

ESPORTS AS A PROMISSORY ECONOMY

**AN EMPIRICAL STUDY ON HOW ACCOUNTING CAN BE USED
TO ENABLE THE COMMERCIAL DEVELOPMENT OF
EMERGING SPORTS**

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eSports as a promissory economy. An empirical study on how accounting can be used to enable the commercial development of emerging sports

Abstract:

In this paper, it is examined how accounting can be used to enable the commercial development of emerging sports. Building on Mouritsen and Kreiner's (2016) findings regarding the relationship between accounting and decision as promises, the eSports industry is identified as the case of a promissory economy, where promising agents construct a "regime of hope" (Brown, 2005), which pictures a thriving future for the industry. This future vision is based on the growing number of fans that follow eSports and the enormous amounts of investments that are flowing into the industry. This vision is contrasted by the rather disillusioning reality that many organisations in the eSports industry are facing. Many of them are struggling to monetize their business model and no clear pathway is apparent for how this could be changed. In order to enroll various actors for the industry that are required to commercially develop it further, the promising agents utilise certain accounting indicators strategically, when picturing the industry. This highlights the performativity of accounting in this context and illustrates how institutional logics can be used to depict the reality more advantageously. Furthermore, it shows how a promissory economy can actually be constructed and which conditions are favouring the effectiveness of this construction.

Keywords:

eSports, accounting in sports, commercialisation, promissory economy, performativity

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1. Introduction

“Right now, the teams can raise a lot of money because there are high expectations on eSports and therefore it's okay to be loss-making. But at the end of the day, within a couple of years, they need to find a way to monetize as well.” - Investment Associate, Strategic Holding focused on eSports

This quote is highlighting the sharp contrast between the promised future and the sobering reality of the eSports industry and illustrates that there is the challenge of finding a pathway towards monetization between these two. On one side, there are all the propositions, which emphasize how big the industry has already become and how steep the future growth of the industry will be. The global revenue of the eSports industry has reached an estimated \$951 million in 2019 and is forecasted to grow with a compounded annual growth rate of almost 15% until 2023 (Newzoo, 2020). The same trend holds true for the development of the awarded prize money in the industry, which grew by an annual compounded growth rate of nearly 29% in the period of 2015-2019 and has reached a total of \$167.4 million in 2019 (Newzoo, 2020). Furthermore, its monthly audience of 167 million people in 2017 already outnumbered the monthly audience of the Major League Baseball (MLB) and the National Hockey League (NHL) and is predicted to reach 276 million in 2022 (Goldman Sachs, 2018). All these figures lead to many actors holding the view that eSports is *“fast on its way to becoming the most financially lucrative market on the planet, thanks to huge exposure and interest in major tournaments”* (Ayles, 2019).

However, on the other side, observations can be made, which do not really suit the narrative of an industry that grows with an unparalleled pace and is set to outpace all other sports in the near future. Out of the twelve most valuable eSport teams, only one team is managing to be cash flow positive (Ozanian & Settimi, 2018). Furthermore, many organisations from different parts of the ecosystem are struggling to monetize their business model and often these organisations do not really see a feasible pathway towards a profitable future. The underlying reasons for this challenging situation are ranging from the great amount of power of the game developers over the low willingness of fans to pay for the content they access to the poor preparation of data for potential sponsors. These challenges and aspects of the industry often receive little attention when the case of a thriving eSports industry is constructed.

The interest in eSports has increased substantially over the last decade and correspondingly research into eSports has experienced an increase in recent years (Lokhman, Karashchuk & Kornilova, 2018). This research has been mainly concerned with the phenomenon of eSports itself, with one major area of focus being the question whether it qualifies as a sport and which characteristics it displays (Cunningham et al., 2018; Hallmann & Giel, 2018; Hamari & Sjöblom, 2017; Jenny et al., 2017; Wagner,

2006). The rare amount of research, which has focused on the commercial side of eSports has been investigating the business activities in eSport (Lokhman, Karashchuk & Kornilova, 2018), the different actors of the industry (Scholz & Stein, 2019) and the concept of eSports consumption in marketing (Seo, 2016; Seo, 2013).

In line with that notion, eSports has also received very little interest from accounting research. Nevertheless, the potential of eSports as an interesting domain for accounting research has recently been recognized by Andon and Free (2019), as their review of the recent influential contributions in the field of accounting and sports research pointed out the relevance of this *"interesting digital context for innovative accounting research"*. This creates a compelling case for why it is informative to examine the eSports industry from an accounting view and also highlights that this can add to the growing body of research, which has been focused on the intersection of accounting and sports. Within this area of research, the concepts of commercialisation and professionalization have been well established and well researched. This stream of research has largely focused on the erosion of amateur values due to the increased business orientation of sports and how accounting practices have been influenced by it (Andon, Free & Sivabalan, 2014; Cooper & Joyce 2013; Rika et al., 2016; Cordery & Davies, 2016; Halabi et al., 2016; Andon & Free, 2019). However, the concept of commercialisation is often just examined at an organisational level by this research, when it is investigated how accounting is influenced by it and how accounting can assist in promoting this concept within a single organisation. In contrast to that, little attention has been given to the role accounting can play in the commercialisation of a whole industry. Therefore, this paper is investigating accounting's role in commercially developing a whole sport rather than focusing on the influences commercialisation has on single organisations. In addition, it is investigated how the eSports industry has managed to build the impression of a prosperous future, while directing little attention to how this can actually be achieved. On these grounds, the research question this paper aims to examine is:

How can accounting be used to enable the commercial development of emerging sports?

In order to answer this question, interviews with representatives of different parties of the ecosystem were conducted. Building on that, a discourse analysis was performed, drawing on material from industry reports by service providers, annual reports, newspaper articles and blog entries. The findings from these two research endeavors are put into context by drawing on Mouritsen and Kreiner's (2016) concept on the relationship between accounting and decision as promises. It shows how the eSports industry is a case for a promissory economy (Petersen & Krisjansen, 2015), where certain promissory agents construct a *"regime of hope"* (Brown, 2005). These promising agents of the eSports industry are people, such as the game publishers of eSports titles, service providers or entrepreneurs, who have an interest to see a space, where professional gaming is performed with surrounding conditions comparable to other sports, which

already have transformed into a big business. The future vision of the industry is constructed to enroll various actors to engage with the industry. Only through this enrollment, the industry can be commercially developed. However, the pathway which leads into this desirable future is not clear yet and can just be developed through the interaction of the actors.

The promissory future is constructed through the strategic utilisation and negligence of accounting indicators. The promising agents mobilize leading indicators, which are mostly non-financial and whose informative value is contestable. In contrast, lagging indicators that illustrate more directly the potential earnings which the industry offers are largely disregarded. The enrollment of actors is facilitated by several conditions the eSports industry is displaying. Many actors are emotionally involved and multiple institutional logics exist in this industry. It is combining several future trends, which are highly technical and require a deep level of understanding. The industry is benefitting from the trend that more recently sports is commonly viewed as an opportunity for big business. With game developers being at the heart of the industry, the focus on business opportunities is inherent in this sport.

This paper contributes to the existing research in the area of accounting and sports in several aspects. A first contribution is in regard to how accounting can be used to facilitate the commercial development of a sport by mobilizing different actors to invest and engage with it. Accounting is not primarily utilised to describe reality in this context but is rather utilised to engage with the world and to construct reality, emphasizing its performativity (Revellino & Mouritsen, 2015; MacKenzie, 2006). A second contribution is how institutional logics can be used strategically in order to portray an industry to other actors in a favorable way. If the performance is rather poor according to a business logic, other logics such as a sport logic or a social welfare logic can be mobilized to divert attention. Thirdly, the theoretical concept of Mouritsen and Kreiner (2016) on the relationship between accounting and decision as promises is further extended through providing a tangible example of how a promissory economy can actually be constructed. It amplifies accounting's function in enrolling the various actors and illustrates the characteristics which favour the effectiveness of accounting indicators used to support the future vision of the promising agents.

The remainder of this thesis is structured as followed. In section 2, the theoretical framework is developed through presenting the domain theory of accounting and sports and the method theory of accounting and decision as promises (Mouritsen & Kreiner, 2016). In section 3, the method used for the research is illustrated and the empirical findings from this research are shown in section 4. The discussion of these findings is made in section 5 and concluding remarks that summarize this paper are given in section 6.

2. Theory

Through providing an overview about previous research on the phenomenon of eSports, it is argued that it can be considered as a sport, at least for research purposes. Building on this acknowledgment, two streams of research that are concerned with the domain theory (Lukka, 2005) of this paper, the intersection of accounting and sport, are presented. Subsequently, the method theory is presented, which serves as a theoretical lens to analyse the empirical material. The section is concluded with presenting the theoretical framework as a whole, illustrating how the domain and method theory are combined in order to answer the research question.

2.1. eSports & accounting

Electronic sports, eSports, professional gaming, competitive video gaming, cybersports, and competitive computer gaming are terms used by researchers for what is in more practical terms referred to as *“competitive video gaming that is often coordinated by different leagues, ladders and tournaments where players customarily belong to teams or other sporting organisations which are sponsored by various business organisations”* (Hamari & Sjöblom, 2017). In 2006, Wagner was one of the first scholars to point at the lack of research in the field of this rising global phenomenon. To promote an appropriate academic treatment of eSports, Wagner adapted a general definition of *“sport”* by sports scientist Claus Tiedemann, defining eSports as *“an area of sports activities in which people develop and train mental or physical abilities in the use of information and communication technologies”*. As the above descriptions already indicate, scholars consciously distinguish eSports from the act of playing games for leisure (Witkowski, 2012; Seo, 2016) and athletes from casual gamers (Jenny et al., 2017; Heere, 2018; Hamari & Sjöblom, 2017; Hallmann & Giel, 2018). Motives among consumers of eSports range from escaping their everyday life to the enjoyment of storytelling (Molesworth, 2009; Buchanan-Oliver & Seo, 2012; Seo, 2013). Another distinct characteristic of the eSports experience is the combination of virtual and real-world offerings (Seo, 2013). Individuals do not only participate in competitive gaming but also attend real-world tournaments and stream competitions online to watch other people play (Seo, 2016).

Previous research into the commercial side of eSports and the industry which has been developed around it is very limited (Lokhman, Karashchuk & Kornilova, 2018). Due to that, research is mostly concerned with examining the fundamental structure of the industry (Scholz & Stein, 2019) and comparing the revenue model of the industry with the revenue model from other sports (Lokhman, Karashchuk & Kornilova, 2018). Additionally, eSports has been examined from a marketing perspective, in regard to its implication for the concepts of the experience economy (Seo, 2013) and identity transformation (Seo, 2016).

A large part of the discussions about eSports in society and academia evolves around the question of whether it should be classified as a sport. Terms such as eSports, electronic sports and cybersports seem to suggest this, whereas terms such as competitive video gaming are rather neutral in regard to this. Several countries, including South Korea, France, Russia, China and Malaysia have recognized eSports as an official sport and others like Sweden and the UK are in the process of doing so (Lokman, Karashchuk & Kornilova, 2018). However, many other parties argue that eSports is not a sport simply because of its lack of physicality (Hamari & Sjöblom, 2017). This classification debate regarding the potential recognition of eSports as a sport is ongoing among scholars (Jenny et al., 2017; Hallmann & Giel, 2018). Several differences to traditional sports exist in eSports such as the dependence on sponsoring revenues of online broadcasting as well as the comparably low importance of federations (Hallmann & Giel, 2018). Moreover, in contrast to most sports, eSports lacks a standardized governance structure and has been mostly business-driven since its beginnings (Scholz & Stein, 2019).

Jenny et al. (2017) argue for eSport to be qualified as a sport, it needs to possess the characteristics that sport sociology and sport philosophy researchers Guttman (1978) and Suits (2007) mentioned in their seminal definitions of sport. The combination of these two resulted in seven characteristics defining whether an activity classifies as sports, namely play, organized, competition, skill, physicality, broad following and institutionalization (Jenny et al., 2017). The authors argue that eSports matches only five of the aforementioned properties, lacking stability and institutional organisation and regulation as well as a sufficient amount of physicality. Therefore, the authors argue that stability and institutionalization have to be demonstrated over time and the definition of sport has to be refined before eSports will be generally accepted as a sport (Jenny et al., 2017). Hallmann and Giel (2018) added to this discussion by investigating eSports on the foundation of the characteristics suggested by Rodgers (1977) and Gratton & Taylor (2000). In line with Jenny et al. (2017), the authors emphasize that even though most criteria are matched, eSports does not qualify as sports, mainly because of the “*missing physical activity in eSports*”. In addition to that, the strong commercial focus of eSports might add to the counterarguments of its official recognition as a sport (Hallmann & Giel, 2018). However, considering that other sports with comparable physical prowess like chess and darts became recognized officially, the probability that eSports will be totally accepted eventually is high. Overall, it is supported that “*eSports is close to but not yet equivalent to sports*” (Hallmann & Giel, 2018).

Irrespective of the decision whether eSport qualifies as a sport by formal definition, its examination as a sport can certainly add value for research (Cunningham et al., 2018; Heere, 2018). Heere (2018) even goes so far to deny scholars the control of “*what should or should not be defined as sport*”. Instead he brings out the sport pedagogy scholar Crum’s (1993) notion of sportification and emphasises its importance for research:

“Sportification means to either: (a) view, organize or regulate a non-sport activity in such a way that it resembles a sport and allows a fair, pleasurable, and safe environment for individuals to compete and cooperate, and compare their performances to each other, and future and past performances; or (b) add a sport component to an existing activity in order to make it more attractive to its audiences.” (Heere, 2018)

As traditional sports might no longer be the most suitable subject in all cases, Heere (2018) advises fellow scholars to appreciate the ambiguity of sportification and multidisciplinarity and engage with eSports in order to keep research concerned with sports relevant in the future. Furthermore, it is argued that academics need to acknowledge eSports, as it should be examined what impact it has on the broader sport industry (Cunningham et al., 2018).

Having established the foundation why eSports can be considered as a sport for research purposes and that the amount of research into the commercial side of eSports is rather small, it is now beneficial to review the research that has been performed on the intersection of accounting and sports. With sports becoming a central part of society and its importance for the business world growing, increasing research at this intersection can be observed. Two major streams were identified as being applicable for the eSports industry in its current form and these will serve as the theoretical foundation for the research presented in this paper. These two streams are on the one hand commercialisation and professionalization and on the other hand accountability and power.

2.1.1. Commercialisation & professionalisation

The first major stream of research of this field evolves around the rising influence of commercialisation and professionalization on the global sporting landscape. Reflecting on the growing value of broadcasting rights, sponsorships and other sources of financing within sports (Pinnuck & Potter, 2006; Andon & Free, 2019), a high degree of commercialisation of sports can be claimed. These commercial revenues then again assist in the monetization of sport experiences, creating a “*virtuous reinforcing cycle*” (Cordery & Davies, 2016) and by purchasing memberships, tickets and merchandise articles, supporters and fans enhance the commercialism and commercialisation of the sport further (Pinnuck & Potter, 2006; Halabi, Frost & Lightbody, 2012). As Cordery and Davies (2016) emphasize, “*The belief that generating alternative revenue streams from sport-related activities is possible and of value (commercialism), complemented by means developed to deliver those revenue streams (commercialization), may make it feasible to fund initiatives supporting the expression of professionalism.*” According to that, financial inflows facilitate an increasing professionalism as the additional resources enable sports organisations to further invest into sports facilities and athletes and their development (Cordery & Davies, 2016). In addition to that, new professional actors enter

the organisational field due to the increasing dominance of the professional logic (Greenwood, Suddaby & Hinings, 2002).

Adverse reactions have been caused by this transition to professionalism, as individuals that regarded sports as their hobby have shown signs of resistance to this transition, while professional players appreciated the development as it directly affected their personal income (O'Brien & Slack, 1999; Skinner, Steward & Edwards, 1999; Rika et al., 2016). Accounting practices can create and highlight tensions within this transition, as they can be utilised by various actors for their interest (Andon & Free, 2019). These significant tensions are created as different stakeholders like supporters, athletes, management and shareholders increasingly diverge in their views on *"how organisations should balance commercial returns, on-field success, entertainment value, passionate interests and traditional cultural values"* (Clune, Boomsma & Pucci, 2019).

Rika et al. (2016) examined the changing role of accounting in the transition from amateurism to professionalism by adopting a historical perspective in the context of the Fiji Rugby Union (FRU). During the amateur period of rugby union, the sport was seen as a hobby and amateur values were the focus of both management and players (O'Brien & Slack, 1999). As the FRU was self-funded and had no financial ambitions, only rudimentary accounting with an internal focus was practised. However, with increased professionalism and a rising dependence on external funding, the FRU had to expand its accounting practices and systems to comply with increasing requirements. Due to the small population size and low income levels, the FRU was never able to reach incomes and economies of scale comparable to the Unions of other countries, leading to an even higher degree of dependence on its main donors. Building on this, Rika et al. (2016) contributed to the accounting and sports literature by identifying how the increasing professionalization and dependency on external funding influenced the utilisation of accounting procedures and their characteristics.

Cordery and Davies (2016) provided a new perspective by investigating the impact of professionalization and commercialisation on amateur teams. By analysing the cases of amateur teams in the Wellington Rugby Football Union, the researchers examined the influence that professionalism, emerging from the professionalization of elite rugby, had on the amateur level sport and its clubs. They found that for the investigated amateur clubs, the professionalization led to a replacement of *"traditional"* funding from community by external commercial sponsorship. In addition to that, amateur clubs increasingly replaced unprofessional and uncertified personnel with professional coaches, doctors and fitness conditioners. This entry of new support actors in turn led to an increasing dominance of the ethos of professionalism and these new institutional logics of professionalism and professionalization also affected the organisation's stakeholders as new fans and players were attracted.

Clune, Boomsma and Pucci (2019) investigated the process of logic assimilation within the Gaelic Athletic Association (GAA), the most powerful cultural and amateur sporting organisation in Ireland. The researchers sought to understand how accounting is utilised to mitigate tensions arising from the emergence of a professional and commercial logic that is challenging the traditionally dominant social welfare logic. While most of the previous research focused on how accounting assisted the transition from amateurism to professionalism, accounting research focusing on amateur organisations has been missing. Clune, Boomsma and Pucci (2019) provide a new angle by examining how forms of accounting are implicated in the process through which amateurism is maintained. More specifically, the researchers illustrated how accounting can not only resolve conflicts by making phenomena visible, but also “*assist in mitigating conflicts by rendering selective phenomena invisible*” (Morgan & Wilmott, 1993).

2.1.2. Accountability & power

The second major stream evolves around accountability and power in professional sport (Cooper & Johnston, 2012). With the elevated importance of extensive financing for sport organisations, professional groups became able to expand their influence at the expense of less powerful stakeholders through using accounting techniques like financial disclosures and audits to support their actions and goals (Rika et al., 2016; Cooper & Johnston, 2012). Conflicts between different stakeholders of sports organisations are a phenomenon often observed by research, due to the fact that these organisations bring together stakeholders with very different perspectives and needs, which often disagree fundamentally about what the goals and priorities of the organisations should be. This tension has been furthermore intensified in recent years due to the increased professionalization and commercialisation, which has introduced new stakeholders and changed the environment in which professional sport organisations operate (Clune, Boomsma & Pucci, 2019).

In order to illustrate and examine this dispute, research has frequently utilised the theory of institutional logics. This theory can be described as the broader cultural beliefs, guidelines and values that order perception and direct decision-making within an organisation or industry (Lounsbury, 2007; Friedland & Alford, 1991). These logics can be extracted from different domains of society, such as community, religion, family, profession, state, market or corporation (Thornton, Ocasio & Lounsbury, 2012). When just one institutional logic is prevailing within an organisation or industry, it is easy for the actors to conform to this logic, as this is the only existing set of beliefs and guidelines they have to consider when evaluating different possible actions (Dunn & Jones, 2010). More recently, however, scholars recognize an increasing occurrence of multiple logics, which makes the decision-making process more complex and creates the need to manage the interplay between these varying logics (Besharov & Smith, 2014; Reay & Hinings, 2009; Pache & Santos, 2013; Cloutier & Langley, 2013). This interplay between different

logics is mainly dependent on the distribution of power between these logics. While some scholars examined situations where they identified one dominant institutional logic among different existing institutional logics, others investigated settings where no logic could dominate other logics for a longer period of time and as a result these competing logics continued to co-exist (Reay & Hinings, 2009).

When looking more specifically into sports organisations, research has often observed that sports and social welfare logics, which have been the dominating logics in the past, are now accompanied by a newly emerging business logic, proposing an emphasis on financial performance (Rika et al., 2016). One example for this can be found at the previously mentioned research from Clune, Boomsma and Pucci (2019). Due to the GAA's mission to promote the principles of community spirit, amateurism and volunteerism, a social welfare logic is dominant. However, in certain situations, this logic is conflicting with a commercial logic. One example for this is the selling of the TV-rights for their sports, as in the past, the GAA always ensured that the Gaelic sports were free of charge to watch in Ireland. When the GAA sold the rights to a foreign pay-per-view broadcaster, the members of the GAA saw the social welfare logic in danger, as they perceived this as a threat to their mission of a widespread promotion of the Gaelic games. Another example for this conflict was the resistance of the members against the publication of key expenditures of an elite players group. This gave evidence to the fact that one of the central rules of the GAA, which displays that no member should accept payments related to their performance of Gaelic games, had already been violated for a considerable amount of time. In both cases, accounting moderated and intensified the challenges the GAA faced when managing the tension between the two logics.

Carlsson-Wall, Kraus and Messner (2016) analysed how a professional football club in Sweden managed the co-existence of a sports logic and a business logic through the use of their performance measurement system. Their findings display that these logics compete in certain situations, while they are in harmony in others. A situation in which these logics are competing with each other is the case when the club is suffering from financial problems and is positioned in the middle of the league. The quickest way to increase revenue is to sell a player, but in order to receive the best possible payment for a player, this player needs exposure to some playing time on the pitch to gain experience and present himself, even if his sporting performance is not qualifying him for this. As a result, the best starting eleven from a financial perspective deviates from the best starting eleven from a sporting perspective, highlighting a clear conflict between the two logics. A different situation can be found when the club is suffering the risk of relegation to a lower division. As relegation would imply substantial financial losses due to lower TV-license payments, ticket sales and sponsorship deals, investing money to buy new players might be negative for the short-term financials, but can be considered as beneficial for the long-term performance. This form of action conforms with the sports logic, where the

relegation is also seen as strongly undesirable and this is therefore displaying a situation where both logics are in harmony.

Another characteristic which is often prevalent in sporting organisations and which can reveal an innovative perspective on accounting and control is the involvement of a considerable amount of passion among the people working within a sport organisation or who are engaging with it (Andon & Free, 2019). When Baxter et al. (2019) studied a professional Swedish Football Club, they investigated how emotions, which they refer to as passionate interests, inform accounting and they revealed how emotions can actually inform accounting practices through setting goals and targets or introducing a budgetary slack. They further argue that an organisation can account for these passionate interests by using metrics which quantify them and which aid in the construction and coordination of a different range of passionate interests. They conclude with noting that these performance measures are more important when they display certain characteristics, such as being simple and unambiguous, being based on passionate interest with deep historical roots and penetrating diverse areas of everyday life.

2.1.3. Research gap

Despite the rapid development of the eSports industry and a growing attention in research, the intersection of accounting and eSports has so far been a neglected area. As the importance of eSports, also in comparison to more traditional sports, is constantly increasing, more research directed at this field is required. The examination of the eSports industry is not only important for a deeper understanding of this new sport as such, but is also becoming an indispensable necessity in order to investigate the role of accounting in sports in general, which is challenged due to constantly changing conditions. As Andon and Free (2019) pointed out, the pronounced growth of so-called eSports created, next to numerous business opportunities, also a new sporting domain for innovative accounting research. Due to the born-digital nature of this sport, the expanding sponsorship and investment it attracts and the new spectator opportunities it creates, it constitutes a new context to further investigate the monetisation, organisation and governance of professional sport in general.

The transition from amateurism to professionalism, which is accompanied by a higher degree of commercialisation, has been one of the focus areas of research on the intersection of accounting and sports. Previous researchers mostly examined accounting as an indicator for the degree of professionalization of organisations within a sport and as an indicator to which degree these organisations were following the imperative of commercialisation. The identification of specific accounting practices and procedures and their comparison over time was utilised to picture the transition to a more professionalized organisation, which is subject to a more commercialised environment. In this regard, accounting procedures were depicted as adjustments to external demands, which pressured organisations for more professionalized procedures (Rika et al., 2016).

Therefore, the concept of commercialisation itself has often been regarded by researchers as inevitable and very little attention has been directed on how accounting has been used to cause this commercialisation of an industry in the first place. The performativity of accounting in the context of the commercialisation of sport has been largely neglected and very little research has investigated how accounting can influence the commercial development of a whole industry. This study therefore aims to contribute to the accounting and sports literature by finding answers to the following research question:

“How can accounting be used to enable the commercial development of emerging sports?”

2.2. Promissory economy

The relationship between accounting and decision as promises has been examined by Mouritsen and Kreiner (2016), when they highlighted that a decision seldomly sets things and processes in motion into the direction of a predetermined future. In contrast, a decision can be rather understood as a promise from the actor who made the decision to display commitment to take part in an unrolling world of unforeseeable consequences, they argue. While a decision is ending one process, it is launching at the same time many other processes which produce new problems that are calling for new decisions. Due to that, the first decision is not a terminal point, but a promise to handle and manage the challenges arising from this starting decision. Rather than promising results, in this type of economy, action is promised. The world is uncertain and while engaging with this uncertain world, promising agents might have to review their original commitments and might adapt them to the new conditions. A decision is made based on a certain decision model, which is including certain aspects that are important for the decision maker to consider. However, this implies that some aspects are removed from the decision model as this model cannot account for the entire world. These removed aspects are likely to be declared as unimportant by the decision maker, even though they are often providing relevant insights and display crucial details (Preston, 2006).

Building on Nietzsche (2007) [1887], they state that a promise is in need of forgetfulness. The promise will develop over time, because the circumstances, under which the first decision has been made, change over time as well, due to new interpretations and evaluations. This will lead to the promise gaining new characteristics and this is asking for reinterpreting the promise and separating it from its original intention. In order for the decision-maker to still be seen as reliable after this evolvement, a certain degree of forgetfulness is required.

In addition to this forgetfulness, also forgiveness is needed from the people affected by the promise. This integrates Arendt's (1988, [1958]) notion that an action is never possible in isolation and will therefore affect other actors as well. It starts a chain of reactions, which cannot be controlled and might cause unfortunate effects for others.

These others are then in need to forgive the promising agent for not anticipating this outcome and for not being able to stop the harm they experienced based on the development started by the decision maker.

After having established these two concepts, the authors investigate how accounting can play a role in them. In order to do this, they build upon the seminal paper of Burchell et al. (1980), which showed the different roles accounting can play in organisations and the society and which established the notion that accounting can act as an answer machine only in very specific circumstances. Resting on this finding, Mouritsen and Kreiner (2016) theorize that accounting can be better understood as a construction rather than a representation. They conclude that *“It does not make the world less messy; it only makes the calculation of the world neater”*. It is not a depiction of the actual world, but it is a representation of a certain selection of challenges and solutions of the future. Due to that, it cannot lower uncertainty but it is instead asking people to become active.

Building on that, the two authors turn to the concept of the promissory economy (Petersen & Krisjansen, 2015). This concept has been applied to describe the pharmaceutical industry, as it is an industry where the promissory discourse performs an essential performative role in the politics of life science research and development. It gathers key actors and networks, attracts venture capital and guides the conduct along particular paths (Petersen & Krisjansen, 2015). The elementary decision to produce a new medical treatment is only the starting point for many challenges arising from that, as it creates various relations among many different actors, which develop over time. The investments and transformations required to negotiate the promise have to be established and based on the promise, actors like nation states, producers or venture capitalists have to be enrolled in order to support the decision maker in fulfilling the promise. The envisioned future is only possible, when more resources are dedicated to the process. Due to that, the promissory economy is rather a *“regime of hope”* than a *“regime of truth”* (Brown, 2005), in which decisions are not serving as an answer machine which establish a set of truths, but create hope which enrolls people to take an interest.

In this type of economy, the concept of forgiveness is crucial, as it demands a lot of commitment from people involved with the decision, without guaranteeing that all this effort will eventually result in a success. The same holds true for the concept of forgetting, as assumptions which might have been present at the beginning, can be replaced due to results from experiments and this might happen several times over the course of the process. It is not a future perfect, but a machinery to activate exceptional efforts towards a promised and worthwhile future, whose exact characteristics cannot be precisely predicted beforehand. It is promised to arrive, but in order to ensure this, certain conditions have to be met.

Mouritsen and Kreiner (2016) highlight two managerial implications of their findings for the relation between accounting and managerial action when decisions become promises.

Through a process of effectuation, managers have to follow a trial and error approach, where they make use of their learnings and, instead of focusing on pre-set targets, make the most out of the actual and potential resources available to them. There is a future direction, but the goals and tasks necessary to go into this direction cannot be forecasted the moment the decision is made, but need to be constantly re-evaluated and adjusted. This is frequently the case in project management, which is oftentimes to a large part deviation management and project reassembling rather than pure implementation (Hällgren & Söderholm, 2010). Therefore, managers face numerous occasions during a project, where it is necessary to decide whether they stick to the original plan or adjust it accordingly, when unanticipated events are happening.

A second managerial implication they emphasize is the way how the promise can be used in the search for alternatives. This search can be seen as the key issue in decision making, as it makes the decision more tangible and the decision primarily an act of choosing between different alternatives. The promise that is made when a first decision is reached, can be seen as a commitment to explore these different alternatives and the review of the promise is then how much effort is made for the search of these different alternatives. In this case, accounting can make people ask questions or express doubt about certain future developments and it can produce different possible courses of action, between which the promising agent has to decide in order to fulfill the promise to the best way possible.

This situation of uncertainty can be linked to recent accounting research in the fields of interpretivism and performativity, Mouritsen and Kreiner (2016) argue, as it provides understanding of the process by which uncertainty is produced and remade. The notion of performativity of accounting illustrates that accounting can act, not only as a description of the world, but can rather engage with the world and can therefore play an active part in constructing the world (Revellino & Mouritsen, 2015; MacKenzie, 2006). This idea is fundamental to the idea of accounting in a promissory economy, as accounting is used in this economy to create a road map, which provides guidance and encourages the other actors to enroll for this road map. In turn, this successful enrollment then only creates the opportunity that this road map actually becomes reality in some form or another in the future. Accounting is used to spur the initial interest in the project among other actors and to provoke them into action, hence performing an active role in the creation of the future and eventually putting the decision maker in a position to be able to deliver on the previously made promises.

Interpretivism is needed in relation to accounting, as it is often considered as fragmentary and incomplete, which in turn deteriorates its trustworthiness (Jørgensen & Messner, 2010). In order to increase this trustworthiness, social processes can be employed through which information of ambiguous quality is turned into information which is accepted by all group members as sufficiently correct to base substantial decisions on (Rowe, Shields & Birnberg, 2012). These social processes can be labelled as social verification (Hardin & Higgins, 1996), sensemaking (Weick, Sutcliffe & Obstfeld, 2005) or hardening games

(Rowe, Shields & Birnberg, 2012). All of them have in common, that they acknowledge that improving the technical fabrication of accounting information is only helpful to a certain extent and is in need of being accompanied by supporting measures, which aim at interpersonal communication to explain and verify the information. This interpretation can make accounting more meaningful and stronger than it actually is, serving the promising agents in constructing their promissory economy through increasing their persuasive power over the other actors concerned with it.

Based on these established linkages of Mouritsen and Kreiner (2016) between the concept of the promissory economy and recent accounting research on performativity and interpretivism, it is now beneficial to more closely examine research concerned with these two concepts. The concept of interpretivism represents a wide field of recent research and is therefore perpetuated through providing an additional review of the research on the concept of the rhetorical analysis.

2.2.1. Performativity

The concept of performativity for the field of economics has been established by Callon (1998), who claimed that economic theory actually shapes and refines the economy, rather than just observing how it functions. The concept that the academic discipline of economics does not stand outside of the economy and examines it as an external thing, but rather represents an intrinsic part of it, was then utilised by Mackenzie (2006) to address the relationship between the changing financial markets and the emergence of modern finance theory. While examining this relationship, he characterizes the study of the prices of options, which resulted in the Black-Scholes-Merton model (Black and Scholes 1973; Merton 1973), as an example for a model that creates action rather than describing it. He explicated:

“The empirical success of the Black-Scholes-Merton model was a historically contingent process in which the model itself played a constitutive role. To say that is in no way to diminish the brilliant achievement of Black, Scholes, and Merton; it would be a curious prejudice to see a theory that changed the world (as their theory did) as inferior to one that merely reported on it. Rather, it is to assert that the model was a theoretical innovation, not simply an empirical observation; that the model’s relation to the market was not always passive, but sometimes active; that its role was not always descriptive, but sometimes per- formative (...) An engine, not a camera.”

Mackenzie (2006) explains this observation with the fact that financial models should not be comprehended as hypotheses about an existing market but rather as models that are influencing the world, because they stimulate action from people (Revellino & Mouritsen, 2015). Rather than just describing the reality, they actually play part in constructing the reality through motivating people to act in a certain way. Through this function, the models leave their passive property and actively engage with the world.

The concept of performativity has been applied to accounting by various researchers (Revellino & Mouritsen, 2015; Ezzamel, Robson & Stapleton, 2012; Skærbæk & Tryggestad, 2010; Mouritsen, Hansen & Hansen, 2009). This research is highlighting how accounting cannot only describe and depict the world, but can also shape and construct the world. Within this stream of research, the role of accounting in organisations is examined during essential processes for these organisations. Frequently, this research is focussing on the relationship between accounting and innovation and points out how accounting can add perspective through mediating between different concerns during the innovation process (Mouritsen, Hansen & Hansen, 2009). Furthermore, it illustrates how accounting can assist in developing innovations further through providing knowledge about the effects of the innovation (Revellino & Mouritsen, 2015). Another field of interest for research concerned with the performativity of accounting has been the budgeting process. Within this process, accounting shapes reality as budgetary processes facilitate the construction of organisational representations and are modified to fit specific audiences and circumstances (Ezzamel, Robson & Stapleton, 2012). The same holds true for the role of accounting during the strategy formulation of a company. During this process, accounting devices can defend, reject or change the corporate strategy, as they mobilize different actors of the organisation (Skærbæk & Tryggestad, 2010). Furthermore, these devices can influence the identity and intentions of the key strategic actor, which might not always be located at the strategic centre (Skærbæk & Tryggestad, 2010).

2.2.2. Interpretivism

Previous studies have increasingly characterized accounting as incomplete and argued that decision makers rarely rely on it as the only aspect that is considered when making a decision (Jordan & Messner, 2012; Rowe, Shields & Birnberg, 2012; Mouritsen & Kreiner, 2016). As emphasized by Andon, Baxter and Chua (2020), *“Accounting rarely deals with ‘concrete’ objects but with ambiguous notions (e.g. sustainability, cost, performance), promissory discourses (e.g. efficiency, economic growth), and hopeful expectations of better future states”* (Busco, Grana & Quattrone, 2019; Mouritsen & Kreiner, 2016). Means-ends-relationships and links between information, action and results are often not clear (Jorgensen & Messner, 2010; Jordan & Messner, 2012; Busco & Quattrone, 2015) and due to this incompleteness, interpretation of the selected accounting information becomes a crucial supplement in order to make it sufficiently reliable to enable decision-making and change. Even though managers might be required to review specific accounting measures, their decision might be influenced by information that go far beyond these measures, highlighting the important role that flexibility plays in this interpretation (Jordan & Messner, 2012).

Researchers have increasingly examined how actors deal with the inherent incompleteness and uncertainty of accounting information. Goretzki et al. (2018)

examined how groups of actors mobilized different accounting numbers and found that *“persuasiveness is not an ‘objective’ quality of accounting numbers, but a situated achievement that results from interactive alignments between different actors with potentially competing interests.”* Rowe, Shields & Birnberg (2012) found that managers were engaging in hardening games in order to make accounting information persuasive for planning organisational change. In addition to that, researchers examined how accounting numbers and indicators are used flexibly to mitigate such concerns (Jorgensen & Messner, 2010; Jordan & Messner, 2012). Andon, Baxter and Chua (2020) examined in their study on capital investment appraisals how these uncertain estimates can be made credible. The researchers based their study on Beckert’s (2013a, 2013b, 2016) work on future expectations *“to analyze how actors construct and mobilize future expectations for capital investments, and the people, processes and materialities that make expectations with associated calculations credible enough to sustain commitment and action”*. According to him, these future expectations are fictional and open to multiple - even competing - interpretations. However, despite this uncertainty, fictional expectations, when given a sufficient credibility, are able to guide and drive purposeful action. Andon, Baxter and Chua (2020) extended Beckert’s idea by examining how this credibility of inherently uncertain and incomplete accounting information is achieved and suggested that three key characteristics play a role - vividness, defensibility and acceptability. By creating captivating narratives and images, actors can be cognitively and emotionally attached to the purpose behind the investment. This vividness provides decision-makers with a clear and coherent cause and effect relationship of the investment and thereby increases its persuasive force. By emphasizing defensibility, Andon, Baxter and Chua (2020) argue against Beckert’s suggestion that due diligence plays only a minor influence on the expectations’ credibility. The researchers found these processes and the belief that best efforts had been made as an important characteristic of fictional expectations. Acceptability *“reflects the outcome of efforts by protagonists to navigate and corral diverse interpretations in order to elicit sufficient consensus and endorsement from interested parties.”* As an investment opportunity is often attached to differing expectations by different parties, acceptability in the form of enthusiasm, cautious optimism, acquiescence or compromise comforts actors that expectations are credible.

While Beckert provided few insights on how credibility of fictional expectations can be achieved and increased, Andon, Baxter and Chua (2020) identified four processes that adds knowledge on how soft or incomplete accounting numbers can be made useful:

“(i) ‘satisfactory’ navigation of important future-oriented tensions (newness versus familiarity, purity versus pragmatism) confronting decisions makers; (ii) coordination of networks of support (comprised of people and things) while deliberately overcoming critics, (iii) generation of ‘comforting’ numbers through ‘rough’ calculating, epistemic participation, and repeated calibration of numbers; and (iv) performance of consecratory rites which symbolically ‘blessed’ appraisal outcomes and associated accounting inscriptions”.

The fact that accounting measures and information are never complete or perfect, provides actors with the opportunity to benefit from this inherent incompleteness. In such a situation, accounting numbers and information can be utilised to persuade its recipients and managers can mobilise accounting numbers to build up their position and to influence how others perceive a situation (Burchell et al., 1980; Skærbæk, 2005; Sharma, 2007).

In addition to that, Andon, Baxter and Chua (2020) emphasize how previous researchers have been questioning whether this incompleteness of accounting actually poses a problem. The utilisation of incomplete accounting information and systems generates discussion between the different actors, which is facilitated by the uncertainty of the relationship between measures and strategic actions (Wouters & Wilderom, 2008; Jorgensen & Messner, 2010). Andon, Baxter and Chua argue that “*opacity in accounting calculation can be empowering, engaging users in recursive questioning, reflection, and debate, and sustaining tensions that inspire new possibilities and innovation*” (Busco & Quattrone, 2015; Quattrone, 2017). In these situations, Busco and Quattrone (2015) argued that accounting acted as a “*rhetorical machine*”. Instead of providing definitions of performance or representing memories and knowledge, it mobilizes action. Its engaging power does not stem from the representational capability of the BSC and its measures but from the process of interrogation and mediation it promotes.

2.2.3. Rhetorical analysis

Busco and Quattrone (2015) used the concept of the “*rhetorical machine*” to examine how accounting engaged users by the example of the Balanced Scorecard (BSC) beyond representational purposes. In classical rhetoric, “*rhetorical machines*” have supported the organisation of knowledge and its continuous reinvention. As the Latin term *machina*, machine addresses “*anything that helps the construction of something, including knowledge and meaning*”. The researchers argue that the engaging power does not stem from the representational capability of the Balanced Scorecard (BSC) and its measures but from the process of interrogation and mediation it promotes. They argue that it can be seen as a “*rhetorical machine that helps to manage and accommodate, within the same organisational practice, the challenges and negotiations that it is constantly subject to*”.

Andon, Baxter and Chua (2020) support Busco and Quattrone’s (2015) assertion of accounting functioning as a rhetorical machine, emphasizing that in capital investment decision making, accounting can neither be an “*answer machine (Burchell et al. 1980, 14), which simply programs capital investment decisions, nor a “rationalization machine” (Burchell et al. 1980, 15) legitimating actions already decided upon.*” In a situation of uncertainty, accounting information and practices can encourage meditation, critical reflection and even create new forms of knowledge. However, the researchers pointed out how capital investment is more than a cognitive and imaginative process about potential future developments. They argue that part of this process is also emotive and that the construction of credible future expectations involves emotions. A decision’s

credibility and rationality does not only derive from the underlying information but also from the interplay of cognition and emotion that make it feel right.

Rhetorical analysis has also been utilised in previous accounting studies. Higgins and Walker (2012) drew on Burke's (1969) notion of rhetoric that persuasion is always connected to rhetoric and utilised Aristotle's "*proofs*": ethos (credibility), logos (reason) and pathos (emotion) to examine the persuasive strategies applied in social and environmental reporting. Ethos refers to the speaker's or communicator's credibility (Hartelius & Browning, 2008). It refers to the communicator's perceived character and comprises analytical categories like similitude, deference, expertise, self-criticism, inclination to succeed and consistency. Logos refers to reason and the clarity and integrity of the argument (Holt & MacPherson, 2010). As Higgins and Walker (2012) emphasize, "*logos is not just rationality but the appearance of rationality, more like "commonsense" thus not requiring the same verbal proofs as logic for its persuasiveness*". Persuasive techniques like argumentation, logic, justification, data and evidence are examples for the rhetorical appeal of logos. Pathos refers to the "*audience's feelings and relies for persuasive effect on triggering audience emotions such as happiness, sadness, satisfaction, pity, or fear*" (Aho, 1985, Higgins & Walker, 2012). According to Burke (1969), by demonstrating to the audience a sense of understanding for their values and desires, something he refers to as "*identification*" or "*sociality*", an appeal to pathos is created. This can be done for example in the form of metaphors or other non-literal language and imagery. Higgins and Walker (2012) found that each company utilised different persuasive techniques in their reports to illustrate their social responsibility. While all rhetorical appeals were utilised within the reports, one of them was always prevailing and according to the researchers, it was the combination of ethos, logos and pathos that made the reports convincing.

2.3. Theoretical framework

Following the categorization introduced by Lukka (2005) between the domain theory and the method theory, it is now possible to establish a theoretical framework. This illustrates how the research question, which has been raised based on the analysis of the domain theory, can be studied by using the presented method theory (Lukka & Vinnari, 2014). This shows how an analysis of the empirical material that uses this theoretical framework, can help to answer the raised research question and provide guidance for crafting contributions to previous research in these two fields.

Within the domain theory of Accounting and Sports depicted in section 2.1, the phenomenon of commercialisation and professionalization is investigated more closely, as the eSports industry can offer revealing insights regarding this development in a sport, which has developed with a tremendous pace and which is largely digital (Andon & Free, 2019; Lokhman, Karashchuk & Kornilova, 2018). Observing its development can create

insights for other sports, while it is irrelevant whether it can be agreed on the fact that eSports is considered a sport or not. It exhibits characteristics which are likely to influence the relationship between accounting and sports on a general level, especially in the field of commercialisation. Technology is fundamental to the development of the eSports industry, and for all actors within the ecosystem, it is completely natural to employ technology for their interests and their needs (Wagner, 2006). In many sports, this crucial role of technology might not be reached yet, however the development is often going into a similar direction (e.g. Hutchins, 2016). This enables research into eSports to generate learnings for how to engage with technology and what reflect on, when employing it. The same holds true for the characteristic that eSports has been active on a global scale right from its beginning (Hallmann & Giel, 2018). While other sports have been traditionally confined to a national level, they also have developed over time towards a more globalized venture (Andreff, 2008), even though they are not at the level of eSports yet.

The method theory presented in section 2.2 draws on Mouritsen and Kreiner's (2016) notion on the relationship between accounting and decision as promises and introduces the concept of the promissory economy (Petersen & Krisjansen, 2015). This theoretical concept is well suited to be used to investigate the research question and to serve as a theoretical lens, as it focuses on the process of how a certain industry can use accounting in order to realize an envisioned future. In order to make eSports a commercially viable sport, various actors within the ecosystem have to be enrolled to take an active part in developing the industry. A roadmap has to be created, which persuades them in investing into the industry and only if these investments are performed, there is the possibility to realize the made promises. This utilisation of accounting has to be considered in relation to its incompleteness (Andon, Baxter & Chua, 2020), as it creates special challenges to the promising agents and might severely impact which accounting information they can employ. Accounting can act as a rhetorical machine (Busco & Quattrone, 2015), in order to mobilize this action, which, in turn, allows to successfully develop eSports commercially.

3. Method

3.1. Research design

Despite the recently strong rise of the eSports industry, the research in this field has not developed proportionally and especially the intersection between eSports and accounting research can be described as fairly unexplored. As Edmondson and McManus (2007) emphasize, qualitative methodology fits the investigation of a new field with nascent prior theory and research best. Therefore, a qualitative research design was deemed applicable in order to better understand which role accounting plays in this rather new phenomenon and how it is used by the different actors of the industry. In doing so, the field will be expressed as social and not simply be described as part of a given nature (Ahrens & Chapman, 2006). In order to obtain this qualitative data, interviews with different participants of the eSports ecosystem were conducted first and were followed by the collection of different documents such as newspaper articles, industry reports and blog entries to identify the recent discourse within the industry. The qualitative data will allow for a better understanding of the rationale or theory as well as help explaining them (Eisenhardt, 1989). As Eisenhardt (1989) states, case studies can be used to pursue different aims. This study endeavours not only to provide descriptions (Kidder, 1982) of this new industry and its participants, but also to generate suggestive theory (Gersick, 1988; Harris & Sutton, 1986; Edmondson & McManus, 2007) that invites for further research.

The comparative logic of multiple cases enables the suggestion of more generalizable theory and through replication and extension, better theoretical insights can be developed (Eisenhardt, 1991). In order to analyse the eSports industry as such, it seems beneficial to collect data from different players across the ecosystem to include various perspectives. This approach enables a comparison across the different cases and provides clarification whether the findings are unique to a specific participant or not (Eisenhardt, 1991). Building on diversified empirical evidence allows for a more generalizable description of the phenomenon and from this, suggestive theory can be derived eventually (Eisenhardt & Graebner, 2007).

In order to address the research question and investigate the use of accounting in the development of the relatively new industry of eSports, different cases were analysed on an industry level. As mentioned before, the interface of accounting and eSports has so far been neglected by researchers and therefore a first explanatory research of the overall industry seemed to be a more valuable contribution than the in-depth investigation of a specific participant of the industry. Particularly with regard to the nascent state of the eSports industry, it seemed more reasonable to collect information and to gain insights from a broad range of actors among the industry. This made it possible to derive more

valid and generalizable findings about the accounting practices that are performed in the industry and to generate a more comprehensive view on the industry.

The research design can be described as compatible with the chosen method theory, as a qualitative study of different participants of the ecosystem provides insights into the relationship of accounting and decision-making in a variety of cases. In fact, the notion of the promissory economy has been developed to describe the economy and relationships between different actors in the pharmaceutical industry (Petersen & Krisjansen, 2015). Therefore, it seems only reasonable to study the utilisation of accounting and rationales of different players of the eSports ecosystem as well as looking further into the relationships between each other. The qualitative data assists in determining whether the required abilities of forgetfulness and forgiveness are existent among the different actors of the ecosystem. By interviewing decision-makers as well as individuals that are affected by these decisions, better insights and descriptions of the specific promises can be made. The different point of views enables a more precise identification of what the different actors of the eSports field promise and how they are able to enroll decision-makers and other key actors in the process. In a second phase, the discourse among collected documents like market reports, financial reports of organisations within the ecosystem and newspaper articles is analysed. Similar to Higgins and Walker's (2012) view on social/environmental reports, it is assumed that the aforementioned reports are created with the aim of influencing their readers. They are analysed in regard to how accounting indicators and other symbolic forms are utilised to persuade the recipients. Furthermore, it is examined how these indicators and symbolic forms appeal to Aristotle's proofs of ethos, logos and pathos.

3.2. Data collection

The iterative process involved data from multiple sources. Initial semi-structured interviews were complemented by the collection of documents such as newspaper articles, industry reports and blog articles.

3.2.1. Primary data: interviews

Interviews with different actors of the eSports ecosystem were the primary source of empirical data. To gain an holistic view of the situation, the aim was to interview individuals from different kinds of organisations within the ecosystem. During the period between January and April of 2020, various professionals working in the industry were contacted continuously in order to achieve a diversified group of interview partners. The focus in regard to the background and position within the eSports ecosystem of the potential interview partners shifted based on the background of already interviewed individuals. Eventually, interviews were conducted with a variety of actors such as

professional players, amateur players, team managers, tournament organizers, entrepreneurs, investors, sponsoring advisors, financial advisors and fans.

In total, 17 semi-structured interviews were conducted over the phone between February and April of 2020. In addition to that, one structured interview was conducted in written form. The duration of the interviews varied between 22 and 60 minutes. The majority of the interviews were carried out jointly by both authors. If consent by the interviewees was obtained, interviews were recorded and subsequently transcribed. Depending on the interview partner, the interviews were held in English or German. Before the first interview, an interview-guide was created to provide a basic structure for the course of the conversation. At the beginning of every interview, the author's introduced themselves and gave a brief description of the research project to build trust with the interviewees. Afterwards the interviewees were asked to introduce themselves before the interview was led by the above-mentioned guide consisting of broad, open-ended questions. The questions were divided into three different categories: personal, organisation and industry. The plan was to start the conversation by identifying whether the interviewee had a personal connection or history with eSports and gaming and how they got involved in the industry. Afterwards questions about their organisation and their own responsibilities within it were asked. During the last part of the interviews, individuals were asked about their personal view of the sport and the industry. This way, major trends, challenges as well as different prognoses about the future were collected. However, as interviews were conducted in a semi-structured approach, the course of each interview differed and the interviewers switched back-and-forth between the different categories in order to achieve a better flow of conversation. Also, follow-up questions were asked if interesting tensions or issues arose. During the course of the interview period, the interview guide was continuously adapted based on the evaluation of the already collected data.

The data collection process can be described as iteratively. After every interview, potential themes and challenges were discussed. By this, the practice of qualitative field studies described by Ahrens and Chapman (2006) was followed and it was continuously reflected on the collected data and its positioning towards the theories in order for the data to be able to answer the research question. Based on these conversations, the interview guide was adapted by adding questions that could contribute further value and removing the ones that proved comparably irrelevant.

Table 1. Interviews

#	Date	Role	Organisation	Duration
1	24-03-20	Sponsoring Advisor	Service Provider	46 min
2	27-03-20	Director Brand Marketing	Sponsor	37 min
3	17-03-20	Investment Associate	Strategic Holding Focused on eSports	54 min
4	13-03-20	Entrepreneur / Former Professional Athlete	eSports Startup	45 min
5	06-03-20	Team Manager	Professional eSports Team	n/a
6	12-03-20	Former COO	Tournament Organizer	38 min
7	31-03-20	Professional Athlete	eSports Team of Professional Football Club	22 min
8	13-03-20	Marketing Manager	eSports Startup	45 min
9	16-03-20	General Manager	eSports Team of Professional Football Club	40 min
10	24-03-20	Former Investment Manager	Strategic Holding Focused on eSports	41 min
11	20-03-20	Head of Internationalisation & eSports	eSports Team of Professional Football Club	43 min
12	25-03-20	Fan / Amateur Player	Fan Group	52 min
13	13-03-20	Co-Founder / Board Member / Amateur Player	eSports Student Group	60 min
14	11-03-20	Project Leader / Amateur Player	eSports Student Group	39 min
15	11-03-20	Head of Social Media / Amateur Player	eSports Student Group	39 min
16	18-03-20	Senior Manager	Service Provider	47 min
17	18-03-20	Assistant Manager	Service Provider	47 min
18	27-04-20	Partner	Venture Capital Firm	30 min

3.2.2. Secondary data: documents

In addition to the interviews, a discourse analysis (Bowen, 2009) was conducted, where different types of supporting material, in total 40 documents, were gathered and analysed in regard to relevant content concerning the research question (see Appendix A for details). The collection of the material was started based on the previously conducted interviews, as several of the interview partners referenced external material during the interviews in order to support and exemplify their claims. The material that was collected based on these remarks, acted as a starting point for the further collection of material. It provided an understanding about which material could be beneficial to examine in order to further enhance the analysis and which type of material would possess a certain legitimacy to act as a credible source. This was of particular importance within this research setting, as the eSports industry is a comparably young industry, which is mainly digital. Therefore, it offers a variety of sources one can gather information from and these different sources display a strongly diverging degree of reliability. Resulting from that, the collected material can be categorized into three different types.

The first type was industry research documents by well-known service providers, mainly consulting companies, investment banks and market research companies. Many of them have crafted research reports, where they provide figures concerning various measures, highlight certain characteristics of the industry and propose their view on the future development of the industry. Due to their target group being mainly business professionals, the reports are relying highly on technical terms and their claims are supported with a variety of graphs and charts. This type of material was often cited during the interviews, as the publishers of these reports are well-known companies, that are considered trustworthy and who have experience in the industry based on previous projects in the industry.

The second type of material were annual reports or other documents from public companies that are active within the eSports industry. This was done in order to gain an understanding of their financial performance and to examine which narrative they use when presenting their business, the industry as whole and their respective performance within the industry. However, this type of material was hard to collect, due to the fact that many companies within this industry are not listed and do therefore not publish annual reports.

A third type of material were articles and blog entries from media organisations and institutes. These were used to analyse the discourse on eSports which is prevalent when the target group is a broader group of people, who are not necessarily business professionals and which might not have an experience with the eSport industry. In general, only major media organisations were considered for this analysis, in order to ensure credibility. For articles from more specialized media organisations, which are

targeted at industry insiders, only sources which were cited by the interview partners were collected, as for this type of material, it was highly critical to ensure credibility.

3.3. Data analysis

Once all the data from the interviews and the documents had been collected, the interviews were transcribed and these transcripts were examined with the help of the method theory. They were analysed in regard to their informative value about the use of accounting within the eSports industry and which role accounting plays in this setting. The two major streams of the accounting and sports literature offered very useful guidance for a first approach to identify these insights, as both of them were covered within the interviews. In addition, due to the very broad nature of these streams, they allowed for many different aspects to be included.

Through comparing the different interviews and searching for similar views and propositions, we were able to identify a number of common themes, which were mentioned by many of the interview partners, even though they often commented on them from a very different perspective. Once these common themes were established, the remarks made about each of them from the different interviews were gathered, which created a good overview of the data availability for each of the themes and displayed the variety of views the different actors of the ecosystem hold.

After having analysed the data from the interviews as a first step and establishing a number of themes, the second step of the analysis was reached. In this step, these themes were used and it was tried to gather data from the discourse analysis, which was fitting along the lines of these themes, amplifying them and supporting them with more data. The different types of consulted sources provided insightful data to different themes, depending on the specific characteristics of the sources.

Through the combination of these two types of data, it was able to create a comprehensive overview of the findings and to structure the findings accordingly. This made it possible to connect the topics with each other, as it was possible to spot different interactions between them. Building on that, a narrative which brings together the different findings could be established, highlighting the main findings, making it easier to follow the different empirical findings and presenting causal relationships, which are essential to create understanding (Sutton & Staw, 1995).

Qualitative research is often a highly iterative process, as it requires researchers to relate, generalize and synthesize (Weick, 1995). Due to that, after having established a first narrative, the process was not finished. Instead, it was necessary to go back and forth between the narrative, the already existing scientific literature and the theoretical framework in order to provide a well suited empirical base, from which a substantial contribution to the research field of accounting and sports could be developed.

4. Empirics

4.1. Background and context of the eSports industry

Since its emergence, eSports has evolved into a worldwide phenomenon with an audience – that is people who watch professional eSports at least occasionally – consisting of almost 500 million people in 2020, most of them living in China, the United States and Brazil (Newzoo, 2020). 3,933 tournaments were organized in 2017 (Goldman Sachs, 2018) and the top 50 events alone distributed a prize money of \$92.5 million among its participants in 2019 (Newzoo, 2020). Dreamhack, the world's largest eSports festival counts more than 300,000 visitors every year (Dreamhack, 2020) and more than one billion live hours of eSports were watched on platforms like Youtube, Twitch and Mixer (Newzoo, 2020). This growing audience also attracts an enormous amount of money from investors, as in 2016 alone, more than \$800 million of venture capital were invested into eSports related startups (Goldman Sachs, 2018). According to Deloitte (2019), €3.9 billion were invested into eSports in 2018, indicating an astounding year-on-year growth of 837%.

ESports or competitive video gaming has many common features with traditional sports. As Hamari and Sjöblom (2017) explain, it is *“often coordinated by different leagues, ladders and tournaments where players customarily belong to teams or other sporting organisations which are sponsored by various business organisations”*. However, there are also decisive differences. As Scholz and Stein (2019) emphasize, a lack of standardized governance structure leads to a more self-organized and business driven environment. As a result, unique business models have been created *“that only partly follow the market logic established in traditional industries”* (Scholz & Stein, 2019). The complex dynamics and relationships create a network that is even unclear to industry insiders. However, academic and market researchers alike have investigated the ecosystem and its characteristics. Based on these, a figure has been created that aims to provide a simplified visualization of the ecosystem to facilitate a deeper understanding of what this industry looks like and how it works:

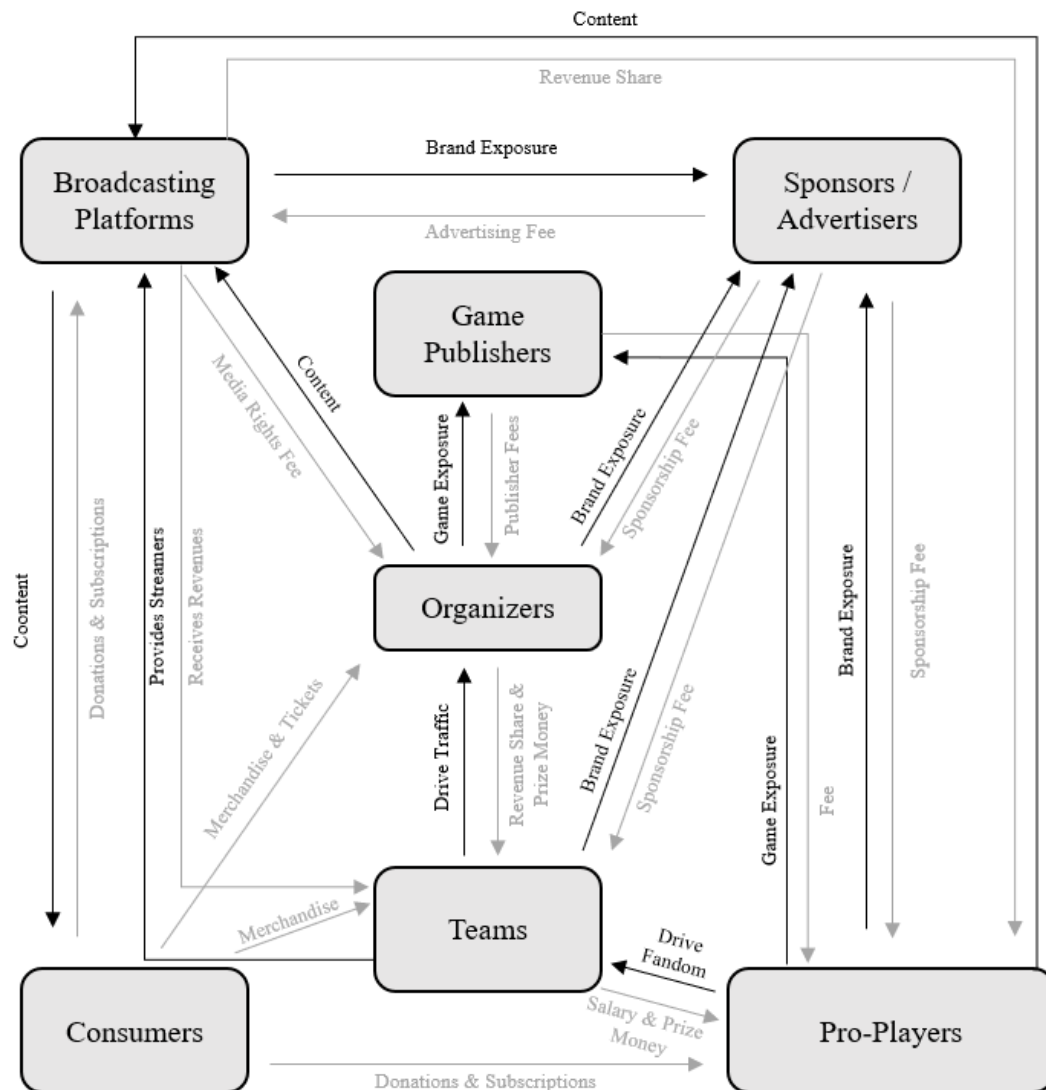


Figure 1. eSports industry overview (Newzoo, 2020)

Several actors of the eSports ecosystem, such as players, teams, sponsors and broadcasters are also existent in the ecosystem of more traditional sports. Similar to sports like football or basketball, players and teams compete in leagues and tournaments. However, in these more traditional sports, leagues and tournaments are often organized by associations, such as the UEFA. In eSports however, tournament organizers are either the game developers themselves or independent, third-party companies. The game publishers, as creators and intellectual property owners, represent an actor, which is non-existent in the ecosystem of any other sport.

4.2. Promising future of the eSports industry

4.2.1. Positive prognoses for the future

A very positive and promising picture of eSports is prevailing in the general discourse. Esports is considered to be *“the next big thing”* and an increasing number of industry outsiders is becoming involved in the field of eSports and investment banks, consultancies and audit firms publish their own research reports on the eSports industry. Goldman Sachs (2018) describes in their report *“eSports – From Wild West to Mainstream”* how eSports developed into *“mainstream culture as a legitimate professional sport with a massive global following”*. Calling it *“The Audience Opportunity”*, they underscore the massive potential of eSports and its enormous follower base. According to them, eSports has already overtaken the biggest leagues of traditional sports like the Major League Baseball (MLB) or the National Hockey League (NHL) in regard to the audience figures in 2017. Deloitte (2018) shares a similar view in their report *“ESports graduates to the big leagues”*. They see eSports as a *“rapidly maturing industry”* that is *“already bigger than many realize”*. Newzoo (2020), the leading games and eSports analytics firm, calculated a global revenue of the eSports industry of \$951 million in 2019, expecting it to become a billion-dollar industry by 2020 and growing with a CAGR of almost 15% until 2023. PwC (2019) shares similar views, naming eSports the *“fastest-growing area of the video games market”* and expecting the industry to surpass the billion dollar mark by 2020. This will be driven by an audience growth from 395 million to 646 million in 2023 (Newzoo, 2020). Deloitte (2019) estimates the total revenues of the industry at €240 million in Europe alone in 2018 and they expect a CAGR of 23% until 2023 for this figure. The leading global information, data and measurement firm Nielsen launched a new business vertical *“Nielsen eSports”* in order to satisfy the *“high demand for reliable, independent measurement of value in eSports”* as Howard Appelbaum, President of Nielsen Entertainment explained (Nielsen, 2017). In the *“ESports Playbook for Brands 2019”*, Nielsen Esports’ Managing Director Nicole Pike emphasizes the enormous potential by stating that *“One in five fans globally just began following esports within the past year”* and speaks of the *“proven value”* of the industry (Nielsen, 2019).

Especially remarkable is how despite the tremendous recent development, the majority of the industry emphasizes the even better prospects of the future. One former professional eSports athlete and now entrepreneur stated as follows:

“[...] the industry will grow a lot in the future every year and looking at the underlying factors, how many kids are actually playing now, it will probably grow.” - Entrepreneur / Former Professional Athlete, eSports Startup

Moreover he is convinced that eSports will be elevated into the mainstream and the advertising value of its athletes will be no different from athletes of traditional sports:

“[...] I really think in 10 years, more of these household names which are doing these traditional commercials, will be eSport professionals and not necessarily traditional sport Stars. [...] we will have a couple of household names that are as household as some of the big soccer players and stuff like that.” - Entrepreneur / Former Professional Athlete, eSports Startup

Two eSports team managers also emphasized the great future which lies ahead of the eSports industry. The Head of Internationalisation and eSports at a German first league football club believes that the industry *“will develop pretty well in the next years”*. The General Manager of the eSports division at a Swedish first league football and hockey club shares this view and touches upon the underlying reasons for this:

“[...] If you look forward, the younger generation is the one interested in eSports and as time goes, those kids will grow older and older [...] and based on that we will have a bigger potential fan base. [...] There are not a lot of people over 40 who play video games or who view eSports, if you look at the broader picture. Looking 10-20 years in the future, that is obviously going to change.” - Team Manager, Professional eSports Team

This view was further substantiated by the former Investment Manager of a Strategic Investment Holding focused on eSports, who added more of these underlying reasons and pointed to the fundamentals that are driving the industry:

“But I am pretty sure there is a very bright future. If you look at the underlying numbers, the viewers, the enthusiasm, the grassroots sort of support and everything, the fundamentals are definitely there.” - Former Investment Manager, Strategic holding focused on eSports

All of these arguments were also found to be part of the general discourse in industry reports and newspapers. In fact, a lot of these service providers listed more trends and underlying reasons that will make eSports an even bigger industry in the future. Newzoo (2020) stated that mobile eSports will increase access and further drive the success especially in emerging markets. New franchises and leagues as well as innovation in digital and other direct-to-consumer products will attract even more money to the eSports industry and help its different players to monetize their audience. Talking about *“eSports Cities”* and *“eSports Tourism”* they expect more and more cities will take Katowice, which made itself the center of eSports in Europe by hosting the Intel Extreme Masters, as an example and leverage eSports as a tourist attraction. Deloitte (2019) points out how the increasing involvement of large brands like traditional sports clubs and non-endemic sponsors will potentially accelerate the future growth of the market. In addition, they argue that the growing interest from investors and intensified M&A activities will make more financial resources available to organisations within the industry.

ESports organisations utilise the enormous attention and the magnificent prognoses for the industry for their purposes, as it enables them to point to these aspects, when talking to prospective sponsors or investors. Even though the professionals working at these organisations were, understandably, mostly positive about this development, they often treated these future expectations with caution. Many of them were aware of the fact that sometimes these enormous future expectations provided organisations, which would otherwise not be able to convince investors, with the opportunity to capitalize on this sentiment. The former Chief Operating Officer of one of the largest eSports event organizers in the world described the situation as follows, when he outlined which aspects his organisation accentuated when talking with potential sponsors and characterized through this quite well the sentiment among potential sponsors and investors:

“[...] you have such a strong and huge community and you are the next big thing, [...] there are 50,000 visitors and you can build up a relationship with them like nobody else has.” - Former COO, Tournament Organizer

The Investment Associate of a Strategic Investment Holding focused on eSports, hinted to the same process when he described how organisations in the eSports industry are presenting themselves to possible investors and emphasized the nature of the planning for the future many of these organisations present to investors:

“Some of these organisations [that are raising capital] have hockey sticks when it comes to business plans, many of them are talking about this is going to be this big or that big. The industry is getting a lot of capital, which is good.” - Investment Associate, Strategic holding focused on eSports

4.2.2. Utilised accounting measures

The documents that are providing insights into the eSports industry are commonly using accounting indicators in order to support their claims about the current condition of the industry and its possible future development. In order to provide an understanding of the indicators used in these reports, the following figure summarizes the used indicators of some of the most relevant reports.

Overview of the accounting indicators utilised in eSports industry reports

Report	Financial Measures	Non-Financial Measures
<p>“ESports graduates to the big leagues”</p> <p>(Deloitte, 2019)</p>	<ul style="list-style-type: none"> cash prizes (\$) market size (\$) worth of player contracts (\$) prize money (\$) amount invested (\$) price to secure a team spot in new franchise leagues (\$) money raised (\$) 	<ul style="list-style-type: none"> viewers (#) monthly users (#) user channels (#) average viewers (#) fans (#) brand sponsorships (#) major tournaments (#)
<p>“Global ESports Market Report”</p> <p>(Newzoo, 2020)</p>	<ul style="list-style-type: none"> revenue (\$) year-on-year growth (%) consumer spending (\$) revenue per enthusiasts (\$) ticket revenues (\$) prize money (\$) 	<ul style="list-style-type: none"> audience (#) eSports enthusiasts (#) occasional viewers (#) major events (#) hours broadcasted (#) hours watched (#) eSports awareness (%) size of training facilities (m²) online population (#)
<p>“eSports – From Wild West to Mainstream”</p> <p>(Goldman Sachs, 2018)</p>	<ul style="list-style-type: none"> revenue (\$) sponsorship revenue (\$) media rights revenue (\$) ticket revenue (\$) revenue growth (%) prize pool (\$) tipping revenue (\$) monthly income of popular streamer (\$) 	<ul style="list-style-type: none"> viewers (#) unique viewers (#) players (#) online population (#) tournaments (#) audience under 35 (%) penetration (%) minutes watched (#) time spent on platform (h)

4.3. Characteristics of the eSports industry

4.3.1. Audience offers narrow target group to potential sponsors

ESports organisations provide potential sponsors with specific selling points to get involved. One important argument, in regard to that, is that despite the enormous size of the audience being already bigger than that of the Major League Baseball (MLB) and National Hockey League (NHL), the audience is extremely narrow and therefore offers a great opportunity for potential sponsors to target a group who consists of mainly young and digital individuals. Goldman Sachs (2018) refers to this characteristic as the “*The Audience Opportunity*” and describes eSports’ unique characteristics and benefits for potential sponsors:

“Unlike many existing pro sports, the eSports audience is young, digital, and global: more than half of eSports viewers are in Asia, 79% of viewers are under 35 years old, and online video sites like Twitch and YouTube have a larger audience for gaming alone than HBO, Netflix and ESPN combined.”

This was confirmed by the former executive of one of the world’s largest eSports tournament organizers, who presented the arguments they are pointing to, when trying to convince potential sponsors to sponsor their tournaments:

“But of course, the strongest selling point is that you can reach this really hard target of boys between 12-34....there is such a combination of their tensions, that is the strongest point.” - Former COO, Tournament Organizer

The advisor of a service provider shared his experience from a project for an potential sponsor that considered to enter the eSports industry and concluded that even for non-endemic companies sponsoring assets in the eSports industry can be interesting:

“Esports is interesting for sponsoring, if you want to reach a young, male target group. [...] Our analysis clearly showed that eSports is able to set itself apart from traditional sport when younger target groups are desired.” - Sponsoring Advisor, Service Provider

This growing attractiveness of sponsoring, even for non-endemic companies, is also highlighted by Newzoo (2020), as they emphasize that the sponsoring from non-endemic companies in the eSports industry is growing continuously. The stronger involvement of these companies adds value to the industry, beyond the pure amount of money they invest. The whole ecosystem benefits from it, as the director for brand marketing of a sponsor that is heavily involved in sponsoring eSports teams and tournaments pointed out:

“When brands like Mercedes enter the scene, the whole eSports ecosystem is benefitting from this, because suddenly a cool brand, which also can tell a story, is

becoming active.(...) This can also add legitimacy when it comes to the question whether eSports is a sport.” - Director Brand Marketing, Sponsor

4.3.2. Personal history and emotional attachment

Many people working in the industry have a personal history with gaming and eSports and therefore display an emotional attachment. For a lot of them, this represents one of the main reasons why they became involved in the eSports industry in the first place, be it as a player, manager or investor. As the Investment Associate of the Strategic Investment Holding explained:

“I mean the reason to apply only for [firm name] was my interest...I've been playing video games since I was a small kid and back then I mainly played competitive games, First-Person-Shooter like Call of Duty, I played a lot of CS go and I thought it would be super cool to be able to work with tasks I think is interesting.” - Investment Associate, Strategic Holding focused on eSports

The same was described by the team manager of an eSports team, when he summarized the history of his professional career and how he ended up working for an eSports team, after working at an investment bank before:

“(...) Then I figured: “I should maybe try to work with something that I like to do in my free time” and tried a bunch of jobs that were great but not perfect. Then I had this opportunity and I figured “if working with esports is boring then I've proven that it doesn't matter what your job involves, it's just boring to work”. Luckily it turns out that esports is a lot of fun. So yeah, I have an attachment from having played way too many games for way too long, I watched CS in the 1.6 days etc.” - Team Manager, Professional eSports team

For many working in the eSports industry creates an opportunity to connect their job with something that they deeply like and care about. Interviewees repeatedly mentioned the eSports industry's uniqueness in that regard and that it offers something that they could not find in other industries and jobs. The general manager of one of Swedish biggest football club's eSports team explained his motivation as follows:

“And when they were looking to start up an eSport team, I applied, as I thought it is a good match for me. I knew the game really well, from having worked with it. I was interested in eSports and especially FIFA, since it was my favourite game.” - General Manager, eSports Team of Professional Football Club

In addition to that, a lot of former professional eSports athletes decide to stay with the industry after the end of their active career as a player. In fact, former professional players were found to represent a considerable part of the managers of organisations within the ecosystem. As one of the interviewees reflected on his career development:

“I have been part of this company, which is working in eSports, for three years now and prior to that I was a professional counter strike 1.6 player, so I played in two of the best teams in the world,

[...]. I also run a talent agency in eSport, that is also one of the entities of our company basically. “ - Entrepreneur / Former Professional Athlete, eSports Startup

4.4. Sobering reality of the eSports industry

4.4.1. Financial situation of eSports organisations

The reality with which many organisations that are active in the eSports ecosystem are faced is rather disillusioning, as they often struggle to find a way to monetize the attendance and interest the industry is generating. Naturally, the type of organisations which receive the most attention within the ecosystem are the eSport teams, as they are the ones competing in the tournaments and are the ones which are directly exposed to fans and the public. However, insights from people within these organisations and the industry illustrate that the attention they receive is somewhat decoupled with their financial performance. Even teams which are performing very well from a sportive perspective, do often struggle on the financial side of the business, as one team manager of one of the major teams in Europe put it, when he used the case of Astralis, one of the world’s top CS:GO teams, whose Parent company Astralis Group went public in 2019:

“Have a look at Astralis, they won literally everything last year and still had like -50% EBITDA margins. Financial performance is much more about keeping costs lean and not outgrowing your financing supply. Many orgs have done that and run massive yearly deficits, propped up by VC money that's going to dry up in the next few years. (...) Monetization is at zero compared to all other sports.” - Team Manager, Professional eSports Team

The findings of Ozanian and Settimi (2018) support this notion. They created a list of the top twelve world’s most valuable eSports companies, according to the valuations they could reach when collecting money from investors. When looking closer at the financials of these organisations, they highlighted that out of these twelve companies only one organisation is known to be cash-flow positive and that this was exemplary for the fact that the vast majority of eSports organisations are having negative earnings before interest, taxes, depreciation and amortization. When D’Anastasio (2019) cited an Analyst working for Newzoo which had access to the financial information of some eSports teams, the analyst declined to state exactly how many of them were operating at a loss, but assured that the number is *“closer to 89 percent than to 50 percent”*. In addition, she claimed that it is misleading to be distracted by the huge amount of investments, as this has only a limited informative value, as she points out that *“investment is not revenue, nor is it earnings”*.

The teams are far from the being the only type of organisation which are struggling to make profit within this ecosystem, as organisations such as tournament organizers or entrepreneurs are faced with the exact same challenge. This was described bluntly by one

entrepreneur, who used to be a professional eSports player at two of the biggest European teams and is now running different eSports ventures:

“In eSport you come across this problem, which is monetization, because very few companies within this ecosystem are actually making money out of this. Even though there are tons of millions of fans and viewers and its huge, very few companies have actually found a business model to actually monetize this.” - Entrepreneur / Former Professional Athlete, eSports Startup

The same notion becomes apparent when looking at the financial performance of MTG, the parent company of ESL, which is, according to their self-description, the world's largest eSports company and which is organizing tournaments around the world for many different eSports titles. While the eSports segment of MTG has been able to steadily increase their revenue during the time span of 2016-2019, the company has never managed to generate a positive operating income from this business segment during the last four years (MTG, 2018; MTG, 2020)

4.4.2. Power of the game publishers

While the reasons for the difficulties many organisations within eSports face with monetizing their business model are versatile, one of the main reasons is the power the game publishers possess within the ecosystem. This adds another layer to the whole industry dynamics, which does not exist within other sports, as one former employee of a strategic holding focussed on eSports described:

“There is also a fundamental difference, because in Football no one owns the football, no one owns the intellectual property rights of football. But in eSports you obviously have someone who actually owns the game, Valve owns the actual game of Counter Strike, Riot owns the intellectual property of League of Legends, there is actually someone who owns each sport and who can say from one day to the next, whether someone can actually make money selling the distribution rights of the game that they have designed and developed. So, it is a very unsecure sort of business to be in.” - Former Investment Manager, Strategic Holding Focused on eSports

One team manager of a team which is competing in the football simulation FIFA which is published by Electronic Arts (EA) illustrated the power the game publishers exhibit when he talked about what happened when the outbreak of COVID-19 interrupted their operations:

“EA decided to pause all tournaments that use their game all around the world, no matter whether they are online or not and obviously the second season of the league is running now, we played out first game last week and we were supposed to play our next game tomorrow, but its all paused because EA made a decision due to Corona and obviously not all people agree, some were saying playing online should be fine, as it is pretty safe. But EA made a decision and no one can affect it, so that is a sign of the power, the game developers have. It is always going to be their game, even if there are other parties who have in interest in it, it kind comes down to that, they made the game,

they own the game, they are the owners to the rights of the game. So, I think, in terms of power, it's a lot with the game developers." - General Manager, eSports Team of Professional Football Club

The uneven distribution of power also has an impact on how the money is distributed within the industry, as the entrepreneur and former gamer remarked, referencing to his earlier statement that no one in the ecosystem is making money:

"I was talking before about the fact that no one is making money, that is not true actually, the game developers are making all the money right now in the ecosystem. So they are not really working, these other third party companies, like the tournament organizers, or even us or the players and stuff, they are not really working, the game developers are just taking all the money right now.(...) Just an example, if you take Riot [publisher of League of Legends], they have decided that if you play in their league and in their tournaments, that you can only, as a team, showcase its two or three different sponsors, so let's say you are a professional team, that has like 10 sponsors, their League of Legends guys can only showcase three sponsors (...) so its really tough to be a team and its really tough to be a tournament organizer right now and obviously all the companies like ourselves or third party companies, to the league organizers and stuff, its really tough for them because obviously the game developers are deciding everything." - Entrepreneur / Former Professional Athlete, eSports Startup

4.4.3. Disparity between revenues and costs

A second major reason why many organisations are struggling is the mismatch between their revenue and cost. The costs for teams and tournaments organizers are substantial, as a former employee of a strategic holding focused on eSports described:

"You still have the costs of a professional production set up it's like an event, so you have all the costs associated with that. So, it's still very costly and since it is a big hype right now, all the players want a lot of money, they want to fly first class, they want to stay in five-star hotels. So, you have a lot of costs associated with this." - Former Investment Manager, Strategic Holding Focused on eSports

The team manager of one of the major teams in Europe pointed into the same direction, when he argued:

"Meanwhile the cost side, both for tournament organizers - who want to put on ever-better shows and pamper players ever more - and for teams who have to increase salaries and benefits every year to keep top talent on board, is steadily increasing." - Team Manager, Professional eSports Team

Ozanian and Settimi (2018) claim that the teams are spending roughly half of their operating budget on player costs and D'Anastasio (2019) is bringing attention to the fact that on top of the salaries the teams also have to pay substantial sums to just participate in a league of the different eSports titles, which can range from \$10m to \$13m for the title League of Legends and from \$30m to \$60m for the title Overwatch.

In the meantime, on the revenue side eSports organisations are struggling to convert the attention into money. One reason for this is the low willingness of the eSports consumers to pay for the content they consume, as one professional working for an eSports start-up describes:

“If people have to pay to watch an eSports tournament like through a paywall or pay per view thing, nobody is going to watch it. It only happens because it is free and accessible.” - Marketing Manager, eSports Startup

This attitude differs very much from the attitude prevailing among viewers from other sports due to the history of eSports, as one former employee of a strategic holding focused on eSports described:

“It is a sport which was born as a free to watch sport and right now it still is a very much free to watch sport. So in any other sport you basically pay to watch, eSports was born on Twitch and it was free to watch and it is still free to watch, so you lose out 80-90% of the revenue there by not having a paywall. (...) People would not pay to watch it, because they would go on a streaming platform and watch there their biggest idol sit and play instead. So it is very different to get people to pay. So you basically need to operate a free to watch option.” - Former Investment Manager, Strategic Holding Focused on eSport

Due to that being the case, sponsoring is the main source of revenue right now for many teams and tournament organizers, with one entrepreneur claiming that sponsorship fees are often representing 90-95 percent of a team's revenues. This holds also true for the industry as a whole. According to NewZoo (2020), 55% of the overall revenue of the industry came from sponsorship in 2019 and Deloitte (2019) expects that advertising and sponsorship will account for approximately 60% of the industry's overall revenue in 2019.

However, this represents a challenge in itself, as many of the people involved in the industry do not have experience in working with sponsoring, which leads to a problem, which has been described by a professional working at a strategic holding focused on eSports:

“The issue is that when these traditional sports agencies go out and sell the sponsorship or media rights, they have a lot of data about their customers, they have a lot of data about their consumers and their audience. Meanwhile, within eSports you say that “Hey, I got this many live streams on Twitch, what can that get me?” From that sort of point of view, the pitch deck you are presenting, it's not really in detail. They are not knowing what they are buying. They are not knowing the consumption behavior of the audience that is watching eSports. And therefore it's really hard to monetize better off on the B2B revenue streams.” - Investment Associate, Strategic Holding Focused on eSports

This is accompanied with another problem that these companies are facing, which is the lack of trust into the data that eSports organisations provide regarding the audience which

has allegedly watched specific eSports events and other data. The head of the marketing department of a Fortune 500 company, which is heavily involved in sponsoring eSports teams and eSports events described his attitude towards the data he is presented with like this, especially pointing to the paradox that within eSports generating and providing data should be very straightforward:

“You would think that in a digital born sport, the data tracking would be very easy and traceable (...) But, these numbers are so obscenely high (...) that you don't really trust them. When someone is telling you how many billions of contact we had, I am always thinking, well, I will look at that myself, because you get the impression that this is treated a bit inflationary.” - Director Brand Marketing, Sponsor

The same concern was raised by a professional of a service provider, who has worked together with different brands that evaluated possible investments into the sponsorship of eSports assets:

“A problem for many brands is the fact, that the KPIs are not reported on a standardized level, but right now you get an immensely big figure, where broadcast numbers from Brazil to China are listed, but you don't know how often did people tune in, did they actually sit in front of the computer, did they watch it without interruption.” - Sponsoring Advisor, Service Provider

D'Anastasio (2019) treated this point as well, highlighting the fact that when it comes to viewership data, a conflict of interest is often present, as the data is mostly provided by the tournaments organizers or the teams themselves, which obviously have a self-interest in presenting high numbers in order to portraying themselves in a favorable way. Additionally, she is gathering multiple sources which question many of the most used reports from analytic firms which publish numbers about the eSports industry. To prove this point, she is quoting one team manager that is the head of the eSports division of a NBA club, that states *“When I read a lot of these papers, especially the NewZoo papers—great headlines, picked up basically by everyone—I don't know where they derive 50 percent of those numbers,”*. This statement is amplified even further by a professional working for one of the big game publishers, who suggests that these analytic firms are *“all in a giant inflationary dance with each other to make eSports seem big”*.

This is connected to the fact, which has already been mentioned before that many people in the management of organizations, which are active in the eSports ecosystem, have a personal history with the eSports industry or gaming. How this is influencing the industry was portrayed by a former professional player:

“In eSports you have basically CEO's running companies for 300,400,500,600 millions of dollars and they have no education, they have just been positioned well just from the start.” Entrepreneur / Former Professional Athlete, eSports Startup

This can have a two-sided effect as one professional from a strategic holding focused on eSports claimed, when he reasoned that this was also a part of the reason for the overall situation of many organisations within the industry:

“If you look at the most successful companies today, within eSports, many of them are run by entrepreneurs that have been doing eSports for the last 20 years. I think that is also an issue to be honest. There is a lot of endemics in there, gamers or eSports enthusiasts to begin with and they really understand sort of the game but they cannot develop a product which they can capitalize on.”

- Investment Associate, Strategic Holding Focused on eSports

4.4.4. Previous bubble in eSports

Even though eSports is a relatively new industry, it has experienced some troubles in the past. One team manager connected this past with the current situation, where many organisation struggle to monetize their business model, when he speculated about the potential effects of an upcoming recession:

“The recession is going to hit like a sledgehammer - compare it to the last eSports collapse in 2009 - and a lot of organisations are going to disappear. Tournament Organizers are going to get hit hard as well, and one or two might fold.” - Team Manager, Professional eSports Team

In his quote he refers to what D’Anastasio (2019) calls *“the first bubble of eSports”*. During the period of 2006-2009, many different eSports organisations disappeared, as they failed to actually monetize their business model (Scholz, 2019). Exemplary for the multiple swayings the industry took during these years is the history of the so-called Championship gaming series (CGS), which was a worldwide sports league for many different video games, like Counter-Strike, Battlefield or Halo founded in 2006 (Jabzilla, 2016). One television station provided \$50 million over five years and the league paid annual salaries in excess of \$1.8 million (Lewis, 2015). The prize pool of \$500,000 were considered substantially back then and it was reported that it achieved to reach 50 million viewers in its first season (Jabzilla, 2016). However, none of the organisations involved in the series was able to find a sustainable business model and in 2008 the CGS was ended rather abruptly, due to the organizers claiming that *“profitability was too far in the future for us to sustain operations in the interim”* (CGS, 2008). One owner of a team which competed in the CGS described how hard that hit the industry, when he concluded that *“If this doesn’t work, eSports is dead”* and that he wasn’t far from the truth at that time, as the scene, especially in North America, *“was just a train wreck”* after the CGS ceased operation (Phillips, 2020).

5. Discussion

5.1. How accounting is used to construct a promissory economy in the eSports industry

The eSports industry can be characterized as a case for a promissory economy, as it has been described by Mouritsen and Kreiner (2016). Analysing the eSports industry from the standpoint of the promissory economy is revealing, as it can help to understand the commercial development the eSports industry has experienced in the past. Furthermore, it provides an understanding of which challenges the industry is facing in the current stage of its development and how accounting is used in an attempt to master these challenges.

The promissory economy of the eSports industry has been constructed by people, such as the game publishers of eSports titles, service providers or entrepreneurs, who have an interest to see a space, where professional gaming is performed with surrounding conditions comparable to other sports, which already have transformed into a big business. Therefore, these people can be considered as the promising agents, which are constructing this type of economy. The promised future of these agents is characterized by an ecosystem in which all actors are able to monetize their efforts and can operate a sustainable business model. In this future, the organisations in the ecosystem which are currently struggling, most prominently the eSports teams and tournament organizers, will be able to actually balance their expenses with their revenue, successfully capitalizing on the interest and attention they receive from fans and other actors.

However, this promised future is not there yet, as many of the actors are currently struggling to find this sustainable business model and can only continue to pursue their ventures due to the massive inflow of capital from investors, which are lured into the scene partially due to this promising narrative. As it is typical for a promissory economy, the pathway which leads into this desirable future is not clear yet. When the envisioned future is pictured, little attention is given to the explanation of how this future will be reached and which exact measures have to be taken in order to realize these promises. For many organisations that are active in the industry, there is no clear pathway for monetization yet. This is partially due to the fact that in a promissory economy, the enrollment and coordination of many actors is crucial and only the effective interaction of them will put the whole industry in a position, where this path forward into the promised future can be developed. Furthermore, this process of developing the industry commercially is partly a reciprocal process. When a certain degree of professionalization and commercialisation among some of the actors is achieved, other professional actors are being attracted to the industry (Greenwood, Suddaby & Hinings, 2002) and these new actors do then foster this commercial development as well.

The enrollment of the different actors is vital in the eSports industry and is connected to some challenges, as the concept of competitive professional gaming is rather new and is therefore in need of a lot of persuasion efforts. Organisations and individuals, which are needed to realize the promised future, might be hesitating to invest into this industry. They might not be aware of the size of the industry, due to their lack of exposure to the channels in which eSports is mainly present and due to the novelty of the concept. As eSports is a truly digital sport, the channels at which it is broadcasted and consumed are also digital and are only accessible to people that are engaging with these platforms. This is fundamentally different to other sports, which are present to a large extent in traditional broadcasting and in the traditional media, which provides them more exposure to the mainstream. In addition, due to the long history of these sports, they have been firmly established in society and required less efforts to enroll various actors.

After the enrollment of these various actors, they have to dedicate substantial resources into the process of commercially developing the industry. Examples for this can be found at the very core of the industry. Teams have to invest into training facilities and infrastructure in order to be able to present themselves to the fans. In addition, they have to invest heavily into their professionalization in order to be able to successfully satisfy the demands that arise from a growing commercialisation. Tournament organizers have to take care that the tournaments are taking place in a professional setting, which caters to the needs of the fans and which can host large amounts of crowds. The media companies which are broadcasting the tournaments have to ensure a suitable coverage and reach which is accompanied by an appealing preparation of the produced content. Only if all these actions are performed by the actors, there is a path towards the future promised by the promising agents. The promising agents cannot construct this future on their own, but are dependent on the coordinated efforts of all the actors.

Moreover, one substantial notion of the promissory economy is the disregarding of previous failures, which is seen as a precondition for devoting oneself fully to a new venture. This behavior can be observed to a certain degree at the eSports industry, which has experienced such a previous failure in a distinctive way, when it saw many organisations filing for bankruptcy in 2009. Preceding this collapse, promises were made regarding the future success of eSports, many of them being similar to the promises that are made now again about the prosperous future eSports is heading towards. The problems which had caused this wave of bankruptcies was the failure to find a sustainable business model and that profitability was too far ahead in the future. Even though some of the underlying factors have changed since then, the current situation is not completely different from how it was back then, making it remarkable that not more attention is given to the past experience the industry has made. This is partially due to the fact that actors constructing the promissory economy obviously do not have an interest in reminding others of this failure. Moreover, this is also partially due to many new actors entering the scene, which might not have an extensive knowledge about the past of the industry.

This is connected to the notion of forgiving and forgetting, which is a crucial element of a promissory economy. Both of these concepts are necessary in order to cope with the previous crash the eSports industry has experienced. Forgetting is necessary in order to suppress the thought that many of the conditions which lead to the collapse are still prevalent right now and might indicate that the promised future might not be able to be reached. Forgiving is necessary by the people who have suffered from the promising agents' failure to fulfill the promise they had made beforehand. Besides that, forgiving is not only needed for what happened in the past, but is also needed for the situation many organisations are faced with right now. Many of the actors that are active in the industry now have been encouraged by the promising agents' picture of a thriving industry, however right now they are not exposed to such an industry. Constant persuasion efforts are necessary in order to convince these actors that the promises are still valid and will materialize in the future, despite the bad situation they are faced with at present.

5.2. Utilisation and negligence of indicators

Accounting performs the pivotal role of providing legitimization to the future vision that claims that the industry can be commercially developed into a successful industry. Accounting figures translate the diffuse idea of a promising future into a more tangible forecast and make it possible to compare and relate them to other sports. It can encourage actors which are already active in traditional sports, to consider becoming active in eSports, and this, in turn, can play a part in actually realising the promised future with which these actors have been encouraged in the first place. It can also motivate brands and investors, which might not have any previous experience with the sports environment, but which might know these accounting concepts from their everyday work and can therefore relate to them. As accounting figures are the most important criteria that many organisations consider when making a decision, it is crucial that these are used to construct a compelling narrative for the industry, in order to be able to deliver on the promise. As Mouritsen and Kreiner (2016) emphasize, even if decisions are partly based on emotions or institutional reasons, decisions require the paraphernalia of decision making. Accounting provides these individuals with the required paraphernalia to make their decisions and enables them to substantiate their decision for the outside world.

When looking at the accounting indicators mobilised by the promising agents, it becomes apparent that mainly so-called "*leading indicators*" are utilised. These leading indicators are often described as measures that seem to indicate the future performance of a company. The specific indicators depend heavily on the respective industry and company, however, typical examples are website visitors, number of new leads, conversion rates, or hours spent on a specific task or function. However, while these indicators are frequently used to create a prognosis for the future of a company or industry, none of these measures the actual financial performance of an organisation. This type of indicators is contrasted with the type of indicators which are labelled "*lagging indicators*". These

indicators provide insights concerned with the past performance of a company. Often these indicators are financial indicators, which measure how something has changed and how the performance has been in a certain period.

The findings of the discourse analysis clearly demonstrate the dominance of leading indicators across the industry reports. While one could expect that the overarching objective of these reports is to give an accurate and precise picture of the industry, the strong utilisation of leading indicators like number of viewers, number of brand sponsorships and hours watched and the negligence of lagging indicators like cost and profitability measures suggest that the creators of these reports actively engage in picturing a more positive future of the industry than the underlying financial numbers would indicate. It is neglected that these leading indicators do only have a very limited informative value for providing insights about the capability of the industry to earn money, if there is no feasible way towards monetization. Only if the organisations within the industry would possess such a pathway, these indicators would be as informative as they are considered to be in these reports. However, this challenge is hardly mentioned by the reports. It appears to be assumed, that for example the number of viewers can be rather directly translated into an increase in revenue and ultimately into an increase of profit. How this is achieved is not stated, even though many of the organisations within the industry are struggling exactly with this challenge.

While the aforementioned indicators, like the number of viewers, number of brand sponsorships and hours watched can still be seen as directly related to the actual performance of the organisations within the eSports industry, it is surprising what kind of events and measures are utilised as additional indicators in the discourse. Extensive passages of the market reports and newspaper articles concerned with the eSports industry were devoted to the size of professional team's training facilities. While this may certainly be an indicator for the rising ambitions of the respective teams and a transition towards professionalized conditions, its significance for the future of the industry, especially against the background of almost all parties still facing costs that are not matching their revenue, remains questionable. The same holds true for the frequent mentioning of famous people like musicians or former sport athletes have invested into the industry. While this definitely provides publicity to the industry, it provides only limited insights about how organisations actually want to monetize their business model. Moreover, this is an indication for the success of the promising agents in constructing a compelling narrative, which pictures the industry as trendy and attractive and which allures members of the popular culture to become a part of it.

Another very interesting observation regarding these indicators is the case of eSports' leading analytics firm. Every year, Newzoo (2020), the self-proclaimed "*world's most trusted source for games and eSports research*", publishes their "*Global Esports Market Report*" including key trends, market sizing and forecasts, rankings and also special focus topics. The report was repeatedly mentioned by the interview partners and among the

examined documents and can certainly be designated as the most important market report for industry in- and outsiders. Their reports continuously paint a very positive picture of the industry and the report is clearly the most comprehensive, offering a large number of indicators, rankings and figures, even breaking them down on different regions. However, despite being repeatedly referred to by industry insiders, substantial doubts about the reliability of their numbers and calculations were expressed. The same sources that raised these doubts, however, still decided to refer to them. One of the potential reasons for the continuous references might be the lack of alternatives. Another potential reason might be that these reports provide what their consumers are looking for. Consumers of these reports mainly consist of industry insiders and externals that are either investing or considering to invest into the industry, be it in the form of venture capital or sponsoring. All these individuals are investing either time or money, hoping that the eSports industry will prosper, hence they consult these reports in the search of validation of their hope.

This is in line with a more general trend of characteristics these indicators display. Many of these leading indicators are prone to be manipulated or inflated, due to the fact that it is hard to actually retrace the method with which they have been obtained. In contrast to other sports, no independent third-party is collecting, for example, the data on the audience of a specific event. This raises questions about their reliability, as the same organisations that are providing the data have an inherent interest in portraying these numbers in the most positive way. In addition, indicators such as the awarded prize money or the investments that are flowing into the industry do look impressive, but are seldom taken into perspective. When the enormous amount of prize money is observed on its own, it clearly capitavates people and creates the impression of a thriving industry. However, the prize money for itself has again a very limited informational value. Only if it is closely examined how many teams are actually able to win some of this money and which large operations they have to finance with this money, it can be said what this amount of prize money is actually revealing. Connected to that, the amount of investment made into the industry is providing less information than it is suggested. It rather signals that many actors are having an interest in developing this industry and that the expectations on the industry are high, but it does not mean that these investments are actually rewarding and will pay-off in the end. The same holds true for indicators such as the amount of money that players of professional eSports teams are earning or the amount of money teams have to pay for participating in a league or tournament. It rather shows that the industry has been successful in portraying itself as thriving and receiving large monetary inflows, but it tells very little about how the organisations within the industry actually earn money.

The mobilization of certain indicators is not the only way how accounting is used to construct a promising future. Accounting can also have an influence, in the way that specific aspects from the underlying decision model are excluded from the decision model, in line with the concept that the underlying decision model does not argue to

account for the entire world (Mouritsen & Kreiner, 2016). However, with these aspects, often essential details are removed and this generates a decision model that possesses less relevance than aspired (Preston, 2006). Resulting from this, actors base their decision only on a subset of accounting that could have been considered. In the case of the eSports industry, it can be observed that a certain kind of aspects has been removed from the decision model. Financial indicators only represent a small part of the utilised accounting information in the discourse, as profitability and cost measures are entirely removed from the presented information. Accounting information that usually is considered as highly informative and difficult to manipulate, is seldomly displayed, even though these lagging indicators would provide transparency about the current situation rather than constitute speculations about the future. This can be explained by the fact that the majority of the organisations in the eSports ecosystem are not able to make money in the current situation. Therefore, indicators related to profitability, spendings and monetization are not mobilized but rather removed from the decision model, in order to construct a more promising future and to picture the industry in a more favorable light. This, in turn, puts the promising agents in a better position to persuade the other actors to become part of the industry, through which these can actively facilitate the commercial development of the industry.

But these are not the only information removed from the discourse. While it keeps being emphasized how the audience numbers of eSports are taking over those of major sports leagues like the MLB and NHL, several industry insiders challenged the magnitude and reliability of the published statistics, as mentioned before. But even if the trustworthiness of these numbers is not considered, the fact that it is a comparison between two numbers that actually cannot be compared is hidden. While the viewers of the former sport have normally paid a non-negligible amount of money to watch these events, at least a large part of the viewers of the latter were not required to pay. It remains disputable, whether these numbers would prove sustainable, if viewers would have to pay for accessing the respective content. The willingness to pay of supporters is something that has yet to be proven and has therefore been removed from the discourse in order to not impairing the narrative of the promising agents.

All this information has been removed to create a subset of information that constructs a future that is promising enough to enroll required actors. Only with the enrollment of these and their efforts and investments the desired future might be able to achieve. It can be reasonably assumed that a holistic overview could jeopardise the objectives as an enrollment of crucial and professional actors seems improbable under these circumstances. On the contrary, a downward spiral could be the result, as the loss of important actors might lower the available resources, eliminate potential alternatives and eventually worsen the actual situation. The once promised future then might metamorphose from promissory into illusory.

The incompleteness of accounting, in fact, facilitates the construction of a promissory economy. The lack of highly informative accounting information like financial measures as well as the opaque situation of monetization can be empowering and engage enrolled actors in reflection and debate. Tensions between game publishers, teams, tournament organizers and investors might spur a discussion and create new knowledge and innovation for challenges such as finding a pathway towards monetization for many organisations within the industry. Accounting can act as a “*rhetorical machine*” (Busco & Quattrone, 2015), constituting a useful practice through generating arguments and guiding the path towards new ideas. Its power lies not in the presentation of past and current performances, but in the process of interrogation and mediation that it promotes. By providing a vision, action that is necessary to enable the commercial development of the industry is mobilized. The promising agents create captivating narratives that attach actors cognitively and emotionally to the promised future of the eSports industry. The emotive impact and conjured optimism of this vivid representation increases its persuasiveness and the enormous enthusiasm and attachment among fans, employees and even investors creates an acceptability that gives further credibility to the expectations. The credibility is enhanced by navigating the recipients through the tension between newness and familiarity (Andon, Baxter & Chua, 2020). Despite repeatedly mentioning the innovative uniqueness of the industry, familiar indicators are utilised and comparisons to more traditional sports are performed. A network of supporters (Andon, Baxter & Chua, 2020) is created through enormous audience numbers and people such as celebrities, successful athletes and actors from commercially developed sports that increase the credibility of this fictional expectation (Beckert, 2013). Numbers like unique viewers and hours watched, which in traditional sports are measured by third-party suppliers are simply published by the organisations themselves to provide additional comfort (Andon, Baxter & Chua, 2020).

In classical rhetoric, a good argument consists of all three of the Aristotelian elements of ethos, logos and pathos (Holt & MacPherson, 2010). When analysing the data concerned with the eSports industry and its commercial outlook, a clear dominance of appeals to the pathos can be recognized. By creating captivating narratives about underprivileged and unknown gamers rising to successful and admired sports stars, the readers’ emotions are directly targeted by the promising agents. Furthermore, the community of the industry is frequently highlighted, displaying a strong social network, which is dominated by camaraderie and the joint pursuit of one’s passion. Interestingly, this strong bond between people in eSports is not only claimed for the domain of the fans but also for the professional domain, where people working in the industry are willing to cooperate and give guidance to other people. The constant designation of eSports as a sport and numerous comparisons to traditional sports serve as a recurrent appeal to ethos. Repeatedly entitled as “*the next big thing*” and references to past accomplishments enhance the ethos in the form of inclinations to succeed. Appeals to logos can also be identified, as data and evidence are naturally utilised when discussing the industry’s size.

However, content and statements concerning the economic situation and potential of the eSports industry were comparably little used and dominated by references to favourable forecasts and astounding opportunities, which were built by drawing more on the elements of pathos and ethos.

5.3. Conditions facilitating the construction of a promissory economy

After having examined the eSports industry as the case of a promissory economy and how this promissory economy is constructed with the utilisation and negligence of certain accounting indicators, it is beneficial to investigate why the promising agents are able to construct a promissory economy in this industry. This adds to the understanding of the way accounting is used to construct this promissory economy and, in more general terms, which conditions are favorable for constructing a promissory economy.

The first condition from which the promising agents are benefitting when constructing this promissory economy is the strong involvement of emotions in the industry, as it has been examined by other studies before (e.g. Baxter et al., 2019). As highlighted in the empirics, a great amount of people who are working in this industry are displaying a strong emotional attachment to gaming in general and to competitive gaming more specifically. Many people in the management of eSports organisations have either been professional gamers themselves or have been involved with the gaming sphere in some other way for many years. This leads to a situation, where these people do not only consider the commercial facets when making decisions, but also other aspects as well. This can result in these people staying involved in the industry, even though from a pure business rationale it might not make sense. This holds also true for their decisions in the context of their organisations, where they pursue ventures, which might not be viable from a business perspective, but generate benefits in other dimensions. These people are more susceptible to be convinced when the promising agents are picturing a compelling vision of the future, as these professionals themselves would like to see the industry thriving in the future. These people will demand some form of accounting indicators in order to support this vision, but give a lot of leeway to the promising agents in regards to which indicators they mobilize. They will not scrutinize these indicators and are likely to be overly optimistic concerning the future development themselves. Another aspect of this emotional involvement is the possibility that people who are not yet part of the industry are encouraged to become a part of the industry because of their emotional attachment to gaming. This attachment can bias their judgment, perhaps even unconsciously, which also makes them more likely to believe in the made promises and to suppress critical challenges towards the told narrative. From a more general perspective, this shows that promissory economies are easier to construct when actors have an emotional attachment to the respective environment, as this can influence the decision-making process through introducing biases and other rationales.

This strong involvement of emotions is connected to a second condition which favors the construction of a promissory economy in the eSports industry, namely the existence of multiple institutional logics in the industry. Through picturing the industry as a sport, a sporting logic and social welfare logic is introduced in addition to a business logic. The introduction of additional logics provides the promising agents with the opportunity to interpret certain indicators according to these differing logics. Hence, an indicator such as the audience of certain events can be interpreted in various ways. On the one hand, this can be interpreted as an indicator for enormous interest in eSports, which allows organisations to monetize from this interest and which is appealing to the business logic. On the other hand, this indicator can also be interpreted according to a social welfare logic, where it indicates that a large community of like-minded people has been established, which spends time together and is jointly performing a specific activity. This can divert the attention away from the business-driven indicators, which are often harming the narrative of the promising agents, and can direct more attention to indicators, which are portraying the industry in a more favorable light. The existence of these logics also prepares the ground for an environment, where it is natural to include non-financial and leading indicators, when displaying the industry. If the financial data of the eSports industry would be displayed by another industry, which would just follow a pure business logic, investors might be discouraged to keep investing into that industry. In the eSports industry, however, this financial data is not the only thing to consider, which enables them to make a more compelling case for their future. Furthermore, potential investors and sponsors might not be just motivated by pure financial motives but might also follow another logic when making an investment into the industry. It is interesting to note that this holds true, irrespective of which logic is dominating within an industry or an organisation. Even if the business logic is found to be the dominating logic in the eSports industry, the other logics can be used strategically to construct the promise. In the end, these additional logics support the business logic, as they serve as enrollment devices, which enables the promising agents to benefit more from the future development.

A third condition which facilitates the construction of a promissory economy is the fact that eSports is considered by many people as *“the next big thing”*. This idea is primarily built on the notion that eSports is consumed mostly by young people. In addition to that, the industry combines the phenomena of gaming, technological advancement and digitalization, which are all believed to be major components of the industry in the future. Investors and brands do not want to miss out on all of these trends and are therefore eager to invest in areas which utilise these features. In fact, their eagerness to be on the forefront of these developments can distract them from thoroughly examining the underlying financials of the industry. This can help the promising agents to benefit from this eagerness in terms of financial commitments, which might be undertaken even though they would not be justified otherwise. Promissory economies make extensive use of the imaginative abilities of the different actors and when phenomena are mobilized which automatically spur imaginations, it is obviously easier to construct these compelling

pictures. Similar to the findings of Andon, Baxter and Chua (2020), the promising agents of the eSports industry construct captivating narratives and images, in order to create an cognitive and emotional attachment of the various actors of the industry with the purpose behind their investment. As investors are constantly searching for trends, which will shape the economy in the future, the narrative that pictures the industry as combining several of these trends is creating strong emotions and combined with the images of millions of fans following the tournaments, provide a well-founded purpose for the investment.

Due to the special characteristics of the industry, another condition is created that favors the construction of a promissory economy. All of these phenomena, namely gaming, technological advancement and digitalization, are highly technical. Therefore, people which want to evaluate data concerning these phenomena have to have an intense experience within these fields and have to be familiar with the underlying mechanisms. This creates a potential gap between industry insiders, who have this knowledge and industry outsiders, who do not possess it. For the promissory economy this means that the promising agents, which are often industry insiders, can use the data and the corresponding accounting indicators for their purposes. They can successfully convince industry outsiders of the auspicious future of the industry, as these do not have the required knowledge to question the presented data and might not be aware of the causal relationship between this data and what it reveals about the future. One example for this is the data showing the audience figures of certain eSports tournaments. Many industry insiders are aware of the fact that this data is often inflated and hence has to be adjusted when used for business purposes. Actors who do not have experience in the industry, however, are often deeply impressed by these audience figures and conclude from them that the eSports following is massive, which obviously helps the promising agents for their narrative.

A last condition which helps the eSports industry with its narrative of a thriving future, is the fact that it has become natural to view sports as a form of business, where it is possible to capitalize on the attention and emotional involvement of people. Due to the immense commercial success which other sports have experienced, eSports as a considerably new sport can reference the commercial development many of the traditional sports have experienced and which can act to arouse interest in the future. Today, it is considered a well-known fact that many sports are big businesses, where organisations can earn substantial amounts of money. This idea can convince investors that the same holds true for eSports, which might again distract them from the disillusioning presence, lead them to disregard the unique conditions of this sport and let them focus more on the opportunities which lie in the future, as it is always done when constructing a promissory economy.

The idea of eSports having the potential to become a big business is even more natural in eSports than it is in other sports, as from the beginning the game publishers have been

deeply involved in this industry, as they hold the intellectual property rights to the games, on which eSports is based. As these game publishers are businesses, which consider everything they do at least partially from a business perspective, it is obvious that they viewed eSports from the beginning as a potential way for their business to succeed. This contributes immensely to the construction of the promissory economy, as these businesses exactly know from their own experience which paraphernalia of decision making they have to mobilize in order to successfully enroll other actors. Furthermore, they can utilise already existing mechanisms for the exploitation of data and can add legitimacy to the data that is published.

6. Conclusion

This paper helps to advance the understanding of how accounting can be used to facilitate the commercial development of a sport. Building on Mouritsen and Kreiner's (2016) findings regarding the relationship between accounting and decision as promises, the eSports industry is identified as the case of a promissory economy. Within this, promising agents construct a "*regime of hope*" (Brown, 2005), which pictures a thriving future for a certain industry in order to enroll other actors to participate in the development of this industry. These promising agents of the eSports industry are people, such as the game publishers of eSports titles, service providers or entrepreneurs, who have an interest to see a space, where professional gaming is performed with surrounding conditions comparable to other sports, which already have transformed into a big business. In order to realize their future vision for the industry, they are depending on investors to fund eSports teams, on organisations to host tournaments, on businesses to sponsor these teams and tournaments and other service providers to engage with the industry. However, the reality for many organisations that are active in the eSports industry is rather disillusioning. This is characterized by a vast majority of them failing to monetize their business model, the game developers possessing a huge amount of power over the other actors, the fans being reluctant to pay for the content they consume and the organisations having a hard time to efficiently market themselves to potential sponsors. Due to this, the mobilization of these actors is tried to be achieved through the use of specific accounting indicators, which are not primarily concerned with the financial situation of the industry right now, but rather with leading indicators, which make use of non-financial indicators, whose accuracy and informational value might be questionable. It is neglected that these leading indicators do only have a very limited informative value for providing insights about the capability of the industry to earn money, if there is no feasible way towards monetization. This observation is reinforced, as many of these leading indicators are prone to be manipulated or inflated and as a result their trustworthiness is frequently questioned. This strategic utilisation and negligence of certain accounting indicators in order to construct a promissory economy is functioning especially due to certain conditions that are observable in the eSports industry. As many people who work in the industry have an emotional attachment to it, they might be more receptive to be persuaded concerning the promising future it will experience and this might also bias their judgment to a certain extent. People from the outside who have an interest in gaming might be inclined to view the industry in a more positive way due to their emotional attachment, which is helping the promissory agents again in their attempt to enroll different actors with their future vision. This is linked to another condition, which is the occurrence of multiple institutional logics within the eSports industry. It does not follow only a business logic, but other logics such as a sport logic and a social welfare logic can be found as well, making it more natural to include accounting indicators that concern other areas than just the business. Favoring the construction of the promissory economy is also the

fact that the industry is often regarded as a combination of many phenomena, which are believed to grow intensely in the future, namely gaming, technological advancement and digitalization. Actors do not want to miss out on these trends and are therefore eager to invest in an industry which is displaying all these characteristics. Furthermore, these characteristics introduce a sharp division between industry insiders and outsiders, as they require a profound knowledge of these matters in order to be in a position to evaluate presented data and underlying mechanisms. A last set of conditions is resulting from the fact that other sports have transformed into a big business before. This provides eSports with a somewhat relatable blueprint for their future development, as the promising agents can hint to this development, when they search for something they can base their future promises on.

Several contributions to previous accounting research are made in this paper. A first contribution is concerned with the stream of research in accounting and sports that investigates the professionalization and commercialisation in sport. Previous accounting research within this area has been largely focused on the transformation of sports, the increased business orientation of organizations and due to that an erosion of amateur values (Andon, Free & Sivabalan, 2014; Cooper & Joyce 2013; Rika et al., 2016; Cordery & Davies, 2016; Halabi et al., 2016; Andon & Free, 2019). In this research, accounting is often only considered as something that is signalling how this transformation is taking place at an organisational level and how accounting practices within specific organisations are influenced by it. Less attention has been directed towards the active role accounting can perform in commercially developing a whole sport. The findings of this paper highlight how accounting can be used to facilitate the commercial development, as it can be used to mobilize different actors to invest and engage with a certain industry. Through carefully selecting specific indicators, accounting provides the required paraphernalia of decision making, which are requested by the different actors. Through the help of these indicators, the promising agents can construct the picture of an alluring future that is needed in order to further develop the industry commercially. The performativity of accounting in this context is highly observable, as accounting is not primarily used to describe reality, but is rather used to engage with the world and is hence used to construct reality.

A second contribution is made to the research stream of accounting and sports, which is exploring the notions of accountability and power. Previous research has often examined institutional logics in terms of the interplay between multiple institutional logics and which implications that has for the respective accounting practices (Reay & Hinings, 2009; Pache & Santos, 2013; Clune, Boomsma & Pucci, 2019; Carlsson-Wall, Kraus & Messner, 2016). The findings of this paper provide a different view on institutional logics, as they reveal how these institutional logics can be used strategically in order to portray an industry to other actors in a favorable way. If the performance is rather poor according to one logic, other logics can be mobilized to divert attention and the occurrence of these

non-business logics makes it more natural to use accounting indicators which are less concerned with the actual financial data. Baxter et al. (2019) investigated how emotions can inform accounting practices through setting goals and targets or introducing a budgetary slack. The findings of this paper suggest that emotions can also have another influence on accounting. The actors to which the accounting indicators are presented by the promising agents might be less rigorous when scrutinizing them, as these actors want to see this industry thriving due to their emotional attachment to the industry. Hence, these emotions enable the promising agents to draw on accounting indicators, when constructing their vision for the future, which might not be possible to use in industries where less emotions are involved.

A third contribution is made in enlarging the understanding of the relationship between accounting and decision as promises and the construction of a promissory economy. Previous research has established the concept of the promissory economy (e.g. Petersen & Krisjansen, 2015) and has shown how this promissory economy is linked to accounting (Mouritsen & Kreiner, 2016). However, this link between accounting and a promissory discourse has been on a rather theoretical level, without providing empirical, case-based findings that reveal how this actually materializes. This paper is targeting this shortcoming, through analysing which accounting indicators are used in order to construct a promissory economy and which characteristics these indicators are displaying. It provides an understanding of how the enrollment of different actors is achieved and how a future vision is designed that is constructed by promising agents. In line with Busco and Quattrone (2015) and Andon, Baxter and Chua (2020), it was identified how accounting acts as a “*rhetorical machine*“, which proves useful by stimulating debate and creating new knowledge rather than by just representing reality. Ultimately, it shows under which conditions a promissory economy is more likely to succeed in constructing a compelling narrative of the future and which actions from the various actors have to be performed in order to support this notion.

This paper is subject to several potential limitations. It is aiming to analyse a whole industry through collecting a limited amount of data. This creates the risk that important data has been left out when collecting the data or that the assigned importance to the collected data points has been allocated wrongly. The eSports industry is a very heterogeneous and young industry and the views on the industry might diverge strongly between different actors. Due to that, the findings might be highly dependent on the sources that were consulted. A lot of data, especially financial data, concerning the industry or organisations that are active within the industry is not accessible for the public, which creates a dependency on secondary data and statements made by interview partners or sources of the discourse analysis. It is almost impossible to verify the claims that are made by these sources, which creates the opportunity that certain biases are influencing these statements and therefore distort reality. Due to a lack of an extensive amount of previous research into the industry, many phenomena of the industry are not yet well

grounded in research. This poses the risk that certain observations are not representative for the industry as a whole and might therefore not be generalizable.

Due to the limited amount of research into the intersection between accounting and eSports, there is a wide field of potential future research based on the findings of this paper. The eSports industry is combining many interesting phenomena which are likely to influence the development of the field of sports in general. Therefore, it can be highly rewarding for researchers interested in the field of accounting and sports to investigate this industry, as it could generate findings, which are also valuable for other sports. Within the area of accountability & power, it could be beneficial to more closely examine the multiple institutional logics that are existing in the industry and how they interact. The interaction between different logics is an interesting field of study in every sport, but in the eSports industry this interplay is especially crucial, as the game publishers add an additional dynamic to this field. They are private companies that are owning the intellectual property of the sports, which assigns them a lot of power, that could possibly influence many aspects of the industry and the other actors. This is connected with the interesting area of professionalization within the eSports industry. Other sports have developed commercially rather gradually over an extended period of time. The eSport, however, has experienced a rapid development, creating massive challenges for organisations to keep up with this pace and requiring an accelerated professionalization in limited amount of time. How this has been carried out and how it influenced the industry as a whole, could be a revealing field of research. Furthermore, the usage of data in eSports could be a promising area of research, as the findings of this paper have shown that there is an apparent mismatch between the availability of data and the usage of this data in the industry. This could add an understanding to the importance of the preparation of data, especially taking into consideration that there is a clear trend in other sports as well, where increasing amounts of data are gathered. The concept of the promissory economy is in need of further research, as it would be revealing to investigate other spaces, where a promissory economy has been constructed. This could help to understand which indicators are mobilized in other industries to construct such an economy and would help to distinguish between a more generalizable trend and the specific conditions in eSports, which might explain some of the utilised and neglected indicators. In addition, this would potentially provide an understanding of how a promissory economy evolves over time and how actors react in varying conditions to a potential fulfillment or breach of a previously made promise.

7. References

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8. Appendix

Appendix A

Category	Number of Documents	Organisations
Industry Research Documents	9	Goldman Sachs Deloitte Newzoo Nielsen PwC
Financial Reports of eSports Organisations	5	MTG Astralis
Newspaper Articles and Blog Entries	26	Forbes CNBC The Conversation eSports Observer Kotaku Sports Business Daily Reuters World Economic Forum Business Insider eSports Insider