



Performance measurement systems and the enactment of different institutional logics: Insights from a football organization

Martin Carlsson-Wall^a, Kalle Kraus^{a,*}, Martin Messner^b

^a Department of Accounting, Stockholm School of Economics, Box 6501, 11383 Stockholm, Sweden

^b School of Management, University of Innsbruck, Universitätsstraße 15, 6020 Innsbruck, Austria

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ABSTRACT

This paper examines the role of performance measurement systems (PMS) in managing the co-existence of different institutional logics in a football organization. We show that while the sports and business logics at times compete with each other, in other situations they are in harmony. We explain this with reference to an ambiguous cause–effect relationship between these logics which allows for different ways of enacting the logics. Our study thus demonstrates that compatibility of logics may vary not just between fields and organizations, as the literature has emphasized, but also between situations within an organization. Furthermore, our paper highlights how varying outcomes of the performance measures affect the way in which compromises between the two logics are made. While the literature has mostly focused on examining how compromises can be designed into the PMS, we draw attention to how situation-specific compromises are made on the basis of such PMS. The meaning attributed to different levels of sports performance was key for understanding the differences in compromising behaviour.

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1. Introduction

“As difficult as Atletico Madrid’s 4–1 loss in the UEFA Champions League final was to handle for its fans, the club’s path to financial solvency could prove even more challenging given its daunting debt load. After an historic and improbable Champions League run, the team does not appear willing or able to re-sign key players with expiring contracts. David Villa, Jose Sosa, Tiago Mendes, Cristian Rodriguez, Diego Ribas and goalkeeper Thibaut Courtois—thought of as the heart of the locker room—are all out of contract and will likely be looking for new homes. By playing it cheap and allowing top players to flee, Atletico appears to be thinking purely economically in an effort to face its crippling finances head on” (Van Noll, 2014).

In this paper, we examine the operation of performance measurement systems (PMS) in a particular sub-field of popular culture, i.e., sports. More specifically, we study the way in which managers in a Swedish football organization use a set of performance measures to manage two major institutional logics that the organization is subject to: a demand for excellence in sports, on the one hand, and

a demand for financial success or stability, on the other. As the introductory quote illustrates through the example of the football club Atletico Madrid, these two logics are often referred to when talking about the ‘performance’ of football clubs and other sports organizations. Our focus in this paper is on how managers enact these institutional logics when using performance measures to inform their decisions.

The main theoretical motivation for this research focus comes from a set of recent studies that have started to examine the operation of accounting systems under conditions of ‘institutional complexity’, i.e., settings in which organizations face two or more different sets of institutional demands or ‘logics’ that prescribe which objectives or actions the organization can legitimately pursue or engage in (Amans et al., 2015; Ezzamel et al., 2012; Lander et al., 2013; Lounsbury, 2008). Ezzamel et al. (2012), for instance, examine budgeting practices in UK schools, where three institutional logics are particularly salient: A business logic according to which schools should operate efficiently and engage in competition with other schools; a governance logic that highlights the political accountability of schools; and a professional logic that builds upon the expertise and norms of the teaching profession. The authors analyze how these three logics compete for attention in the budgeting process. They observe that, depending on the relative dominance of the three logics in a given school, budgeting would be practised in different ways, thus leading to practice variation within

* Corresponding author.

E-mail addresses: martin.carlsson-wall@hhs.se (M. Carlsson-Wall), kalle.kraus@hhs.se (K. Kraus), martin.messner@uibk.ac.at (M. Messner).

the educational field. [Amans et al. \(2015\)](#) argue along similar lines when examining the role of budgets in two French theatres. They found that different logics (managerial, artistic, political) impacted upon the budgeting process, but also observed some practice variation depending on the funding situation of the theatre.

While both [Ezzamel et al. \(2012\)](#) and [Amans et al. \(2015\)](#) describe how different institutional logics compete for attention in the budgeting process, other studies have highlighted how the particular design of accounting systems can facilitate dealing with a multiplicity of logics. [Chenhall et al. \(2013\)](#) suggest that performance measurement systems (PMS) function as 'compromising accounts' if they enable productive debate between different logics. The authors focus on identifying "the factors that promote and/or damage efforts to reach compromise" (p. 269). In particular, they suggest that compromising accounts should contain elements that speak to the demands of each internal stakeholder group, as this provides "confirmation and reassurance that a particular mode of evaluation is, indeed, recognized and respected, thus making productive debate more likely" (p. 282). The authors refer to this as the creation of 'concurrent visibility'. [Sundin et al. \(2010\)](#) made a similar point when they examined the ability of the Balanced Scorecard to manage multiple competing logics. They reported a case study in a state-owned electricity company, where managers agreed that "the ultimate goal was to achieve a balance between the objectives", rather than to single out one objective as the 'most important' one (p. 219). The BSC apparently facilitated such balancing as it recognized different stakeholders, included multiple perspectives and performance measures, and assisted cause-effect thinking.

Our paper builds upon these studies and the idea that PMS can facilitate the management of multiple institutional logics. However, instead of considering the design characteristics that allow PMS to act as 'compromising accounts', we examine how managers use the information contained in these systems when making decisions. That is, we shift the focus from how compromises are *designed* into the PMS to how compromises are actually *made* on the basis of such a system. The presumption is that compromises are not always made in the same way, they are situation-specific. We suggest that managers prioritize between different logics depending on the particular situation as represented through the performance measures. In order to understand the compromises, it is therefore important to consider situations that differ with respect to the information contained in the performance measures. Interestingly, this is something that extant literature on performance measurement has hardly done. Although we know much about the use of performance measures for managerial purposes (c.f., [Hall, 2010](#)), we have little understanding of how different levels of performance, i.e., actual outcomes on performance measures, influence managerial behaviour. In the case of a single performance measure, high levels of performance would most likely cause less concern than low levels. In the latter case, we would, for instance, expect managers to implement particular action plans or undertake other sorts of 'corrective action' (e.g., [van der Veeken and Wouters, 2002](#); [Jordan and Messner, 2012](#)). However, if several performance measures are in place, the situation is more complex and some kind of trade-off is likely to arise ([Jensen, 2001b](#)). How managers deal with this situation and how they prioritize different performance measures, and the underlying logics, is still little understood.

In addressing this question, we also build upon, and contribute to, the literature on institutional logics and institutional complexity more generally. This literature has acknowledged that organizations are typically subject to diverse institutional demands that reflect different logics of action ([Friedland and Alford, 1991](#); [Thornton and Ocasio, 2008](#)). Several studies suggest that multiplicity of logics can create tensions in organizations insofar as the prevailing logics imply incompatible decisions or actions (e.g., [Battilana and Dorado, 2010](#); [Reay and Hinings, 2009](#)). In such a

case, organizations need to find ways to resolve such tensions, for instance by following the prescriptions of only one logic or by compromising between the logics ([Pache and Santos, 2010](#)). However, other studies suggest that logics may also co-exist in a rather peaceful way such that no particular efforts to decouple or compromise would seem necessary (e.g., [Goodrick and Reay, 2011](#); [Smets and Jarzabkowski, 2013](#)). To explain these diverging accounts, some authors have pointed to field-level and organization-level factors that cause variation in the way in which multiple logics are experienced by organizations ([Besharov and Smith, 2014](#); [Greenwood et al., 2011](#)). These factors can explain why a particular set of logics is compatible in some fields but not in others, or why tensions arise in some organizations (within a field) but not in others. We contribute to our understanding of institutional complexity by suggesting that, in addition to variation between fields and between organizations, we may also find different degrees of compatibility in different situations. This is because some situations are characterized by actions and outcomes that favour several logics at the same time, while other situations require courses of action that are in line with one logic but conflicting with others. Moreover, a given course of action may have different implications, with multiple logics and unknown outcomes leaving actors to interpret how best to prioritize them. By shedding light on this complexity in the relationship between logics, and their consequences on the organizational level, we respond to [Greenwood et al.'s \(2010\)](#) call that "more attention should be given to whether overarching logics reinforce or contradict each other" (p. 536).

The logics that we discuss in our paper are located within the specific field of sports. Although it is known that sports organizations are typically subject to several different logics (e.g., [Gammelsæter, 2010](#)), we focus in our paper on the two sets of demands that turn out to be particularly salient in our empirical case.¹ We term these *sports logic* and *business logic*, respectively. We associate the sports logic with institutional demands for success in sports ([Foster et al., 2006](#)). Objectives such as winning a championship, qualifying for the Olympics, advancing to a higher league, or winning the next Derby motivate the members of a sports organization and connect the organization to important outside stakeholders such as fans and sponsors. At the same time, sports organizations face institutional demands for financial performance. Objectives such as a balanced budget, a low level of debt, a particular return to shareholders or a successful initial public offering are examples that represent this type of logic ([Smith and Stewart, 2010](#)). Professional football is a case in point. While success in football is often costly, requiring high investments and ongoing expenses, it is also rewarding in financial terms. Football clubs that are successful in terms of their sports performance benefit from considerable prize money for international games and can attract new sponsors and fans who attend games and buy merchandise. However, such success is uncertain and only a few clubs will experience a virtuous cycle of this kind. The complex interaction between these two logics makes football clubs a highly interesting context for studying how, in different situations, performance measures inform decision-making.

In examining how managers use performance measures to make sense of this ambiguous relationship, we extend not only the empirical focus of the literature on accounting and sports, which has so far been concerned with other questions, such as accounting for player contracts ([Amir and Livne, 2005](#); [Foraker, 2005](#); [Risaliti and Verona, 2013](#)), salary scandals ([Andon and Free, 2012](#)), insolvency practice

¹ As noted by [McPherson and Sauder \(2013\)](#) and [Thornton et al. \(2012\)](#), whether the relevant number of logics is two, three or some other number requires empirical justification in the particular organizational setting. This necessitates the identification of the key logics invoked with regularity in the case organization.

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