Who's on Stage? The Roles of the Project Sponsor and of the Project Leader in IC Reporting

Maria Serena Chiucchi and Marco Giuliani
Department of Management, Università Politecnica delle Marche, Ancona, Italy
m.s.chiucchi@univpm.it
m.giuliani@univpm.it

Abstract: Despite the plethora of IC reporting frameworks proposed by scholars and practitioners, their adoption is still not widespread in practice. In other words, IC seems to be more preached than practiced (Dumay, 2009, Chiucchi, 2013b, Lönnqvist et al., 2009). As a consequence, various studies have examined which are the levers and the obstacles that can influence the adoption, use and diffusion of IC reporting practices (Dumay, 2012, Lönnqvist et al., 2009, Catasús et al., 2007, Catasús and Gröjer, 2006, Chiucchi and Montemari, 2016, Giuliani et al., 2016).

Levers and barriers can be related to the technical-objective side of IC, i.e. how IC is measured and managed, or to its organizational-subjective side, i.e. who measures and manages IC (Chiucchi et al., 2016). While there are some studies that aim to understand the technical sides (Giuliani, 2016, Giuliani, 2014, Giuliani et al., 2016, Dumay and Rooney, 2011, Catasús et al., 2007, Catasús and Gröjer, 2006), the subjective side of IC appears to be underinvestigated (Chaminade and Roberts, 2003, Chiucchi, 2013a, Chiucchi, 2013b).

Moving from these considerations, the aim of this study is to examine the roles played by the "project sponsor" (PS) and the "project leader" (PL) in the design and implementation process of an IC reporting project. In order to achieve this aim the results of an exploratory field study (Roslender and Hart, 2003, Lillis and Mundy, 2005) referred to Italian companies that adopted an IC report will be presented.

Our study adds to IC literature by showing, from a practice-based perspective, the roles played by the PSs and of the PLs in different organizations and how they are determinant in the decision to undertake these projects, in their accomplishment, prosecution and abandonment. In particular, it emerges that PSs and PLs have a relevant role in the IC sensegiving and sensemaking processes: their specialization influence the way IC is perceived within the company and the fate of the IC report, i.e. in determining the success or the failure of the IC projects.

Keywords: Intellectual Capital, reporting, measurements, actors, project sponsor, project leader, field study, Italy, intangibles

1. Introduction

Intellectual capital (IC) has been debated for decades by both scholars and practitioners (Guthrie et al., 2012). By analysing the evolution of the IC discourse, it is possible to notice that both scholars and practitioners have proposed a plethora of IC concepts (Meritum Project, 2002, Stewart, 1997, Mouritsen et al., 2001, Chaminade and Roberts, 2003) and reporting frameworks (Andriessen, 2004a, Sveiby, 2010) none of which can be considered as generally accepted. This situation has implied that each company has defined its own specific IC reporting agenda according to its specific purposes (Abeysekera, 2008, Sveiby, 2010). Despite the grand theories developed around the idea of IC and the various benefits attributed to the ideas of measuring, managing and disclosing IC, IC reporting is still not widespread in practice, i.e. IC reporting seems to be more preached than practiced (Dumay, 2013). In addition, early adopters, such as Skandia, have abandoned this practice 2006 and a recent study conducted on companies that participated in the Danish project has shown that almost all of them has abandoned this practice after the end of the project (Nielsen et al., 2017). This situation has called for investigations about the levers and the obstacles that can influence the adoption, use and diffusion of IC reporting practices (Chiucchi, 2013b, Dumay, 2012, Lönnqvist et al., 2009, Catasús et al., 2007, Catasús and Gröjer, 2006, Giuliani et al., 2016).

From the analysis of the mentioned studies it emerges that levers and barriers can be related to the technical-objective side of IC, i.e. how IC is measured and managed, or to its organizational-subjective side, i.e. who measures and manages IC (Chiucchi et al., 2016). According to some scholars (Chiucchi, 2013a, Chiucchi, 2013b, Chiucchi and Dumay, 2015, Giuliani et al., 2016, Giuliani and Marasca, 2011), within an IC reporting project, two actors seem to be particularly relevant: the 'project sponsor' and the 'project leader'. The project

sponsor can be defined as the person that promotes the relevance of IC within the organization, supports the development of the project and gives legitimation to the IC project, i.e. it is the one that establish that 'it has to be done'. The 'project leader' is instead the person that develops in practice the IC project, i.e. the person that is actually involved in the design and implementation of the IC report and that defines 'what has to be done and how'. These two persons can influence and be influenced the other managers, employees, etc. and, therefore, an adequate inter-relationship with the rest of the organization may determine the successful development and consolidation of the project. While there are some studies that aim to understand the technical side (Giuliani, 2016, Giuliani, 2014, Giuliani et al., 2016, Dumay and Rooney, 2011, Catasús et al., 2007, Catasús and Gröjer, 2006), the subjective side of IC appears to be underinvestigated (Chaminade and Roberts, 2003, Chiucchi, 2013a, Chiucchi, 2013b).

Moving from these considerations, the aim of this study is to examine the roles played by the 'project sponsor' (PS) and the 'project leader' (PL) in the design and implementation process of an IC reporting project. In order to achieve this aim the results of an exploratory field study (Roslender and Hart, 2003, Lillis and Mundy, 2005) referred to Italian companies that adopted an IC report will be presented.

The paper starts with an overview of the extant literature regarding IC reporting. The next section presents the design of the study and the description of the field study. In the central part, an attempt will be made to make sense out of the case findings and to develop the theoretical arguments of the study. The paper ends by presenting some of the insights gained and the conclusions drawn, and proposing future research opportunities.

2. IC reporting, project leader and project sponsor: the state of the art

Although IC has been debated for nearly twenty years, it is not possible to identify a generally accepted definition of it and, consequently, a large variety of IC reporting methods and tools have been developed in order to comply with specific IC concepts or to satisfy specific information needs (Andriessen, 2004b, Sveiby, 2010). This means that reporting IC is still a problematic issue, both from a theoretical perspective and from a practical one, as there is no generally accepted framework.

The discourse about IC reporting has passed through three stages. The first stage, centred on what IC is, relied on the old adage 'what gets measured gets managed' (Catasús et al., 2007, Petty and Guthrie, 2000) and consequently the studies were based on the idea that 'numbering' IC allows to make the invisible visible and therefore manageable (Petty and Guthrie, 2000). Thus, the focus was on producing 'the right' IC numbers (Guthrie et al., 2001, Stewart, 1997, Edvinsson and Malone, 1997, Sveiby, 1997a, Petty and Guthrie, 2000).
The second stage focused on what IC does, i.e. how capital and labour markets react to the potential for IC to create value and how IC should be managed in order to create and maintain a sustainable competitive advantage. In this case, the attention of scholars and practitioners moved from the analyses of production of IC measurements to their consumption, i.e. 'looking beyond the measurement of performance to the management of performance' (Mouritsen and Larsen, 2005, Otley, 1999). This critique was also supported by the fact that the benefits of measuring have often not been realised or recognised in practice (O'Donnell et al., 2006). In other words, in this stage the focus was on how IC measurements, together with images and narratives, affect an organization or the capital market (Dumay and Rooney, 2011, Mouritsen and Larsen, 2005, Giuliani, 2013).

The third stage of the IC discourse contains, at its core, the investigation of how IC is utilised and taken up inside organizations. In other words, this stage is dedicated to the analysis of the use of IC measurements in practice, to the exam of the interplay between them and IC mobilization and management and to the investigation of the effects, the benefits and the drawbacks of measuring IC (Catasús et al., 2007, Catasús and Gröjer, 2006, Mouritsen, 2009, Dumay, 2013, Guthrie et al., 2012). Thus, this stage is devoted to critically investigate how organizations understand and adopt IC as a management technology (Cuganesan, 2005, Cuganesan et al., 2007, Dumay, 2009, Mouritsen, 2006). In essence, after a first wave of studies strongly focused on the production of IC numbers, in the second and especially in the third waves, the research gradually moved towards a critical analysis of the consumption of IC measurements.

IC reporting is an issue that can be approached both from an ostensive perspective and from a performative one (Mouritsen, 2006). While the first approach focuses on the 'technical' specificities of an IC report (what

should be reported and how), the latter tries to understand the effects that reporting IC generates on the organization. More in depth, the performative perspective adopted in this study calls for research that aims to investigate 'what IC does' (Mouritsen, 2006). For example, it examines how organizational actors develop value by drawing on IC, how IC is understood and how it is implemented in practice, how IC elements are mobilized so as to promote certain effects which are context-specific and invented within the situation in which IC is given meaning, and how IC can be used as a promoter of organizational change (Mouritsen, 2006, Mouritsen, 2009, Dumay, 2009, Mouritsen and Roslender, 2009). In all, the IC performative research agenda calls for a shift of the research focus from the production of IC reports to their use. This is the perspective adopted by this study.

The adoption of a performative perspective on IC requires a specific focus on the 'soft' aspects of IC reporting such as the reasons why companies report IC and who produces and uses the IC reports, i.e. on the actors involved in the IC reporting process. As obvious, these two aspects are tightly connected as the reasons for reporting IC are dependent on how the promoter (PS or PL) conceive and perceive IC.

Regarding the reasons (or different expected benefits) for reporting IC these can be summarized as follows (Andriessen, 2004b, Gröjer and Johansson, 2000, Marr et al., 2003).

Table 1: Reasons for analysing and measuring IC

Gröjer & Johansson (2000)	Marr et alii (2003)	Andriessen (2004)
• Corporate governance • Insider gains • Investor decisions • Merger and Acquisitions • Credit decisions • Tradability • National accounts • Management control	• Strategy formulation • Strategy assessment & execution • Strategic development, diversification and expansion • Compensation • Communication to external stakeholders	• Improving internal management • Improving external reporting • Transactional and statutory motives

It is important to stress that these reasons are neither exclusive nor static. They can coexist and change over time, depending on changes in the external context or in managerial needs (Giuliani, 2009).

As mentioned, this study focuses on the subjective side of IC and, more specifically, on the roles played by two relevant actors: the PS and the PL.

More in depth, Chaminade and Roberts (2003) have stressed that the actors who introduce IC determine the implementation trajectories of IC projects as they define the meaning for new words and concepts such as intellectual capital or intangibles and they operationalize them in terms of specific management tools. Johanson et al. (2001) argue that these actors play 'a significant role as driving forces during the early stages in MR [measurement routine] development' (p. 417). Chiucchi (2013b) highlights that PLs are those who directly or indirectly promote IC mobilization the most. In fact, PLs are the one that should involve managers in the IC journey thus, to focus on IC, to mobilize and manage it. Chiucchi (2013a) also shows that actors must complete an experiential learning cycle to mobilize IC, i.e. actors should reflect on their experience and integrate it into a model for visualizing IC and then apply it and the information gained to solve their practical problems. In addition, the Author shows that the PL played a key role not only in designing and implementing the IC measurement system but also in fostering the mobilization of action. The learning process that the PL experienced was instrumental to the development of the managers' learning process. Chiucchi and Dumay (2015) focus on the role of actors in 'locking' and 'unlocking' IC in the accounting domain arguing that a focus on measurement issues of the IC actors does not necessarily lead to little attention to management processes. In fact, their study shows how at times a dominant focus on accounting for IC is necessary, especially to allow newcomers to take stock, and make sense, of IC. Giuliani (2016) shows the roles played by the PSs and by the PLs in the sensemaking, sensegiving and sensebreaking processes related to IC as managers of an organization need, first, to make sense of IC (i.e. assign it a meaning) and of the consequent new managerial practices and, second, to diffuse the sense of IC and of its measurements within the organization. Chiucchi et al. (2016) point out that PSs and PLs are crucial in determining the fate of IC projects. According to their study, an IC project

survives when the PSs and the PLs can find something useful in it while it dies if it does not meet the expectations of the main actors. In other words, an IC project fails when it does not produce the desired benefits in terms of improvement of the corporate image or of the organizational performance, when it is not considered 'worth the trouble', when it is considered a 'private business' or when it is approached as a managerial fashion.

In comparison to extant studies, this paper does not focus on 'what IC is' or on 'what IC does' as done by the majority of the studies belonging to the first and the second stage of the IC discourse (Mouritsen, 2006, Guthrie et al., 2012) but on the actors involved in IC reporting processes, an aspect that tend to be overlooked. In addition, this study is not centred on the technical levers and barriers related to IC reporting (Chiucchi et al., 2016, Gröjer and Johansson, 2000, Mouritsen, 2009, Mårtensson, 2009, Catasús et al., 2007, Cuganesan and Dumay, 2009, Dumay and Cuganesan, 2011, Giuliani and Marasca, 2011) or on the levers and barriers of IC reporting in general terms (Chiucchi et al., 2016) but specifically on the organizational-subjective ones. Moreover, while most of the mentioned extant research that tends to refer to single case studies (Chiucchi, 2013a, Chiucchi, 2013b, Chiucchi and Dumay, 2015, Giuliani et al., 2016, Chaminade and Roberts, 2003), this study is based on field analysis referred to a larger number of companies in order to be able to capture a variety of experiences and gain a broader view of IC in practice. Finally, this research is not focused on a specific time point but adopts a longitudinal perspective, i.e. a temporal lens (Giuliani, 2009, Giuliani and Skoog, in press), in order to understand the role played by the actors over time.

3.   Design of the study

The aim of this study is to examine the roles played by the PS and the PL in the design and implementation process of an IC reporting project. In order to gather insights on this issue we used the information gathered through a research focused on a wider theme, i.e. the levers and barriers to the implementation of ICRs. More specifically, we conducted a field study which is "a research design that embraces a relatively small number of companies, as opposed to a wide-ranging survey or intensive case enquiries in two or three companies" (Roslender and Hart, 2003). This method is considered suitable to explore "complex phenomena in a confined domain" (Lillis and Mundy, 2005).

We focused on Italian firms because "Italy has become the new, hot bed of IC research, especially aimed at working side by side with managers inside organizations in developing IC practices" (Dumay, 2013). Furthermore, differently from other countries, such as for instance Denmark (Nielsen et al., 2017), where national projects on measuring and reporting IC have been launched, in Italy there has not been any national or large-scale projects and companies begun to measure IC on their own initiative, in different points in time, with different aims and adopting different frameworks.

Our sample is composed of companies that prepared at least one ICR for disclosure and/or managerial aims. Therefore we included in our research only companies which report IC intended as the system of intangible resources including human, organizational and relational capital (Edvinsson and Malone, 1997, Sveiby, 1997b). This means that we excluded companies that report only specific IC resources such as human capital or relational capital, for instance.

Considering the spontaneous implementation of the IC reporting practices, the name and number of companies that in Italy have ever produced an ICR is unknown, therefore in order to identify them we adopted a step-by-step process. First, a review of national and international publications within the IC field has been carried out using SCOPUS, Google books and Google libri (Italian version of Google books). This permitted to find out Italian companies which produced an ICR and which have been object of publication. Second, we searched in Google in order to collect data about companies that have not been object of publications but which have declared to report or have reported IC. Third, in order to integrate the results of the desk research, several Italian persons operating in the IC field were interviewed in order to understand if the list produced after the first and second steps was complete and, in case, identify the missing firms.

Thirty-four companies have been identified which should represent the majority of the Italian firms that produce ICRs. Sixteen companies got involved in this research project (hereafter named with letter from "A" to "P").

The main data-gathering technique was the semi-structured interview (Qu and Dumay, 2011, Kreiner and Mouritsen, 2005) to determine levers and barriers and also to compare different practical experiences of ICRs. Semi-structured interviews are well suited for the exploration of the perceptions and opinions of respondents regarding complex and sometimes sensitive issues. In addition, they also allow the interviewer to probe for more information and elicit clarification of answers. The interview was addressed to the IC report's PL, for two reasons. First they were considered as those who had all the information about the project and they were also one of the main influencer of its development. We were of course ready to interview also other people if it was necessary. A list of questions was submitted to the interviewee beforehand, however in our semi-structured approach we allowed open discussion to emerge. Therefore, when interesting and unexpected issues emerged during the interviews, we could gather more information. The interview was piloted in two companies and it concerned the themes listed in following table.

Table 2: Interview's main themes

1. general information on the first ICR and reasons for reporting IC
2. technical and organizational characteristics of the ICR's projects
3. barriers and levers in reporting IC
4. benefits and drawbacks of the ICR
5. use of the ICR (managerial and/or disclosure purposes)
6. evolution and or abandonment of the ICR

The sixteen analysed companies were different in sizes and mainly belonging to the private sector (69%) even if there were also public (19%) and non-profit (12%) companies in the samplei.

In this study, the interviewees were the CFO/controllers (7), the CEO (3), the General Managers (2), and the head of Human Resources (2) as they were indicated as responsible for the IC reporting projects (they were the PLs). Sometimes they coincided also with the PSs.

Interviews were conducted during spring and summer 2014, lasted from one to two hours each, were all tape-recorded and then transcribed for analysis. In order to overcome bias, the analysis was carried out through triangulation (Yin, 2003, Patton, 1990); thus, it was designed in such a way that one of the researchers was charged of the data collection, while the others had to examine the interview material and the notes in order to analyze all the evidence. Post-communications with the respondents helped the authors to ensure the accuracy of collected data.

In the following paragraph, we will illustrate some of the findings that are relevant to understand the levers and the barriers to the implementation of the ICRs. We will first identify which the reasons that pushed companies to report IC were and the frameworks used; then, we will illustrate the levers that favored and the barriers that impeded the implementation of ICRs.

4. The field study – Data analysis

Consistently with the aim of this research, the questions posed by the researchers during the interviews concerned the following themes: general information on the IC report, reasons for measuring and reporting IC, evolution of the IC reporting project and actors involved in the IC reporting project (e.g. personnel involved, PS, PL, researchers/consultants and their role, etc.), etc.

Among the analyzed companies, thirteen have continued measuring and reporting IC for some years whereas three stopped after the first experience. "Meteors" are therefore of marginal relevance in our sample. The average duration of the experience is 6.38 years with a maximum of sixteen years to a minimum of one year.

4.1 Reasons for introducing an ICR

The majority of the companies in our sample declared to have undertaken ICRs' projects both for managerial and disclosure reasons (69%) or exclusively for managerial ones (31%). Investigating more in depth the reasons for reporting IC, all the interviewed companies declared to have reported IC for several reasons; in fact, all the answers show a multiplicity of aims, sometimes referred to very general issues and sometimes to ones that are more specific.

Table 3: Data overview

Company	Years of experience (measuring IC)	Stopped producing an IC Report (Y/N)	Stopped measuring IC (Y/N)	Initial aims (MGT-management /DIS-disclosure)
A	11	N	N	MGT/DIS
B	8	N	N	MGT/DIS
C	6	Y	Y	MGT/DIS
D	5	Y	Y	MGT/DIS
E	14	N	N	MGT/DIS
F	12	Y	N	MGT
G	4	N	N	MGT/DIS
H	9	Y	N	MGT
I	2	Y	Y	MGT
J	5	Y	Y	MGT/DIS
K	1	Y	Y	MGT/DIS
L	5	Y	Y	MGT/DIS
M	1	Y	Y	MGT/DIS
N	2	Y	Y	MGT/DIS
O	1	Y	Y	MGT
P	16	Y	N	MGT

Some of the interviewees, moreover, pointed out that when the projects started there was uncertainty on what an ICR was and on which aims an ICR could permit to reach. Thus, it was the PL and/or the PS that had first, to make sense of IC reporting and then, to help managers give sense to it.

More specifically, investigating the reasons for reporting IC, it emerges that they can be organizational or personal.

> E: *"I have two main reasons. The first reason is the improvement of the information flow towards our stakeholders, establishing a kind of a dialogue, a way of sharing relevant information… The second reason is that by publishing this panel of indicators […] by representing our culture and by disclosing our commitment to our stakeholders and the society, it would be difficult to ignore them in case of a change of the management or of the ownership. In this way, we wanted to define our long-term perspective…"*

> J: *"we tried to understand what we could do to give to our stakeholders a more complete picture of what we actually do. So, we started thinking how to do it… We noticed that several information [of the ICR] were complementary to the financial ones and they allowed us to show to our stakeholders how and why we spend our money, what we have done for them, etc. They allow to disclose a more reliable and realistic picture of our business…"*

> L: *"I need to give a sort of authority to the new Department I am heading, which I think stems from a great intuition from an organizational point of view: put together all the 'non-financial' activities, all the support activities. It is crucial to show that this new Department has its usefulness, that it uses 'scientific tools' and that it promotes coordinated actions within the company. This project is useful also to me. (Emphasis added)."*

> K: *"[…] we had, to some extent, satisfaction by showing that we were interested in these issues and that were doing things that only some big firms were doing …"*

In summary, while some actors considered IC reporting as a practice useful to develop the organization, in other cases this practice was more related to their personal needs and expectations.

4.2   The role of actors in IC reporting

Moving the focus on the actors, with reference to the PS, in 5 cases it was the General Manager, in 8 cases it was the CEO/President, while in 3 cases it was the HR manager. The PL was, instead, in 1 case the General Manager, in 2 cases the CEO/President, in 6 cases the CFO/controller, in 3 cases the HR manager, in 2 cases the External Relations' manager, in 2 cases there was a shared responsibility among several Departments (e.g. HR, Controlling Dept., External Relations, IT). This means that the IC reporting project is generally sponsored by the top management and tend to be developed by the Head of a Department, predominantly by an accountant (CFO or controller), even if there are some exemptions. All the exemptions are referred to Head of Departments, such as HR, External Relations, IT, who are able to influence the company IC with their decisions and actions.

In the examined cases, it emerged that PLs and PSs have a fundamental role in undertaking IC projects, in determining their aims, in carrying out the projects, in defining how these projects were put in place, in continuing and/or in abandoning them. For instance, in those cases in which the PL was the CFO/controller the ICR was used for management aims and even if some of the companies stopped producing an ICR, specific parts of it were then included in departmental or corporate management accounting systems. Therefore, specific dimensions of IC continued to be analyzed in different forms and with different tools. In this sense, the competences of the PL seem to have influenced the development trajectories of the IC projects.

In general, the sponsorship of the board of directors and/or of the entrepreneur has been identified as a key lever by all interviewees and it appears that all project could benefit from this sponsorship. Similarly, specific managers' sponsorships, like the ones of the Heads of the Human Resources and/or Marketing Departments, has been identified as a lever, as well. This has proved to be essential to settle down the IC report or the IC measurements in the company and in its everyday practices.

As said, in the cases investigated the PL and the PS appear to be relevant in launching the project, in defining the trajectories of the project, in facilitating the processes of sensemaking and sensegiving, in influencing the use of IC measurements and in determining the fate of the project itself.

> *The president was the sponsor of the project… he gave us the input to start working on the IC report*

> *More than the president the CEO was the sponsor of the project… I [the project leader] was the one working with the consultants, the other employees, etc. but when we had to organize a meeting he was the one standing up to be counted. He was more suitable*

> *…The IC report shows what we have done, in the last few years, to develop our personnel and our information system, to improve the knowledge management process, to try to fulfil our customer needs. […] Measuring IC should help me [the General Manager - PS] to show that all efforts made, in the last years […] have generated benefits for us and for the stakeholders*

> *…when the General Manager, the promoter of the IC Report, abandoned the company, we stopped measuring and reporting IC*

This means that the PS and the PL are two "key persons" and they tend to have a dominant role in defining what IC is and what the IC report should highlight. Moreover, all the investigated companies have underlined that the existence, development and/or abortion of the IC reporting projects are related to two key persons that, therefore, appear to be the main actors *on the scene*.

The role played by the PSs and the PLs can also be perceived as a double-edged sword. In fact, if it is true that these actors can contribute to the success of the IC project, it is also true that a change referred to one of these key actors implies also a (negative) change in the fate of the ICRs. When this key figure quit the company or changed his/her priorities the ICR was abandoned. For the sake of completeness, it is opportune to underline that the analyzed companies identified also different reasons that led to the abandonment of ICRs:

restructuring processes, the financial crisis and the connected need to cut costs, the inability of ICRs to fulfil initial aims and the failure of the consulting company which promoted the IC report.

The interviews also shed light on the specific role played by the PL when he is also a controller as it happened in 3 companies. Due to their accounting background, it was easier for them, in comparison to the other PLs, to acquire the competences needed to "master" technically the IC reporting system, to manage the IC measurement system on their own and to push measurement forward. They seem to have a role in favouring the taking up of IC accounting practices consistent with the company decision-making process that would satisfy managers' information needs.

5.   Discussion and conclusions

The aim of this study was to examine the roles played by the PS and the PL in the design and implementation process of an IC reporting project. In order to achieve this aim the results of an exploratory field study (Roslender and Hart, 2003, Lillis and Mundy, 2005) referred to Italian companies that adopted an IC report have been presented.

The main findings are the following.
First, in line with Chiucchi (2013a; 2013b), our study confirms the relevance of PSs and PLs as key roles in undertaking these projects, in determining their aims, in carrying out the projects, in continuing and/or in abandoning them. In particular, the evidences show that an IC reporting project can be undertaken not only to satisfy organizational managerial or disclosure need, as it is generally argued (Andriessen, 2004b, Gröjer and Johansson, 2000, Marr et al., 2003), but also to satisfy personal purposes. In particular, the collected evidences show that IC reporting practices can be adopted in relation to specific needs of the PS and of the PL. IC reporting can be used to establish and spread out, over the years, these key figures' vision. It can be used also to legitimize their own actions and/or those of the Departments they were heading, thus for acquiring authority. This was done by reporting to the rest of the company or to the Board of Directors/entrepreneur the results of the PL/PS's activity and producing evidence of the results of the investments made in intangible resources or showing the activities done over the years by specific company Department. IC reporting practices can also be adopted to follow a managerial fashion. In one of the analysed companies, the PS/PL observed that he 'fell in love' with the idea of analysing IC, that the IC report was his 'toy' for a while, till he found 'a new toy'. In another company it was related to the will to acquiring visibility and been renowned as a company, which undertakes leading-edge practices (usually characterizing big firms). In all, IC reporting seems to be connected not only (and sometimes not mainly) to the organization but to the PL or PS. Consequently, in this last case, IC reporting tends to be conceived as a 'personal business' and risks not being considered as something belonging to the organization.

This result can be the related to the sensemaking and sensegiving processes within an IC reporting project. As previous studies suggest (Giuliani, 2016, Dumay and Cuganesan, 2011), an IC project requires the development of an intense sensemaking and sensegiving activity. This implies that the managers of an organization need, first, to make sense of this new object (i.e. assign it a meaning) and of the consequent new managerial practices and, second, to diffuse the sense of IC and of its measurements within the organization. Combining the evidence of this study with the ones presented by the extant studies, it emerges that in order to 'enter' the organization IC has to make sense for the PS and the PL, to 'remain' in the organization it is sufficient that IC makes sense for the PS and the PL but in order to 'settle down' in the organization, IC has also to make sense for the people, especially the managers, in the organization. In fact, the collected evidence highlight that even if the PS and the PL manage to make sense of IC the fact that they manage to give sense to it cannot be taken for granted. As a matter of fact, in several cases, the IC project remained a "private business", something reserved to an élite that tends to disappear when the elite quits or changes.

The second aspect that emerges is the role played by the PS. The PS tends to be the 'first believer' of the relevance of the IC project for the organization and the one in charge to promote, diffuse and give credibility to the project in the organization. As the PS is the one that, first, allows the IC project to enter the organization and, second, gives legitimization to it, it seems to be particularly important, for the success of the project itself that the PS covers one of the apical position of the organization.

The third element regards the role of the PL. From the study it emerges that the PL tends to be the one that tries to design and implement the IC project according to the ideas, needs and vision of the PS. At the same time, the PL is not 'passive' as he/she influences the trajectories of the projects by developing his/her own sensemaking and sensegiving processes. In order to do that, the PL should possess technical competences but also organizational ones as well as communication skills. All these competences and skills are essential for the successful implementation and use of the IC report. In some cases, when the PS assumes also the role of PL, the PS enhances his/her control over the IC organizational sensemaking and sensegiving processes and, consequently, over the practices related to IC.

These findings have both theoretical and practical significance. This study enriches the IC literature based on a performative approach, i.e. on what IC does. Moreover, this study contributes to the literature on IC "in practice". In addition, this study enriches the extant studies on the actors involved in an IC project by highlighting their relevance in shaping the IC report.

The potential interviewee and interviewer bias and interpretation represent the main possible limitations. In fact the main empirical data source is semi-structured interviews; although semi-structured interviews are useful in attaining rich details and an in-depth understanding of phenomenon, they could be complemented by additional information sources to add additional validity. In this case it would have been beneficial to interview all the actors involved in the IC project of each organization but due to time and to resource limitations and to the unavailability of most of the other potential interviewees it was not possible.

This study calls for more IC research carried out by adopting a performative approach in order to understand more in depth, the roles played by each actor in an IC reporting project. Future research could also consider the role played by consultants which in IC projects conducted in other countries have proved to influence the IC reporting practices (Tee Jeok Inn et al., 2015).

References

Abeysekera, I., 2008. Intellectual capital practices of firms and the commodification of labour. *Accounting, Auditing & Accountability Journal,* 21(1)**,** pp. 36-48.

Andriessen, D., 2004a. *Making Sense of Intellectual Capital: Designing a Method for the Valuation of Intangibles.* Burlington, MA, USA: Elsevier Butterworth - Heinemann.

Andriessen, D. G., 2004b. IC valuation and measurement: classifying the state of the art. *Journal of Intellectual Capital,* 5(2)**,** pp. 230-242.

Catasús, B., Errson, S., Gröjer, J.-E. & Wallentin, F. Y., 2007. What gets measured gets... On indicating, mobilizing and acting. *Accounting, Auditing & Accountability Journal,* 20(4)**,** pp. 505-521.

Catasús, B. & Gröjer, J.-E., 2006. Indicators: On visualizing, classifying and dramatizing. *Journal of Intellectual Capital,* 7(2)**,** pp. 187-203.

Chaminade, C. & Roberts, H., 2003. What it means is what it does: A comparative analysis of implementing intellectual capital in Norway and Spain. *European Accounting Review,* 12(4)**,** pp. 733-751.

Chiucchi, M. S., 2013a. Intellectual capital accounting in action: Enhancing learning through interventionist research. *Journal of Intellectual Capital,* 14(1)**,** pp. 48-68.

Chiucchi, M. S., 2013b. Measuring and reporting intellectual capital: Lessons learnt from some interventionist research projects. *Journal of Intellectual Capital,* 14(3)**,** pp. 395-413.

Chiucchi, M. S. & Dumay, J., 2015. Unlocking intellectual capital. *Journal of Intellectual Capital,* 16(2)**,** pp. 305-330.

Chiucchi, M. S., Giuliani, M. & Marasca, S., 2016. The use of Intellectual Capital reports: The case of Italy. *Electronic Journal of Knowledge Management,* 14(4)**,** pp. 245-255.

Chiucchi, M. S. & Montemari, M., 2016. Investigating the "fate" of Intellectual Capital indicators: a case study. *Journal of Intellectual Capital,* 17(2)**,** pp. 238-254.

Cuganesan, S., 2005. Intellectual capital-in-action and value creation. A case study of knowledge transformation in an innovation process. *Journal of Intellectual Capital,* 6(3)**,** pp. 357-373.

Cuganesan, S., Boedker, C. & Guthrie, J., 2007. Enrolling discourse consumers to affect material intellectual capital practice. *Accounting, Auditing & Accountability Journal,* 20(6)**,** pp. 883-911.

Cuganesan, S. & Dumay, J., 2009. Reflecting on the production of intellectual capital visualisations. *Accounting, Auditing & Accountability Journal,* 22(8)**,** pp. 1161-1186.

Dumay, J., 2009. Intellectual capital measurement: A critical approach. *Journal of Intellectual Capital,* 10(2)**,** pp. 190 - 210.

Dumay, J., 2012. Grand theories as barriers to using IC concepts. *Journal of Intellectual Capital,* 13(1)**,** pp. 4-15.

Dumay, J., 2013. The third stage of IC: Towards a new IC future and beyond. *Journal of Intellectual Capital,* 14(1)**,** pp. 5-9.

Dumay, J. & Cuganesan, S., 2011. Making sense of intellectual capital complexity: measuring through narrative. *Journal of Human Resource Costing & Accounting,* 15(1)**,** pp. 24-49.

Dumay, J. & Rooney, J., 2011. "Measuring for managing?" An IC practice case study. *Journal of Intellectual Capital,* 12(3)**,** pp. 344-355.

Edvinsson, L. & Malone, M. S. (eds.) 1997. *Intellectual Capital,* New York: Harper Business.

Giuliani, M., 2009. Intellectual capital under the temporal lens. *Journal of Intellectual Capital,* 10(2)**,** pp. 246-259.

Giuliani, M., 2013. Not all sunshine and roses: discovering intellectual liabilities "in action". *Journal of Intellectual Capital,* 14(1)**,** pp. 127-144.

Giuliani, M., 2014. Accounting for intellectual capital: Investigating reliability. *International Journal of Finance and Accounting,* 3(6)**,** pp. 341-348.

Giuliani, M., 2016. Sensemaking, sensegiving and sensebreaking: The case of intellectual capital measurements. *Journal of Intellectual Capital,* 17(2)**,** pp. 218-237.

Giuliani, M., Chiucchi, M. S. & Marasca, S., 2016. A history of intellectual capital measurements: From production to consumption. *Journal of Intellectual Capital,* 17(3)**,** pp. 590-606.

Giuliani, M. & Marasca, S., 2011. Construction and valuation of intellectual capital: A case study. *Journal of Intellectual Capital,* 12(3)**,** pp. 377-391.

Giuliani, M. & Skoog, M., in press. Making sense of the temporal dimension of intellectual capital: A critical case study. *Critical Perspectives on Accounting*, [online first]. https://doi.org/10.1016/j.cpa.2017.04.001.

Gröjer, J. E. & Johansson, U., 2000. *«Accounting for intangibles» at the accounting court.* [Online]   Available at: < www.fek.su.se> [07 January 2017].

Guthrie, J., Petty, R. & Johanson, U., 2001. Sunrise in the knowledge economy: managing, measuring, and reporting intellectual capital. *Accounting, Auditing & Accountability Journal,* 14(4)**,** pp. 365-384.

Guthrie, J., Ricceri, F. & Dumay, J., 2012. Reflections and projections: A decade of intellectual capital accounting research. *The British Accounting Review,* 44(2)**,** pp. 68-82.

Johanson, U., Mårtensson, M. & Skoog, M., 2001. Measuring to understand intangible performance drivers. *Erupean Accounting Review,* 10(3)**,** pp. 407-437.

Kreiner, K. & Mouritsen, J. 2005. The analytical interview: relevance beyond reflexivity. *In:* Tengblad, S., Solli, R. and Czarniawska, B. (ed.) *The art of science.* Kristianstad, SW: Liber & Copenhagen Business School Press.

Lillis, A. M. & Mundy, J., 2005. Cross-Sectional Field Studies in Management Accounting Research—Closing the Gaps between Surveys and Case Studies. *Journal of Management Accounting Research,* 17(1)**,** pp. 119-141.

Lönnqvist, A., Kianto, A. & Sillanpää, V., 2009. Using intellectual capital management for facilitating organizational change. *Journal of Intellectual Capital,* 10(4)**,** pp. 559-572.

Marr, B., Gray, D. & Neely, A., 2003. Why do firms measure their intellectual capital? *Journal of Intellectual Capital,* 4(4)**,** pp. 441-464.

Mårtensson, M., 2009. Recounting counting and accounting. From political arithmetic to measuring intangibles and back. *Critical Perspectives on Accounting,* 20(7)**,** pp. 835-846.

Meritum Project Group, 2002. Guidelines for Managing and Reporting on Intangibles (Intellectual Capital Report). Madrid: European Commission.

Mouritsen, J., 2006. Problematising intellectual capital research: Ostensive versus performative IC. *Accounting, Auditing and Accountability Journal,* 19(6)**,** pp. 820-841.

Mouritsen, J., 2009. Classification, measurement and the ontology of intellectual capital entities. *Journal of Human Resource Costing & Accounting,* 13(2)**,** pp. 154-162.

Mouritsen, J. & Larsen, H. T., 2005. The 2nd wave of knowledge management: The management control of knowledge resources through intellectual capital information. *Management Accounting Research,* 16(3)**,** pp. 371-394.

Mouritsen, J., Larsen, H. T. & Bukh, P. N. D., 2001. Intellectual capital and the 'capable firm': Narrating, visualising and numbering for managing knowledge. *Accounting Organizations and Society,* 26(7-8)**,** pp. 735-762.

Mouritsen, J. & Roslender, R., 2009. Critical intellectual capital. *Critical Perspectives on Accounting,* 20(7)**,** pp. 801-803.

Nielsen, C., Roslender, R. & Schaper, S., 2017. Explaining the demise of the intellectual capital statement in Denmark. *Accounting, Auditing & Accountability Journal,* 30(1)**,** pp. 38-64.

O'donnell, D., Henriksen, L. B. & Voelpel, S. C., 2006. Guest editorial: Becoming critical on intellectual capital. *Journal of Intellectual Capital,* 7(1)**,** pp. 5-11.

Otley, D., 1999. Performance management: A framework for management control systems research *Management Accounting Research,* 10(4)**,** pp. 363-382.

Patton, M. Q., 1990. *Qualitative evaluation and research methods, 2/e.* Newbury Park, CA: Sage.

Petty, R. & Guthrie, J., 2000. Intellectual capital literature review: Measurement, reporting and management. *Journal of Intellectual Capital,* 1(2)**,** pp. 155-176.

Qu, S. Q. & Dumay, J., 2011. The qualitative research interview. *Qualitative Research in Accounting & Management,* 8(3)**,** pp. 238-264.

Roslender, R. & Hart, S. J., 2003. In search of strategic management accounting: theoretical and field study perspectives. *Management Accounting Research,* 14(3)**,** pp. 255-279.

Stewart, T. A., 1997. *Intellectual Capital.* New York, NY: Bantam Doubleday Dell Publishing Group.

Sveiby, K. E., 1997a. The Intangible Assets Monitor. *Journal of Human Resource Costing & Accounting,* 2(1)**,** pp. 73-97.

Sveiby, K. E., 1997b. *The New Organisational Wealth: Managing & Measuring Knowledge-Based Assets.* San Francisco: Berrett-Koehler.

Sveiby, K. E., 2010. *Methods for measuring intangible assets.* [Online]   Available at: <
http://www.sveiby.com/portals/0/articles/IntangibleMethods.htm> [11/08/2016.

Tee Jeok Inn, J., Dumay, J. & Kokubu, K., 2015. A critical examination of implementing government sponsored intellectual capital management and reporting programs for small and medium enterprises: Hong Kong and Japan. *VINE,* 45(2)**,** pp. 214-238.

Yin, R. K., 2003. *Case study research: Design and Methods, 3/e.* Newbury Park: Sage Publications.

---

[i] For privacy reasons, we are not allowed to disclose more information than the ones reported in this chapter (e.g. sector, dimension, etc.) in order to not make the companies recognizable. The analysed companies are indicated with a pseudonym.