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Ana Freitas

University of Porto

João Oliveira

University of Porto

Management control and creativity - the case of São João National Theatre

Introduction

Management control and creativity may seem contradictory concepts. Some authors see management control as limiting creative processes by restricting the freedom of individuals (Amabile, 1998). However, other authors argue that controls can favour creative processes, for example, by allowing coordination (Adler and Chen, 2011) and by making creative activities more sustainable (Davila and Ditillo, 2016).

This controversy and the decisive role of creativity in performing arts organisations have motivated this research. By studying the São João National Theatre (Porto, Portugal), the aim is to identify existing management control mechanisms and their impact on creative activity. The remaining paper reviews the literature and presents the methodology, empirical analysis and conclusions.

Creativity and management control

Creativity is the generation of new and useful ideas, leading to the creation of something new, like a new way of solving a problem, a new method or a new object (Amabile, 1998; Busco *et al.*, 2012). Creativity is important for all organisations (Amabile, 1998), but for some, such as those in the performing arts sector, creativity is crucial.

Management control consists of the set of mechanisms that aim to lead individuals to decide and act in a way as to achieve organisational objectives. These mechanisms are either formal (e.g. organisational governance, operational and financial rules, or techniques such as budgetary control) or informal (e.g. organisational culture, peer pressure and self-control). To conceptualise management control systems, this work adopts Simons' (1995) framework, with four levers of control: interactive control systems; diagnostic control systems; belief systems; and boundary systems, each lever having a different purpose to support strategy implementation.

Interactive control systems aim to deal with strategic uncertainties, identify threats and opportunities and respond proactively. By sharing and discussing emerging information, they aim to promote dialogue, learning, innovation and strategic change. **Diagnostic** control systems aim to achieve organizational goals in an efficient and effective way. It is assumed that by setting goals and rewards, each individual will act to try to achieve the established goals. **Belief** systems aim to motivate and commit individuals to organization values, mission, vision and overall objectives, and to stimulate active pursuit of opportunities. **Boundary** systems identify actions to be avoided. The opposite solution, of indicating exactly, through operational procedures and rules, what should be done, discourages creativity and initiative. Therefore, indicating what should not be done frees employees to be creative and entrepreneurial - within the defined limits. The effective and joint use of the four levers ensures that the benefits of creativity are not hindered by control systems, enabling their fruitful coexistence (Davila and Ditillo, 2016; Simons, 1995).

The vision of the incompatibility between management control and creativity is based on the association of control systems only with the imposition of restrictions on employees' activity, and the association of creativity with unrestricted freedom. Reconciling both requires careful construction of management control sys-

tems (Davila and Ditillo, 2016; Speklé *et al.*, 2014). This is crucial in organizations whose activity requires individual creativity due to numerous uncertain tasks but which, given the complexity and interdependence of tasks, require formal controls to ensure coordination. Adler and Chen (2011) define this reality as 'Large-Scale Collaborative Creativity' (LSCC). For example, films and theatre shows require creativity from actors, but they must obey the coordination imposed by stage directors.

In Portugal, Skowrońska *et al.* (2018) and Castro and Oliveira (2017), the latter on organizations from the audiovisual industry, conclude that properly implemented management control is compatible with, and indeed contributes to, the success of creative processes. In particular, Castro and Oliveira (2017) identify the figure of the producer as central to the interaction and articulation of individuals and objectives of the strongly creative artistic area and of the area of management and management control.

Study of the São João National Theatre

Methodology

A case study was carried out at the São João National Theatre (Teatro Nacional São João - TNSJ), whose nature implies that creativity plays a crucial role. Five semi-structured interviews were held between February and June 2019 with the Member of the Board of Directors in charge of Planning and Management Control, the Financial Director, the Artistic Director, the Stage Director and the Production Director. The interviews lasted an average of almost an hour. TNSJ documents such as its website, annual financial reports and Statutes; applicable legislation; and diverse information on TNSJ and on the theatre and generally, the arts sector, were analysed. Observations were also made during visits to various TNSJ locations in Porto.

Historical background and structure

TNSJ was acquired by the State in 1992 and in 2007 it became part of the 'State-owned commercial sector' ('Setor Empresarial do Estado'), with a Board of Directors and a Statutory Auditor as governing bodies. The organizational structure includes, by law, an Artistic Director. He is responsible for drawing up the Annual Programme and, after approval by the Board of Directors, for its execution, through the coordination of the production, set up and exhibition of shows. The Programme includes four areas: TNSJ's own productions, in which creativity has greater relevance; co-productions - TNSJ's partnerships with various institutions; international; and educational.

Management control systems: the levers of control

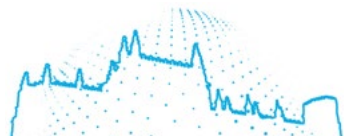
TNSJ's management control system is now analysed through Simons' (1995) framework of interactive, diagnostic, boundary and belief systems.

Interactive control systems

The Artistic Director, responsible for the creative activity, stands out in the creative process, starting with the design of the Annual Programme, whose "main driver (...) is contemporary life". This design requires numerous interactions. The Artistic Director shares a draft with those responsible for the various areas, who provide feedback and suggest changes. After several interactions, the Artistic Director finalises the Annual Programme, which will guide the activities of all individuals.

The Annual Programme absorbs the majority of TNSJ's annual budget (based on 90 % of the reviews from the Contracted Programme of Activities, signed every three years with the Portuguese State). In the Annual Programme budget, although the Artistic Di-





rektor prioritises the four areas mentioned above in the indicated order, there is no fixed breakdown at the outset. “Artistic creation cannot be quantified in this way”. To produce this budget, interactions with the Production Director are essential, as it is this Director that estimates the costs per item for each project. Adjustments imply articulation between the two until reaching a final budget, to be approved by the Board of Directors.

The production of a show depends crucially on the contributions of different areas, with enormous interdependence, typical of ‘Large-Scale Collaborative Creativity’ (LSCC). Multiple interactions are particularly relevant - formal or informal; regular and planned, with various frequencies, or emerging. Some examples are now provided. Every month, the directors responsible for coordinating the projects (Artistic, Production and Stage) have a formal meeting. Every week, the Stage Director meets with the team leaders (light, sound, etc.) to analyse the Excel ‘Work Map’ detailing all the activities, including times and places of rehearsal, and type and quantity of technicians needed at each moment; adjustments are jointly defined and are registered on this map, using different colours. Finally, there are meetings at any time, beyond the regular plans, according to daily needs, as we witnessed during the fieldwork. For example, during a phone call, an interviewee arranged a meeting during lunch to settle several questions for the show being prepared; and in the visits to the TNSJ locations, we observed permanent contacts between the teams, with strong proximity between hierarchical levels. Frequent informal meetings allow resolving issues that cannot wait for the formal, planned and regular meetings, enabling timely essential interactions.

In brief, the Artistic Director coordinates the overall work; the Production Director, guided by the Annual Programme, coordinates the leaders of the technical areas; and these coordinate the individuals of their departments - all this, in interactions with different types of formality, regularity and frequency.

Diagnostic control systems

As external controls, there are three key controls. The Contracted Programme of Activities (‘Contrato-Programa’) defines objectives in multiple areas, and the target for each indicator cannot be less ambitious than in the previous Programme. For example, the objective of National Creations is measured through the number of TNSJ’s own creations, with an annual target of four. The other two controls are generic for the public sector: the State Budgetary Act (‘Orçamento de Estado’) and the Decree of Budgetary Execution (‘Decreto-Lei de Execução Orçamental’). In addition, there are frequent reports to the State supervising entities: quarterly accounting reports and monthly budgetary reports.

As internal controls, there are operational and financial diagnostic systems. In operational terms, for example, the Stage Director’s ‘Work Map’, mentioned above, aggregates and updates crucial operational information from the different areas, allowing a permanent diagnosis of the use and needs of resources (a tool also used interactively). In financial terms, a system of forms requires the person carrying out an expense to record it and indicate its justification/purpose and the respective project; this system automatically organises the cost per project and per analytical nature (for example, props, scenarios, trips and accommodation). Once the expense has been approved and incurred, it will be recorded by the Finance Department. Each department adopts its own methods for cost control. The Production Director has an Excel file with a separate sheet for each show, where she records the actual detailed costs of each category, and the Stage Director records, in another Excel file, costs with items such as additional technicians or equipment rental. Both files include the budgeted amounts and the amount still available – an information relevant to boundary systems, analysed below.

Belief systems

The importance of beliefs, typical of highly creative institutions, was evident. “Our goal is to produce shows that thrill the public and help them to have different visions of the themes that surround us” (Artistic Director). The motivation to present quality and diversified shows, finding alternatives to setbacks and respecting the budget, is identified as a key factor. Everyone is aware that obtaining a creative output that attracts the audience can only be achieved with each one’s effort and dedication. “Sometimes I imagine the scene in a certain way, with the actors staging it in a certain way. But during the rehearsal, the actors do it differently or suggest something different, which changes my vision and makes the scene even more interesting!” (Artistic Director). There is an awareness of the need for formal limits and control systems, ranging from those imposed to coordinate the many resources involved in a theatrical production, to those imposed by the budget; this requires creative management to accommodate the multiple constraints - and to which interactive and informal controls contribute strongly.

Boundary systems

Among the existing boundaries or limits (e.g. those imposed by the Contracted Programme of Activities and other regulations), the budget is a key one. For the Artistic Director, the budget is a control that must exist: “We cannot escape the budget!”. He considers that it would not make sense not to have a cost limit for each project, recognising that the need to choose is not something “bad”. “Choice creates dynamics” by demanding a culture of responsibility, and the choice process is a driver for a richer creative process, requiring each person to seek more efficient alternatives. The Stage Director also considers the budget to be fundamental and that cost control promotes rigour in the preparation of the shows; and whereas the budget sometimes hinders the management of resources, only rarely would greater financial flexibility allow for a better quality show.

Although the Directors of the various areas have their own control systems (for example, the mentioned Excel files), and budgetary limits are cascaded down the hierarchy (for example, the Stage Director cascades his budgetary limit when allocating his budget to the leaders of each area), it has become clear that the primary responsibility for controlling the costs of each show lies with the Production Director. “The Production Director is responsible for controlling the costs of each project” (Board member); “The Production Director has an Excel map per show in which she budgets and records the actual costs” (Financial Director). The approval of each expenditure by the Board of Directors is mostly a formal requirement, without strict control, as the indeed de facto responsibility for keeping costs within budget lies with the Production Director. After approval, this Director records the cost in the control Excel file and alerts the leaders of each area if they approach the defined limits. There is strong concern that any deviation from the budget must be compensated. All deviations are analysed individually, and as the Financial Director points out, “deviations have to be compensated, either within the same project or between projects”.

In short, as Simons (1995) points out, each of the four levers represents a different purpose and mechanism that, used together and in an articulated way, guides and promotes creativity.

The Production Director’s central role in the management control system

The Production Director assumes a leading and, above all, pivotal role within the management control system. On one hand, she is closely related to creative production. She closely interacts with the Artistic Director, from the preparation of the Annual Programme to the preparation of each show, and permanently contacts all those involved in the creative process, such as the Artistic and Stage Directors and those responsible for the different areas, such as sets and props. On the other hand, she represents a key element in the implementation of formal mechanisms, such as the approval of expenses and cost control during the creative process. The indeed

de facto approval is hers, not that of the Board of Directors; and when she approves expenses, she defines an analytical classification that allows the financial department to correctly record it.

Therefore, the Production Director assumes a key role, intervening directly in creative and financial activities, and intermediating both. This reinforces the conclusions of previous studies in creative organizations, such as Castro and Oliveira (2017).

Conclusions

Control and creativity can coexist in a markedly creative organisation such as TNSJ, and the articulation of different levers of control guides and promotes creativity. The figure of the Production Director appears as crucial in the articulation between the artistic/creative area and the financial area, namely with regard to formal controls, and is a key element for management control. The Production Director communicates with the creative teams and controls the costs of the shows, facilitating the interpretation and application of formal controls to the creative area; and communicates the needs and specificities of the creative area in order to be understood and addressed by the financial area. This research supports previous studies on the compatibility between control and creativity, particularly within organisations of creative industries, contributing to a gradual theoretical generalisation. <

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Delfina Gomes

Universidade do Minho

Ana Filipa Alves Pereira

Santa Casa de Misericórdia de Braga

Contabilidade e epidemias: o caso do Hospital S. Marcos da Santa Casa da Misericórdia de Braga (1910-1920)²³

O mundo vive momentos difíceis e tenta perceber, bem como cada um de nós individualmente, as implicações e mudanças que estão e continuarão a ocorrer na sociedade e na vida de cada um. A Organização Mundial da Saúde (OMS) declarou o estado de pan-

demia global a 30 de janeiro deste ano. Pouco tempo após e em momentos diferentes, muitos países e os seus cidadãos entraram em confinamento. Esta é uma situação nova para a quase generalidade das pessoas. Mas, a história mostra-nos que, com as devidas diferenças de contexto e recursos, o estado de pandemia que vivemos não é nova. Foram várias as epidemias ao longo dos séculos e o seu estudo permite tirar lições para o nosso presente e futuro, através da análise do papel da contabilidade, procurando perceber as dimensões sociais, económicas e políticas em momentos de epidemias.

Há cerca de um século atrás, mais precisamente entre março/maio de 1918 e maio de 1919, Portugal sucumbia a uma epidemia, conhecida internacionalmente como "gripe espanhola", e em Portugal por "pneumónica" ou "gripe pneumónica", a qual causou acima de 100.000 mortos (Sobral e Lima, 2018). Esta epidemia afetou o mundo e levou a que muitos países adotassem medidas extremas de estabelecimento de cordões sanitários e mesmo de quarentenas. A sua relevância é expressa por Honigsbaum (2013, p. 235; ver também Sobral e Lima, 2018) da seguinte forma: "a pandemia de 1918-19 é olhada como pandemia protótipo e o modelo de todos os nossos futuros apocalípticos". O facto é que estudos efetuados levam a crer que Portugal terá registada uma das maiores taxas de mortalidade na Europa (Sobral e Lima, 2018). Este trabalho foca-se na situação portuguesa e mais especificamente na situação vivida em Braga e no papel do Hospital de S. Marcos da Santa Casa da Misericórdia de Braga²⁴.

O Hospital de São Marcos foi, desde a sua fundação pelo Arcebispo e Senhor de Braga, D. Diogo de Sousa em 1508, uma referência a nível distrital na área da saúde. Com mais de 500 anos de existência, assumiu um papel de grande relevo não só na área da saúde, mas também assistencialista. A Administração do Hospital de São Marcos inicialmente entregue à Câmara de Braga, passou em 1559, por se considerar que a gestão da Câmara não era a mais adequada e eficaz, para a Misericórdia de Braga, tendo esta administrado o hospital até à sua nacionalização em 1974 (Araújo, 2015). Este hospital tem uma longa história, no entanto, o período de análise centra-se num momento de tempo muito específico, 1910-1920, em que Portugal se deparava com problemas sociopolíticos, preocupações sanitárias, cansaço resultante do período de guerra, o que contribuiu para uma grave crise de subsistências e para o aumento da precariedade das condições de vida dos portugueses (Araújo, 2015).

Tornou-se imperativo encontrar soluções na área da saúde pública e melhorar as condições de vida dos portugueses. A par das reformas legislativas, foi necessária uma mudança de mentalidades, o que ocorreu por toda a Europa. Passa-se a responsabilizar o indivíduo pelas suas próprias ações, assumindo a saúde como um projeto individual, redefinindo as formas de articulação entre o Estado e os indivíduos (Foucault, 1982). Assumir a falta de intervenção divina nas questões de saúde conduz a uma redefinição de papéis na sociedade e atribuição de responsabilidades por três vértices: Estado, ciência e população (Castro *et al.*, 2009). Ou seja, nesta área a governação não poderia ser feita apenas pelo Estado e demais instituições privadas especialistas, legislando e aplicando os conhecimentos científicos, mas sim cada indivíduo teria de ter uma participação ativa nesta mudança consciencializando-se para as questões sociais da doença, do corpo, do tratamento e da sua responsabilidade pela saúde pública (Castro *et al.*, 2009).

O sucesso da intervenção das autoridades sanitárias, nesse início do século XX, marcado pelas inúmeras doenças infetoco-

²⁴ Este trabalho decorre do estudo desenvolvido no âmbito da dissertação do Mestrado em Contabilidade por Ana Filipa Pereira, intitulado "A contabilidade e o papel social do Hospital de S. Marcos da Santa Casa da Misericórdia de Braga (1910-1920)" (Pereira, 2018).

²³ Delfina Gomes conduziu o estudo no Centro de Investigação em Ciência Política (UID / CPO/0758/2019) da Universidade do Minho e contou com o apoio da Fundação para a Ciência e Tecnologia e do Ministério da Educação e Ciência através de fundos nacionais.

