Chapter 2
Research Method

This chapter adopts the comparative method as similar studies conducted on HAs representation (Adam et al. 2011).

The selection of countries cases was guided by theoretical considerations and personal knowledge. As underlined above, the Italian and the USA contexts provides extreme different circumstances from a cultural, economic, organisational and juridical approach.

The comparative method is designed as a case study format (Yin 2009) to facilitate our aim of comparing accounting practices.

This research is a qualitative analysis which is oriented to identify similarities and differences between different cases. The applied method is born and currently often utilised in social science research (Caperchione and Lapsley 2011). It is generally accepted that the comparative method applied by case studies can discover new information on a specific issue, irrespective from the discipline it is referred. According to Yin (2009) the methodology of case study is used to describe the cause and the development of contemporary events and to analyse its behavioural dimension.

This chapter is distinctive in using documentary analysis in case study settings. The case studies are represented by "art organisations", meant as entities oriented to heritage exposure, maintenance and conservation. Art organisations have been chosen as a proxy for the examination of entities' accounting practices.

From a legalistic view, it is appropriate to recall that the Italian accounting requirements are essentially based upon a civil law tradition: this means that the Italian accounting legislation defines the norms, which should be, whereas necessary, integrated and interpreted by technical pronouncements. Today, LGs and central agencies adopt the commitment basis of accounting, which is accompanied, essentially for managerial purposes, by accrual basis of accounting data. Even in

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the current process of accounting harmonisation, the accrual basis of accounting rests as a supplementary basis of recognition, while the proposed modified cash basis of accounting represents the authorisation model (Pozzoli and Ranucci 2013). The Italian NPOs have no mandatory financial reporting requirements, a part from some legal requirements destined to specific NPOs.

The USA entities operate under a common law regime, which means that entities attribute to GAAPs a formal on informal mandatory application: this regards central and federal agencies, which apply the SSFAS enacted by FASAB, LGs, which usually adopt GASB's pronouncements, and NPOs, which apply FASB's special requirements.

Moving from what explained above, the case studies cannot be properly addressed as a country-by-country analysis, because Italian and USA art organisations could opt for different solutions in relation to the management and accounting for HAs and their reporting attitude. The unit of analysis should be identified in the art organisations belonging to different contexts and not in the analysis of effective local requirements. The examination of the management and financial reporting behaviour represents an essential theoretical basis for the case analysis. According to this, the research analyses one case by country, judged as meaningful in the local context. In relation to the different peculiarities and HAs maintenance, the cases are represented by a public sector administration for the Italian context (Soprintendenza di Pompei) and by a private foundation for the American context (Getty Museum). The fact that the Italian case is based upon a public sector agency (soprintendenza museale) and the American case upon a private foundation relates to the local policy on the best identified actor for the HAs maintenance and conservation.

This contextualisation help comprehend whether significant art organisations basing their management and financial reporting upon different approaches fell the perception to converge towards similar practices to reach a high level of accountability or decide to apply by a non-critical perspective the effective rules.

The research contributes to the development of the related literature, analysing the trend towards generally accepted accounting practices in a debate, which is far from being concluded.

Given the above, the first research question wonders whether art organisations feel the need to adopt management and governance best practices and generally accepted accounting practices for the representation of heritage assets in financial reporting.

If the response to the previous question comes to the conclusion that the practices are basically different, it is important to comprehend the reasons for which art organisations "arrived" at different solutions. In substance, it is crucial to understand whether the behaviour of art organisations dealing with significant HAs consisting in "global public goods" diverge as they do not apply similar requirements or do not have consolidated managerial and reporting views, even pursuing the same goal (accountability, managerial approach), or whether they adopt different financial reporting instruments with a different perception of their aims (Paisey and Paisey 2010).

In relation to this, the second conditional research question tries to comprehend whether the analysed local art organisations' management and financial reporting is different because they follow different technical rules or practices, or because they use these requirements for different purposes?

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