

María Martínez y Martin Quinn: Una historia de dos fábricas de cerveza, 66 una ciudad, una depresión y un régimen nacional socialista- basado en los estados contables y el informe del órgano de gestión

**UNA HISTORIA DE DOS FÁBRICAS DE CERVEZA, UNA CIUDAD,
UNA DEPRESIÓN Y UN RÉGIMEN NACIONAL SOCIALISTA-
BASADO EN LOS ESTADOS CONTABLES Y EL INFORME DEL
ÓRGANO DE GESTIÓN¹**

**A TALE OF TWO BREWERIES, A CITY, A DEPRESSION AND A
NATIONALIST SOCIALIST REGIME –AS TOLD FROM ANNUAL
ACCOUNTS AND THE SUPERVISORY BOARD REPORT**

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RESUMEN

Este trabajo presenta la narración de cómo un método de investigación es útil tanto en sí mismo como para el alcance de los proyectos de investigación. A partir de los datos de contabilidad de los archivos de dos fábricas de cerveza alemanas -Löwenbräu y Spaten - durante el periodo 1929-1939, se construye una historia en el complejo contexto existente en el momento para la gestión de las empresas. Para ello nos basamos en la información de los estados financieros y el informe del Consejo de Administración (Aufsichtsrat). El análisis revela razones interesantes relacionadas con el decreciente desempeño en general y a su vez, plantea varias cuestiones para futuras investigaciones en las dos fábricas de cerveza propuestas. Por lo tanto, podría decirse que, sin la construcción de la historia, tales cuestiones y áreas de interés potenciales no habrían sido identificadas. La metodología propuesta es útil para que los investigadores comprendan el alcance que pueden tener los proyectos de investigación a partir de datos contables a la vez que puede ser útil para establecer el contexto de los estudios de historia de la contabilidad y empresas.

ABSTRACT

This paper presents storytelling as a useful research method in its own right, but also to scope out research projects. Construction of a story from archival accounting documents is undertaken. Using archival accounting data from two German breweries - Löwenbräu and Spaten - from 1929 to 1939, it constructs a story of the relatively complex business environment at the time. Only the financial statements and report of the Supervisory Board (Aufsichtsrat) are used. The story constructed is rich and reveals interesting reasons for the generally decreasing performance. This in turn raises several questions for further research into the two breweries. Arguably, without the construction of the story, such questions and areas of potential interest would not reveal themselves. The method described is useful for researchers to scope out research projects using accounting data and may also be useful for establishing context to accounting and business history studies.

¹ a. Enviado/Submitted: 11-05-15

b. Aceptado/Accepted: 23-06-15

PALABRAS CLAVE:

narración, análisis de estados financieros, Consejo de Administración, fábricas de cerveza.

Clasificación JEL: N84, M41.

KEY WORDS:

storytelling, financial statement analysis, supervisory board, brewing.

JEL Classification: N84, M41.

Introduction

Accounting has long been cited as the language of business (see for example, Avery, 1953; Belkaoui, 1978). One of the key accounting language outputs in written form is the annual report, which today not only includes the financial statements but many pages of narrative, explanatory text and images. The annual report not only contains historic reporting of numbers for the previous year, but also communicates present and future business conditions, plans and prospects in the Chairman's Statement, Operating Review or the Directors Report - or similar reports depending on the jurisdiction (see Evans, 2013). The "grammar rules" of the accounting language used in such reports stem today from company legislation and financial reporting standards.

One communication tool used in many social settings is the story. According to Vannini (2009), stories are "narratives people tell about experiences, events, personal or collective memories", whereas storytelling is "the practice of sharing narratives with self, others, or with researchers" (ibid). Business (and accounting) does not operate in a vacuum. As well as internal events, social and political events affect not only accounting results, but the language used in the communication of accounting information (Avery, 1953). In this study, accounting information – as the language of business - is used to construct a story in narrative terms i.e. using "plain" language rather than numbers or technical terms. And, accounting information on public companies is widely available, thus creating a vast resource which may remain untapped by qualitative researchers. Thus, this paper aims to remind qualitative researchers that we can construct a story from publically available information. While many qualitative researchers probably build stories in most of their work, interviews for example, stories constructed from financial statements may not be considered very often. Similarly, researchers may build stories subconsciously not necessarily reflecting on the story elements. A story, while a narrative in itself and thus potentially of interest to qualitative researchers, may also be a very useful tool to steer further and more in-depth research using other methods – interviews or archival analysis for example. This building a story, using story elements, as an *ex-ante* research tool is the key purpose of this paper. Building a story in this more formal - but not burdensome – way should be useful to many research scenarios.

The remainder of the paper is set out as follows. Section two provides some detail on narratives, stories and storytelling in accounting and broader literature. Next, section three outlines the methods adopted. Section four constructs the story of two German breweries - Löwenbräu and Spaten – drawing on elements of a story as given by McAdams (1993). The

final section present some discussion and concluding remarks on how building such a story may be useful in qualitative accounting research, whether historic or contemporary.

On narratives, stories/storytelling and accounting history

To set the scene for this paper, a brief description of narratives and narrative analysis is now outlined. As already outlined in the introduction, a narrative is constructed here, not analysed. This is followed by detail on one particular type of narrative, namely stories and what constitutes storytelling. Finally, as the story constructed later is based on historical archival data, the use of stories and storytelling in accounting history literature is briefly explored.

To understand narrative analysis, it is useful to first understand what a narrative is. As noted by De Loo *et al.* (2015), there is considerable variation in the literature on what is or is not a narrative. Such variations are not of key importance here, but are worthy of some mention. A narrative may be fictional or real, written or spoken (Breton, 2009). Narratives are common in qualitative research, as one of our key tools is the interview and these may contain one or more narratives. Documents and oral histories also contain narratives. To draw on Bryman & Bell, narrative analysis is:

An approach to the analysis of data that is sensitive to the sense of temporal sequence that people, as tellers of stories [have] about their lives or events around them. [T]he approach is not exclusive to a focus on life histories (2011, p.716).

There are many techniques which can be deployed to conduct narrative analysis (see for example, Czarniawska, 2004). However, as this paper constructs rather than analyses a narrative, analysis techniques are not elaborated here.

Stories are one form of narrative (De Loo *et al.*, 2015; Breton, 2009; Vannini, 2009). Vannini defines stories as:

Narratives people tell about experiences, events, personal or collective memories, or aspects of individual biographies. They may be shared orally, through the written word, or through other modes of communication (2009, p.935).

As De Loo *et al.*, (2015) note there are many definitions of what constitutes a story. However, a key component of a story is that it is normally shared with others. Breton (2009) suggests that every text is telling story, but whether this holds is driven by how one defines a story. Storytelling, as defined by Vannini (2009) is the practice of sharing stories (narratives) with others. Stories can be used by scholars to convey disconnected experiences or pieces of information into a meaningful episode – or a story plot as we might call it in everyday language. In another way, stories allow us to construct a reality by telling a narrative and making sense of the underlying experience (Vannini, 2009). Storytelling is not objective, and storytellers “share part of themselves in the storytelling” (Vannini, 2009, p.936). However, a well told story is typically quite effective at getting a message across and sharing the experiences of the storyteller in any setting – for example, storytelling has been used by Palestinians to recount issues with their land over the years (Lynd *et al.*, 1994).

As we learned our own native language(s), we are generally aware that a story may contain various things like characters, metaphors and themes. Drawing on McAdams (1993), a story typically has the following elements – these do need not to be sequential:

- The setting of a scene – the scene is normally clear from the outset.
- The introduction of main characters – typically more is revealed about the main characters as a story progresses.
- A plot – actions which have consequences and reactions to these by characters (see next two elements). In simple terms, the plot is what happens, and the order in which it happens.
- A consequence.
- A reaction – to the consequences.
- Denouement – the final part of the narrative where strands of the plot are brought together and explained.

It should be noted that McAdams (1993) does not adopt the term ‘plot’ – the terms used are “description of an initiating event” and “an attempt”. These have been combined here as the story is being constructed rather than analysed.

Stories are quite common in accounting history literature as narrative expressions of events, companies and people. As Fleischmann *et al.* note, we can “differentiate history as event, story, and way of knowing” (1996, p. 55). However, using stories and/or storytelling in a methodological sense is not common in the literature. A brief search of two specialised accounting history journals *Accounting History* and *Accounting History Review*², using the search term ‘storytelling’ returns a single match, namely McWatters and Lemarchand (2013). Running the same search for the term ‘story’ returns hundreds of results, which suggests accounting historians are building stories from historical data and events. As an example, Clarke (2005) recounts “The story of Bernard F. Shields: the first professor of accountancy in the UK”. Without going into detail of the paper, it is easy to realise a main character, setting and plot as per McAdams (1993). Similarly, Jack (2015) tells the story of the emergence of a “Blue Book” of management accounting practices in farming in Australia in the 1960’s/1970’s. This story has a setting (agricultural accounting in Australia), main characters (farming and governmental organisations) and a plot (the publication and updating of the “Blue Book”). Stories and storytelling (from a historic point of view) are also present in the mainstream accounting and organisational literature. For example, in the mainstream accounting literature McWatters and Lemarchand (2010) build a detailed story of merchant activities in France from the *Guide du Commerce* (a business text) and other data.

Damon (2009) provides a useful example of constructing a narrative from historical documents – see the next section for the methods used here. One thing she notes is *a* narrative can be constructed, not *the* narrative. According to Damon (2009), who builds a narrative on ancient Rome, one useful source for a narrative is summary histories. While such sources may be limited, and subject to some criticism, a narrative can nonetheless be constructed. In the context of this paper, the summary histories are the financial statements and supervisory board reports, and as is detailed below, with the help of McAdams’ story elements a useful narrative can be constructed.

² These journals were chosen as examples. The search period was 2005-2015. The search was conducted using the EBSCO Business Source Complete database and included title, keyword and abstract.

Method

As already noted, accounting is the language of business. As academics, we know that using the correct language helps convey our central arguments. Similarly, clear language helps tell a story well and/or get a clear central message across to the reader. However, even with clear language a story may be told or written in new ways. As an example, consider the Grimm fairy tale, The Frog Prince. This tale dates back to 13th Century Germany and was widely known across the European continent at that time. It was first written in the German language in 1812³ by the Grimm brothers, Jacob and Wilhelm. But, the tale has changed over time through varying interpretations, some of which have been written. For example, in the traditional German version, the frog turns into a prince by being thrown at a wall⁴. An English translation of the tale was completed by Edgar Taylor in 1823 in which this is replaced by the now more commonly known version in English whereby a kiss turned the frog into a prince⁵. However, despite varying accounts of any story, it is quite normal that a key theme remains, i.e. the central reality remains similar.

De Loo *et al.* draw on storytelling as a method to “enhance the transparency of research findings based on interview accounts” (2015, p.2). They note that analysis of interviews, one of the most common qualitative methods, is subjective. The analysis can be subjective on the part of the researcher and the interviewee, and as Armstrong (2008) notes, all research is inherently subjective. De Loo *et al.* (2015) provide a very useful methodological contribution based on two narratives, both of which were from semi-structured interviews. Thus, their work was in effect *ex-post*. This is not an issue, and *ex-post* examination of research is useful – a fresh set of eyes in effect. In this paper, while a similar approach is taken to storytelling, emphasis is placed on constructing a narrative as opposed to analysing the narrative element (i.e. the story) i.e. building a story *ex-ante*. Such story-building may be quite useful in the early stages of a research project, and provide useful avenues for further investigation.

The following procedures were utilised to construct the story – which is told in Section 4. The present researchers have a keen interest in (management) accounting and business change over time. One useful method to explore change over a prolonged period of time is archival analysis. Such studies can provide useful insights into contemporary phenomena (see for example, Quinn 2014; Spraakman, 2006). The data source is archival accounting data from two German breweries - Löwenbräu and Spaten. The archives are open for public use at the Bavarian Business Archive (Bayerisches Wirtschaftsarchiv) in Munich. The researchers approached this archive with little prior knowledge of either brewery, but with an aim to explore the archival data and “look for a story”. Records of Löwenbräu are available from 1872 to 1994, with records for Spaten available from the early 1920’s to about 1997. The period from 1929 to 1939 was chosen as it covers an interesting period of time in global and European history – an economic depression globally and the beginning of a now infamous national socialist regime. The period is also after the hyperinflationary period

³Grimm, J & Grimm W, 1812, *Kinder- und Hausmärchen*, F Dunder, Berlin

⁴Grimm, J & Grimm W, 1858, *Kinder- und Hausmärchen*, 10th reprint, p.4, F Dunder, Berlin

⁵“Frog Kings”, Professor D. L. Ashliman, <http://www.pitt.edu/~dash/frog.html> [Accessed May 16th, 2015]. It is speculated that the original Grimm version was too violent for English society at the time.

within Germany, making accounting figures more stable. It should be noted that the archival data is in the German language and has been translated by the researchers.

The archival data was approached with a neutral view in that no pre-determined research objective was chosen in advance. The only prior interest of note is the present author's extant work on accounting in breweries. The financial statements and report of the Supervisory Board (Aufsichtsrat⁶) are used to construct a story of the business and accounting environment of both breweries and the time in question. Photography at the archive is not permitted, and thus the financial statements were summarised in a spreadsheet and accompanying notes made. The Supervisory Board report was read in detail, translated and appropriate notes taken. The financial statements were examined first, and as revealed below, they in their own right provided a simple story. This story was augmented by the Supervisory Board report. While many other documents are available at the archive, the financial statements and Supervisory Board Report were solely examined in the first instance to construct the story.

In terms of the elements of the story, like De Loo *et al.* (2015), this paper also draws on the elements of a story as outlined by McAdams (1993). There are two reasons for this. First, the work of McAdams (1993) provides a clear outline of each story element which is useful to construct the story presented here. Second, using McAdams (1993) in a second and different setting to De Loo *et al.* (2015) not only provides potential support for their arguments, but also broadens their method to other research types (archival) and to an *ex-ante* scenario. The documents noted above were analysed with the elements of McAdams (1993) in mind. However, as previously noted the story elements do not necessarily appear in any particular order. Thus, this method as used to construct a story is not processual.

Constructing the story

Before recounting the stories, a brief history of both Löwenbräu and Spaten is useful. Unless otherwise stated, this history is drawn from the archival records at the Bayerisches Wirtschaftsarchiv (BWA).

Assél and Huber (2012) note the first recorded brew at Löwenbräu occurred in 1524. In 1818, Georg Brey acquired the brewery. He relocated the business out of the city centre to Nymphenburgerstraße in 1851, where it still has a presence today. Within 30 years, beer production increased to 17,000 hectolitres (hl), making it the largest brewery in Munich. His son, Ludwig Brey continued to grow the business and in 1872 became an *Aktiengesellschaft* (public company) with share capital of 4.2 million Marks. The increased capital base allowed Löwenbräu to evolve from what we might today term a "craft brewery" to an industrial scale. By the end of the First World War, the brewery had 800 staff, produced 850,000 hl of beer annually and exported more than 40% of output. Around this time, a period of consolidation was also underway. In 1907, Löwenbräu acquired the Bayerischen Löwen brewery and in 1921 merged with Unionsbrauerei Schüle & Co. In 1921, it also acquired Bürgerliches Brauhaus AG in Munich. Trade slumped after the Second World War, but by 1971 the brewery had an annual output of 1.3 million hl. In 1997, Löwenbräu AG merged with Spaten-Franziskaner-Bräu (the other brewery in this story). In 2003, the large Belgian brewer

⁶ The *Aufsichtsrat* is a legally required control organ for German public companies (*Aktiengesellschaft* or AG).

Interbrew acquired the business. Interbrew is now Anheuser-Busch InBev, who had a turnover of \$18.5 billion in 2014⁷.

According to Munich city tax books, a brewery existed at Neuhausergasse 4 since 1397. From 1622 to 1704, the "Spatt" (Spät) family are recorded as owners. In 1807, Gabriel Sedlmayr I acquired the brewery, and he was succeeded by his sons, Gabriel II and Josef. In 1842 Josef Sedlmayr bought Münchner Leistbrauerei and stepped down as a partner at Spaten. In 1861 he also acquiring the brewing rights of the Münchner Franziskanerbräu, and with his son Gabriel III ran the operation as Franziskaner-Leist-Brauerei. In 1909, the business was incorporated as a public company under the name of "Jos. Sedlmayr Brauerei zum Franziskanerkeller (Leistbräu)". Josef's brother, continued to run Spaten after he retired as partner. In 1867, at the Paris World Exhibition, Spaten was awarded a Gold Medal. At this time it had 160 staff and an annual output of 262,000 hl, making it one of the larger Munich breweries. By 1897, annual output had increased to 520,000 hl. In 1922, the Spaten and Franziskaner breweries merged and became a public company. By 1992, the brewery had 600 staff and output of 1 million hl. Growth from the 1960's is mainly attributed to Franziskaner Hefe-Weißbier, which accounted for about 50% of production by the 1990's. In 1997 the Spaten and neighbouring Löwenbräu formed the Spaten-Löwenbräu Group, which as noted above was taken over by Interbrew in 2003.

4.1 The story of the two breweries 1929-1939

As noted earlier, the researchers had little or no detailed knowledge of either brewery from a research perspective. From a personal perspective, any visitor to the city of Munich would undoubtedly encounter the Spaten or Löwenbräu brands. The general context of the late 1920's to the beginning of World War II in Germany is also common knowledge. This general context is the beginning of setting a scene. As mentioned in Section 3, only the financial statements and the supervisory board (Aufsichtsrat) report were utilised - both were produced on an annual basis. The story of the breweries, which is summarised in Table 1 following McAdams (1993) story elements, is now constructed. As can be seen in Table 1, the story elements are quite similar, with the exception of the reaction element apparent from Löwenbräu.

⁷http://www.ab-inbev.com/content/dam/universalttemplate/abinbev/pdf/investors/annual-and-hy-reports/2014/AB_InBev_AR14_EN_full.pdf

Story element	Löwenbräu	Spaten
Setting the scene	Munich, Germany 1929-1939, declining economy, resulting in a change of political regime to a national socialist one.	Ditto.
Main characters	The brewery managers, Supervisory Board.	Ditto.
Plot	Economic recession results in lower incomes, recession and tax policy puts price pressures on larger breweries; smaller breweries with lower costs undercut price.	Ditto.
Consequences	Sales in money and volumes fall, profit affected	Ditto.
Reactions	Accounts reveal a bitterness emerged towards smaller breweries, but not other actions.	More considered and active response to competition – diversification and price reductions.
Denouement	Survives competitive threats, outputs gradually rise as political stability emerges.	Ditto.

Table 1 – a summary of the stories of two breweries

A brief note on the regulatory environment is also worthy of mention before delving into the stories. Hoffman and Detzen (2013) note that in September 1931 a decree (*Verordnung des Reichspräsidenten über Aktienrecht, Bankenaufsicht und über eine Steueramnestie*) was issued. Its primary purpose was to restore trust in *Aktiengesellschaften* (public companies). The decree extended the requirements to publish financial statements, and to present an annual report and financial statements to the supervisory board and shareholders. The structure of both the balance sheet and the income statement were specified in more detail and basic consolidation rules were set out. The financial statements and report to the supervisory board did not change substantially during the time period of this research, suggesting that the two breweries already followed good practice.

4.2 Löwenbräu

In 1929, revenues at Löwenbräu were just over 26m Marks, representing a volume of 940,000 hectolitres (hl) – see Figure 1. The brewery had interest-bearing debt from its customers on its books valued at over 9m Marks, with a similar amount (9.4m Marks) of tied houses owned by the brewery. These tied-houses generated a rental income of 617,000 Marks, while interest received from customers was almost 1.1m Marks. Gross profit amounted to 4.25m Marks, a 16% margin. The Supervisory Board Report (SBR) made no further comment of relevance on the business or the financial statements.

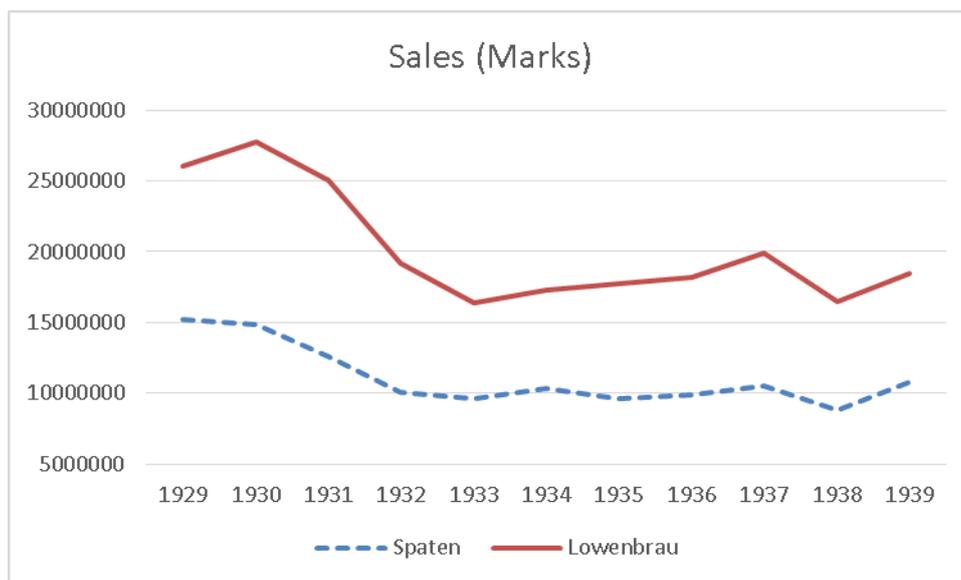


Figure 1 – beer sales (Marks), 1929-1939

In 1930, revenues increased to 27.7m Marks, and 1.005m hl in volume. Gross profit amounted to 4.15m Marks, a margin of 14.9%. The rental and interest income is not shown in the accounts for 1930, but the interest-bearing debt from customers rose to 9.6m Marks during the year. The SBR adds some detail, noting that barley and hops were cheaper, but this was offset by a 4% increase in wage costs. The increasing revenue and higher wages suggests some level of economic recovery was happening, and this is supported by a comment in the SBR which notes the large increase in monies loaned to customers – presumably to expand business. There is also a note in the SBR of a pending increase in beer taxes of 12.5 marks per hl⁸.

1931 saw a marked decrease in revenues and volumes - the former being just over 25m Marks, the latter 754,000 hl. The resulting gross profit margin decreased to 12.9%. The SBR notes increased and stronger competition in northern Germany from cheaper local beers and strong competition from wine and spirits. It notes the tax increases have affected the “Gastwirtschaft” (pubs) and thus breweries could not but expect some setback. In an effort to cut costs, the working week has shortened to 40 hours for brewery workers and 42 hours for staff.

Things got worse in 1932. Revenues fell to 19.2m Marks, although margin increased to 15.1%. In volume terms, sales were approximately 613,000 hl. The SBR provides some interesting detail. Turnover in northern Germany was effected more due to higher freight costs, but economic conditions also declined further. The SBR noted that due to unemployment, shorter working hour and lower salaries “the price of beer is no longer in proportion to the low income and poverty of the people”⁹. Smaller local breweries also got some mention, noting that their prices were lower. The SBR attributes these lower prices to lower wages, no overtime, not paying taxes on time and family members doing the work.

⁸ Based on Schäder (1999), this tax increase comprised both local and national increases.

⁹ Original in German, author’s translation.

In 1933, revenue and volume sales fell again to 16.4m Marks and 561,650 hl respectively. Margin increased slightly to 15.9%. The SBR noted trade had declined in all sales areas – Bavaria, nationally and export. Again it is noted that the price of beer is beyond the means of the normal beer drinker. Beer taxes were also increased during the year by 12-15 Marks per hl, depending on the region. The main blame is apportioned to competitors:

In addition to the already mentioned reasons for the decline in the Bavarian beer business, there is also the dirty competitors – namely small country breweries – who are taking away the customers of properly run breweries. An uncountable number of such breweries deliver hectolitres of bottled beer to Munich on a daily basis for prices at which we cannot make a profit. They try, and sometimes succeed, to win over our tied-house draught beer customers.

Thus for three years in a row, the SBR noted the competitive pressures on such breweries, but the above quote was possibly the most vitriolic.

On January 30th 1933, Adolf Hitler was appointed Chancellor, and a few months later had gained powers to allow him rule by decree. Although a dark period in German history, it did bring some political stability to the country. This is reflected in increasing revenue and volume sales from 1934 to 1939. By the end of this time, turnover was 18.4m Marks, with volume at just below 720,000 hl. The debts owed by customers also fell during this time from 7.8m to 5.1m Marks, suggesting customer trade had increased as cash was available to repay advances from the brewery. During this same time, the SBR noted a general increase in the disposable income of their customer. As the economy picked up in general, there were also some higher costs, notably in coal. The increase in costs was noted more in 1938 and 1939. The SBR also noted some simplification to the layout of the financial statements in 1937 where several expense items were combined. These details were subsequently revealed at the SBR in 1939, following some requests from shareholders.

4.3 Spaten

We now turn to the story of Spaten. As can be seen in Figure 1, Spaten was a smaller brewery in terms of sales. The downward slope of the Spaten turnover from 1929-1933 in Figure 1 is also less steep than that for Löwenbräu. The story of Spaten is quite similar to Löwenbräu.

In 1929, Spaten sold just over 572,500 hl of beer, making it about 40% smaller than Löwenbräu. Revenues were 15.2m Marks, generating a gross profit of 1.9m Marks, or a margin of 12.6%. In 1930, revenues declined to 14.8m Marks, with margin also declining to 12.1%. The 1929 and 1930 SBR reported that 60% of sales were within the city of Munich, but had no further comment on sales decline. In 1931, revenues fell again but more substantially so, to 12.6m Marks (424,459 hl) generating a margin of 10.4%. Similar to Löwenbräu, the SBR noted the effects of increased beer taxes. The report attributes a fall in sales of approximately 20% to the tax increase. Price continue to increase through taxes in 1932, resulting in lower revenues of 10.1m Marks, but an increased margin of 11.6%. The SBR of 1932 notes that taxes now made up approximately one-third of the *Ganterpreis* – the price at which beer was sold to bars and cafes.

In 1933, sales fell slightly in comparison to 1932 –revenues of 9.6m Marks, 292,000 hl. The SBR also comments on the reasons for the declining revenues in the previous years – similar to Löwenbräu. The SBR notes:

If we compare our fall in revenues with other Munich breweries, the fall is greater. A reason for this is that our portion of the distribution business is greater. The economic crisis is not the only reason for the general decline in trade, possibly more so beer tax politics.

There is also the competitive pressures from regional breweries, which is getting stronger and stronger. The demand for cheaper beer from such breweries has made a significant contribution to our losses.

Revenues improved slightly in 1934, to 10.3m Marks and remained relatively constant up to 1939, average around 10.25m Marks annually. Volume sales were similarly stable, and had improved from 311,000 hl to 388,000 hl in 1939. Margin similarly remained stable at about 10%. The 1934 SBR notes a continued pressure from regional breweries, noting it was increasingly difficult to retain customers. In efforts to retain customer, the brewery offered price reductions costing 250,297 Marks, and refunds/gifts totalling 319,101 Marks. There are no significant comments in the SBR of 1935, other than approving the financial statements. The development of a new mineral water business is noted as making good progress in 1936. The remaining years, 1937-9 similarly had no significant comments within the SBR.

4.4 Contrasts, similarities and summary

Referring back to Table 1, and the story detail, there is much similarity in the stories – as one might expect given a similar context and time period. The interesting contrast is in the reaction of Löwenbräu. The SBR reveals a somewhat bitter tone towards regional breweries in particular. In Spaten, while the competitive pressures are noted, the SBR suggests that taxes are the root of the problem. In storytelling terms, this suggests the main characters have differing personalities. The Supervisory Board at Spaten – based on the story – could be considered as having a more reflective and mature business sense. This is interesting given that Spaten probably stood to lose more than Löwenbräu – given its smaller size – if the declining revenues continued.

To summarise the story of these two breweries, we can refer to the plot - essentially the effect of various pressures – economic, political, fiscal and competitive – on the performance of the two breweries. This combination of factors created a difficult business environment, which is evidenced from the financial statements and SBR. Despite this, the businesses survived, albeit at lower levels of activity and profitability. Some of the ground lost was recovered, and as we know, both survive today.

Story element	Löwenbräu/Spaten	Source
Setting the scene	Munich, Germany 1929-1939, declining economy, resulting in a change of political regime to a national socialist one.	General knowledge, SBR (2)
Main characters	The brewery managers, Supervisory Board.	SBR (3)
Plot	Economic recession results in lower incomes, recession and tax policy puts price pressures on larger breweries; smaller breweries with lower costs undercut price.	SBR (4)
Consequences	Sales in money and volumes fall, profit effected	Financial statements (1)
Reactions	Löwenbräu: Accounts reveal a bitterness emerged towards smaller breweries, but not other actions. Spaten: More considered and active response to competition – diversification and price reductions.	SBR (5)
Denouement	Survives competitive threats, outputs gradually rise as political stability emerges.	SBR/financial statements (6)

Table 2 – a summary of the story construction

Table 2 summarises how the story above were constructed. The number in brackets in the “source” column relates to the sequence in which the story was constructed. As noted above revenues and profits as shown in the financial statements (#1) were declining – and this was the first thing the researchers noted, prompting a question as to the cause. The scene – the time period and its political nature – was an obvious first thought, but knowledge of the scene was gained as the further analysis of the SBR continued (#2). This in turn revealed the main characters, primarily the Supervisory Board and the managers (#3). The characters remained stable throughout the period of analysis. At this stage, a plot had emerged (#4), and the plot was augmented as the analysis of each year was conducted. The continuing analysis revealed the reactions of each brewery to the main plot (#5), which also confirmed the consequences (#1). Finally, with the analysis of the financial statements and SBR complete, denouement was formed (#6) – the various strands of the story were brought together to confirm the plot (#4). Thus, as set out by McAdams (1993), the elements of the story are present, but appear in non-sequential fashion, with some iteration and confirmation of the elements.

Concluding comments

The previous section constructed a story from two sets of accounting documents, namely the financial statements and SBR of two Munich-based breweries. The story reveals a difficult business environment. Now that the story has been told, what value does this narrative and the method used to construct it have from a research perspective?

Let us first consider the value of the narrative itself. In itself, the story is of some interest but it is limited. It provides an insight into the difficult business environment of Munich breweries of the time. However, like any story the reader is left informed, but curious. The story prompts more questions, and this is where potential values lies for

researchers. For example, the story might prompt the following questions – which are not intended to be extensive:

- Were internal accounting practices affected? For example, was there a greater focus on cost reporting, and if so what changed and who led the change?
- Why did the managers/board at Löwenbräu react in a different fashion to the changing business conditions? Were they better at reacting to change? Was change better managed?
- How were other breweries in Germany affected?

The answers to such questions may or may not be available in the archival records at the BWA, and may/may not be viable research avenues. However, the story provides the medium of thought through which such questions emerge. Without the story, arguably such questions might take longer to emerge or indeed not emerge at all.

Now let us consider the method used to construct the story. As noted earlier, it is common for qualitative researchers to build narratives, and the story is one form of narrative. It is quite likely that most researchers build stories, but how many accounting researchers begin the story with the financial statements? Similarly, storytelling is so intuitive to us we probably do not recognise whether the stories have most elements as suggested by McAdams (1993). As noted in the introduction, accounting is the language of business and has communicative ability. Therefore, if we wish to tell the story of a business, starting with the outputs of accounting (such as the financial statement, annual report) is in effect trying to understand the story behind the numbers. From the analysis here, within a relatively short period of time (a few days at the BWA) the accounting reports revealed a useful story to prompt further questions (as above). By being aware of the story elements of McAdams (1993), the present researchers were aware of the need to bring together these elements to form the story. The iterative nature of seeking a plot and denouement contributed particularly to ensuring the story emerged.

To sum up, similar to what De Loo *et al.* (2015) note, the step-by-step interpretation of a story is something not done very often in interpretive research. Their work refers to seeking the elements of a story from an already formed narrative. Similarly, although we may subconsciously construct stories in qualitative accounting research, we could pose the question do we do so in a step-by-step fashion? It is hoped that the process outlined here is similarly useful and complementary to De Loo *et al.* (2015), possibly spurring qualitative researchers to construct at least a brief story in advance of more in-depth research pursuits. The story should help keep the researchers' mind on the overall plot, regardless of how detailed the ultimate research gets.

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