

MACRAME - Management Accounting and Creativity: Analysis of Meanings - Summary



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The Project

Organizations operating in the **cultural and creative industries** face the problem of dealing with **multiple and sometimes conflicting values and principles**. In such industries, traditional business principles - like efficiency and profitability - tend to be in conflict with the values that form the basis of creative outpouring. Yet, these values are necessary to succeed in the creative and cultural economy, and they need to be upheld despite the tensions they generate. MACRAME project looked at how cultural and creative organizations manage the presence of multiple and conflicting values. It focused particularly on how management accounting and control tools can contribute to solving the tensions and guiding the creative processes .

The Study

We followed two interconnected processes: one “in the field” aimed at understanding how cultural and creative organizations operate, and the second “at the desk” to study the theories that helped us interpret and explain what we saw. At the intersections between the two processes, we have progressively refined our theoretical framework and findings.

Regarding the fieldwork, we used data that we collected through observations, interviews and documents in three organizations:



An Opera House



A Fashion Company



An Advertising Agency

The organizations operate in different sectors and have different business models. However, they all rely on creativity, imagination and inspiration to design and produce their cultural and creative goods. We looked at how they decide to allocate resources and what to produce, how they organize and manage their creative processes, and how they move from a general idea to the final product. In particular, we observed and analyzed which values and principles are mobilized at each step of the production process, and how. Are they mobilized one at a time or simultaneously? Do they raise conflicts and if so, how are conflicts solved? Do they co-exist together and if so, how?

Regarding the theories, we have studied the works of sociologists such as Luc Boltanski, Laurent Thévenot, David Stark, and Viviana Zelizer. Their works are in the field of economic sociology and pragmatic sociology, which are two related branches of sociology that analyze the social practices of evaluation and its complexity. The authors look at how people continuously justify and criticize actions and situations, resorting to different principles and notions of what is good. For instance, do you think it is fair for parents to demand interest on the money their child has borrowed from them? How do you react when you realize that your newly hired colleague is also the husband of one of the managers? These kinds of questions make us think that there are situations where it is right to apply market principles and others where family values are more relevant. However, such controversial situations show us that many daily situations are not that easy to demarcate: reality is much more complex.

As in our daily life, it is normal for organizations to face contrasting notions of what is good. Cultural and creative organizations, in particular, are sites where we can find not only the traditional market and industrial principles of the business world, but also values such as passion, experience, intuition, and sensitivity, typical of a world that belongs to inspiration. Even though these worlds are competing, daily situations in cultural and creative organizations present elements of both.

The Main Findings

Briefly, we have found that the contradictions between creativity and management are not as one-dimensional as the literature often claims when referring to cultural and creative organizations. Rather, there are ways in which multiple values can coexist, often requiring compromises that make situations acceptable – even if not entirely justifiable. The literature seems to focus on two ways in which organizations can resolve tensions between values. We call it hierarchy and separation. Thanks to our study, we added a third way in which cultural and creative organizations manage the presence of market, industrial and inspiration principles. We call it composition. The role of accounting objects and management controls vary across the three options, assuming a more ambiguous role in composition.



HIERARCHY.

Organizations might decide that **one principle is more relevant than others**, in general or in a specific situation. For example, a company can decide that making a profit is the most important criterion, and thus privileges market principles. Therefore, management accounting and controls tools are used to analyze and predict market trends and to ensure efficiency and productivity, while creativity and inspiration are important as long as they are instrumental to the production of market value. Other organizations can state that artistic or creative values are prominent. In such settings, accounting and control practices can be adopted ceremonially or symbolically to show stakeholders that the organization is well managed and financially sustainable, a prerequisite that enables the organization to pursue the most important artistic values. In both cases, situations might be controversial. One can claim that a secondary principle has been unfairly prioritized, as it might happen in a cultural institution when new and more stringent budgetary regulations are adopted. Alternatively, one can claim that an important principle has been unfairly underrepresented, as it can occur when a cost cutting strategy reduces resources for experimentation, search and inspiration. This is how the literature has usually approached the tensions between artistic and business values. In our case studies, we have also observed prioritization claims and we have detected the critiques that come along them. However, they were rarely encountered in everyday organizational life.



SEPARATION.

Organizations might decide that **multiple principles are equally relevant and accounts for them separately**. For instance, it is a generally adopted practice in creative organizations to separate the artistic or creative departments from business departments like operations or sales. Structural separation makes it clear who does and is responsible for what, and who is creative and who is not. Budgets and performance measurement systems usually follow the same structure and are used to allocate resources to departments and to assess their performance. Periodically, the principles are brought back together and the relevance of values is renegotiated, e.g. during the annual budgeting processes or the periodic performance evaluation. For instance, managers might decide to increase the budget allocated to the artistic department, or to update the systems of performance indicators to account for multiple principles. This is how the literature has traditionally studied the role of management accounting and controls in accommodating principles other than those related to finance and the market, as, for example, in the case of sustainability reports that separate social, environmental and economic measures of value. In our case studies, we have also observed separate departments, different professional profiles and division of labor. However, we also noticed that the creative processes were multidisciplinary and collaborative, and distinctions between what was creative and what was not were not neat.



COMPOSITION.

Organizations might decide that **more principles are equally and simultaneously relevant for reaching a higher common good**. People in the organization recognize that it is important to set aside the conflicts (originating from the hierarchy) and to combine values (instead than separating them), in other words, to make a composition of values (Boltanski and Thévenot refers to this when they use the word “compromise”). Thanks to the case studies, we were able to describe how creative organizations manage to make compositions of values that enable creative processes without provoking conflicts. This is our main original contribution to the existing literature, which has mainly explored the hierarchy and separation methods. In particular, we observed that people engage in complex valuation practices where a “being” (could be anything: a color, a work of art, a person) is evaluated according to different values in specific situations. By looking at the valuation dynamics in the specific situations at hand, we found that there is an active quest for compatibilities between principles, **through associations and translations between different values**.

An example from the opera house is helpful to clarify this point. The opera house decides to perform Giuseppe Verdi's *La Traviata*, and to assign the production to a famous stage director to make an original and unique interpretation. *La Traviata* is also a title that sells well. The year after, the opera house decides to perform it again, and justifies the decision by defining *La Traviata* as a classic of cultural heritage and the expression of an artistic genius. From the second year, the opera house spends less time and money to produce *La Traviata* than it did the first time. *La Traviata* becomes thus both a cultural classic and an efficient production, which is still successful at the box-office. The evaluations made to decide what to produce, made of *La Traviata* a **composition of cultural, artistic, market and industrial values**. These practices go on also in the design and production process. Similarly, in the fashion company fashion designers and product managers' work is a sequence of concomitant evaluations made on things such as fabrics and colors, which they evaluate in terms of costs, coherence with the brand style, intuition of the designer, market tastes, etc.



Such compositions of values, however, are not exempt from critiques. In making translations and associations between diverse value frames, **necessarily some meanings are adopted** – those that enable to working out compromises – **and others are not**. In the example of *La Traviata*, its artistic value has shifted from being something unique and original when it was first produced, to be the expression of cultural heritage and artistic genius from the second year. This because the latter meanings enable the association with the industrial principle (according to which a revival is good because it costs less) that otherwise would have been hard to make. Therefore, such compositions can be called under judgement in many ways and at any time, because they rely on precarious associations and partial translations.

The recognition of compositions of values makes it possible to look at traditional accounting and control practices in a novel way. **Accounting and control are complex valuation practices** which do not simply apply (either functionally or symbolically) the industrial and market principles – like in the case of hierarchy – nor do they just help distancing values with different measures or representations – like when applying separation. They also **enable people to make relevant questions on the value(s) of the creative and cultural production**, and support them in their effort to associate, translate and combine values.

An example from the advertising agency is useful here. Each agency's client agreed on a budget for the service they bought. The budget is calculated by applying the hourly rate of the professionals which will work for the client's project. Since creative professionals work for multiple projects, it is important that they allocate their working time so that to meet each client's needs within the budget limits. Yet, when the managers decide time allocations within the creative departments, the evaluations made are much more complex than simply counting hours, and require more dialogue and discussion. For instance, during a time allocation meeting, a manager said: "This shooting is not just a shooting, it requires some creative thought: why don't we add a junior creative?". In this case, the technical time allocation method (expression of industrial value) enabled to accommodate another value by giving to the young professional the opportunity to release her creative potential, even if that would mean to use more hours. The time management systems in the creative agency is an example of a management control tool that can be employed to make the qualities – and not just the quantities – of time relevant, and thus to account for the multiple values.

Accounting and control practices can thus support the making of compositions of values, as long as the focus is not on the mere financial measures or control standards, but rather on the values object that is being monetized or standardized.

Conclusions

Our analysis suggests that cultural and creative organizations can adopt three mechanisms for dealing with multiple values: hierarchy, separation and composition. However, it is through the composition of values that organizations manage their creative and production processes, by ensuring the simultaneous presence of diverse perspectives, competences, and notions of what is "good". In order to make workable composition of values, actors engage in complex valuation practices that enable them to build temporary associations between value frames. Traditional accounting tools and management controls, like production budgets and plans, support actors in such a task by providing an arena to discuss the values of the objects that they are meant to measure, monetize, or standardize .

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