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Management control in pulsating organisations—A multiple case study of popular culture events

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ABSTRACT

Major events comprise an important aspect of popular culture. The pulsating nature of event organisations implies that they quickly expand at the time of the event and then contract. By examining six sport event organisations, detailed action planning was found to be crucial to ensure that both the structure and flexibility were guaranteed when the event took place. Detailed action planning served as the backbone in the chain of control in each case, connecting the evaluation based on non-financial measures with the budgeting, and with policies and procedures that were applied during the process. It created a shared understanding of the breakdown of responsibilities and duties and made it possible to clarify the role each individual played within the system and to determine when and how improvisation was needed. Our findings thereby provide important boundary conditions to the literature on 'minimal structures' by making it clear that 'minimal' management controls are not sufficient to handle the balance between structure and flexibility in pulsating organisations, which often rely on thousands of inexperienced employees to work together for a very short period of time. Detailed action planning helped create 'operational representation' (Bigley and Roberts, 2001), i.e. the basic cognitive infrastructure permitting individuals and groups to effectively integrate their behaviours with those of others on a moment-to-moment basis as the event unfolds. We also contribute by explaining important management control differences across the six organisations through the distinction between participation- and spectator-driven events.

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1. Introduction

More than 20 years have passed since Hopwood's (1994) call for research on how accounting is implicated in everyday life. Since then an emerging accounting literature has focused on one important aspect of everyday life, namely that of popular culture activities (Jeacle, 2012; Jeacle and Carter, 2014). Examples include cinema and film (Jeacle, 2009, 2014), drinking (Jackson et al., 2012), fashion (Jeacle, 2015; Jeacle and Carter, 2012; Walker and Carnegie, 2007), popular literature (Evans and Fraser, 2012), popular music (Jacobs and Evans, 2012; Smith and Jacobs, 2011) sports (Andon and Free, 2012, 2014; Cooper and Johnston, 2012) and travel (Jeacle and Carter, 2011). An important aspect of many of these activities is the occurrence of major events, such as the American Oscars, the Woodstock Music and Art Fair and the Olympic games, in which interest has grown substantially over the years (Jago and Shaw,

1998). For instance, the Eurovision Song Contest of 2015 held in Vienna reached a massive 197 million people in 40 countries.¹ Event organisations are of analytical relevance for the literature on management control systems (MCS) owing to the pulsating nature of the activities that such organisations have to cope with (Hanlon and Jago, 2000). The term 'pulsating organisation' reflects organisations that quickly expand and then contract (Crawford, 1991; Toffler, 1990). Pulsating organisations are, thus, quite different from the conventional organisations that comprise the subject of the majority of the existing management control literature, i.e. organisations with a relatively stable workforce and regular activities throughout the year.

However, the role of MCS in pulsating organisations has been largely ignored within accounting scholarship. Jeacle (2009), for instance, suggested that further accounting and popular culture research should pay more explicit attention to the nature of the organisational form under investigation. To address this, we designed a multiple case study (Eisenhardt, 1989) of pulsating

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¹ www.eurovision.tv/page/timeline.

organisations, comprising six different sport event organisations (SEOs). Sport is certainly a significant form of popular culture, and the interest in and market for major sport events is huge (Emery, 2010; Green, 2001; Jago and Shaw, 1998; Szymanski, 2003). In Sweden, when registration opened for the country's largest cross-country skiing event, Vasaloppet, all available registrations were filled within minutes. The pulsating nature of SEOs is evident. Take one of our case organisations, Vätternrundan, a large cycling event, as an example. Vätternrundan has ten permanent employees working all year with the cycling events, however during the two weekends when the events take place, approximately 4000 volunteers work to ensure the realisation of the events. The following exploratory research question is pursued in the paper: What is the role of management control systems² in pulsating organisations such as sport event organisations?

We draw on the work published in the literature on pulsating organisations, e.g. Hanlon and Jago (2000), and on Malmi and Brown's (2008) conceptual MCS framework, which enables us to analyse a broad array of controls. By studying pulsating organisations, we seek to contribute to the literature on accounting and popular culture as well as to the more general MCS literature. This is achieved by moving beyond the current restricted appreciation of time and organisational work as practices that are organised into discrete phases which are considered to follow a regular sequence (c.f. Ezzamel and Robson, 1995; Huy, 2001; Nandhakumar and Jones, 2001). The literature on pulsating organisations emphasises the difficulty of managing these organisations, attributable to the sudden and steep changes in the rhythm of the daily activities, and stresses the importance of both structure and flexibility (e.g. Hanlon and Cuskelly, 2002; Hanlon and Jago, 2000). As a result of the high degree of irregularity in these organisations, we can expect clear limits to the usefulness of MCS; nevertheless, there is need for some form of MCS in such organisations because decisions need to be made and actions must be coordinated (c.f. Jørgensen and Messner, 2010). This paper seeks to investigate whether, and if so how, MCS are used in pulsating organisations.

The paper is structured as follows. In Section 2, the literature on pulsating organisations and on MCS is reviewed. This is followed by a section on research methods. Thereafter, the MCS in six sport event organisations are analysed, and a discussion takes place of how the pulsating nature of the sport event organisations has had an impact on the MCS. Finally the conclusions and suggestions for future research are presented.

2. Theoretical development

2.1. The pulsating nature—a main characteristic of event organisations

The role of events in popular culture is significant. The Woodstock Music and Art Fair in 1969 where around 500,000 people gathered for three days is still famous around the world. The film festival in Cannes, the American Oscars, the British Academy of Film and Television Arts (see, Jeacle, 2014), the summer and winter Olympic games, and the Roskilde music festival in Denmark are other well-known examples. Such events are described as being both highly complex and unpredictable and as varying in size and complexity (Shone and Parry, 2004). Event organisations are often characterised in terms of the variation between the number of people who are involved when an event takes place compared to those engaged before and after it. This characteristic has been referred

to as 'pulsating', an expression invented by Toffler (1990), who used the term to denote organisations that quickly expand and then contract. More specifically, the majority of staff involved in event organisations are employed by the organisation for a limited time, thereby creating an expansion and contraction in the personnel, causing the organisation to pulsate (Hanlon and Cuskelly, 2002; Smith and Stewart, 1999). As noted by Hanlon and Cuskelly (2002), pulsating organisations are quite different to other types of organisations which have a relatively stable workforce, established relationships between employees and where the induction of new employees is commonly performed on an individual basis. In contrast, pulsating organisations have a large influx of personnel over a limited period of time, and where sports are concerned, these people are often volunteers or temporary staff who receive little or no pay (Slack, 1997).

The management literature on event organisations has mainly focused on the economic impact of the events (Badget and Gougnet, 2010; Dwyer et al., 2000; Preuss, 2005; Robinson and Minikin, 2011; Taks et al., 2011) and on personnel management (Farrell et al., 1998; Hanlon and Cuskelly, 2002; Hanlon and Stewart, 2006). Hanlon and Cuskelly (2002), for instance, studied how the pulsating nature of sport events had an impact on human resource management practices and found that a customised human resources process for such organisations was necessary. Hanlon and Jago (2000) showed how sport event organisations tended to operate with a small core of employees, expanding substantially before and during an event, and then shrinking in size again afterwards. They found that since these organisations involve rapid change, organisational growth, and increased diversity, there was a tension between the need for structure on the one hand, and the need for flexibility and quick adaptation to unforeseen circumstances on the other. For sport events, the equilibrium between events is indicative of the underlying structure that keeps the organisation stable, whereas during the perturbations, i.e. when the sport event organisation expands in size, this underlying structure swells to incorporate a massive addition to the workforce.

The almost unique characteristic of event organisations, i.e. the pulsating nature which creates an ongoing need for structure and flexibility, is likely to have important implications for management control in these organisations. However the literature has not dealt with this issue adequately. In the following section, therefore, we discuss the role of MCS in pulsating organisations, such as SEOs.

2.2. The role of management control systems in pulsating organisations

Management control is considered a key activity in organisations (Otley, 1994) and has been defined in various ways in the literature (see e.g. Merchant and Van der Stede, 2007; Otley and Berry, 1980; Simons, 1995). In this paper we draw on Malmi and Brown's (2008) MCS framework in which five types of controls are included: planning (long-range planning and action planning), cybernetic controls (financial and/or non-financial measurement systems); reward and compensation; administrative controls (governance structure, organisational structure, policies and procedures); and cultural controls (clans, values, symbols). It has been argued that administrative controls create a structure in which planning, cybernetic, and reward and compensation control elements are exercised (Malmi and Brown, 2008). Cultural controls are seen as broad, yet subtle controls, that are assumed to be slow to change, thereby providing a contextual frame for the other controls (Malmi and Brown, 2008).

One important reason for applying this framework is that it is difficult to specify beforehand which controls will be used and in what way they might be applied in sport event organisations, and therefore a typology with a broad scope fits well with the

² In line with Malmi and Brown (2008, p. 290), we define MCS as "systems, rules, practices, values and other activities management put in place in order to direct employee behavior".

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