in a cohesive clan (like a family), employees were proud to relate the theatre’s successes yet they were reluctant to divulge any information whatsoever that could compromise their privacy: I was not a member of the clan. (The name LAMY is extracted from the word family). This clan or family atmosphere was not merely an insignificant characteristic, rather it was vital to the theatre’s functioning, something to preserve and defend. For example, I asked the Accountant, after a few days on the premises, for the financial statements. She had to

request the Chief Executive's authorization and I received the final version... with the figures erased.

The presence of the "founding father" was still perceptible and employees were talking of him as if he was still there. The Chief Executive was particularly proud of what she had achieved with the Lamy. She explained that during his reign, the Lamy had become the most popular theatre in Quebec's history, and its large volume of regular subscribers (20 000 persons per year) and box-office success sparked envy among all the rival institutions. To retain this impressive number of subscribers, I believe that the Chief Executive had decided to preserve the artistic vocation established by her father, which was to present traditional plays that should please a majority of subscribers. *Traditionalism, continuity, security* therefore represented the leitmotif of the Lamy theatre.

During my stay, I strongly felt the leadership of both family members, the Chief Executive and the Production Manager. Both managers were highly esteemed by the persons I met. They were respected for their talent and professionalism. Despite the absence of an organizational chart, it was understood that the Lamy was in the hands of these two managers. The Chief Executive was in charge of all administrative matters and the Production Manager meticulously controlled each expense in the production budgets. In fact, I felt that at the Lamy, the management dimension was the predominating rule. I also felt that, despite its belonging to the not-for-profit sector, this theatre was very much concerned with quantitative results. Their division between a Foundation company, a Touring company and the Theatre was one example of this business orientation. Nonetheless, they also wished

to preserve their aesthetic image and, in that respect, I felt that the theatre was entering a questioning phase.

The appointment of a new Artistic Director had slightly changed the sense of artistic vocation. Before his arrival, the main objective was to present plays that would satisfy the majority of subscribers. The new Artistic Director was questioning this artistic limitation. While he recognized the outstanding administrative talents of the two family members managers, I also believe that he was in a way challenging the three principles mentioned above, *traditionalism*, *continuity* and *security* because he had good reason to believe that the most important goal was to attract a younger audience since the subscriber population was ageing.

I believe that the Lamy was at a crossroads where the ideas of three persons were soon to clash, namely the Chief Executive, the Production Manager and the Artistic Director. At the time of my investigation, there was no clear consensus among them on what constituted the most significant zone of uncertainty. Thus, I see these three managers as striving to increase their respective margins of liberty in a situation of considerable uncertainty. I elucidate the place of MAS in each of their strategies in Act II. In Act III, I examine the relative position of MAS in the relations of power by comparing this system with other internal and external systems of concrete action.

2. ACT II - Strategic Analysis

In this family business, everything hinges on the Head. Before the founder's death, it was *his* business, then it became *his daughter's* business, as the new Chief Executive. In this case, as in a family, the Heads rarely delegate tasks, because they think that everything depends on them. So the numerous functions occupied by the Chief Executive (ultimate authority of the Lamy, Chairwoman of the Board, marketing department manager and responsible for negotiating the actors' contracts) clearly indicated that she was supporting most of the theatre's activities. In her games to increase her margin of liberty, she was delegating superficially but she was also preserving control by being at the top of all of the lines of hierarchy with the exception of the Production Department directed by her brother. In both the Artistic and Administrative departments, final decisions were made by the Chief Executive. As the Chairwoman of the Board, she was even controlling the external environment of the Lamy. For her, the most important zone of uncertainty was resolved by presenting plays to satisfy a majority of subscribers in order to guarantee the financial security of the Theatre.

Consequently, behind her "open door" style of leadership there were implicit rules, *traditions*, and a high level of *discipline* which had to be respected²². Again, despite the fact that she claimed to be reluctant to use computers and to be uninvolved in day-to-day accounting practices, her harnessing of accounting figures was evident. To fulfil the

²² Ouchi (1980) has advocated that these two characteristics —traditions as implicit rules and high level of discipline— precisely correspond to an organization functioning like a clan.

numerous administrative roles she held, she was consulting daily all types of reports produced by the administrative department in order to prepare, jointly with the Artistic Director, the first draft budgets for the next season, to approve promotional and advertising expenses and to chair Board meetings.

My interpretation is that her answers to my questions did not sufficiently reveal the “management by numbers” she was in fact doing. She was convinced that artistic achievements went hand in hand with financial success, so her behaviour was oriented to protect the Lamy’s financial security²³.

Turning now to the other full-time employee, the Production Manager, a member of the founding family, his preoccupations with quantitative results were also noticeable. Even though he had never received accounting training, he was constantly involved with budgets, management accounting practices and controls. He had even developed a computer program to verify his budgeting position at any given time. Yet, compared with the other theatres, there was nothing exceptional: there were once again two accounting systems, the “official” one in the Administrative department and the “un-official” one in the Production department. However, at the Lamy, the Production Manager was the ultimate authority for dealing with budget expenditures. In his strategy to increase his margin of liberty, he was trying to preserve the financial security of the Lamy by controlling the largest portion of budget expenditures at the source.

²³ In the following systemic analysis, I shall elaborate on the environmental constraints that were affecting her “financial” strategy.

At the Lamy, the selection of plays was based on one budgeting criterion: a limit of approximately 45 actors for one season. The Production Manager's games involved respecting this limit and always remaining below estimated figures. His behaviour and attitude were in accordance with the principles stated earlier: *traditionalism* (even conservatism), *continuity* and *security*. He was respected by his colleagues and employees because everyone recognized his aptitudes for his job. I believe that the Lamy's Production Manager was playing the most influential game within the Theatre. From what I observed, he had been able to convince everyone that he was occupying the best position to perform management accounting. In fact, I felt that the Production Manager, his games and the "un-official" MAS he was managing were occupying an even more important place in the Lamy's relations of power than did the "official" MAS. (In the systemic analysis, I will further explain this last comment).

Lastly, the Artistic Director's strategy was oriented towards the future artistic success of the Lamy. He was more concerned with developing a more audacious programming in order to attract a younger audience than with financial security. In a sense, I believe that he felt that the Lamy was caught between two issues. Either the Theatre continued to promote *traditionalism*, *continuity* and *security*, and it eventually would lose more subsidies and more subscribers due to old age; or, it should start to present less traditional plays, accept a drop in subscribers and, consequently reduce its cumulative surplus —but also draw in new patrons. The Artistic Director's games were focusing on the second issue. He was smoothly introducing one audacious play per season to please Lamy patrons, managers and employees simultaneously. In his strategy, he was trying to convince the two founding family members

that the Lamy was a victim of his successful management and the more they succeeded in meeting budgets the less they would receive from the government. Again, even if he said that his involvement with administrative or accounting procedures was minimal, he had to indirectly consider accounting practices and figures because artistic programming was based on quantitative elements. His strategy was nonetheless appreciated by employees interviewed; both the Accountant and the Production Manager said that they were in favour of the mix of traditional and less traditional plays. However, I suspect that when the time will come to go so far as to use the cumulative surplus to program audacious plays, the Artistic Director's strategy will meet with stronger resistance from senior management.

3. ACT III - Systemic Analysis

I have already described the Lamy atmosphere and personnel as corresponding to a cohesive clan. Now I propose that with regard to the personification of the organization and the establishment of its frontiers as well, the Lamy possessed the characteristics of a clan. In this tightly knitted organization, *concrete systems of action* were an extension of their respective manager. Since personnel turnover was very low, it became easier to work without explicit rules, organizational charts, and well-defined procedures. However, as argued by Ouchi (1980), a clan is often more directive than other organizational structures. In my opinion, the Lamy's functioning was very directive. Even if the discourse of each interviewee pointed to an absence of explicit rules, it appeared to me that all of the Lamy's practices and operating methods were clearly established and routinized. I observed three major systems that were serving the objectives of the theatre: the subscription system, the main accounting system (including marketing and advertising) and the production budget

system (including artistic programming). These three systems were all producing quantitative information and two of these three were accounting oriented.

It is interesting to note that the programming system was partly managed by the Artistic Director. In fact, he was in charge of selecting plays, but in his selection he had to respect the equality between male/female roles, the limited number of actors and the central issue: to please a majority of current subscribers. Moreover, the Chief Executive was the one negotiating actors' contracts. Thus, at the Lamy, the relative influence of quantitative information was predominant.

Each of the three systems identified above can be seen as generating sources of power. Firstly, it is quite understandable to want to safeguard a subscription system totalling 20 000 subscribers per year. Thus, the decision to implement an internal subscription system in 1985 (in contrast with the system managed by the rented complex) demonstrated the importance of subscribers. This system of concrete action was certainly serving the *organization's relations to its relevant environment*, being the system by which Lamy personnel were making direct contact with subscribers. It was also, from April to August, the system through which *communication and information flowed* since, as already mentioned, the Lamy's artistic vocation was based on subscriber satisfaction.

Outside the subscription period, I consider the "un-official" MAS to be the most influential in the relations of power. This system (the production budget system) was satisfying both programming and budgeting requirements; artistic choices depended on budgets for each

production (*expert source*). Technically, it was the most efficient system and all the information concerning productions needed to pass through the production budgets system (*communication and information flow*). Finally, as already explained, most *organizational rules* originated from this system in order to maintain a good financial situation. To complement this system, the “official” MAS was serving to maintain good relations with the Lamy’s *relevant environment* since accounting assistants were producing all types of reports to transmit the information inside and outside the Lamy²⁴.

I would identify at least three reasons for the predominance of the “un-official” MAS within relations of power. The first reason concerns the reciprocal relationship between an actor and a system; on that issue, this case study offers a clear example of reciprocity. The manager in charge of the production budgets system (or the “un-official” MAS) –the Production Manager– is an actor searching to increase his margin of liberty within the Theatre. In his pro-active strategy to control production expenditures, he is respected not only because of his family connections but also because of his vast experience with the Theatre. For years, he has been able to implement procedures and practices to avert financial disaster, and his success has expanded the role and importance of his system within the relations of power.

²⁴ As examples of reports produced, I received a copy of reports showing the various sources of income and expenses per year, along with reports on the percentage of subscribers through the theatre’s history and another on the seats sold per season to subscribers versus per individual performances. These reports cannot be reproduced in this thesis due to my confidentiality agreement.

The two other reasons are associated with the third dimension of my theoretical framework, the *environment*. Firstly, the Lamy has to deal with the lowest percentage of grant income of not-for-profit theatres in the Montreal area. With only 25% of funds guaranteed, rigorous practices must be developed to rein in potentially uncontrollable deficits. In such a context, the requisite energy to survive needs to be applied to the internal system of management accounting rather than to a system designed to satisfy outside parties. My perception is that the two founding family members in charge of the Lamy's management are aware of this reality and that is why the production budget system is crucial. Secondly, at the Lamy the usual external structure of management, the Board of Directors, is comprised of an "internal" Executive Committee (i.e. four members work at the Theatre). Therefore, Board members' requirements and evaluation criteria are no different from those inside the Lamy. In such a context, the "official" MAS relinquishes its credibility to the "un-official" system since it is with this latter MAS, directed by the Production Manager, that day-to-day management accounting operates.

IV. EPILOGUE

In this last section of the interpretation of my results, I wish to shed light on the distinctive elements that affect the position of MAS in the relations of power within my four theatres.

My objective is to answer the last question of this thesis:

Why does the power of MAS (in the sense of its pivotal role in the interactions of organizational actors) manifest itself in different ways in different not-for-profit performing arts organizations?

The individual analysis of each theatre above has illustrated that MAS occupy a notable place in the strategy of actors in search of increasing their margins of liberty within their respective organization. At the same time, for each individual case study, I have identified various elements which affect the way the MAS manifested itself within the play of power relations. Here I wish to compare these elements in order to understand their relative impact on the ways MAS takes shape within the relations of power. I propose to divide this comparative analysis into three sections: A) the environment, B) the organized system and C) the actor, according to the three dimensions of my framework. I leave for the next chapter, *Conclusion*, an overall appreciation of the adequacy of my theoretical framework.

A. The environment

My investigation of four theatres in two different countries indicates that MAS have become implicated in the play of power relations, in large part due to the fragile economical viability of not-for-profit institutions in the arts sector with their overall financial status. Considering the *most relevant zone of uncertainty* of each theatre, I observe that, even though they belong to the not-for-profit sector, the four performing arts organizations have become preoccupied with their overall profitability. Since their survival is strongly dependent on grants and sponsorships, and since each year there are fewer funds available to support arts organizations, they have adapted this accounting discourse to please their backers. Further, this discourse appears to be similar for the Midlands and the Montreal theatres, where it is heavily accounting-oriented as well. My empirical results suggest that MAS have a significant role within the relations of power mainly because figures and results that emanate

from the MAS are used to convey to the external *environment* how well or badly the theatre is doing in terms of quantitative achievements. Thus, the expert accounting knowledge easily becomes the register of any actor who has to deal with funding bodies, sponsors, Boards members etc., independently of his or her competencies in the accounting discipline. In such a context, it is not surprising to see the emphasis put on the accounting system intended for outside authorities (the “official” MAS).

So, returning to the idea I advanced in my Conceptual Framework chapter, concerning the importance of the *environment* as a third factor in the playing-out of relations of power, I would now conclude that this has been seen to have significant effects in all the theatres considered, and that it should be recognised as a key “third term” affecting what key actors do and say. It is apparent that effects generated outside the organization, but in both the *immediate* and the *political-economic* environments, have contributed, in both the British and Canadian contexts, to the proliferation of accounting measures, controls and reports. This “management by numbers” (Ezzamel et al., 1990) preoccupation presented in my four case studies seems to be even more accentuated in the British context, where there are certain “cultural” requirements not yet found in Canada. For instance, there is the formal requirement for having a CEO with an administrative or managerial background, now that theatres are abandoning the old bicephalous structure, where both the artistic and the administrative managers had the ultimate responsibility of administrating on a daily basis the theatre; and there is the “strategic” requirement, from the Arts Council, for theatres to submit a *three-year plan* with forecast figures and agreements for those three years in order to be eligible for funding. I see here the influence of important *social* and *societal*

constraints which have increased the importance of the role played by MAS within the play of power relations. In the British institutions, the Ubus and the Nova, although the “un-official” MAS appears as the *concrete system of action* which has the most significant influence at the day to day level on the games played by key actors, in this respect the “official” MAS also has a major and significant role to play, in translating pressures emanating from the external environment into the lived reality of the theatres. At the same time, or perhaps as a result, one can see, in the British theatres, that the relation between the internal concrete systems of action (in my conceptual framework, the *organized system* dimension) and external ones (the *environment* dimension) have been significantly redefined. For example, in these theatres, the role which the artistic director undertook, negotiating with outside representatives (e.g. Board executives, Local Authorities, Arts Council and sponsors) is becoming virtually non-existent.

Meanwhile, in the Montreal theatres, the absence of these particular environmental pressures does not necessarily mean that there is more freedom for key artistic players to keep control of production and performance values. However there is a rather different dynamic at work, in relations between the external environment and the theatres. My feeling was that players in the *immediate* and *political-economic* external environments were seen as becoming disengaged from the funding process. As a result, the importance attached to subscriptions (at the Sila and the Lamy), to the yearly fund-raising dinner (at the Sila) and to the Touring and Foundation companies (at the Lamy) represent various ways in which key players are responding positively to the decreasing financial involvement by external public bodies by shaping the external environment in the interests of the theatres themselves.

In the light of these very different situations, where governmental intervention is apparently increasing in Britain while it is decreasing in Canada, what can be concluded? I would suggest that, even if theatre managers in the British context are subject to increased accounting and management controls, they derive, as the other side of the coin, a strong legitimacy from being in charge of institutions which are seen as important local cultural entities. There are certain important “British” cultural values which they maintain: at a general level, for instance, they do so by raising community awareness of the theatrical arts (e.g. via youth theatre groups, ticket reductions for students, pensioners and the unemployed, disabled facilities and the Christmas Pantomime); however, they also do so within the organizational space of the theatre, where they reinforce important “hospitality” values, e.g. through the Front of House role welcoming patrons and making them feel “at home”, and through the catering and drinks sections, which help make an evening at the theatre “something special”. Such cultural-aesthetic factors are distinctively part of the British theatre experience. However, managers in Canadian theatres confront a very different cultural-aesthetic environment. Here, there is no strong tradition of going to an experimental theatre performance, nor a sense of “community” theatre in the British mould. Front of house values and catering services are not significant factors either. Instead there is a much more “private-sector” feel, e.g. in the fact that there are subscribers, who therefore have a feeling that they are exercising choice over production values; and of course, given that these are subscription theatres, the audience is mainly limited to wealthy adults²⁵ since there are no governmental policies to provide subsidised theatre for the less fortunate.

²⁵ Few theatres exist to serve a child audience.

How far do these cross-cultural comparisons suggest that there are *social* and *societal* impacts on the roles played by MAS within not-for-profit performing organizations? I would say that, in both geographical environments, even with two different types of *societal* constraints, an increasing preoccupation with administrative controls and accounting figures can be discerned, which seems to emanate from a cross-societal commitment to “the accounting way” of managing even post-modern organizations. It has been argued elsewhere (Robson, 1992) that accounting numbers as “inscription” enable *action at a distance*, and this view seems particularly relevant to the case of these not-for-profit performing arts institutions where key external agents (e.g. Board members and funding representatives) are often much more familiar with an accounting or business discourse than with an aesthetic one.

However, my results arguably then indicate a certain paradox concerning the “presumed efficiency” that should accrue with the adoption of accounting and accountability practices in these theatres. In fact, it is only at the Lamy theatre, where both the *immediate* and the *political-economic* environments arguably have less impact on the operation of MAS (since the Chief Executive chairs the Board and government help is reduced to a minimum) that a cumulative surplus exists. In this institution, my results therefore suggest, the internal or “un-official”, MAS is least likely to be affected by external environmental constraints. When considering this case, in comparison with the other three theatres, what can then be concluded? That the less public funding theatres receive, the more efficient they will be? Or, that the level of “efficiency” needs to be evaluated first in box office terms and then in

artistic ones? Or, that the production manager is underestimated as a key actor producing financial success? I would suggest the following.

Since the Lamy was receiving approximately 25 % of its income in grants, which was by far the lowest percentage in my sample (see Table 4.4 for details), the effectiveness of public funding does need to be questioned. Nevertheless, I do not believe that the equation that less funding equals more efficiency would, in the long term, prove viable for these theatres. My view is that the financial success of the Lamy was mostly a consequence of having discovered a very lucrative “niche” in terms of the middle-aged patrons they targeted²⁶. However, the Lamy’s traditional form of “good management” was now becoming problematic; by concentrating too much on financial success, the theatre had stopped growing artistically and taking artistic risks. The aesthetic environmental constraint which had helped the Lamy to be successful in the past (its subscribers) was now working against the theatre’s future, particularly compared to both the Ubus and the Sila where artistic risks were taken regularly. So there is no easy equation here of efficiency with a continued cumulative surplus.

In terms of the importance of box office figures, my conclusion is that, even if performing arts managers need to be concerned by box office success, they also need to keep in mind the artistic objectives of their particular theatre. As my four case studies have demonstrated, the “business side” of each theatre has grown in prominence over recent years, whatever the

²⁶ As already explained over 75 % of the Lamy audience was made of subscribers of over 40 years of age, meaning they had reached a life stage when people have more time for leisure since children have grown up and careers are established.

particular reasons and circumstances involved in the individual cases. Therefore, not-for-profit performing arts organizations face the possibility of losing their “raison d’être” at the expense of achieving economic quantitative success. My view is that, within this sector, a certain equilibrium needs to exist between artistic and financial objectives and outcomes, and such a “well-balanced mixture” may be best achieved in practice, if bodies from the external environment are kept at arms length when it comes to artistic decisions, as was generally the case in both the Ubus and the Sila theatres. In these two institutions, the internal artistic and administrative managers had a policy of keeping board members (let alone other funding representatives) well away from the process of selecting artistic programmes. The findings suggest that those two theatres had much more artistic freedom than the Nova and the Lamy where the policy was to sensitize the board members to aesthetic values.

Finally, the significance of accounting for the production manager role is something worth commenting on. As noted earlier, it was only at the Lamy, where a coherent system of “management by the numbers” had been developed within the organizational space and where the production manager has used it to increase his margin of liberty, that there was an “efficient” MAS, in the sense that the theatre’s budgets were generally accepted and respected by all the key actors. Perhaps one may tentatively conclude from this that “efficiency”, in the sense of meeting budgetary targets, should begin within the production department. Since this department, in all four theatres investigated, consumed the largest part of the theatres’ day-to-day expenditures, it is likely that the production manager will occupy a key financial position within most not-for-profit performing arts organizations. However, that key financial role needs to be counterbalanced by a constant aesthetic

preoccupation in order to reconcile both administrative and artistic objectives. Therefore, as stated above, “efficiency” is not, in such organizations, a term which simply equates with meeting bottom-line accounting-driven “profit” objectives.

B. The organized system: Sanction / Control / Empowerment

Related to the role played by the political-economic environment, I would conclude that, if the “official” MAS is influenced too strongly by such environmental demands or pressures then, it is unlikely that the organization will have an accounting system that is i) adapted to the theatre’s needs in terms of accounting practices or ii) in tune with the other systems of concrete action. In cases where the MAS is adapted to each organization’s specific situation and to its management philosophy and structure, it will certainly be a tool that enables arts managers to meet both the aesthetic and administrative objectives which are now required for their survival.

Inspired by Rousseau et al. (1995) in the literature review of *Management Control in Arts, Cultural and Communications Organizations*²⁷, I wish to define the MAS observed in my four performing arts organizations by adapting their three ways of classifying management control in relation to management accounting systems (MAS)²⁸. There is, the *MAS*

²⁷ Free translation of “Le contrôle de gestion et les entreprises des domaines des arts, de la culture et des communications”.

²⁸ According to Menard (1994), in his “Dictionnaire de la comptabilité”, both terms refer to techniques and tools elaborated to inform managers with quantitative data, on their organization’s performance. I interpret that the system is inclusive of the control.

sanction, “watch and punish” which is the traditional way of defining MAS with the establishment of hierarchical structures, rules and procedures; the *MAS control*, “prevent and improve” which focuses on the results and on means to improve them; and the *MAS empowerment*, “enable, educate and share” which allows everyone to be implicated in management accounting practices.

1. The MAS sanction

The data collected at the Ubus illustrated a theatre where the MAS is utilized within the relations of power, as if in a business oriented enterprise, and the ultimate use of the “official” MAS is to please Board members and funding authorities. The operating methods are based on *a posteriori* actions and the objective is to watch actors’ behaviours in order to find someone to blame if budgeting targets are not achieved. Were the promotional expenses too high for that production? Was the wardrobe underestimated? Were the technicians paid too much overtime? These were the kinds of questions that may have been asked at the Ubus because the quantitative figures were always examined *ex post*. As a consequence, actors in charge of budgeting an expense area (e.g. Production Manager, Head of Sales, Marketing and Development) had created their personal system of budgeting in order to be able to follow their budgeting position, something that was not done by the “official” MAS.

The political games played with the MAS might have served to please Board Executives and Local authorities but this was at the expense of both i) a proper adaptation to the theatre’s specificities and ii) a harmonious fit between organized systems.

2. The MAS control

The Sila's analysis has shown a theatre where, again, the MAS became embroiled in the relations of power due to external pressures. In this organization, considerable efforts were exerted to build a new MAS capable of rapidly detecting budget deviations since the Sila's bad financial situation was compromising its survival. If compared with the Ubus, the appointment of an administrative manager experienced in arts organizations resulted in a close consideration of the Theatre's characteristics in designing and implementing improvements in the "official" MAS. However behind these changes, the objective was to prevent budget variance and to improve overall results rather than to implement a system for the improvement of the overall budgeting process. Moreover, in this new organizational structure, as the management philosophy was taking shape, the *MAS control* was designed with little consideration of the other *concrete systems of action*. In fact, within this compartmentalized structure, there was an absence of dialogue on how to build a MAS that would do more than extinguish the "deficit fire". As a result, the *MAS control* neglected to consider the budgeting system (in the production department) as a tool to control the biggest part of the Sila's expenditures at the source.

At the Lamy, I also discovered a MAS focused on results. Yet in this theatre another form of *MAS control* was observed. As explained above, the influence of the *environment* dimension was not as important as in the other performing arts organizations of my sample. Thus, the Lamy's preoccupation with quantitative results was inspired by its management philosophy and by its willingness to meet budgets and to earn a surplus. Here, if compared

with the Sila, both what I have called the “official” MAS and the “un-official” MAS were employed to help the Lamy achieve its quantitative objectives. As within the Sila, the Lamy’s functioning was very much compartmentalized but here, because of a very low personnel turnover rate and a well established management philosophy, everyone knew what the others were doing and each *concrete system of action* had its duties and objectives. Besides, and most importantly, the budgeting system was, at the Lamy, the MAS by which control starts. Here, the *MAS control* had a long-term vision and certainly helped to achieve both aesthetic and administrative objectives.

3. The MAS empowerment

At the Nova, the management philosophy tended to support flattened structures, to involve employees and to make them responsible for their work. This way of managing an organization seems conducive to promoting a MAS that would enable anyone who so requires, to execute his/her part of the accounting work to satisfy the administrative objectives of the Theatre. Compared with the three other theatres of my sample, the Nova had found a way to implement a MAS with which i) there was no need to retain an administrative manager on a full-time basis (a part-time accountant is less expensive for the organization), ii) both the financial and management accounting could be performed on the same system (there were management reports for Board meetings and up-to-date budgeting procedures for budget holders), iii) it was possible to educate non-accounting personnel to specific accounting practices that will ultimately mesh. Thus, even if at first external pressures had also characterized the presence and importance of MAS within the relations

of power, I observed that the Nova theatre has been able to reconcile its aesthetic and administrative objectives with the help of an *MAS empowerment*.

C. The Actor

Finally, from my observations, I suggest that there was always some *actor*, or actors, constituting the one who had the first and last word in the role and importance of MAS within the relations of power in my four case studies. I will conclude this chapter by examining how the behaviour of key actors affected the impacts of MAS on the power structure.

To begin with, behind the *environmental* pressures which have introduced MAS within the relations of power there are, in fact, *behavioural* pressures since it was *actors* outside performing arts institutions, responsible for funding, who had first decided to increase the accountability of not-for-profit arts institutions. “Nonprofit organizations are externally accountable” said Agarwala-Rodgers & Alexander (1979) in a book for the management of not-for-profit organizations. Moreover, my four analyses have confirmed that Board members are mainly interested in quantitative figures and that all theatres managers recognized Board members’ business and political roles as intervening parties to land subsidies and sponsorships. Thus, it seems that these business actors initially accentuated the place of the accounting discourse within the relations of power.

Then, as also shown by my four investigations, artistic directors were not the most cooperative *actors* in implementing more quantitative practices²⁹. In fact, in all the theatres observed, artistic directors were the managers who had little involvement with MAS. However, by the imposition of a Chief Executive position in the Midlands or by the selection of heavily accounting oriented administrative managers in Montreal, the accounting discourse has started to permeate the day-to-day activities of numerous actors, independently of their accounting discipline competencies. Budgeting activities were not only in the hands of accounting professionals; it was one of the most widespread activities within each theatre examined. Aside from the accountant, finance manager, or administrative manager (who possessed the accounting skills), there was the artistic, production and marketing managers who frequently had to use the budgeting system for the selection of plays, for their productions and for their promotional activities³⁰.

In both the Midlands and Montreal, not-for-profit performing arts organizations have adopted the accounting discourse as *their business discourse* (even with their non-business orientation!) and my empirical investigations show that in spite of performing arts managers' willingness to keep their distance from accounting practices and procedures, they had to consider MAS within their strategy since their organizations have been permeated by the philosophy of "managing by the numbers" which is the post-modern world's panacea (Hoskin & Macve, 1990).

²⁹ The opposition between the arts and the accounting domains, often mentioned in the literature (e.g. Chiapello, 1991) was expressed in my empirical analyses.

³⁰ At the Lamy, even though there is no Marketing Manager, the Press and Advertising Officer, in charge of the Theatre's promotion had cited his involvement with budgets.

However, understanding MAS throughout the power structure has shed light on how the accounting discourse is, within not-for-profit theatres, shaped by actors' games and strategies in search of improving their respective place within the relations of power (or to increase their respective margin of liberty) through the MAS. Actors are having the last word as to what type of relationships they wish to have with their *environment* and as to what type of *organized system* (their MAS) they wish to manage. To complete this analysis, I compare, within the four theatres, the strategy of the actor I perceived as using the MAS to improve his/her margin of liberty most effectively.

The strategy of the Ubus' Accountant is definitely one to reject, if one's ambition is to have the MAS and its discourse accepted by other Ubus actors. Nevertheless, his games reconciliated both aesthetic and quantitative objectives since the Artistic Director had the relative freedom to be artistically audacious and since quantitative results were improving. The power of MAS manifested itself in a manner that was adapted poorly to the theatre's specificities and its other organized systems, but nonetheless it helped the Ubus to derive the desired elements from the environment.

The Nova Chief Executive's strategy seems totally opposed to the one practiced by the Ubus' Accountant, and as a consequence, the power of the MAS manifested itself in a way that was accepted by everyone since their needs and their traits were taken into consideration by the system. However, the Artistic Manager felt that he was victimized by this system since he was not in a position to take any artistic risks which might have compromised quantitative results.

The Sila's Administrative Manager's games are in a sense midway between the ones of the Ubus and the Nova. The MAS was not accepted by everyone but neither was it a hindrance to artistic realizations. Here, the power of MAS manifested itself in a manner that was primarily adapted to external pressures, and the success of the Sila was attributable to means other than a relevant MAS.

Finally, the Lamy's Production Manager strategy is the exception which proves the rule. In the three other organizations, production managers had extremely passive strategies in implementing their systems as the tool to improve quantitative results. In this organization, the power of MAS manifested itself in a way that effectively relegated artistic objectives to second place. His strategy was so inhibiting that the Artistic Director felt that the artistic vocation was beginning to be called into question.

Above all, understanding the presence and importance of MAS through the relations of power has shown that, despite a great variability between the functioning of MAS in the four theatres investigated, there is still generally a perception that accounting works against artistic activity. However, at the same time, at the level of everyday practices, all actors are either running across accounting or being driven by accounting-related and accounting-generated concerns. What then, should be the conclusion? Is the MAS, as a constraint that emerges with regard to the relations of power, helpful or harmful to the "raison d'être" of not-for-profit performing arts institutions? In the following and final chapter, my aim is to

Chapter 5

comment on the reasons why accounting can produce such paradoxical effects, and to evaluate the relevance of my theoretical framework for understanding the complexity of accounting in action.

CONCLUSION

I. INTRODUCTION

This dissertation has aimed to examine the impact made by the proliferation of new theoretical approaches, committed to studying the multiple roles of management accounting within organizations, on our understanding of the functioning of management accounting in action. The first section of this thesis reported evidence on the theoretical changes that have occurred over the last fifteen years, however it has also revealed a relative lack of empirically based studies which analyse the organizational, behavioural, social and societal nature of MAS and practices, on the ground.

In the first portion of this concluding chapter, I evaluate the contributions made by this doctoral project with regard to the objectives fixed in the introduction. In the second section, I comment on the impacts of my findings for both the arts and the management accounting communities. In the third section, I present the contributions of my empirical results for understanding the complexity of accounting in action by evaluating 1) the relevance of my framework and 2) the impacts of my findings on the management accounting research agenda. Finally, in the last section, I highlight the limitations of this study and the directions for future research.

II. CONTRIBUTIONS IN RETROSPECT

The major objectives of this project were: 1) to understand the ways in which alternative views have developed within the management accounting research agenda and the reasons for this development; 2) to develop a conceptual framework which might capture the

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operation of power via management accounting within organizations; 3) to investigate, using this framework, an organizational context rarely examined by management accounting academics and 4) to utilize alternative research methods with a view to improving these methods in the portfolio of management accounting researchers.

A. The place of the alternative agenda

This thesis has provided –by examining changes in the management accounting research agenda from the point of view of the alternative wing– a different perspective on the dominance of the traditional view in the management accounting field. The literature review for example has shed light on a form of “inconsistency” within the alternative wing developments. Whereas proponents of non-traditional roles for MAS and practices within organizations have strongly advocated the need for investigating management accounting in real organizational settings, they have tended to develop **theoretical** models or explanations focussed on the *organizational, behavioural, economical, social, and societal* implications of MAS and practices. As a consequence, the alternative agenda “reaps what it has sown”, in the shape of an imposing number of theoretical propositions on how management accounting operates in various organizations, combined to very few empirical studies trying to validate these propositions. This investigation of alternative papers published within the last fifteen years has enabled me to conclude that, in order to complete the *institutionalization* of the alternative agenda, a more substantial production of empirical studies is required.

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B. The interpersonal power framework

In an attempt to contribute to the ongoing *institutionalization* of the non-traditional wing, I have proposed a framework that may help to account for the complexity of management accounting in action, developing a *method of analysis*¹ for observing the way in which the reciprocal relationship between individuals and MAS within organizations takes shape. This has shown that it is feasible to represent MAS as being part of, and giving shape to, organizational reality (Roberts & Scapens, 1985; Hopper et al., 1987; Laughlin, 1987; Lavoie, 1987; Morgan, 1988)². Moreover, this framework has innovated by considering the influence of individuals' actions on the functioning of MAS. Not only were the individuals inside the organization included in that framework, but also the ones that revolve around the organization's boundaries i.e. "external" key agents who can directly affect the presence and importance of MAS and practices within this organization. Finally, this *method of analysis* –by examining MAS from the standpoint of the power relationships– has operationalized the theoretical point of view advocated by Hoskin & Macve (1986), Hopwood (1987) and Miller (1994) among others, concerning the active and direct implication of MAS in the economical, social, institutional and societal transformations.

C. The not-for-profit performing arts context

One distinctive feature of the thesis is its selection of a context which has been rarely investigated by management accounting academics. My choice of the *not-for-profit*

¹ I refer to the term employed by Crozier & Friedberg (1980). See Chapter 2 for detailed explanations.

² See Chapter 1, Section III, under 2. Contagion phase, for detailed explanations on that theoretical perspective.

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performing arts area was in line with both i) the increasing investigation of the presence and importance of MAS within the vast not-for-profit sector, which is principally guided by goals other than profit maximizing/cost minimising³ and ii) the increasing recognition of a feeling of incompatibility between accounting and arts domains (Chiapello, 1991; Hoskin & Turbide 1993; Rousseau et al., 1995). In this respect this research has helped to highlight the importance of understanding the distinctive functioning of accounting in all types of organizational settings. By the investigation of four theatres in two different provinces, the project has provided a base from which to elaborate differences between organizations in both similar and different societal environments.

D. The research methods

The selection of a case study approach and of a qualitative method of interpretation was made with the purpose of demonstrating the importance of observing, in real organizational settings, the functioning of MAS. Whereas MAS and practices in not-for-profit arts organizations had previously been described as being only incidental to the creative process (Chiapello, 1991), or as being under developed due to weak accounting backgrounds of arts managers (Krug, 1992), or as being poorly adapted to the artistic context (Rousseau et al., 1996), the empirical findings of this dissertation suggest a quite different interpretation of the presence and importance of MAS and practices within the not-for-profit performing arts context. The use of a qualitative method of interpretation has conveyed the richness of the

³ See Chapter 1, Section III, under 2. Contagion phase, for further details on the investigation of the not-for-profit area.

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data gathered and has, I hope, demonstrated the relevance of qualitative analyses in researching the complexity of accounting in action.

III. RELEVANCE OF THIS STUDY FOR THE ARTS AND THE MANAGEMENT ACCOUNTING COMMUNITIES

My findings have a potential relevance, as contributing to establishing a bridge between the arts and management accounting communities, since they show how far MAS and accounting practices are becoming indispensable resources for the realisation of aesthetic work. My conclusion is therefore that accounting is not “against” the arts, because “artistic” people are now producing aesthetic work out of, and allowing for, an accounting-shaped reality.

However, my analysis of the data does also indicate some of the dangers that may befall this previously “accounting free” zone if management accounting systems and practices which are poorly adapted to the arts world are put in place. On the one hand my findings have revealed how far not-for-profit performing arts organizations have been permeated by the tentacles of accounting practice; accounting work is, in one way or another, part of the day-to-day work of all employees interviewed. On the other hand my observations have shown that an accounting-shaped reality which does not attempt to develop i) a proper adaptation to the theatre’s specificities and ii) a harmonious fit between organized systems is likely to intensify the feelings of incompatibility between accounting practices and artistic activities. Therefore, accounting and artistic people interested in establishing better links between both domains need to devote time and care to the implementation of organization-specific accounting practices. From my evidence, the MAS per se is not what matters the most. It

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is rather the way that the MAS is implemented that appears to be most important; concentrating on the *interpersonal aspects* of MAS, as advocated in my conceptual framework Chapter, is clearly crucial, as my case studies indicate. MAS is an animated entity which shapes an organizational reality but MAS is also shaped by individuals' actions inside and outside the organization. But what finally, may be said concerning the implications of my findings on our understanding of MAS in action? The next section attempts to link together the empirical and theoretical sections of this thesis.

IV. CONTRIBUTIONS OF MY EMPIRICAL RESULTS FOR UNDERSTANDING THE COMPLEXITY OF ACCOUNTING IN ACTION

A. Relevance of my framework

The specific empirical questions I posed, paired with their respective propositions, were:

- | | |
|----------------|--|
| Question 1: | How does the reciprocal relationship between individuals and MAS within a not-for-profit performing arts organization take shape? |
| Proposition 1: | Case study evidence will show that –even in institutions primarily driven by objectives other than quantitative ones– actors are taking into account MAS in their respective strategy. |
| Question 2: | How -in this reciprocal relationship- does MAS take its place within relations of power? |
| Proposition 2: | Case study analysis will corroborate the presence of MAS –as an organizational constraint– on the way actors are able to act vis a vis relations of power. |
| Question 3: | Why does the power of MAS (in the sense of its pivotal role in the interactions of organizational actors) manifest itself in different ways in different not-for-profit performing arts organizations? |

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Proposition 3: Case study analysis will show that there are, in the various organizations investigated, behavioural, organizational, social and societal elements that affect the place of MAS in the parallel power structure.

In all four theatres investigated, the role of MAS in the exercise of *interpersonal power* has been manifest. Strategic analyses have revealed that individuals in the search for, or in the exercise of, power within an organization have taken MAS into account in their strategy and that the accounting discourse was, even when they had non-business orientations, the *business discourse* chosen to deal with partners responsible for their funding activities. Analysis has also disclosed the importance of MAS within the relations of power, as *the* organized system through which artistic programming needs to pass and as *the* organized system through which sponsorships and fundings are obtained.

Finally, the comparison across all four theatres has shown that the way in which an individual uses the MAS as a resource to improve his/her margin of liberty, has a considerable impact on the degree of conciliation between aesthetic and administrative objectives.

My framework has therefore demonstrated that the functioning of MAS within a specific context is affected by several constraints, systems, people behaviors and actions. Thus, understanding MAS throughout the exercise of interpersonal power arguably has a real contribution to make, as a way of shedding light on the complexity of accounting in action.

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Looking more generally, however, in what ways may my findings on the “interpersonal power of MAS and practices” in not-for-profit performing arts organizations affect the management accounting research agenda? I would point to two major theoretical implications which I see as ensuing from my empirical results.

B. The impacts of my findings on the management accounting research agenda

First I would suggest that the four case studies performed in this dissertation have undoubtedly reinforced the argument put forward by Chua (1986), concerning the partiality of the mainstream accounting view. As noted in Chapter One, researchers such as Chua (1986), Stewart (1992), Robson (1992), Miller (1994) and Macintosh (1994) have criticized the partial insights on the functioning of MAS provided by the traditional / functional / rationalistic / mainstream perspective. In this doctoral project, the data gathered in four different not-for-profit organizations confirm that there are many aspects of the functioning of MAS, and multiple roles occupied by MAS, which are easily overlooked by a traditional perspective which discounts the interpersonal dimension of the analysis. The identification of the many ways in which MAS and practices have exerted influence within and around these arts centres raises serious questions: first about whether more traditional approaches adequately capture the operation of MAS in these non-traditional research arenas; and second, about whether such approaches then adequately explain MAS in more traditional profit-driven organizational settings.

What should be concluded then? That the not-for-profit area is guided by a different “accounting” assumption than the for profit one? Or, that the Arts area is so different than

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other organizational areas that it is impossible to apply traditional structuro-functionalist models of accounting practice? My answers to these two questions are negative. Firstly, my four empirical investigations go a long way towards showing that organizations in the not-for-profit area are becoming increasingly preoccupied by their respective “bottom line”; thus, in that way, they are not so very different from for-profit organizations. Secondly, it would be too easy to discard this specific organizational setting because “it is different”⁴. There is at least a *prima facie* case for arguing that my findings open a path towards seeing more clearly the narrowness in the traditional ways of depicting accounting in action. The tactic of focussing on the “interpersonal power of MAS and practices” undertaken in these case studies, could be duplicated and extended, both in not-for-profit and for-profit settings. It is time, perhaps, to recognize the partiality of the traditional view and to broaden the assumptions, and perspectives, with which research into MAS and practices is undertaken.

The second theoretical implication I wish to highlight concerns my finding about the predominance of accounting discourse in the managing even of these not-for-profit organizations. Even in an organizational context which *a priori* would appear most highly resistant to accounting systems and procedures, MAS have proven to be central in the day-to-day interactions of professionals from all kind of backgrounds. Marketing, Production, Administrative and Artistic managers have been seen to be dealing, on a daily basis, with accounting figures, and deploying accounting at the heart of their planning and decision-making processes. The implication is clear that, in order to run any late-modern

⁴ I have already expressed in Chapter 3, my opposition to that view of arts organizations as being “different” than other organizations.

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organization, individuals need to be engaged in one way or another with accounting. One may even suggest (cf McSweeney, 1994) that the world of Weberian rationality, where organizations are supposedly run most perfectly on the bureaucratic model, has given way to a world where the rational coordination of space, time and activity is most perfectly captured through “managing by the numbers”.

This study, by showing how far this is now the case in this not-for-profit sector, may help to further the realization of how deep and widespread is this change in organizational functioning. This, however, is perhaps an issue which concerns not just the future of management accounting research, but the wider fields of sociology and institutional economics. However these are issues for consideration at greater length elsewhere.

To complete this project, the next section deals briefly with the limitations of both my conceptual and methodological choices and suggestions for future research.

V. METHODOLOGICAL LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

Clearly one issue concerns the definition of “power” I have adopted, by taking up and adapting Crozier & Friedberg’s concept of power. However, while I have accepted their conceptualization of power in broad outline, this is because I found in their *method of analysis* (see note 1), the interpersonal dynamic that I wished to observe⁵. It is this method

⁵ Crozier & Friedberg (1980) define the concept of power as an instrumental relation, meaning that “power is conceivable only from the standpoint of an aim...and is a nontransitive, reciprocal and unbalanced relation” (see Chapter 2 for more details)

Conclusion

I have chosen to focus on. At the same time, I am aware that the concept of power could be defined or interpreted differently; indeed one possible avenue for further research on the interpersonal question would be to observe the power of MAS with another conceptualization of the phenomenon. One alternative possibility would be to look at the role of gender in either selecting or promoting particular ways of running not-for-profit arts (or indeed profit-based non-arts) organizations, since in two of the theatres accounting-based management innovation has been promoted by a woman or women. At the same time, it would be important not to adopt a simple cause-effect explanation, since in the Lamy Theatre, a woman at the top was responsible for maintaining a very different clan-based organizational dynamic, with strong patriarchal overtones (so perpetuating a system which indeed was arguably the continuing tribute of a daughter to a dominant father-figure).

Second, my selection of a case study approach is, like all case studies, limiting and limited in terms of the generalisations that can be made from my findings. However, since this thesis has undertaken four different case studies in two different countries, it does offer some basis for making initial comparisons between organizations in similar and different societal environments. The next step ought ideally to be more empirically based studies into the presence and importance of MAS within *not-for-profit performing arts organizations*.

For example, in my sample of four theatres, I have only interviewed employees working within the theatre. It would be interesting to validate the importance of MAS and practices with the relevant outside partners of the performing arts institutions involved, such as Board members, funding body officials, etc. In a future project, this avenue may be considered.

Conclusion

Third, I have deliberately selected a specific sub-sector of the not-for-profit arts area in order to get an image of the MAS functioning in *one* specific context. Is my framework of analysis exportable to other sub-sectors of the not-for-profit arts area? It would be interesting, given the richness of the data gathered and the innovative character of this project, to compare, across two different arts sub-sectors, the presence and importance of MAS from the standpoint of the relations of power. One might also go on to investigate not-for-profit areas outside the arts domain in order to see whether there was less feeling of incompatibility between accounting and the area investigated.

In this case, I suggest that the traditional call for research goes without saying. Therefore, I will conclude with a quote from McSweeney (1994) which captures very well my feelings, having just completed my observations of the dynamics of interpersonal power in not-for-profit performing arts institutions.

If good management is to be the *leitmotif* of the public sector, (or the not-for-profit one) then this is to be defined, it would appear, as “management by accounting” (McSweeney, 1994, p. 237).

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