Constructing Accountability for Intellectual Capital in Accountability Settings: Coupling Of Spaces And Logics

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Abstract: Several challenges face the notion of accountability in the context of non-profit organizations. Included among these are multiple principle stakeholders with different objectives, interests, and level of influence, as well as output that is intangible or difficult to measure. In order to align stakeholders' contradictory interests, for-profit organizations employ market mechanisms. The non-profit sector, however, lacks this type of regulation. It is suggested that governing bodies should adopt the responsibility of aligning various interests with the mission of the non-profit organization. This paper addresses the issue of accountability for intellectual capital in the context of a non-profit organization using the case of Severstal Corporate University. It approaches accountability by examining accountability practices that are socially constructed in their settings in terms of accountability relationships, the content of accounts, and justification mechanisms. The study suggests that accountability is constructed through the interaction of two subjects: 'spaces' and 'logics'. The study contributes to the research on accountability for IC in non-profits by demonstrating how the mechanisms of customer feedback, reputation and 'corporate rumors' can be used in the alignment function of the governing bodies. Furthermore, the study contributes to the field of IC by suggesting a new framework/guidance for the organizations that do not use IC reporting but nonetheless want to provide stakeholders with IC information.

Keywords: accountability, intellectual capital, spaces, logics, settings, corporate university

1. Introduction

This paper addresses the issue of accountability for intellectual capital (IC) in the context of a non-profit organization known as a "corporate university". Accountability in nonprofits serves as a powerful tool to demonstrate that stakeholders' interests and expectations are addressed properly (Hyndman and McConville 2017). Furthermore, accountability is important in reducing the information asymmetry that can hinder the building of trust. The notion of accountability, however, is subject to increasing complexity. A broad range of stakeholders with various interests in and demands on organizational accounts complicate and challenge the process of accountability due to competition between and possible collision of accountability interests (Boesso and Kumar 2009).

In the context of non-profit organizations, accountability is challenged by multiple principal stakeholders with different objectives, conflicting interests and various degrees of power to enforce their interests (Ebrahim et al. 2014). Scholars highlight the divergence of interests and tensions among the accountability demands of the powerful stakeholders, such as donors ('upward accountability'), and beneficiaries, who usually have little voice but constitute the purpose of the organization ('downward accountability') (O'Dwyer and Unerman 2008). The challenge lies in aligning and prioritizing the interests of various stakeholders, especially when these interests conflict. From this point of view, the role of principles and governing bodies is a political strategic one—to align interests around the purpose. In (for-profit) business organizations, this alignment is facilitated by the market exchange mechanism, a mechanism the non-profit sector lacks. It is mainly the function of governance to address the interests of beneficiaries and to align their interests and the interests of the principal stakeholders with the mission of the organization (Ebrahim et al. 2014). To strengthen the role of beneficiaries in accountability relationships, their bottom-up feedback can be shared with both the organization and its funders (Twersky et al. 2013).

Furthermore, the non-profit context is characterized by multiple goals and 'intangible or difficult-to- measure outputs' (ter Bogt and Tillema 2016). Scholars have addressed the problem of measuring and managing intangibles in the last two-and-a-half decades. As a result, a large number of various frameworks and models

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of IC reporting have been proposed to serve the purposes of both offering accountability to external parties and providing internal information for managerial decision-making (e.g. Petty and Guthrie 2000; Alcaniz et al. 2011; Guthrie et al. 2012). The original optimism of the IC reporting rhetoric has been tempered by the recent studies of the *de facto* use of IC reporting by companies (Dumay and Garanina 2013; Nielsen et al. 2017). Recently, in response to Edvinsson's (2013) comment about the 'need to go beyond IC reporting' (p. 163), several alternatives to IC reporting have been suggested—among which are integrated reporting (Dumay et al. 2016) and IC disclosure (Zéghal and Maaloul 2011; Schaper et al. 2017). The interim findings suggest that different kinds of IC information might be reported within the different reporting frameworks, such as integrated reporting, financial statements, or a Global Reporting Initiative, of which IC forms an essential part (de Villiers and Sharma 2017). The field of IC appears to be at a crossroads.

The above overview suggests that a) accountability in the non-profit sector is a contested concept due to the diversion of interests between funders and beneficiaries and the absence of the alignment mechanisms of the for-profit sector; b) the reporting/disclosure of IC is at a crossroads due to the non-use of IC reporting and the random representation of IC in different disclosure frameworks; and c) whereas the research literature has addressed the issue of accountability in non-profits in general, very little is known about accountability for IC within this type of context. Therefore, we adopt an accountability approach towards IC and pose the following research question: how is accountability for IC constructed in the context of a non-profit organization?

IC is usually understood as a set of intangible assets that play an important role in value-creation but are not displayed on the balance sheet like physical assets; it comprises the totality of employees' knowledge, skills and competences that create wealth for a company (Nadeem et al. 2017). Accountability is a broader term that embraces both reporting and disclosure (e.g. van den Burg and Mol 2008). It refers to the process of giving and receiving an account and exists in relation to social and political conditions on which this process is based (Alawattage et al. 2014). Accountability embraces both the 'text and context' of accounts: what is being accounted for and how, together with the rationales for choosing methods, narratives, social practices, and rituals though which such exchanges are performed (*ibid.,* p. 402).

This question of interest is approached by studying accountability in the context of Severstal Corporate University. We suggest that accountability stretches beyond formal hierarchies of actors and formal lines of accountability towards accountability practices in their settings in terms of actors, content, and justification mechanisms. The paper examines accountability in four particular settings and demonstrates that, beyond hierarchical relations, accountability is constructed in three spaces and by use of three types of logic.

The paper proceeds as follows. The following section elaborates on the notion of accountability and the conceptual framework of the accountability setting. Furthermore, we address the research method for the study and present the case organization—Severstal Corporate University (SCU). The following section renders descriptions of four accountability settings in SCU. The next section discusses the findings in terms of accountability spaces and logics. Finally, we close by highlighting how this paper contributes to research on accountability, IC, and, more broadly, the non-profit sector, and outlining suggestions for future research.

2. Conceptual framework: Accountability as constructed in accountability settings

Accountability is contextual (Roberts and Scapens, 1985; Miller, 1994), for no one can imagine providing accountability in a social vacuum (Tetlock, 1983). In order to understand accountability within an organization it is important to understand how accountability is socially constructed. As argued by Sinclair (1995), accountability is 'subjective' and 'continually being constructed', and it 'changes with context' (pp.219, 231).
Like other practices, accountability can be considered in terms of settings (Tetlock, 1983). According to Tetlock (1983), people function and work 'in *settings* in which implicit or explicit norms of accountability and responsibility regulate and manipulate the conduct of the participants' (p. 74). Given this reasoning, we can assume that accountability settings can be understood as peculiar combinations of specific places, human actors, objectives, events, timeframes, accounts, etc. Such settings would inherently convey specific meanings. As mentioned above, they are linked with certain norms and practices, and hence with ideas, values, attitudes, and rituals, which can be 'painted' by language. The previous works of, among others, Hopwood (1983), Roberts and Scapens (1985), Miller (1994), Gray et al. (1996), Kirk and Mouritsen (1996), and Ezzamel et al. (2007), suggest three specific categories that characterize accountability settings from three particular

dimensions: communication relationship (i.e. actors involved), content of accounts, and mechanisms for their justification.

Accountability setting implies certain actors and relationships—that is: who owes accountability to whom (Hopwood, 1983), and who is to benefit from its value creation (Ebrahim et al., 2014). Romzek and Ingraham (2000) distinguish among four types of accountability relationships, based on their own structure, applications, degree of autonomy, and sources of control. The accountability relationships are as follows: a) hierarchical (based on position/rank); b) legal (based on legal standards and regulations, and the prescription of the law); c) professional (based on expertise and experience); and d) political (based on the demands and needs of the stakeholders). It is suggested that for the purposes of organizational efficiency and resilience, organizations should avoid rigid borders of the accountability relationships, thereby allowing for more fluidity of the lines within these relationships (McCall and Pruchnicki, 2017).

According to Dubnick (1998), accountability does not simply concern the reporting, justification, and accounting of past events; it is also forward-looking in duty, commitment, and sense of loyalty. Hence, accountability can be both retrospective (accounting for something in the past) and prospective (accounting for future actions) (McCall and Pruchnicki, 2017). Both retrospective and prospective accountability can be found in all types of accountability relationships.

The very basic idea behind accountability is to show that institutions and people are functioning ‘properly’, ‘legitimately’, and ‘efficiently’, and therefore accountability relates to certain content and certain technologies that justify this content and the actions taken. Organizations and their people are aware of the fact that how they behave, operate, and serve customers will be revealed in their accountability, and hence they perform activities in a manner that would let them demonstrate ’proper’ accountability. Thus, accountability concerns the value that an organization seeks to create—or in other words, ‘for what’ it is accountable (Ebrahim et al., 2014). Therefore, setting accountability involves a discourse with certain content (or disclosure) and repair mechanisms, which include explanations, justifications, and excuses (Kirk and Mouritsen, 1996). Accountability is a process that takes place in daily reporting about the reasons for certain conduct (Roberts and Scapens, 1985). It is an obligation to provide a formal or informal account, and an explanation of those actions for which one is held responsible (Gray et al., 1996) that is linked to certain content, measures, and dimensions. In this process certain mechanisms provide an articulation of accounts and thus facilitate the justification itself. Assuming that justification is a broader concept, the remainder of the paper will employing this term minimally, while remembering that accounting performance may be mobilized just as easily via explanations and excuses. Accountability can be also understood from the point of view of technology or technical representation (Miller, 1994), as the production of accountability demands both narration and calculation (Boland and Schultze, 1996). On the other hand, calculation techniques (for example, budgets and accounts) can be viewed as a common, basic element of traditional accountability, the narrative mode (rhetoric and success or failure stories) can be regarded as its important complementary element that adds meaning to the numbers. Figures in the accounts and budgets don’t speak for themselves—they need explanation and interpretation. Therefore, accountability for actions is expressed through story-telling and explanations. Narratives pinpoint urgent and significant matters within the company, accentuate its peculiarities, and hence assist us in better understanding the essence of organizational life (*ibid.*). They emphasize problematic issues and reveal those vulnerable aspects of a company’s operation that may need focused attention from management and timely interference and correction. Therefore, the narrative mode makes human experience meaningful and significant and becomes an ‘engine for the social construction of organizations and accountability itself’ (*ibid.*, p.63*)*.

Munro and Mouritsen (1996) suggested that the concept of accountability should be understood in a broader way: as extending itself beyond simply formal reports and accounts. It should also embrace the concepts of how individuals give accounts of and for their daily practices and through this produce and reproduce their individual and collective identities. Boland and Schultze (1996), referring to Bruner (1986), argue that accountability is constructed through the interaction of the paradigmatic and narrative modes of human cognition, which in their turn give birth to computational and story-telling forms of accountability. In the narrations, people select concrete events from their experiences, and tell stories that narrate about actors and events in a meaningful sequence. Such narratives of experience ‘make sense of ourselves and the world we live in’ (*ibid.,* p.67).

In order to understand accountability for IC, we must focus on the following matters. First, what kind of accountability settings can we identify? Second, in these settings, what are the relationships (and the actors involved), the content of accounts, and the justification mechanisms employed? And third, what are the similarities between the settings?

3. Research method

3.1 Research context: Severstal Corporate University

To provide a comprehensive description and explanation of the phenomenon being studied (that is, 'how accountability for IC is constructed in the non-profit organization'), a case study approach has been adopted (Ghauri and Grønhaug, 2002). Referring to Yin's (2009) arguments for a case study, this particular approach is beneficial, because: a) the research question is of an exploratory nature; b) the researchers' control over the studied events and phenomenon was minor; c) the focus of research was the 'accountability for IC' within the real-life context of a corporate professional training centre called 'Severstal Corporate University (SCU)', and d) an in-depth understanding of the research problem can be gained.

The reason for choosing SCU as the site of research is connected to the very purpose and operation of this organization—dealing with organizational IC in the non-profit sphere. SCU was established as a centre for education, information, methodology, and consulting for business units within the Severstal Group, an international, vertically-integrated metals and mining company headquartered in Russia. SCU identifies its four main functions as: knowledge management, consulting, research, and training and HR development. Knowledge management takes place through the development and accumulation of knowledge assets, dissemination of 'best practices', and promotion of a knowledge-sharing culture by means of a common business language, knowledge databases, information storage, group discussions, training, and a system of seminars and conferences. A consultancy tool was created to develop a common business culture and integrate and spread the 'best practices' among the business units across Severstal. SCU carried out several types of sociological research (corporate, regional socio-political, marketing, media-research, and business analytics) through surveying and 'scanning' the external and internal environment. Training and educational activities, in the form of various courses and programs (both long and short-term, e-based and on campus), aimed to develop managers' leadership skills, employees' administrative and technical competencies, and the key competencies of the business units in identifying and retaining talents in all areas of activity.

SCU's projects and programs were implemented on campus or via e-learning systems employing both the intranet and internet. SCU's IT system provided access to the corporate information resources to the enterprises of the Severstal Group both in Russia and overseas.

SCU employed a pool of experts and managers with work experience from the Severstal Group. At the moment of data collection, the full-time staff consisted of about 80 people, most of whom possessed a scientific postgraduate degree, an MBA degree, or two higher degrees. SCU was located in the Russian city of Cherepovets and the number of enterprises using SCU's services was more than 50.

3.2 Data collection

A methodological approach in this study combined primary and secondary data sources. Empirical data was gathered through qualitative interviews of both individuals and groups (see Appendix 1), participation in two work meetings, company records, mass media publications, websites, and other publicly available data. The bulk of the interview data was gathered at two stages: March 2007 and March 2008. In total, 12 interviews (both group and individual) lasting between 0.5 and 1.5 hours were undertaken. These were recorded and/or followed with written notes. Ten people participated in the interviews, and four were interviewed twice.

The data was analysed as follows. First, several specific groups of particular importance in terms of accountability were found to exist in the Severstal setting. Second, these groups were engaged in several types of accountability relationships, each with different characteristics, such as: strategic vs operational, continuous vs periodical, ad hoc vs planned, formal vs informal, etc. The content of accounts and justification tools employed in SCU's accountability to each group varied. Therefore, these variations allowed for distinction among those four specific accountability settings, which in the following section are described and analysed from the point of view of their inherent features: method of communication, account content, and mechanisms for their justification.

4. Accountability settings in SCU

The study revealed that the nature of accountability relations in the context of SCU was rather complex and ambiguous. SCU was involved in accountability relationships in four particular accountability settings, each of them described by a number of specific characteristics: accountability relationships (those to whom accountability was provided), the focus of 'accounts' given by SCU and the main interest in accountability, and, finally, justification mechanisms that 'backed up' the 'accounts' given. The summary of the four accountability settings is presented in Table 1.

Table 1: A summary of accountability settings in the SCU context.

Accountability settings Accountability dimensions	**Setting 1**	**Setting 2**	**Setting 3**	**Setting 4**
1. Relationships: accountability authority	Supervisory Board	Corporate Centre	Severstal Business Units	Severstal employees
2. Major interest in accountability	Accountability for 'substantial achievements'	Accountability for the 'central order'	Accountability for the services to the 'pseudo-market'	Accountability to human resources
3. Focus of 'accounts'	• Keeping the budget • Customer satisfaction • Knowledge enhancement through corporate training programs • Innovations/ new projects	• Costs • Customer satisfaction • Program content • Attainment of preset goals in R&D and HR initiatives	• Costs • Customer expectations • Quality of service • Task specification • Knowledge enhancement through 'tailor-made' training programmes	• Quality of service • Personal satisfaction with training programmes • Results/ consequences of training and research projects for people/business • Survey indices: financial/non-financial indicators
4. Justification mechanisms	• Formal reports • Narratives and success stories	• Benchmarking • Feedback results	• Reputation • Approval • 'Corporate rumors/gossip'	• 'Persuasion' • Corporate publications

Setting 1. Accountability for strategic governance

Accountability relations in this first setting involved SCU and its Supervisory Board. The Supervisory Board—which numbered 10 members—was recognized as superior executive body for SCU, whose main functions included approving SCU's budget and its major activities and projects, and auditing the final report. The Board set strategic objectives and therefore demanded more general, substantial, and strategically meaningful accountability from SCU. During the annual meetings SCU management reported to the Supervisory Board about SCU's performance for the previous year and obtained directives for future development. The SCU director noted that the Supervisory Board was rather interested in SCU's more 'substantial achievements', meaning that it took more interest in strategically meaningful and broad issues rather then the achievement of specific sub-goals. Thus the annual reporting to the Supervisory Board represented SCU's accountability 'at strategic level' and covered four basic areas: keeping the budget, customer satisfaction, implementation of the innovative projects (those annual new initiatives at SCU) and implementation. These accounts were presented in the forms of formal reports and narratives, or success stories.

The report presented to the Supervisory Board on SCU's performance in 2007 was also published in *The Synergy* (iss. Feb. 2008), a corporate magazine of the Severstal Group issued by SCU. This summary provides some non-financial data about SCU's operations. Basic reporting items include the types of training programmes, HR development activities, e-learning, research and consulting projects carried out, the number of programmes, the number of people involved in them, their timing, etc. The fact that the SCU report was presented in the corporate edition (which also has an on-line version available for all Severstal employees) reveals that SCU provided accountability by disclosing information not only to its main governing/supervising body, but also to a broader range of people employed by the Severstal Group.

Within SCU, knowledge was seen as located in the 'best practices in functional areas, and best ways of the team work organization and problem solving' (*Corporate Standard on Knowledge Management*, p.1); because of this, formal reports contained references to the 'best practices'. Thus, managers employed a particular accountability tool: narratives in the form of success stories, which revealed how knowledge management efforts were explained and justified.

As the head of the Centre for E-learning explained:

> *The third generation [of e-learning] in our understanding is something made with our own hands, inside the company. These best practices, which we dreamt of . . . but who will formalize them, who will describe best technologies? Do we need experts from outside? . . . So it turned out that there are people in the company who can do this. As a rule these are young people. . . .*
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> *Within the company we announced a contest for the best self-made e-course. And we were slightly shocked when we received several works visualizing industrial processes and machine operation which were made by the technical workers at their workplaces—by people who were really working with those devices. And this was great.*

This small anecdote provided by the manager illustrates how knowledge, which according to a corporate belief is located in the 'best practices', can be accounted for. An account of this type can hardly be placed in the formal report, but it represents an important element of 'accountability for knowledge'. It also suggests that knowledge management stimulates knowledge development and learning via such different and seemingly contradictory tools, as competition and collaboration.

Setting 2. Accountability for the coordination of corporate orders

In the second setting, communication took place between SCU and the group of top managers representing the corporate centre of the parent company, JSC Severstal. Here accountability was more deep, detailed, and operational, and contained accounts for the orders placed by the corporate centre. The focus of accounts was quite broad, from costs and customer satisfaction to the programme content, corporate research, and various HR initiatives. Among the justification mechanisms, benchmarking and client feedback results were widely employed.

The corporate centre placed common central orders at SCU, ordering certain training programmes and providing funding for their elaboration and implementation. This was known as a 'corporate order', and was meant for the benefit of and consumption by all divisions of the Severstal Group. These corporate programmes and orders were intended to satisfy common needs of the corporation: for example, in spreading common corporate culture or unified knowledge in certain areas among all business units. In this setting, the top managers were concerned with expenditures, such as per capita cost, content of the training programmes, quality of service, and attainment of the specific goals. To support their accounts, SCU management used tools like benchmarking to justify the price and customer feedback to justify their accounts of the quality of service and customer satisfaction.

The SCU director explained what type of accounts the corporate centre expected to receive:

> *Company management evaluates the work of SCU based on two major criteria: attainment of the preset goals and positive feedback from our clients, who are saying: 'Yes, we worked with SCU, we are happy with them and want to continue our collaboration'. . . . During our discussion with the company CEO I had a folder with the feedback questionnaires to show what grades SCU's efforts were given.*

The SCU director also identified other types of accounts provided to the CEO of the company, among which were: spread of the corporate culture, research and development activities, 'talent management' initiatives, elaboration and implementation of new training programmes, support of HR processes, and even change to the SCU concept and model.

Setting 3. Accountability for the subsidiaries' orders

In the third setting, accountability connected SCU with Severstal's enterprises. Each business unit within Severstal could request a service from SCU, be it a training programme, research, or consultation. SCU had no external customers, so the issue of being competitive and outstanding was a relevant issue for SCU: it was a matter of supporting a 'reputation' in the eyes of numerous Severstal Group enterprises. 'Reputation' represents a general public opinion attached to a certain entity or object based on its previous achievements and performance, and is therefore linked to accountability. Reputation, or identity image, to a high degree affects expectations. SCU's reputation for being a client-oriented organization created high expectations from its customers, which were to be satisfied in 'the best way possible'.

In this setting, particular importance was attached to several types of accounts. For example, management of customer expectations was seen as an essential part of the service process, and SCU's reputation was an important justification for SCU's work to its corporate clients. A precise task specification was a form of 'pre-accountability' before the service was actually provided, and approval of this specification by the client was a justifying mechanism in the post-service account. The quality of the service provided was also a crucial element of accountability, which in addition to a formal evaluation of SCU's efforts was in some sense 'reported' and conveyed among Severstal subsidiaries through corporate 'rumours'. The cost of the training programmes was also an important aspect of accountability for the business units.

To justify accounting performance, tools like reference to SCU's reputation, general approval of its activity, and 'corporate rumours' were employed.

Accountability relations between SCU and its clients took place in the form not only of SCU's reporting on the results of the programme or training provided, but also of feedback provided by the head of the business unit, which showed the level of his satisfaction with the service received. As argued by the SCU director, this accountability tool had two sides, formal and informal:

> *Formal indicators – is the feedback which we get after each project. From one side it is the feedback from the students and participants of the training programs and consulting projects. From another side – it is the feedback from the client. Each time we analyze this feedback, and this forms the basis for judging about the quality [of the service].*
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> *Informal side – for me it is a wish of the client to continue collaboration with us. If a client who collaborated with us – comes to us again – for me it is the main indicator that he is satisfied with the quality and other parameters of our cooperation. If he doesn't come back – for me it is a big hint that something was wrong. . . .*

The feedback principal embracing all SCU activities, including social and corporate research and use of the systems of distant e-learning or corporate knowledge and databases, played a double role: it was an account both to the Severstal business units and Severstal's top management (corporate centre), and also served as an important basis for performance evaluation, both on personal and corporate levels.

Setting 4. Accountability to the employees

The fourth setting embraced accountability to the Severstal employees, both as groups and as individuals, who were seen as a valuable resource of knowledge for the corporation. Severstal employees who received their 'part of accounts' were working in Severstal enterprises at different levels of hierarchy, empowerment, age, specialization, and educational background. The employees received training through the SCU development programmes. They also participated in the corporate research and survey projects as interviewees and in consulting projects as trainees. In fact, SCU was not formally required to provide accountability to the trainees and project participants, for they neither ordered nor paid for participation in training or projeccts. SCU voluntarily provided certain accounts to these groups, however, via the corporate website and publications.

As it was founded on a belief system, here accountability was interactive in character. In this setting accounts focused on the quality of the service received by the final consumers, their personal satisfaction, and those practical consequences that resulted from the implemented projects and training programmes. As a part of accountability to Severstal employees, SCU revealed the results of the surveys it conducted. Some of these 'accounts', for example, concerned the issues of wages, their structure, dynamics and indexation, the general financial and social situation of employees, their housing needs, their solvency, the number of contests with financial rewards and the employees involved in them, the innovation activity of employees in connection with their labour effectiveness, and other various business indicators (see Odinaeva, 2006). These accounts were not required or demanded, but rather served as a bridge for building relationships with an important group of stakeholders on whom SCU was dependent: the company's employees.

Persuasion was also used as an approach in relation to those Severstal managers who could withhold the reporting of 'unattractive' results at their enterprises to top management. Such behaviour could be beneficial for the managers' reputations but harmful for the enterprise experiencing problems. Therefore, accounts of the research projects were often followed by a 'psychological' or 'persuasive' component. Furthermore, accounts employed in communication with employees were justified through the stories told in the corporate publications (e.g. SCU's corporate magazine, website, and brochures, and the plants bulletins circulated narrowly).

The study reveals the existence of different accountability settings that can be identified from the point of view of relations and communication, and which are inherently linked to the specific content of accounts and mechanisms for their justification. It illustrates that, on a practical level, accountability setting can be understood in these three dimensions. The four stories of accountability seem to be quite different. But is it really so? The next section will address the question of what these various settings have in common, and how they can be understood and conceptualized on a theoretical basis.

5. Discussion: Accountability spaces and logics

This section aims to provide understanding of what accountability occurred across different settings and to highlight the settings' similarities. First, three accountability spaces were present in every setting that signified a particular kind of accounting. Second, three types of logic served as the reasoning behind the accounts' mobilizing techniques. In the present case study, certain spaces were found to be linked with certain logics.

5.1 Three spaces of accountability

The reflection about spaces of accountability can be considered as a follow-up of Kirk and Mouritsen's (1996) study in which they discuss 'space for accounting'. This space is constructed through the production of calculation practices and mobilization of the accountability and control systems to explain and justify economic behaviour and its results. It is seen as 'both the medium for and outcome of accountability' (*ibid.*, p.256). It also serves as an intermediary, supplying reporting information from subordinates to superiors or colleagues, and situates explanations regarding general or personal performance, which this study illustrates.
Exploration of the 'focus of accounts' in Table 1 reveals commonalities for all communication group types of accounts. That is, the content of accounts given by SCU managers can be grouped primarily around the following three 'themes': a) financial issues (costs, budgets, wages); b) quality of service and customer satisfaction; and c) knowledge-related activity. These groupings can be conceptualized as 'accountability spaces' within which SCU's accountability took place—in particular, the financial, service, and knowledge spaces.

Table 2 presents a view of SCU accountability settings within the dimensions of these spaces. Each accountability space refers to all four accountability groups and embraces a particular content of the accounts.

Table 2: Spaces of accountability in SCU accountability settings

ACCOUNTABILITY SPACES IN THE CU SETTING	FINANCIAL	SERVICE	KNOWLEDGE
CONTENT	Budget frames Cost per capita Wages	Customer expectations, satisfaction, and loyalty Number of repeat orders Quality of service Meeting of deadlines	Implementation of corporate orders and projects Innovations Number of repeat orders Best practices Knowledge codified in databases Expert knowledge Learning

The space of accountability for finance refers to financial or economic issues and indicators. In accountability to the 'clients' who ordered SCU services, the measurement focus was placed primarily on such indices as cost per capita within a certain training project and implementation of service within budget frames. Financial accountability to Severstal employees emphasized their financial situation. The data SCU obtained through its corporate surveys and studies reflected, for example, the dynamics of wages at the enterprise, simultaneously referring to and accounting for the actions of top management to improve the 'wealth' of the workers through salary indexation and other social benefits. The accountability space for finance corresponds to the most basic and rational economic view on accounting in which accounting 'should try to mirror current economic realities' as well as serve as a form of 'disciplined control' (Morgan, 1988).

SCU's central focus was on the quality of the service it provided, so the space of accountability for service emphasized the quality aspects of SCU's activities. In particular, several indicators were of importance here, such as: customer loyalty, number of repeat orders, meeting of deadlines, and level of customer satisfaction. According to Mouritsen (1997), accounting performance, customers, and quality in the firm can be 'intricately interrelated in systems of accountability' (pp.16–17). This assumption can be illustrated by how the feedback principle was used in the SCU setting. The feedback provided by SCU clients on satisfaction with SCU's service was used for two purposes: for the SCU managers to consider and improve the quality of their own performance, and for Severstal management to evaluate the work of the corporate university. At the same time, the very fact of surveying customers about their level of satisfaction can be perceived as an element of SCU's accountability for the quality of their service.

Finally, the space of accountability for knowledge provided accounts that testified about the growth (or decline) of knowledge in the organizational setting. These accounts included non-financial data, figures, and talks regarding the implementation of HR development practices, training programmes, innovative projects, repeat orders, expert knowledge databases, e-learning, and best practices. As the case shows, it is not always possible to quantify 'knowledge', and therefore the space of accountability for knowledge extends beyond mere reporting to embrace narrative forms of reporting as well. The accountability space for knowledge can be thought of as the one that characterizes the organization. It can be compared with another 'accountability space' indicated in the Quattrone (2004) study and labelled as 'accountability for the soul'. In this study, to ensure that a religious organization conformed to high spiritual standards and was in this way 'spiritually legitimate', it needed accounts about a critical factor—the virtue of its people—which was reflected in the 'accountability for the soul'.

Three accountability spaces found in the case organization signify those areas important for providing accounts on SCU's results and performance. In order, however, to explain and justify the economic results, accountability spaces should be 'mobilized'. This is done with the help of specific justification mechanisms and technologies, which are considered below.

5.2 Three accountability logics

The reflections presented here are based on the assumption that a particular logic is behind any of the justification techniques that are mobilizing the accounts. This reflection derives from the works of Bourdieu (1990), Pickering (2000), Czarniawska (2003), and March and Olsen (2004). March and Olsen (2010) speak about several types of logic: in particular, the logics of appropriateness, consequentiality, and representation. According to Bourdieu (1990), 'the only way to give an account of practical coherence of practices and works is to construct (generative) models which reproduce *. . .* the logic from which that coherence is generated'.

The logic of consequentiality is associated with anticipatory choice and theories of rationality, which can be described as being 'in touch with reality' (March and Olsen 2010). This logic questions the consequences of the alternatives for the corporate values, and chooses the alternative that has 'the best consequences' (*ibid.*). Here, the behaviours are driven by 'preferences and realistic expectations about consequences' (*ibid.)*. The logic of appropriateness notes that humans perform their actions based on rules of 'appropriate or exemplary behaviour, organized into institutions' (March and Olsen, 2004). It defines what is 'natural, rightful, expected and legitimate' (*ibid*.), and calls for doing what is most appropriate for the 'self' in any given situation (March and Olsen, 2010). This involves determining 'what the situation is, what role is being fulfilled and what the obligations of that role are' (*ibid.*). This type of logic is not grounded in mathematical constructions, but rather in ethical considerations and other qualitative characteristics. Action is driven by necessity and legitimacy, rather than by pure rationality.

The two first types of logic refer to the logics of action (March and Olsen 2004) and of representation, which is a 'hybrid' logic used for all kinds of 'representational purposes'. It is abstract, 'rhetorically accomplished', 'uses stylized narrative knowledge', and borrows legitimacy from the logics of theory and practice (Czarniawska, 2001). The nature of this logic is intricate. Its intention is to render and represent those meanings and knowledge which are constructed in things and events in specific places in concrete moments of time under certain constraints. The task which this logic provides implies a representation of reality, which in fact differs from the reality itself. Meanwhile, the logic of representation is unpredictable in the sense of the picture it may produce, but it is stable in techniques it employs—those belonging to a rhetorical mode.

In relation to this study, justification technologies which were found in the case can be grouped together and connected to one of these logics. Table 3 is a logical continuance of Table 1, as it illustrates groups of justification mechanisms as related to particular types of logic: consequentiality, appropriateness, and representation.

Table 3: Accountability logics in the SCU accountability settings

ACCOUNTABILITY LOGICS	Consequentiality	Appropriateness	Representation
JUSTIFICATION TECHNOLOGY	Calculations, Budget reporting, Benchmarking 'Justification' of cost	Feedback culture – formal and non-formal, Questionnaires, Target dialogue and discussions/ negotiations, Managing customers' expectations	Narratives and success stories, Analytical reports, Reports within project system

The first group of technologies under consideration was meant to explain accounts from a financial point of view. The study revealed that the choices related to the facilitation of various projects were often based on economic calculations, rationales, and costs. In order to explain these choices, SCU management employed detailed justification of cost and benchmarking principles, comparing self with others with a consideration of alternative choices for the best results. These account justification techniques imply rational, "practical" thinking, and therefore reflect the logic of consequentiality.

The second group of justification mechanisms, which refer to the logic of appropriateness, mainly relate to the accounts of services provided. In this study the logic of appropriateness can be illustrated by the use of such justification mechanisms as: formal and non-formal ('gossip', corporate rumours) feedback culture, a target dialogue approach, and management of customer expectations (which is a preliminary, preceding justification). The goal of using these tools and techniques was mainly connected with the positioning of SCU among its customers and its reputation, ensuring that these mechanisms were functioning properly and the organization had a chance to be well accepted and legitimate. Therefore, justification techniques in this area focused on doing what was 'appropriate' in any given circumstances.

Finally, the third group of justification techniques, which relate to the logic of representation, embraced various types of non-financial reports (both oral and written), mainly dedicated to the issues of knowledge growth and enhancement in general. Here, speaking about the logic of representation, we adopt the Durkheimian, French meaning of *représentation* connected to the aim of accurate portrayal. Representation in this sense relates to ideas and ways of evaluating and seeing objects or persons; it is also defined as 'mental entities'—mental pictures or projections (Pickering, 2000). Representations serve as the key to the knowledge and understanding of mankind, and depict the social order. It is through representation that one can visualize the world 'beyond that of his immediate senses' (*ibid.*, p.13). Justification mechanisms in this group include narratives and story-telling, in particular, "success stories", supplemented by analytical reports, which are "mental projections" and inherent tools of representation.

5.3 Spaces and Logics Interlinked

While reviewing Tables 2 and 3 one might juxtapose the content of accounts and techniques for their justification in terms of "themes", or spaces, and logics. For example, the first group of accounts was related to the "financial space" of accountability, meanwhile the first group of accounts justification techniques was also related to "financial issues". Simultaneously this group experienced the influence of the logic of consequentiality highlighting economical rationality. The group of accounts related to the issues of service quality and customer satisfaction were mobilized by techniques which assisted in justifying particularly these types of accounts and confirmed to the logic of appropriateness. The same correspondence may be noticed between accounts related to the space of accountability for "knowledge", and justification techniques related to the logic of representation correspondingly. Thus a proposition may be suggested that there exists a link between a certain space of accountability and accountability logic. In this particular case the following dyads can be observed: "financial space" as interrelated with the logic of consequentiality, the space of accountability for "service" as linked to the logic of appropriateness, and "knowledge" space as connected with the logic of representation (as shown in the Table 4).

Table 4: Interconnection of accountability spaces and logics

Accountability Space	Financial	Service	Knowledge
⇩	⇩	⇩	⇩
Accountability Logic	Consequentiality	Appropriateness	Representation

6. Conclusion

This paper set out to explore the issue of accountability for IC in the context of a complex network of actors where one agent (SCU) was accountable to several principals with different objectives, interests, and levels of influence. The complexity of accountability in the given context was approached through the notion of accountability settings, which permitted the definition of several accountability relationships, the content of accounts, and the mechanisms used to justify the results.

The study revealed that accountability settings in the case organization were formed by combinations of two dimensions: spatial and logical. Accountability spaces were defined by the content of accounts; meanwhile, the logical order was tightly coupled with the techniques for the justification of these accounts.

The study examined the spatial dimension of accountability. Referring to the Kirk and Mouritsen (1996) definition of accountability spaces, it provided an illustration of three distinct types of calculation practices and ways of mobilizing systems of accountability in each space. The study revealed that all managerial problems, and hence choices, are a balancing act, where a few (at least two) targets should be reached—for example, minimization of budget costs and maximization of customer satisfaction, or securing SCU's reputation while balancing resources on hand and the time given to fulfil the project. In the reporting and narrating accountability practice, there exist no clear borders separating these spaces; rather, they are very much intertwined, overlapping and mutually complementing each other.

Furthermore, the paper advanced the meaning of logics for the construction of accountability within the organization. March and Olsen (2004), while noting the importance of the logics of appropriateness and consequentiality, among others, warned against relying exclusively on one of them, and stressed that an account should be given 'for the relationship and interaction between different logics in different institutional settings' (p.19). They suggested that different types of logic can be used for different purposes, and under particular conditions these types of logics may be interchanged. This paper continues this line of thought and suggests that this interplay not only occurs between the logics of action but may also embrace 'hybrid' logic—the logic of representation (Czarniawska, 2001).

This study provides several contributions to the understanding of accountability for IC in non-profit organizations. First, it illustrates how, in the absence of particular alignment mechanisms, the alignment of stakeholder interests is facilitated by the governing function. This is done through the deployment of several accountability mechanisms, such as client feedback and satisfaction (earlier noted by Twersky et al., 2013), organizational reputation, and 'corporate rumours'. Second, the spaces of accountability permeate both 'upward' accountability to the funders and 'downward' accountability to the beneficiaries. Grouping accounts in terms of 'spaces' might ease the complexity of accountability choices in the network of the non-profit organization.

Within specific accountability settings, managers may operate and provide accounts in various spaces, and may also use various logics to justify their accounts. This is how accountability is socially constructed. Part of this construction results from finding a balance or compromise among several sometimes contradictory

options: for example, cost vs quality, a task managers must often face in their workplaces. Meanwhile, the task of finding a 'proper' balance may be difficult to accomplish, as the mitigating circumstance in providing accountability is that a manager may choose between various types of logics in order to justify their choice.
The suggested framework of accountability spaces and logics can be considered as an alternative for companies that have not adopted IC reporting, but would like to provide stakeholders with information concerning IC.

A few words should be said about the limitations of the study. First, only one organization was studied, and therefore it is difficult to generalize the findings from one case—perhaps only at the theoretical level. Second, the study has been carried out only from the point of view of internal accountability, excluding accountability to external bodies, such as public authorities, communities, and other stakeholder groups. Hence, further studies could address the existence of other possible accountability spaces and other types of logic, and the relationship between them.

Appendix 1. List of interviewees at Severstal Corporate University

No.	Interviewee	Position	Gender	Number of interviews/ year	Type of interview
1.	Top manager	SCU director	Male	2 (2007 and 2008)	Individual
2.	Manager	Head of the Centre for Corporate Research	Female	2 (2007 and 2008)	Individual
3.	Manager	Head of the Centre for Distant Technologies	Female	2 (2007 and 2008)	Individual
4.	Manager	Head of the Centre for Consultancy	Male	1 (2008)	Individual
5.	Manager	Head of the Centre for Human Resources	Female	1 (2008)	Individual
6.	Manager	Head of the Centre for Knowledge Management	Female	2 (2007 and 2008)	Group and individual
7.	Manager	Head of the Centre for Marketing and PR	Female	1 (2008)	Individual
8.	Executive	Top 100 program leader, Centre for Training and HR development	Female	1 (2008)	Individual
9.	Executive	Specialist 1 of the Centre for Knowledge Management	Female	1 (2007)	Group
10.	Executive	Specialist 2 of the Centre for Knowledge Management	Male	1 (2007)	Group

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