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Performance Evaluation in the Arts and Cultural Sector: A Story of Accounting at Its Margins

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In this article, I present a review of financial and management accounting literature on the arts and cultural sector. My objective is to understand to what extent this literature is able to offer a critical perspective on the study of performance evaluation practices in arts and cultural organizations, as it is currently missing in the arts management literature. Adopting a critical perspective means shifting the focus of research from the technicalities of evaluation rules and procedures to their embodiment by the different organizational and societal actors of the arts and cultural sector.

Keywords *accountability, critical perspective, heritage, museums, performance measurement and management, performing arts*

INTRODUCTION

Research on performance evaluation, which has recently gained a prominent role within the academic debate on arts and cultural management,[1] has its roots in the area of management accounting,[2] where the interest in this topic has literally exploded after the publication of Kaplan and Norton's article "The Balanced Scorecard—Measures That Drive Performance" in 1992. Atkinson et al. (2012) define management accounting as "the process of supplying the managers and employees in an organization with relevant information, both financial and nonfinancial, for making decisions, allocating resources, and monitoring, evaluating, and rewarding performance" (26). While financial accounting systems produce financial information for investors, regulators, and other external stakeholders according to rules and standards formulated by national and super-national regulatory bodies, management accounting systems produce information (both financial and nonfinancial) for managers and other internal stakeholders of the individual organizations (Atkinson et al. 2012). General accounting includes both management and financial accounting.

While arts and cultural management research and management accounting research share performance evaluation as a popular topic in their respective academic debates, the development of these two disciplines runs rather separately and even divergently. As early as 1999, Turbide and Hoskin noticed how management accounting and arts management research had developed along two divergent lines in the previous four decades. While management accounting was evolving in a self-critical direction, shifting its focus from the improvement of information systems used to

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support planning, operating, and evaluating processes in organizations, towards the understanding of the specific organizational and social contexts in which the systems operate, arts management was uncritically adopting managerialism as *the* solution to all challenges arts organization were facing at the time (Turbide and Hoskin 1999).

Turbide and Hoskin's invitation to arts management researchers "to investigate both how it [management accounting] operates in practice and how it is perceived as operating by organizational participants" (1999, 78) seems to have remained unheard so far, at least in research on performance evaluation. Based on the analysis of research approaches to performance evaluation in visual and performing arts organizations appeared in arts-management-related journals between 1999 and 2010, Chiaravalloti and Piber show that performance evaluation research in the arts and cultural sector has remained prevalently instrumental so far, focusing on the proposal of new evaluation techniques and systems rather than on the understanding of the organizational and societal contexts in which evaluation is practiced (Chiaravalloti and Piber 2011). This trend is observable also in more recent contributions (Zorloni 2012; Badia and Donato 2013). The self-critical attitude which has emerged in management accounting research has thus not touched arts management research, even on a topic that is originally a management accounting topic and that is extensively discussed from a critical perspective in the management accounting literature (see, for instance, Robinson 2003; Hoque 2003; Modell 2003; Bourguignon et al. 2004; Bourguignon and Chiapello 2005; Chang 2009; Arnaboldi and Azzone 2010; Fried 2010; Modell 2012; Saliterer and Korac 2013). Its uncritical attitude prevents arts management research from a contextualized, in-depth understanding of evaluation practices in arts and cultural organizations by minimizing the role of human agency, by enhancing the gap between theory and practice, and by neglecting the centrality of ethics (Wicks and Freeman 1998; Chiaravalloti and Piber 2011).

As arts management research has so far been unable to propose a theoretical framework for a contextualized, in-depth study of the practice of evaluation in the arts and cultural sector, I wonder whether the accounting literature and, in particular, the management accounting literature can offer one. In this article, I focus on accounting literature dealing explicitly with the arts and cultural sector and on what this literature teaches us about the practice of performance evaluation in the arts and cultural sector. Apart from filtering the main implications for the study of performance evaluation in the arts and cultural sector emerging from the literature, I analyze the development of the accounting literature on the arts and cultural sector against the background of the general shift of focus in accounting research in general, and in management accounting research in particular, from the study of rules and procedures to the study of their embodiment in specific organizational and societal contexts. The publication of Hopwood's article "On Trying to Study Accounting in the Contexts in Which it Operates" in 1983, which closed an issue of *Accounting, Organizations and Society* devoted to papers originally presented in July 1981 at a conference with the theme of "Accounting in Its Organizational Context," is a milestone in the redirection of accounting research towards new and more critical perspectives. I consequently include accounting contributions to the arts and cultural sector which appeared after Hopwood's 1983 article. Considering that "the transformation of accounting as a body of expertise takes place within and through an historically specific ensemble of relations formed between a complex of actors and agencies, arguments and ideals, calculative devices and mechanisms" (Miller 1998, 618), I review the literature in chronological order in order to relate the development of accounting research on the arts and cultural sector to the specific historical contexts.

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The selection of the accounting journals for review has been purposive (Randolph 2009), and combined a bibliographic approach with a personal-contact approach (Cooper 1986). I started with the *European Accounting Review,* which had recently published a co-authored work by Luca Zan (Mariani and Zan 2011), one of the few accounting scholars who has devoted his work mainly to the study of the arts and cultural sector. Based on the references listed by Mariani and Zan, I selected the following journals: the *Accounting, Auditing and Accountability Journal*, *Accounting, Organizations and Society, Critical Perspectives on Accounting*, *Financial Accountability & Management*, and *Management Accounting Research*. From the references mentioned in the contributions published in the *Accounting, Auditing and Accountability Journal*, I selected two additional journals: *Accounting Horizons* and the *Australian Accounting Review.* Then, considering that most of the selected journals represent the critical/interpretive research tradition in accounting, I added *The Accounting Review* to my selection, since it is considered the top journal in accounting amongst those which represent the functionalist/positivist research tradition (Lowe and Locke 2005). Finally, two accounting-related journals, the *Journal of Human Resource Costing & Accounting* and *Qualitative Research in Accounting & Management,* were selected based on the information about the publication of two articles in those journals that I received directly by the respective authors. Every journal included in the selection has been searched for articles on the arts and cultural sector over the last 30 years.[3] Ultimately, I have reviewed twenty articles, fourteen focusing on financial accounting and six on management accounting (see Table 1).

To understand the trends emerging from the reviewed literature I embrace Miller's idea of the "margins of accounting":

> Accounting, it is argued, is an assemblage of calculative practices and rationales that were invented in other contexts and for other purposes. To draw attention to the margins of accounting is to emphasize the fluid and mobile nature of accounting. Practices that are now regarded as central to accounting will have been at the margins previously, and practices that are at the margins today may be at the core of accounting in the future. (Miller 1998, 605)

By doing this, I offer three-fold contributions to the literature. First, I present a review of accounting literature on the arts and cultural sector such as has not been available heretofore, neither in the accounting nor in the arts management literature. Second, I show the usefulness and appropriateness of Miller's conceptualization of the margins of accounting through an analysis of the development of accounting research on the arts and cultural sector over a period of thirty years. Finally, I highlight the importance of systematic interdisciplinary research in arts and cultural management by showing how an understanding of the practice of evaluation in the arts and cultural sector can benefit from a confrontation on the part of arts management scholars with the body of knowledge created within the discipline where the studied topic was originally introduced, in this case management accounting as a sub-field of accounting.

The article is structured as follows. In the first two sections, I offer a chronological overview of accounting literature on the arts and cultural sector published from 1983 to date. The first section reviews financial accounting contributions. The second section reviews management accounting contributions. The third section sums up the main trends in accounting literature on the arts and cultural sector emerging from the review, both with respect to the settings (organizational, geographical, historical), the topics treated, and the approaches used. By means of a conclusion,

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TABLE 1
Overview of Reviewed Articles with Year of Publication, Focus of Contribution (Financial or Management Accounting), and, in Parentheses, Abbreviations of Journal Titles

	Financial Accounting	Management Accounting
1988	Mautz (AH)	
1989		
1990		
1991	Glazer and Jaenicke (AH)	
1992		
1993		
1994		
1995	Carnegie and Wolnizer (AAR) Christensen and Mohr (FAM)	
1996	Carnegie and Wolnizer (AAAJ) Rentschler and Potter (AAAJ)	
1997	Carnegie and Wolnizer (AAR) Hone (AAR) Micallef and Peirson (AAR)	Christiansen and Skærbæk (MAR)
1998		Zan (FAM)
1999	Carnegie and Wolnizer (AAR)	
2000	Barton (AAAJ)	
2001		
2002		Zan (CPA)
2003		
2004		
2005	Barton (AAAJ) Hooper et al. (AAAJ)	
2006		
2007		
2008		
2009		
2010		
2011	Adam, Mussari and Jones (FAM)	Mariani and Zan (EAR) Nørreklit (QRAM) Sundström (JHRCA)

Note: List of abbreviations of journal titles: AAAJ = *Accounting, Auditing and Accountability Journal*; AAR = *Australian Accounting Review*; AH = *Accounting Horizons*; CPA = *Critical Perspectives on Accounting*; EAR = *European Accounting Review*; FAM = *Financial Accountability & Management*; MAR = *Management Accounting Research*; JHRCA = *Journal of Human Resource Costing & Accounting*; QRAM = *Qualitative Research in Accounting & Management*.

the fourth section elaborates on the main implications emerging from the reviewed literature for the study of the practice of performance evaluation in arts and cultural organizations.

FINANCIAL ACCOUNTING RESEARCH ON THE ARTS AND CULTURAL SECTOR

In this section, I review contributions to accounting literature on the arts and cultural sector whose main focus is on financial reporting to external stakeholders.

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The first contribution dates back to 1988, when Mautz published an editorial in *Accounting Horizons* with the title "Monuments, Mistakes, and Opportunities." The editorial discusses whether the Washington Monument should be included as an asset or liability on the balance sheet of the federal government:

> Some years ago, I offered the opinion, publicly, that the Washington Monument should not be included as an asset in any balance sheet of our Federal Government. My stated reason was that the Monument currently, and for the foreseeable future, results in a net outflow of cash for the Government. If the annual cost of maintenance and custodianship exceeds any revenues (my recollection is that no fees are charged for entry), the Monument is a liability. (Mautz 1988, 123)

Mautz suggests speaking about monuments as "facilities" instead of assets:

> Facilities are properties essential to the purposes of a not-for-profit organization that are acquired to facilitate the transfer of resources outward. (Mautz 1988, 125)

The technical aspects of this specific problem quickly lead to a more general issue: the differences between for-profit and not-for-profit organizations. In particular, in relation to the topic of performance evaluation, the author is conscious of the differences between these two groups of organizations with respect to the measurement of success. Since there is no natural measure of effectiveness and efficiency in not-for-profit organizations, managers should not evaluate success based on market performance and profitability (124). This consciousness poses challenges to conventional accounting both in practice and research:

> We accountants are so indoctrinated with the idea of matching revenue and expense that we have difficulty in believing that a similar matching is not appropriate for any organization that receives and expends resources. [. . .] We have difficulty even conceiving of financial statements that do not include an articulated balance sheet and statement of income. Somehow it seems like an assault on the double entry system itself. Perhaps that is why we have such difficulty in visualizing financial statements that appropriately take into account the differences between profit-making enterprises and not-for-profit organizations. (Mautz 1988, 127)

Mautz is convinced that spending more time with the managers of not-for-profit organizations and observing how they evaluate their success, what information they use, and how they form a judgment about the future operations of their organizations is the best way to face these challenges and to discover new solutions for the evaluation of organizational success (127–128).

Glazer and Jaenicke's contribution from 1991 follows a similar line, as the discussion of a technical, financial accounting topic leads to more general considerations about the scope of arts and cultural organizations. Based on a research report commissioned by four American museums, Glazer and Jaenicke analyze some conceptual issues concerning the accounting standards for museums formulated by the Financial Accounting Standards Board (FASB) in October 1990. Amongst other accounting standards, the FASB proposed the compulsory capitalization of collection items in the financial reporting of museums; that is, the recognition of museums' collection items as assets by assigning them a monetary value so that the long-term contributions of those items can be recognized as revenues. The central topic of Glazer and Jaenicke's article is the methods used to estimate the monetary value of museums' collections. Despite the initial focus on this technical problem, the nature and purpose of museums emerge as the central issues in the article. Museums objectives do not necessarily include a monetary return on investment,

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but a service "return" to the community (43). This service return cannot be measured by using accounting information. As a consequence, any measurement of the "investments" of museums in their collections is superfluous (43). According to Glazer and Jaenicke, the evaluation of the organizational performance in museums should be based on the level of satisfaction of the needs of the community served by the museums. The estimation of the value of collection items should consequently be based on the contribution of the individual items to the satisfaction of those needs. In addition, Glazer and Jaenicke reflect on the usefulness of financial information for the external stakeholders of museums. Their interviews with users of museums' financial statements show no evidence that a monetary evaluation of collections might be of any use to the readers. On the contrary, from the interviews there emerges a fear of "knowledgeable users"—donors, rating agencies, etc.—about possible misinterpretations of information about monetary value of collection items by less knowledgeable financial statement readers (Glazer and Jaenicke 1991, 42).

The reaction of the museum world to the proposal of the FASB to introduce the capitalization of collection items as a compulsory requirement for financial reporting was in line with the criticism expressed by Glazer and Jaenicke. Due to the vehement opposition from museums, the FASB decided finally not to oblige but rather to encourage the use of capitalization techniques in museums (Christensen and Mohr 1995). It is in this context that Christensen and Mohr (1995) conduct their survey of capitalization practices in US arts museums. Their results show that museums that make little use of capitalization of collection items are those with, on average, a larger number of collection items and/or a larger amount of governmental support, those where collection surveys of the museums holdings are already available, and those with a board of trustees (331). The authors' interpretation of these results is that the costs required to obtain the necessary information to capitalize collection items are too high and not necessarily justified by their usefulness. In fact, if the objective of producing more accounting data is to enhance the credibility of the organization, the same objective can be achieved more effectively; for example, by establishing a credible board of trustees (330).

With the publication of an article by Carnegie and Wolnizer in 1995, the discussion about the capitalization of museums' collection items arrives in Australia. Reacting to the new accounting standards issued by the Australian Accounting Research Foundation (AAEF) in December 1993, which required the recognition of heritage items as assets, Carnegie and Wolnizer argue against any financial quantification of cultural, heritage, and scientific collections. At first they show that, except for New Zealand, no English-speaking country requires mandatory capitalization of collection items. Second, based on the results of a questionnaire completed by 32 arts institutions across the US, UK, New Zealand, France, and Spain, they show that only seven organizations recognize collections as assets—three in the US, two in the UK, and two in New Zealand—and that only two of them—both in New Zealand—include the financial valuation in the balance sheet (35). The most common reasons for avoiding a financial valuation of collections are that the collections are not held to achieve financial objectives, that the financial value of collections cannot be calculated, and that the costs of a financial valuation of the collections would exceed any benefit deriving from it (35). As with the contributions reviewed above, Carnegie and Wolnizer's reflections on a technical problem of financial accounting lead to the discussion of a broader issue: the nature of not-for-profit arts organization. The objectives of these organizations do not include the typical financial goals of commercial enterprises such as income generation, profitability, and surplus distribution (37). In other words, collection items are not held in order to achieve financial

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objectives, but to enrich and educate the community, as well as to preserve history and heritage (38). In line with Mautz (1988) and Glazer and Jaenicke (1991), Carnegie and Wolnizer also suggest that success in not-for-profit arts organizations should be evaluated in nonfinancial terms (38). The authors conclude their article by asking four questions that, according to them, should be answered before any simplistic attempt is made to assign monetary values to collections and their items:

> First, what is the commercial meaning of any such financial quantum?
>
> Second, by recourse to what reliable commercial evidence may an auditor authenticate that financial sum?
>
> Third, in what demonstrable way or ways is such a financial quantum useful for enhancing and judging the accountability of those who manage not-for-profit public arts institutions having non-commercial objectives?
>
> Fourth, in what demonstrable way or ways is that financial quantum useful for gauging the financial efficiency with which a public (grant-dependent) arts institution is managed? (Carnegie and Wolnizer 1995, 44)

These four questions keep recurring in the further discussion on financial accounting in the arts and cultural sector in the *Australian Accounting Review*. This discussion has to be seen in the context of developments in the accounting practices of Australian public arts and cultural organizations, as testified by the publication of different proposals for accounting standards relating to heritage between 1992 and 1995 (see Hone 1997). The third question explicitly addresses the issue of accountability. As it can be seen in the contributions by Carnegie and Wolnizer (1996) and by Rentschler and Potter (1996) in the *Accounting, Auditing & Accountability Journal*,[4] the notion of accountability takes the original, purely financial-accounting-related discussion to a broader dimension, in which both the organizational and social contexts are taken into account. First, I will briefly review the discussion in the *Australian Accounting Review*, and then I move to the two articles on accountability.

In 1997, Hone reacts to Carnegie and Wolnizer's article from 1995 and sets his arguments about the need for the financial valuation of collection items in a public management context. He finds financial valuation of public collections useful since it helps to make decisions about the allocation of funds when different potential uses are competing; it offers a tool to evaluate the performance of managers by making them accountable for the use of public resources; and as such it is an instrument for the control of public expenditure (39). In addition, Hone suggests the use of contingent valuation in order to assign a financial value to the services offered by public collections to their communities. Even though it presents significant problems, this form of valuation is considered necessary for a well-functioning public management (40–42). The public management setting is used by Carnegie and Wolnizer to counter Hone's criticism. Carnegie and Wolnizer's article from 1995 was concerned with the technical possibility of putting financial values of collection items in the balance sheet, an issue which, according to them, is not related to public management (Carnegie and Wolnizer 1997). Valuation of assets for the balance sheet has no relation to allocation decisions between competing uses (45). In addition, since the financial value of collections is not the primary guide for the actions of the collections' managers, they should be evaluated on, or accountable for, the achievement of the objectives of their organizations (46). Finally, Carnegie and Wolnizer see no link between a monetary valuation of collection items and a good monitoring of expenditures, since the latter can be effectively based

on the record of "dated financial facts" (47). With respect to contingent valuation, they consider it an inappropriate instrument since the values it produces are purely subjective, and do not fit the purposes of financial reporting (49).

Micallef and Peirson (1997) also react to Carnegie and Wolnizer's article from 1995. They cannot find support for Carnegie and Wolnizer's arguments against the capitalization of collections' items. One of their main points of criticism is Carnegie and Wolnizer's doubts about the usefulness of capitalization information. According to Micallef and Peirson, financial information about the collections is necessary for governments to make informed decisions about the allocation of public funds. In addition, by including this information in financial reports, managers discharge their accountability and deliver relevant information for the evaluation of their own performance (1997, 34). By referring to the third and fourth question formulated in their article from 1995 (see above), Carnegie and Wolnizer reply that Micallef and Peirson do not demonstrate the validity of their proposition and that the financial accountability suggested by Micallef and Peirson would be based on outdated acquisition prices that are hardly relevant for present financial decisions about collection items. Considering the organizational and social context of museums, Carnegie and Wolnizer consider a broader notion of accountability more helpful than a purely financial one (Carnegie and Wolnizer 1999, 18).

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They explain this notion in their article, entitled "Enabling Accountability in Museums," published in 1996 in the *Accounting, Auditing & Accountability Journal* in the middle of the ongoing discussion in the *Australian Accounting Review*. In this article, Carnegie and Wolnizer shift their focus from financial accounting to management accounting and public management, a shift that turns around the notion of accountability:

> Recognizing that the accountability of museum managers lies outside the market, but extends across an array of financial and non-financial responsibilities associated with the acquisition, protection, preservation, conservation and presentation of collection items, we direct our attention in this paper to elucidating a notion of accountability that corresponds with the responsibilities cast on museum managers by the mission statements and published objectives of museums. [. . .] Apart from the logical impropriety and empirical impossibility of quantifying non-financial (non-monetary) properties of collections—such as their cultural, heritage, scientific and educative values—in monetary terms, the bringing of collections to account for financial reporting purposes may have counterproductive or destructive impacts on the organizational and social functions of museums. For example, such a practice may facilitate the implementation of government-imposed charges or levies on museums that could result in deaccessioning choices of a genre not previously contemplated, and which could irrevocably destroy the integrity of collections—and hence diminish their cultural, heritage, scientific, educative and other values to the community. (Carnegie and Wolnizer 1996, 84–85)

While the four questions formulated in their first article from 1995 were primarily technical questions (see above), in their new article Carnegie and Wolnizer problematize the relation between accounting and accountability and extend their attention from financial to management accounting. Concerning the relation between accounting and accountability, they explicitly doubt the usefulness of financial accounting techniques coming from business, as they do not necessarily fit the context of such publicly funded not-for-profit organizations as museums (87):

> If accounting is to serve the public interest, it must generate information which is meaningful in specific contexts. (94)

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An emphasis on standardized financial reporting is linked to a narrow notion of accountability relying only on financial indicators and neglecting the richness, complexity, and diversity of the organizational objectives of publicly funded not-for-profit museums (88–89). The language of accountability in museums, based on "the primacy of international and organizational cultural values" (94), cannot be replaced by a language of accountability based on the primacy of financial accounting (94). In moving the focus of attention from financial to management accounting, Carnegie and Wolnizer propose their Enabling Accountability in Museums (EAM) framework in order to set up not only "effective reporting systems" for external stakeholders but also "effective organizational control systems" for internal use (89). To operationalize their framework, Carnegie and Wolnizer suggest the use of financial and non-financial quantitative information as well as of qualitative data that supports the evaluation of organizational and managers' performance. At the top of the hierarchy of the performance indicators, there should be indicators of the quality of the experience provided to the museums' visitors (91).

Another article in the same issue of the *Accounting, Auditing & Accountability Journal* turns around the notion of accountability. While the literature reviewed so far deals with museums and heritage, Rentschler and Potter (1996) study both museums and performing arts organizations. They are not satisfied that the economic and financial-accounting-oriented notion of accountability applies to publicly funded not-for-profit museums and performing arts more generally. Instead, they suggest broadening the notion of accountability to include the objectives formulated in the mission statements of those organizations, which are usually related to the education and enrichment of the public. They claim that this is a necessary condition for the meaningful evaluation of organizational performance (110). Nevertheless, the authors recognize that, for accountability in a broad sense, new measurement techniques need to be developed, as they have been developed for financial accountability (103). If this does not happen, external stakeholders will base their evaluations on financial and economic measures that are not part of the organizations' missions (108), while content-related aspects of their mission will not be evaluated because they cannot be quantified (110).

After Rentschler and Potter's article, the performing arts again disappear from the accounting literature which focuses on financial reporting issues. With his article from 2000, Barton brings heritage back into focus. Based on economic and political theory, he explains why commercial accounting principles should not be applied to heritage. In line with Glazer and Jaenicke (1991) and Carnegie and Wolnizer (1995), Barton argues that heritage is maintained by governments for purposes other than revenue generation and government administration:

> A nation's heritage is largely drawn from its cultural and natural environments. Public heritage facilities play an important part in the development of a nation's culture. They raise and enhance the quality of life of a nation beyond that provided by everyday commercial activities. They act as a unifying medium to bring citizens closer together as members of a nation, to take more pride in it and to appreciate more fully its history and culture. They can have significant educational and scientific value. Governments recognize the social importance of these facilities and maintain them for these purposes rather than for their financial worth. (Barton 2000, 221)

As such, financial valuations provide information that has nothing to do with the social value created by heritage (228). Barton offers a compromise solution: heritage can be considered as a public good (222–224) that is entrusted to the government by a nation and thus should not be accounted for as an operating asset of the government, but separately as trust asset (230–232).

Accountability should be discharged not only based on the financial information about the trust assets, but above all based on the other, non-financial benefits these assets provide to society (234). Barton argues that to support performance evaluation in public heritage management, an information system should be developed which also includes non-financial, non-numerical information related to the mission and responsibilities of the managing entity and the nature of the managed heritage goods; customer-oriented performance measures; technical and physical descriptions of the heritage goods and their conservation and restoration requirements (233).

Barton repeats his main points five years later, in 2005, in a note to an article written by Hooper et al. (2005) which discusses the mandatory valuation of museums holdings required by the Institute of Chartered Accountant of New Zealand (ICANZ). Barton's main point about usefulness of accounting information is summed up clearly in the last sentences of his note:

> It is important that the managers of PHAs [public heritage assets] collect information which is useful for the performance of their functions in providing services to the public in an efficient and effective manner and for the conservation of the assets. Useful information must be relevant to their functions and be reliable. [. . .] This information does not include the financial valuation of the heritage assets on a commercial basis and its inclusion in a statement of financial position because it is both irrelevant and unreliable. The provision of irrelevant and unreliable information frustrates good management of the assets rather than enhances it. (Barton 2005, 438–439)

The lack of usefulness of any financial valuation of heritage assets partly explains the resistance of New Zealand museums to the introduction of such a mandatory accounting practice, as Hooper et al. show based on interviews with representatives of ICANZ and of New Zealand museums (2005). The professional rationality of curatorship, which is more interested in aesthetic, cultural, and social values than in a financial value (410), resists the increasing accountability requirements originating in the rise of managerialism in the public sector:

> [. . .] the one-size-fits-all mode of managerialism inherent in FRS-3 [the new financial reporting standard required by ICANZ] appears to us as a kind of managerialist overreach. Institutions, we argue, need accounting and management models which are appropriate to their environment, roles and responsibilities. (Hooper et al. 2005, 412)

However, the rationality of curatorship is not always successful in resisting managerial rationality. For instance, the major publicly funded museums in New Zealand opposed limited resistance to the application of the new standards (426–427). Hooper et al. (2005) argue that, in general, the uncritical acceptance of accounting principles derived from business and commercial entities for the evaluation of the performance of not-for-profit cultural organizations is a consequence of the diffusion of a managerial rationality (416). Nevertheless, the authors also recognize the role of the funding regime for the major publicly funded museums in New Zealand in resisting or adopting mandatory standards that are originally alien to the not-for-profit cultural sector. Being fully funded by the government, the major museums had little choice and had to adopt the new standard, whereas regional and financially more independent museums did not accept it (421). Even though Hooper et al. (2005) recognize that the reasons for resistance to mandatory accounting standards are also practical (no time for such an accounting exercise), technical (heritage assets do not depreciate but rather appreciate), and political (risk of having to sell valuable assets to compensate for declining funding), they ultimately stress the importance of the

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different rationalities in different communities of practice as philosophical and cultural reasons for resistance:

> It appears then that there are considerable differences in opinion as to the value and utility of FRS-3 [the new financial reporting standard required by ICANZ] in relation to heritage assets. In general terms, however, the parties divide into two camps. Knowing the price of everything, though it might be seen as desirable by some within particular communities of practice (i.e. accountants and auditors – those involved with the New Zealand Treasury, the Audit Office and ICANZ in particular), is not generally seen in the same light by those in the museum community whose professional identity is more strongly tied to notions of intrinsic, aesthetic, social and cultural value rather than economic value or government dictate. (Hooper et al. 2005, 425–426)

This is not only true for museum staff in general, but even for accountants employed by museums. In this sense, the accounting background of museum accountants seems to influence their rationality rather less than the fact of working in museums:

> The behavior of accounting professionals employed by the regional museums can be seen as the outcome of a shared understanding that comes from belonging to a particular community and from embracing the practice of being a good person according to the rules of that community [. . .], that is a community that subscribes to aesthetic, cultural and social values rather than economic value. For accountants of regional museums, non-compliance has meant employing a logic that may be counter to their own professional training—"a museum logic" which conflicts with norms of compliance with professional accounting standards. (Hooper et al. 2005, 425–426)

Different communities are in conflict with each other because they look differently at the same object (428). It is thus important for researchers to understand the values and norms shared within a certain community of practice and the possible effects of imposing or resisting different forms of accountability. In particular, Hooper et al. wonder "whether arguments and notions of increased accountability will induce new disciplines of either self and/or externally motivated control over the management of heritage assets—and whether these disciplines can ultimately be judged as in the public interest or not." (2005, 428)

While Hooper et al. (2005) focus on the embodiment of accounting procedures and rules, Adam et al. (2011) are only interested in the technical aspects, in particular whether the accounting practices in three European countries (Germany, Italy, and the UK) are in compliance with the norms formulated by the International Public Sector Accounting Standards Board with reference to the recognition and financial valuation of infrastructure, art, and heritage assets. The authors conclude that, despite the influence of increasing pressure for the adoption of accrual accounting standards in the public sector, practice varies a lot with respect to art and heritage assets. In addition, skepticism remains about the inclusion of art and heritage assets in the balance sheet (128–131).

To sum up the main results of this section, financial accounting research on the arts and cultural sector has focused so far on technical issues of financial reporting in museums and heritage. Other organizations within the arts and cultural sector are practically ignored by this literature. While the article of Hooper et al. (2005) offers a clear and explicitly critical perspective on the issue of capitalization of collections' items in museums, the financial accounting literature on the arts and cultural sector is, in general, more interested in the study of rules and procedures than in the study of their embodiment in specific organizational and societal contexts.

In the next section, I review the management accounting literature on the arts and cultural sector. As it has been seen in the introduction to this article, management accounting research in general has evolved in a self-critical direction. In particular, the topic of performance evaluation has often been approached from a critical perspective. Thus, I also expect in the management accounting literature on the arts and cultural sector more attention to the study of the embodiment of accounting rules and procedures in specific organizational and societal contexts than has been the case in the financial accounting literature reviewed so far.

MANAGEMENT ACCOUNTING RESEARCH ON THE ARTS AND CULTURAL SECTOR

In this section, I review contributions to the accounting literature on the arts and cultural sector whose main focus is on financial and non-financial reporting to managers and other internal stakeholders. However, I am conscious that reporting to internal and external stakeholders can overlap in publicly funded arts and cultural organizations—the main object of study in the reviewed literature—due to the influence that governments, in the role of owners, investors, and regulators, can have on the internal structure and on the management systems of those organizations.

The first contribution is Christiansen and Skærbæk's analysis of the fifteen-year process of implementing a new management control system—combining an accounting system and a planning and budgeting system—at the Royal Danish Theatre (1997). In particular, given the different rationalities of the various parties involved in the implementation process (administrators, political bodies, theater staff), Christiansen and Skærbæk want to gain insights into the behavior of each of the parties (405). They are very conscious of having chosen a research approach that is different from the more traditional ones used in accounting research:

> [. . .] a more traditional accounting approach focusing on the techniques (e.g., standard costing, the design of the budget system, and transfer pricing) might have produced other useful insights (e.g., concerning the design of a new system), but it would not help us understand the complex relationships between the management control system and the organization and its actors. (Christiansen and Skærbæk, 433–434)

Their study demonstrates some of the processes of resistance within organizations to the introduction of new forms and systems of control imposed by external regulatory bodies (433). For instance, the top management of the Royal Danish Theatre defended their artistic freedom by insisting that artistic processes, characterized by creativity and innovativeness, were incompatible with budgetary controls based on figures that are planned much in advance (419–420). To do this, they adopted a "strategy of balanced management" (420), consisting of pretending, in front of the regulatory bodies, to apply the accounting systems, while actually making sure that they did not interfere too much with the artistic processes (420). In this way, the theater could be protected from external criticism, while its artistic freedom was protected from the intrusive financial language (426–427). Top management acted as an intermediary between the external political pressures and the interests of the theater (429–430). At the same time, they also acted as an intermediary between the different groups of staff in the theater. The implementation of the new control system at the Royal Danish Theatre illustrates the differences in rationalities, not only

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between accountants and other professions, but also between the various groups of theater staff (administrative, artistic, and technical staff) (432). For instance, production managers, although recognizing the incompatibility of artistic creation and standardized planning, were interested in having a new budgeting system in order to reduce the continuous and unforeseeable changes wanted by artists and thereby to ensure that there was some stability in the production process (424–425). The top management recognized that artistic creativity cannot be packaged in a set of calculative practices. First, artistic ideas develop organically through continuous cooperation between artists and production staff. Second, only designers and artists can recognize when their work is really finished. Thus, how can the formalized planning of the production process cope with the creativity of the artistic development? (428–429) The CEO of the theater ended up applying the new budgeting system only to the production units and not to the stage performers (429).

While Christiansen and Skærbæk stress the different rationalities of the various parties involved in the day-to-day life at arts and cultural organizations, Zan is more interested in the possibility of a positive dialogue between them (1998; 2002). Both of his articles look at the role of accounting in arts and cultural organizations—respectively the Imola Academy and the *Soprintendenza* of Pompeii—from a general management perspective. The Imola Academy is a very successful specialist school in advanced piano performance, which aims at turning talented piano graduates into professional concert pianists. Recently, the Academy has also offered tuition on other instruments. In Zan's description, the organization appears as a structurally light and flat organization that makes extensive use of voluntary work. In addition, its accountant is mainly employed at another company and looks after the accounts of the Academy in her free time. Since no form of financial report is required from the organization, accounting systems are very simple, consisting of a cash flow forecast at the beginning of the year and a financial statement at the end, both of which are only for internal use (Zan 1998, 225–226). In this way, the attention to financial issues, such as fund raising and resource allocation, is concentrated in one moment of the year; i.e., when the forecast is produced. For the rest of the year, apart from six to seven board meetings, where financial issues are on the agenda, accounting is largely absent from the core processes of the organization; these are in the hands of the teachers and musicians. Zan interprets this as an example of a positive dialogue between an artistic-musical rationality and a business-managerial rationality. Accounting, which is at the core of the business-managerial rationality, plays a non-intrusive but important role "in protecting the realm of professionals from the world of finance" (229).

An investigation of the interaction between different rationalities is also one of the main motives for Zan's study of the *Soprintendenza* of Pompeii (2002). This study focuses on the issue of accountability, especially financial accountability. While in general, at the time of the study, the debate on accountability in the arts and cultural sector tended to extend the notion of accountability from a purely financial to a broader and more content-oriented perspective (see Carnegie and Wolnizer 1996 and Rentschler and Potter 1996), in the case of Pompeii, where no basic accounting information was available at the time of Zan's study, adopting financial accountability was still the first priority (93). The only compulsory accounting reports in Pompeii concerned the "ordinary" funding of the *Soprintendenza* (five billion lire a year). However, this is an organization in which extraordinary funding with amounts up to fifty billion lire is dominant, and where the estimated personnel costs per year are around forty to fifty billion lire (113). Zan is not interested in the topic of accountability at an abstract, general, or theoretical level,

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but he wants to contextualize it through a strong empirical focus. By doing so, he positions his approach as "a critique to generic approaches, of a self-referential use of management rhetoric" (92). The complex situation of Pompeii calls for an in-depth understanding of the organization of the *Soprintendenza* and its operations as a precondition for further reflections on such issues as accountability and responsibility (93-94). According to Zan, this is also the case for the study of accountability in arts and cultural organizations more generally:

> [. . .] For the management expert however [. . .] this means a deep contextualist understanding of the organization under investigation, the involvement in time-wasting inquiry of the empirical realm and probably the extensive use of field-work research, in order to couple the process of establishment of managerial attitudes with the development of broad and acceptable forms of accountability. (132)

Zan concludes that, from the organizational point of view, since there is no accounting information in Pompeii, there is no financial accountability either, and that this can be linked to the lack of clear responsibilities for the budgets (112–113, 126):

> [. . .] to speak of accountability presupposes that someone is called upon to be accountable for something to someone. There are therefore two premises, one informative (the information that allows some kind of representation of something), the other organizational–institutional regarding governance, the identification of that "someone" who will take responsibility for managing "something". (Zan 2002, 93)

With respect to the original motivation for his study of the *Soprintendenza* of Pompeii, that is, the interaction between different rationalities in the process of managerialization of arts and cultural organizations, Zan concludes that the generally assumed conflicting relation between curatorship and management stemming from the different sets of professional values is not fully supported by the case of Pompeii. First, the professional rationality of curators and the managerial rationality of marketers find a balance in the planning process through the concept of "sustainable consumption" (130), as Zan explains:

> The limited "natural resources," in terms of excavation sites, are steadily eroded by visitors. Given the limited possibility of reproduction (via caring processes and restorations), consumption (in terms of number of visitors and their impact) has to be modelled accordingly. (Zan 2002, 102)

> Within an ecological perspective of "sustainable consumption," the aim is to identify intervention needs and how much funding they will require. While taking on board the need to make Pompeii more consumer friendly and attractive (by improving the service offered), the plan clearly identifies restoration as the key element and ordinary/extraordinary maintenance as crucial, drawing attention to the need for an overall plan for Pompeii. (Zan 2002, 127)

Second, there is a "close interconnection between research and marketing orientation" (95–97) with respect to the organization of the many successful temporary exhibitions—some attracted more than one million visitors—where curatorship and marketing interests seem to overlap. The exhibitions are considered, both in internal documents of the *Soprintendenza* and in the interviews conducted during Zan's study, somewhat like research activities which require the expertise of archeology scholars, rather than as "consumption" platforms requiring the expertise of managers and marketers (95).

A lapse of nine years divides Zan's study of Pompeii from the next—and last in this review—of his three accounting publications studying the arts and cultural sector from a management or

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management accounting perspective. Mariani and Zan (2011) take the discussion from museums back to performing arts. The objective of their contribution is "to model the inner economy and organizing patterns" of live music programs and organizations (116). By "inner economy," the authors mean the structure of cost, revenues, investments, and cash flows (115). Mariani and Zan consider music programs and organizations complex and varied (118). Complexity derives from four main factors: the mix of creative and supporting resources; the uncertainty and uncontrollability of the result happening on stage; the difficulty of evaluating the results; the tensions and conflicts between the different staff groups and between the staff and external stakeholders (118–119). Variety can refer to the components of an individual program, the work arrangements for each program, or the different management activities and systems (119). Furthermore, variety has an impact on performance evaluation:

> The variety of situations/solutions needs to be understood as a prerequisite for reconstructing the inner economy of music programmes and organizations, without reducing the valuation process to a mere identification of simplistic performance indicators. (Mariani and Zan 2011, 119)

One additional problem for the evaluation of financial aspects of performance is that, on the one hand, costs are created by artistic activities and thus generated within an artistic discourse that tends not to include financial considerations. On the other hand, they are controlled by management accountants who do not necessarily understand the artistic motivation that generated those costs. Any assessment of artistic and cultural performance, considering also that these are intangible by definition, is thus very difficult (119). Nevertheless, these difficulties should serve as a stimulus for accounting research to reflect on the use and relevance of accounting systems in a context where calculation and measurement are ambiguous if not even impossible. In this sense, the accounting discipline could learn from the arts (141). A different research approach would be necessary to pursue this objective. Complexity and variety of the arts call for research approaches and theoretical frameworks that are contextualized, as an alternative to the "general, a-specific" ones which are typical of most economics, management, and accounting research (139). The critical stance of Mariani and Zan gets even more explicit in the last section of their article, where they reflect on their contribution to accounting research and theory:

> The arts sector provides an interesting example of a community of professionals and users that are interested in substantive terms in arts discourse. This does not always provide materials and opportunities for researchers obsessed with theory, modelling, implications, where understanding processes and practice can be quickly labelled as "descriptive." Professional organizations [. . .] could be a good opportunity for refreshing, in new ways, similar stereotypes in accounting research. (Mariani and Zan 2011, 142)

The three main reasons for the scarcity of accounting research in the arts so far are, according to Mariani and Zan, exactly the main characteristics of the arts. The first is "the idiosyncratic nature of the business under consideration, wherein art and accounting professionals make sense of performance in a very dissimilar way" (Mariani and Zan 2011, 141). The second is "the difficulty of understanding and interpreting inputs, throughputs, outputs and outcomes in the arts industries, due to the ambiguity of those concepts in the arts field" (Mariani and Zan 2011, 141). The third is "the specificity of the micro context (the individual music programme) that should be made sense of, measured and assessed." (Mariani and Zan 2011, 141).

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With Nørreklit's contribution, the discussion returns to Denmark, this time into the opera world. Based on Cassirer's philosophy of symbolic forms, Nørreklit (2011) compares the symbolic forms used in mainstream management models, such as the Balanced Scorecard, with the symbolic forms embedded in the tales of management and direction told by Kasper Holten, the former Artistic Director of the Royal Danish Opera and current Director of Opera at the Royal Opera House in London. Nørreklit's objective is to assess to what extent management models can be inspired by a successful manager and artist, as a way of rediscovering the role of the human reality of individual employees in professional organizations. The challenge for management and leadership studies is to answer the following question:

> How can you keep an often multi-professional organization of individuals together so that everybody works towards the overall goal, while at the same time ensuring that the employees are committing themselves to their work as competent, active and innovative problem solvers? (Nørreklit 2011, 266)

The work at the opera is a good case to study, since it is done by many knowledge workers who contribute through their personal commitment (physical, emotional, cognitive) to the achievement of the common goal; that is, the performance on stage (266).

Nørreklit shows that mainstream management models originate in the symbolic form of science. Rationality, objective observation, precision of concepts, and precision of relations between concepts are central. Emotions and subjectivity are neglected (272–273). Essential aspects of individuality are thereby "oppressed" (265) by this form of management as a science (272). Nevertheless, some of those models use language in a way that creates a sort of myth around the topic—and, in general, about being manager and doing business—rather than testable assumptions, as should be the case in science. This is also the case with the performance evaluation model *par excellence,* the Balanced Scorecard:

> [. . .] in the balanced scorecard, metaphors and analogies from the semantic areas of physics and engineering are used to describe features of the business world and how to achieve successful results, but these metaphors and analogies do not provide a very good picture of what they are supposed to illustrate. [. . .] It may be that the model's choice of words is known from the discursive practice of natural science, but the concepts are not used semantically to specify and describe relations between phenomena, but rather magically to produce effects of a mechanical business world and an action-oriented manager in control. (Nørreklit 2011, 273)

Control, and especially logistic control, as well as good organization and clear frameworks are absolutely essential in the work of the opera, according to Holten (Nørreklit 2011, 275–276). Nevertheless, to be convincing about this, he does not refer to the arguments of science, such as rationality and mechanistic cause-effect relations. He uses the visualizing and sympathetic power of art to speak to the feelings and senses of individuals (276). In his discourse of management, he is thus able to mix the symbolic forms of science—the importance of good organization—with the symbolic forms of art—the importance of the individual human reality (275–276). By mixing humor and drama, he is able to portray the reality of an opera production, which is a joint effort and not a deterministic process, in a much more dynamic and convincing way than is possible with the mechanistic cause-effect relations of the balanced scorecard (281). This applies also to Holten's words about the inappropriateness of the evaluation tools promoted in the context of New Public Management-oriented reforms:

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> How does one measure a good opera performance? If we were to do the measuring, it would be one where people weep. The Danish Ministry of Finance would actually like us to include the measuring of good opera in our result contract. [. . .] I can easily imagine that if you designed a machine, I don't think you could, but say you could design a machine which could measure the quality of an opera performance, and then on some evenings, I am sure it would say fantastic. Yes, but, I would say, I didn't shed a single tear, and on other evenings it would say no, too many things went wrong, and she didn't sing the top C very well, and I don't know what. And I must say that I cried inconsolably during her death scene. And I know which performance I would rather see. To measure the quality of an opera performance, we would have to install a hydrometer among the audience so as to be able to measure any increases in humidity. This is, of course, a bit affected, but this is a story which I can tell both to a stage technician who understands perfectly well that his wife cries her way through the dress rehearsal because it is so beautiful, and to a highly educated opera soloist who knows that when singing his death scene he really should do what he can to make the audience weep, and actually also to my secretary who must treat all the foreign agents so well that they send their best artists over here and down onto the stage to make people weep. [. . .] And those metaphors, that story, can be used throughout the house. (Kasper Holten, cited in Nørreklit 2011, 277)

In contrast to the arbitrariness of a performance evaluation model originating in the symbolic form of science which is inadequate in an artistic context, Holten creates a sound ontological certainty based on "the everyday conventions of making sense of the very reality of things, other persons and oneself" in the opera environment (Nørreklit 2011, 286). The final criterion for performance evaluation has to be based on his own as well as his organization's ambition to speak "to people's deepest emotions rather than producing a technically correct performance. Opera should not be evaluated on the basis of science as symbolic form, but on the basis of the symbolic form of art" (Nørreklit 2011, 277). Apart from being effective in managing arts organizations, the metaphors used by Holten—opera as an "emotional fitness center" (Kasper Holten, cited in Nørreklit 2011, 279), or a "hydrometer" to measure weeping—and, more generally, the use of the symbolic form of art, can also inspire new, more sympathetic conceptualizations of performance evaluation in other sectors (287–288).

With Sundström (2011), the setting remains within the performing arts sector in Scandinavia. This time the investigated case is a small touring theater in Sweden. At the time of the study, the Swedish Performing Arts association had started a project aimed at the standardization of accounting procedures and vocabulary within the Swedish performing arts sector (268). This project was funded by the Swedish Arts Council, and the administrative director of the investigated theater was a member of the project team (268–269). At the same time, the theater had to adopt a scorecard developed by the local municipality (which owned the theater together with the county council) both for internal management control and for reporting to its owners (264, 276). In his case study, Sundström explores the implications of distance between providers and users of accounting information. With distance he does not only mean physical distance, but also differences in knowledge and understanding of the contexts represented by accounting information (260–261). The small, publicly funded touring theater investigated by Sundström faces this issue, since it is held accountable by different stakeholders, internal and external, based on numerical representations of its artistic activities and of the results achieved. Decontextualized interpretations of numbers become even more problematic in a setting where numbers are considered inadequate to represent performance, as is the case for performing arts organizations (261–262).

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Sundström studies the implications of distance for the way theater managers use numbers and frame organizational performance with respect to four main uses of accounting information: internal decision making, reporting to board and owners, reporting to other funders, reporting to press and other unknown users (264). Internally, managers and employees find it in general difficult to describe the process of value creation of the theater. In particular, they find the use of numbers inadequate for this purpose (265). For instance, the value created for the inhabitants of small villages, by performing for them, cannot be captured through a standardized instrument (266). Even though audience surveys are conducted, they are irrelevant for the framing of performance within the organization. The feelings of being appreciated by the audience and the consequent self-fulfillment of staff fill the stories of performance within the organization, while measurements are used to confirm those feelings (265). Even when numbers are used for comparisons between theaters, "it is not necessarily the difference between the numbers that matters to the manager but the reasons for the existence of a difference. Rather than representing performance, measurement is hence seen as something that may assist in organizational development through a learning process regarding contextual differences between T[ouring] T[heater] and other theatres" (Sundström 2011, 266).

With respect to reporting to the board and the owners, theater managers are positive about the use of a scorecard with four perspectives—citizen/customer, development/growth, finance, employee—as developed by the municipality. The scorecard offers the theater a chance to include information that goes beyond purely financial results and to create a more complete context for the interpretation of the reported figures. In particular, managers use the additional information to direct the owners' and the board's interpretation of the reported figures (267). Creating a more complete context and directing the board's interpretation of the numbers are essential for the managers, since the board, in their opinion, lacks the knowledge of the context that is necessary to supervise the organization. This lack of knowledge becomes an opportunity for the theater managers to influence the board's framing of organizational performance (268).

In relation to reporting to other funders, the lack of knowledge and understanding of the specific context of individual arts organizations is again the main concern for the theater managers (268). Funders would like to have numbers to easily compare arts organizations and to decide which one is better or worse, although no numbers can adequately represent the core values created by these organizations and thereby facilitate meaningful comparability (269). Nevertheless, since those funders are continuously in touch with the individual organizations, it is likely that they can contextualize the reported numbers. This is less likely in the case of press and other unknown users, who are much more "distant" in terms of knowledge and understanding from the context of the individual organizations and, consequently, of the reported numbers (269). When press and other unknown users read the theater's annual report, the theater managers can hardly influence their interpretation and use of that information. Under such circumstances, the information is likely to be taken out of the original context and the "reported numbers are thus reframed in a context of numerical calculation" (Sundström 2011, 270). In order to fill this distance and to prevent a purely numerical interpretation of the numbers, annual reports are filled with textual and visual descriptions of the context from which reported numbers come. For instance, in order to offer more information about the artistic value created, the theater publishes in its annual report a review, conducted by an external party, of the performance critiques which have appeared in major newspapers (270). While the theater managers are not in principle against reporting numbers to

external stakeholders, they want to fill them with a language that is legitimate to tell a story of artistic performance (273–274):

> Measurements regarding intangible performance are perceived to be useful only as far as they are read as additional information on a specific situation, yet with increased distance the access to other information sources can be expected to decrease; hence measures will be the only information available to users operating at a long distance. (Sundström 2011, 274)

Sundström's conclusion is that the perceived usefulness of measurements depends on trust and control of the way users frame the numbers. If there is lack of trust, theater managers try to enhance their control of the framing of performance by the not-trusted users of reported information. Nevertheless, "the greater the distance between provider and user of accounting information, the less trust—yet also the more difficult it gets to control framing" (Sundström 2011, 274). The perceived usefulness of measurements of intangible performance seems thus to depend on who uses these measurements, rather than on the technical precision of the performance representation through numbers (275).

To sum up the main results of this section, management accounting research on the arts and cultural sector has focused so far on the organizational issues related to the cohabitation of artistic and administrative staff and processes in performing arts and heritage. In particular, the representation of performance emerges as a central issue in the understanding of the different rationalities that compete and coexist in the arts and cultural sector. Amongst other arts and cultural organizations, performing arts organizations are the most recurrent object of study. The management accounting literature on the arts and cultural sector shows a clear interest in the study of how rules and procedures are embodied in specific organizational and societal contexts and positions itself—often quite explicitly—as against traditional accounting research.

In the next section, I conduct a comparative analysis of the financial and management accounting literature reviewed. The objective is to understand to what extent this literature offers a theoretical framework for a contextualized, in-depth study of the practice of evaluation in the arts and cultural sector.

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TRENDS IN ACCOUNTING LITERATURE ON THE ARTS AND CULTURAL SECTOR

In this section, I analyze the main trends emerging from the literature review, both with respect to the research settings (organizational, geographical, historical), the research topics, and the research approaches. These are summed up in Figure 1. Miller's idea of the "margins of accounting" (1998) informs the analysis of these trends and the resultant understanding of the development of this literature against the background of the general shift of focus in accounting research in general, and in management accounting research in particular, from the study of rules and procedures to the study of their embodiment in specific organizational and societal contexts.

With respect to the research settings of the reviewed contributions, homogeneous patterns within financial and management accounting literature stress the differences between these two bodies of literature. With respect to the type of organizations studied, apart from the article by Rentschler and Potter (1996) dealing both with performing arts and museums, all financial accounting contributions deal exclusively with museums and heritage. On the contrary, apart from

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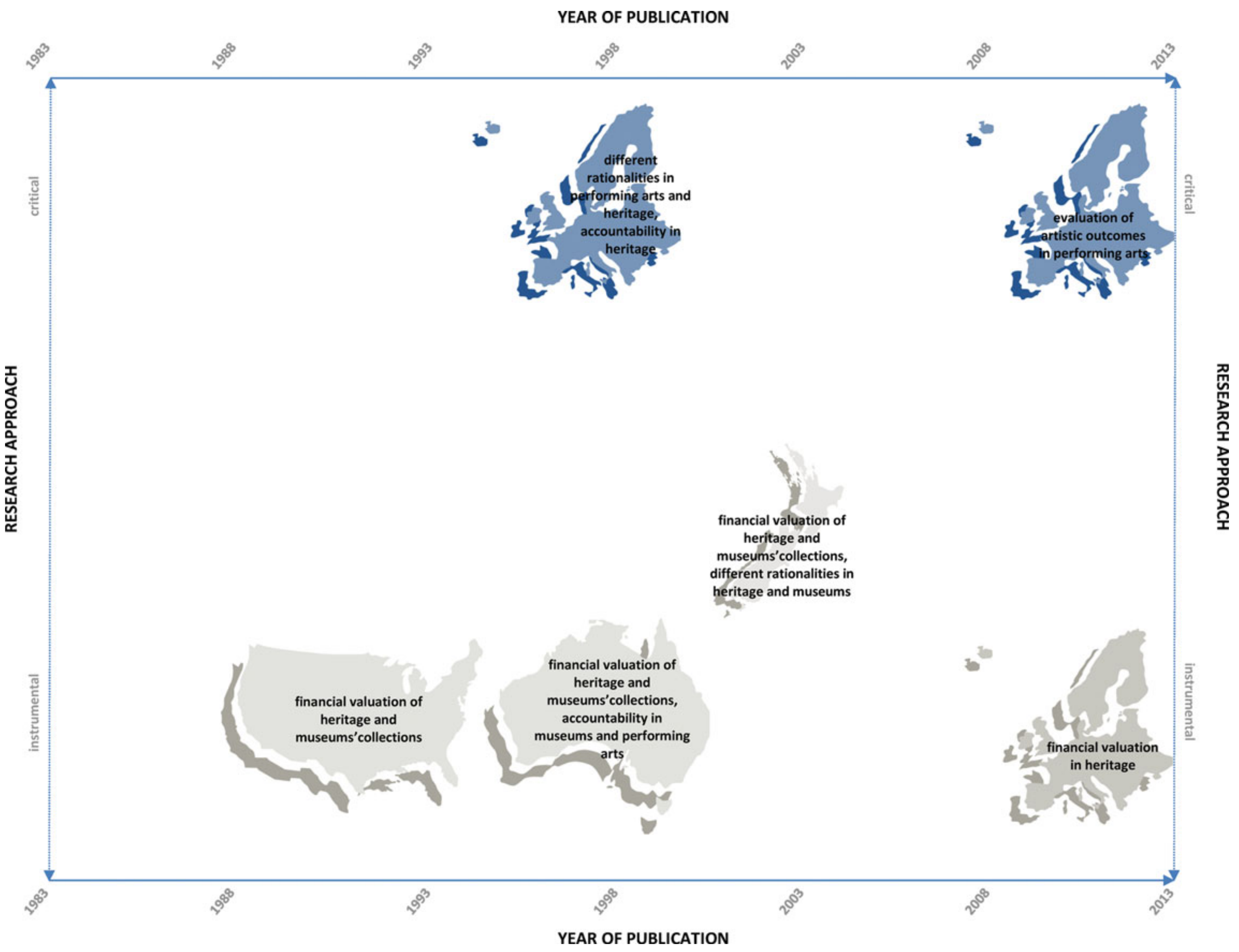

FIGURE 1 Trends in financial accounting literature (light) and management accounting literature (dark), with respect to research settings (organizational, geographical, historical), research topics, and research approaches. (color figure available online)

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the heritage setting in Zan's study of Pompeii (2002), all management accounting contributions deal exclusively with performing arts. With respect to the geographical settings, apart from the focus on the European arts and cultural sector in the article by Adam et al. (2011), all financial accounting contributions deal with the new world: United States, Australia, and New Zealand. On the contrary, all management accounting contributions focus on the European arts and cultural sector. With respect to the historical setting of the reviewed literature, the first management accounting contribution (Christiansen and Skærbæk 1997) appears nine years after the first financial accounting contribution (Mautz 1988), when the discussion about financial reporting for museums and heritage in the United States (Mautz 1988; Glazer and Jaenicke 1991; Christiansen and Mohr 1995) and in Australia (Carnegie and Wolnizer 1995; 1996; Rentschler and Potter 1996; Carnegie and Wolnizer 1997; Hone 1997; Micallef and Peirson 1997; Carnegie and Wolnizer 1999) had practically ended.[5] Indeed, financial accounting contributions are clustered in three time frames, each of them dealing with the arts and cultural sector of a different country. Between the end of the 1980s and the beginning of the 1990s, the debate on financial accounting in heritage and museums relates to the situation in the United States (Mautz 1988; Glazer and Jaenicke 1991; Christiansen and Mohr 1995). In the mid-1990s, a similar debate develops in Australia (Carnegie and Wolnizer 1995; 1996; Rentschler and Potter 1996; Carnegie and Wolnizer 1997; Hone 1997; Micallef and Peirson 1997; Carnegie and Wolnizer 1999). Finally, between 2000 and 2005, the debate reemerges in New Zealand (Barton 2000; 2005; Hooper et al. 2005). In all of these three time clusters, the academic debate is the result of regulatory pressure for the introduction of accounting standards in museums and heritage in the respective countries, as emerges from the reviewed literature.

These are three examples of the process of the "adding of practices to accounting at its margins" (Miller 1998, 606) pushed "by regulatory bodies, government agencies and other institutionalized actors who argue that there is 'a problem,' that something needs to be done, and that accounting is the way to do this" (Miller 1998, 607). The same type of organizations faces, in different countries and at different times, similar regulatory pressures, which lead to similar academic debates. In this sense, the fact that the first financial accounting contribution focusing on the European arts and cultural sector was published only in 2011 (Adam et al. 2011) can be interpreted as a sign of a later or, at least, weaker regulatory pressure in the European arts and cultural sector in general. Nevertheless, a distinction has to be made between Europe in general and the individual European countries. The "weaker" regulatory pressure on the general European arts and cultural sector may be due to do the heterogeneity of the contexts of the individual European countries. At the individual country level, the regulatory pressure can be stronger, although this differs from country to country and leads to different accounting practices (Adam et al. 2011). With Miller's words,

> [. . .] the margins of accounting vary from one national setting to another (Miller 1998, 606).

In the management accounting literature reviewed, which exclusively focuses on the European arts and cultural sector, a geographical clustering of the contributions around individual European countries can be observed. Three contributions focus on Scandinavian countries (Christiansen and Skærbæk 1997; Nørreklit 2011; Sundström 2011) and three on Italy (Zan 1998; Zan 2002; Mariani and Zan 2011). With respect to the historical setting of the reviewed management accounting literature, two time frames can be clearly identified. The first is around 1997–1998 and includes, apart from Christiansen and Skærbæk's contribution (1997), both contributions single-authored

by Zan (1998; 2002).[6] The second time frame is the year 2011 (Mariani and Zan 2011; Nørreklit 2011; Sundström 2011).

In the case of the management accounting literature, the country-related clusters do not fully correspond with the time-related clusters. This can be interpreted as a sign that the management accounting literature on the arts and cultural sector is motivated by the interests of individual researchers rather than by contextual pressure. The main motivation for the three contributions in the first time frame (Christiansen and Skærbæk 1997; Zan 1998; 2002) is mainly theoretical, which supports this interpretation. Nevertheless, the fact that all three contributions in the second time frame (Mariani and Zan 2011; Nørreklit 2011; Sundström 2011), although each to a different extent, problematize the concept of evaluation in the performing arts cannot be easily labeled as accidental. As shown by Chiaravalloti and Piber in the same year (2011), arts management research on the evaluation of artistic outcomes has remained prevalently instrumental so far, focusing on proposing new evaluation techniques and systems without questioning the appropriateness of performance evaluation in the arts. From an accounting perspective, it can be observed here how the evaluation of artistic outcomes, which used to be "outside accounting," now seems to have become "a central and taken-for-granted part of accounting within as little as a decade" (Miller 1998, 619). In this sense, the process of managerialization of the European arts and cultural sector, in which "the representation of performance emerges as the critical issue" (Zan 2000, 432), forms the context in which new "calculative practices and their related rationales have [. . .] initially permeated accounting at its boundaries, and gradually come to occupy a dominant position" (Miller 1998, 605). In this case, the management accounting contributions from 2011 can then be interpreted as a symptom of the search for a new direction in performance evaluation in the arts:

> If a particular calculative technology emerged only recently, and under specific conditions, it is reasonable to expect that it may be modified or replaced in due course. (Miller, 608)

With respect to the research topics of the reviewed contributions, Miller's concept of the margins of accounting (1998) takes a tangible form. One of the characteristics of the process of adding practices to "accounting at its margins" (Miller 1998, 606) is that the "alleged problems have nothing immediately or self-evidently to do with accounting" (Miller 1998, 607). This is clearly the case with the "problem" of evaluating the artistic outcome of arts organizations, which can be expressed as the artistic value created by the organizations for the audience, the community, and the professional field (Boorsma and Chiaravalloti 2010). Evaluation of artistic outcomes is one of the main topics mentioned in the management accounting contributions from 2011 (Mariani and Zan 2011; Nørreklit 2011; Sundström 2011) and it has to do with aesthetics rather than accounting. The main topic of the contributions from 1997–1998 (Christiansen and Skærbæk 1997; Zan 1998; 2002) was the relation between different rationalities within arts organizations, which is originally a topic in management and organization studies (see, for instance, with respect to the arts and cultural sector, Oakes et al. 1998; Glynn 2000; Lampel et al. 2000; Townley 2002; Thornton et al. 2005; Eikhof and Haunschild 2007).

Also in the financial accounting contributions reviewed, the topic of financial valuation of heritage and museums' collections reveals itself as a "problem" that has to do with accounting only at the surface. Under the surface, the "problem" which emerges is not a purely procedural one relating to how to produce better financial reporting, but it is a substantive one relating

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to the nature of the arts and heritage and, consequently, to the scope of not-for-profit arts and cultural organizations in individual communities and in society in general (Mautz 1988; Glazer and Jaenicke 1991; Carnegie and Wolnizer 1995; Carnegie and Wolnizer 1996). The two critics of Carnegie and Wolnizer's article from 1995 (Hone 1997; Micallef and Peirson 1997), as well as Carnegie and Wolnizer's reactions (1997; 1999), illustrate the difficulty of treating financial valuation of museums' collections as a purely technical issue. The discussion shifts quickly from the technical to the organizational and societal levels. The financial reporting problem is at first a problem of financial accountability, but then of general public accountability. This wider problem cannot be solved only by discussing the technicalities of evaluation because it necessarily involves an understanding of the specific objectives of the organization and of the needs of the community the organization seeks to serve.

The topic of financial valuation of heritage and museums' collections was originally pushed into the financial accounting debate by its regulatory context, but it cannot be properly treated without considering, at the organizational level, such strategic management and management accounting issues as planning and control and, at the societal level, such public management issues as the meaning of accountability and the value of arts and culture for specific communities. In the financial accounting literature reviewed, the topic of accountability emerges as a link between financial and management accounting issues (Carnegie and Wolnizer 1995; 1996), as well as a link between the study of technical and procedural aspects and the study of the organizational and societal context in which techniques and procedures are used or resisted. Barton (2000) highlights the limits of financial reporting as a global management information system. The discharge of accountability calls for more than financial information. To provide more complete and diverse information, beyond purely financial information, is a task *of* and a challenge *for* management accounting. Amongst the management accounting contributions reviewed, only Zan (2002) focuses explicitly on the topic of accountability. Although he studies, in particular, the lack of financial accountability in Pompeii, he recognizes the necessity of extending the meaning and scope of accountability in the arts and cultural sector beyond financial accountability, in order to support a dialogue "with professional concerns that are crucial and distinctive of these kinds of organization" (Zan 2002, 93).

With respect to the research approaches adopted in the reviewed contributions, the financial accounting literature remains prevalently instrumental, advocating or opposing certain techniques and systems rather than investigating the effects of the use of those techniques and systems on the involved organizational and societal actors. Even the term *practice* has a purely instrumental meaning in the financial accounting literature reviewed. Carnegie and Wolnizer (1995) survey the use or rejection of mandatory capitalization *practices* in different countries. Christensen and Mohr's (1995) test a predictive model of introduction of capitalization *practices*. Adam et al. (2011) are interested in "detailing the diversity of accounting *practices*" (107–108, my italics), but they explicitly add that, by practice, they mean "accounting technique" and the application of "norms" (109), which is the same meaning as in Carnegie and Wolnizer (1995) and in Christensen and Mohr (1995). Only Hooper et al. (2005) are interested in the contexts of organizations which are facing the introduction of mandatory valuation standards and the process by which they are embraced or rejected. They develop a coherent self-critical approach and make the first and only contribution to financial accounting literature in the arts and cultural sector that explicitly focuses on how people and organizations embody accounting procedures and rules rather than on technical aspects.

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The remaining financial accounting contributions reviewed try to make the case for the need to go beyond the uncritical application of traditional accounting techniques in the arts and cultural sector, but they fail to develop a coherent argument, as they remain imprisoned within the traditional accounting logic that prevents them from understanding the differences between the individual organizational and societal contexts. For instance, on the one hand, Rentschler and Potter (1996) advocate a broadening of the scope of accountability in publicly funded not-for-profit museums and performing arts organizations from a purely financial to a content-related form of accountability. On the other hand, they ask these organizations to implement their broad concept of accountability by formulating "clear, concise organizational objectives" and by developing "better informed performance measures" so that accountants and economists can understand the complexity of those organizations (111). While they start their argument from the need to challenge the intrusive language of economics and accounting in the arts and cultural sector, they end up advocating, for publicly funded not-for-profit museums and performing arts organizations, both the sort of language—clear and concise—and the sort of instruments—performance measures—that are typical of economists and accountants.

In general, financial accounting research shows the legacy of its uncritical tradition, where the "search for parsimony" (Miller 1998, 607) is more important than the depth of analysis and understanding. As Miller noticed, this search for parsimony "can lead to a neglect of 'how'-type questions. Studies of the processes by which particular accounting practices emerge in specific contexts can be seen in a less favorable light than studies that draw upon a predictive model" (Miller 1998, 607).

The difference between the financial and management accounting literatures is evident in the research approaches used. In the first management accounting contribution on the arts and cultural sector, Christiansen and Skærbæk (1997) explicitly position themselves as against "a more traditional accounting approach focusing on the techniques" (433–34). They aim to understand the organizational and social implications of the use of management accounting systems rather than their technicalities. Zan is interested in a contextualized, in-depth understanding of the investigated organizations (1998; 2002), although in his work figures and procedures, rather than organizational actors, are the storytellers in the respective cases. His clear and explicit stand against traditional approaches to management and accounting research is confirmed in his later, co-authored work, where he advocates the importance of understanding processes and practice in management and accounting research, and criticizes the obsession with general and decontextualized theorizing and modelling which is dominant in the management and accounting research communities (Mariani and Zan 2011, 139, 142). With the contributions by Nørreklit (2011) and Sundström (2011), the shift of focus from the study of rules and procedures to the study of their embodiment in specific organizational and societal contexts reaches a new height. They are interested in the meaning organizational actors give to leadership and management—including evaluation—and to numbers and other accounting information.

In general, management accounting research on the arts and cultural sector shows a clear and explicit interest in the contexts studied and, to a large extent, in the embodiment of rules and procedures by organizational actors. In this sense, it clearly distinguishes itself from financial accounting research on the arts and cultural sector by explicitly embracing a critical approach. In particular, with respect to the topic of performance evaluation, all three reviewed management accounting contributions from 2011 (Mariani and Zan 2011; Nørreklit 2011; Sundström 2011) problematize the very meaning of performance and evaluation in arts and cultural organizations.

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Considering the recent broad and taken-for-granted adoption of performance evaluation systems in public sector organizations (see, for instance, Ter Bogt and Scapens 2012), also the publicly funded, not-for-profit arts and cultural sector emerges here as a case where "accounting gradually acquires a 'centre,' one that comes to be regarded widely as self-evident, and which in turn becomes the target of criticism during subsequent attempts to bring new calculative practices within the boundaries of accounting" (Miller 1998, 608). However, in the critical contributions from 2011 there are not yet any explicit attempts to suggest new calculative practices; there is rather a shared discomfort with the ones currently in use.

CONCLUSION

Arts management research has so far been unable to propose a theoretical framework for a contextualized, in-depth study of the practice of evaluation in the arts and cultural sector. The objective of this article is to understand whether accounting literature and, in particular, the management accounting literature, where the topic of performance evaluation has its roots, can offer one.

As I have shown, financial accounting literature remains stuck in advocating or opposing specific evaluation techniques and systems. The discussion, mainly conceptual, is about what should or should not be evaluated and whether the costs of financial valuations are justified by their benefits, expressed in terms of enhanced public credibility of organizations and their managers. It is thus not surprising that the influence of the different rationalities of organizational and societal actors on the acceptance of, or resistance to, the introduction of mandatory accounting standards in arts and cultural organizations is only discussed in one of the fourteen financial accounting contributions reviewed (Hooper et al. 2005). This topic is central in the three management accounting contributions on the arts and cultural sector from the end of the 1990s and becomes more explicitly related to the topic of performance evaluation in the most recent management accounting literature, when Mariani and Zan affirm that different rationalities lead to different ways of making sense of performance (2011).

Three of the six reviewed management accounting contributions were published in 2011. All three discuss the topic of performance evaluation in performing arts organizations, at least partially. Both their research approaches and their findings highlight the importance of the specific context studied. Mariani and Zan go even further and speak about micro contexts (2011),[7] showing a clear attitude towards in-depth understanding that is typical of the critical turn in accounting research. However, only Nørreklit (2011) and Sundström (2011) put the embodiment of rules and procedures at the core of their study, by offering some initial but valuable insights into the meaning given to performance and evaluation by, respectively, the artistic director of an opera company and the staff of a small touring theater. Although their contributions do not yet form a thorough theoretical framework capable of giving a clear direction to further research on performance evaluation in the arts and cultural sector in general, they are definitely an important first step towards an in-depth, contextual understanding of the practice of evaluation in a specific sub-sector: the performing arts.

Strangely enough, while the issue of accountability has gained considerable attention in the financial accounting literature on the arts and cultural sector, and while the study of accountability in other sectors[8] has contributed substantially to the development of more critical and

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self-reflective accounting research, the management accounting literature on the arts and cultural sector has not yet used the potential offered by the study of accountability for a deeper and contextual understanding of the practice of accounting in organizations (cf. Roberts and Scapens 1985). Further research should elaborate on the potential offered by the study of accountability forms in organizations for the understanding of the practice of performance evaluation in the arts and cultural sector.

Even though the more substantive contributions to an understanding of the practice of evaluation in arts and cultural organizations come from management accounting literature, the review of financial accounting literature not only suggests that accountability can be the link between the study of the technical and procedural aspects of performance evaluation and the study of the organizational and societal context in which performance evaluation techniques and procedures are used or rejected; it also offers one very explicit suggestion about how to study the practice of performance evaluation. Observing how managers in organizations evaluate success and the information they use, how they form a judgment about the future operations of their organizations is a legacy of the first accounting article on the arts and cultural sector (Mautz 1988) and provides important pointers for future researchers studying performance evaluation in arts and cultural organizations.

From Mautz's legacy, two main lessons can be drawn. First, arts management scholars should take seriously the complete body of knowledge of the discipline where specific topics were originally studied; in the case of performance evaluation, management accounting as a sub-field of accounting. There is a lot to learn even from contributions that at first glance may seem less useful. A thorough confrontation with literatures others than one's own (one's own in this case being the arts management literature), instead of an arbitrary and instrumental use of them, is not only more respectful of other disciplines, it also delivers a deeper understanding of the studied topics. Second, the story of accounting at its margins, which entered the academic debate for the first time with Mautz's 1988 article, still has a long way to go. While I agree with Miller when he states that practitioners are not the only source of innovation in accounting (1998, 618), I have to conclude here that the experience of practitioners or, in my words, the practice, which Mautz invited to research more than twenty-five years ago, has been largely absent from the investigation of performance evaluation in arts and cultural organizations so far, not only in the arts management literature, as Chiaravalloti and Piber (2011) had already shown, but also in the accounting literature. Developing Mautz's legacy is thus still an essential task on the path towards an understanding of performance evaluation in the arts and cultural sector.

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NOTES

1. See Chiaravalloti and Piber (2011) for an overview of research on performance evaluation in visual and performing arts organizations which appeared in arts-management-related journals between 1999 and 2010. For more recent contributions, see Zorloni (2012) and Badia and Donato (2013).
2. See, for instance, Kaplan (1984).
3. The fact that I could not find any contribution on the arts and cultural sector in the two top journals in accounting according to Lowe and Locke's survey (2005)—*Accounting, Organizations and Society* and *The Accounting Review*—confirms the relatively scarce interest of accounting researchers in the arts and cultural sector so far, as recently noticed by Mariani and Zan (2011). In 1996, *Accounting, Organizations and Society* published an article by Preston et al. about the role of visual images in corporate annual

reports. Although art theory meets financial accounting in their article, this happens in a business setting and without any reference to the arts and cultural sector.

4. In the same issue of *Accounting, Auditing & Accountability Journal*, other contributions relate art and, more generally, humanities to accounting. However, they do not study accounting in the arts and cultural sector and are thus excluded from my review.
5. The only exception is Carnegie and Wolnizer's reply to Micallef and Peirson, which appeared in 1999 but was probably in the pipeline since 1996, as their quotation of a forthcoming article for 1996 with a similar title to the one finally published in 1999 suggests (Carnegie and Wolnizer 1996, 95).
6. The article about Pompeii from 2002 is a translation of an Italian article from 1998, as Zan declares in the acknowledgments of his English article (Zan 2002, 89).
7. Zan already used the term micro in a previous article (Zan et al. 2000).
8. See, for instance, Laughlin (1990), Roberts (1991), Broadbent et al. (1996), Laughlin (1996), Roberts (1996), Broadbent and Laughlin (1998), Roberts (2001), Ezzamel et al. (2007), and Roberts (2009).

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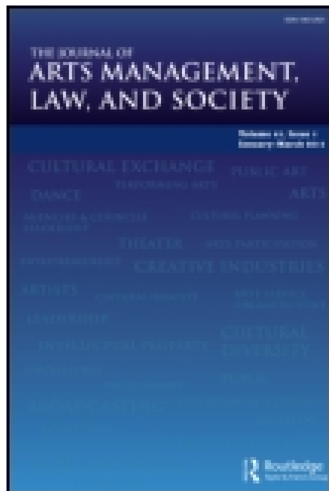

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Performance Evaluation in the Arts and Cultural Sector: A Story of Accounting at Its Margins

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