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THE LONG RANGE DYNAMICS OF FINANCIAL CONTROL.

The Royal Dramatic Theatre and its costs over a century

Abstract

In September 2006, the book *Lysande ögonblick och finansiella kriser* (Splendid Moments and Financial Crises) was published. In large part, it is a narrative about the Royal Dramatic Theatre in Stockholm during the 20th century: about actors, productions, attendance, relations to the audience, critics' views and physical resources, dealing especially with financial processes and their importance. It is a systematic description of a long chain of events and situations, manager by manager. In the paper below, there is a summary of the theatre's story from an economic point of view. Of course, this story is unique in several respects but many classical control issues and general tendencies are also present. Thus, the description of this specific case is the vehicle for discussing financial control mechanisms of overall importance. In particular, the issue of time as a vital variable is addressed. The analysis pinpoints specific events, but also the contexts over time to which they belong. It emphasizes that the resource issue for an organisation involves a dynamic problem; that is the underlying character even if it appears in the form of financial crises on certain occasions. It also demonstrates a long-range interaction between outer and inner processes and, moreover, conflicts of interests.

Key words: financial control, management control, long-term control, long-range cost structure, corporate governance, vertical control, horizontal control, short-term effects, strategic re-orientation, financial crisis, theatre, the Royal Dramatic theatre, cultural economics.

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Purposes

Transformation of economic life is rapid, both nationally and globally. Companies and organisations are strong driving forces. To a large extent, their actions are conditioned by financial impulses from the outside and internal methods to maintain economic control. In recent years, the design of such external and internal systems has been advancing, both in society as a whole and in organisations, and the implications have become more complicated from a technical point of view. The distance from the original human needs that an economy is supposed to satisfy has increased. Direct and indirect effects of such systems on people in society are much greater than a few decades ago.

Thus, it is time to reflect on the forms for financial and economic governance within and around organisations. What are basic functions? What is the background for such systems? In

academic research and education, these issues are often treated in a somewhat problematic way. There is a tendency to describe governance instruments and processes separately, without relating to the world they affect.¹ However, the relationship between activities and financial processes is an important problem area in the early years of the 21st century: how are the financial limits for activities set and what are the effects? In his book *Audit society*, the British professor Michael Power talks about “colonisation”, when economic perspectives and rituals for verification take over.

I have conducted an empirical study of one organisation, the Royal Dramatic Theatre in Stockholm, over a period of a hundred years. I wanted to portray activities and financial processes in the light of each other. A story which spans over such a long time can reveal important system characteristics which are not evident with a more narrow approach. It becomes a means of formulating wider problem pictures and observations than those that are common in practice and science.

I have not chosen the Royal Dramatic Theatre (from now on “the RDT”) for its possible merits or deficiencies regarding the aspects I finally want to discuss. It could have been another example. To some degree, the choice has practical grounds: a rather limited activity of major importance is identifiable over a long period of time. In particular, however, many of the characteristics interest me in a futuristic perspective. What is offered is something as abstract as images of society and human life. To some extent, this occurs under the immediate influence of an audience. Evidently, what the theatre accomplishes should have an effect in a subsequent step: the importance of expressions performed on stage is determined only through the impressions that an audience receives and transforms. And not even expressions actually performed are easy to subject to any objective examination of quality. Individual achievements are decisive while, at the same time, the organisation lives with apparent financial scarcity. People with many thoughts about their own role and that of the organisation often meet strong demands for conformity in relation to outside interests. Achievements and experiences that are difficult to measure exist in parallel with measurable costs. The cost of each achievement tends to rise automatically over time. The tension between the short-term and the long-term is extremely obvious: every fleeting experienced moment at a theatre can be considered as part of a course of events extending over several thousand years.

Basic model

In my data collection I have been guided by a principal model that I have often used, and which I have employed for the RDT in accordance with a uniform pattern, period by period. Financial and economic control takes place in two collaborating processes, the horizontal and the vertical. Horizontally, there is an organisation between, on the one hand, people who need a livelihood and meaning in their professional lives and, on the other hand, users who seek satisfaction for certain materialistic and mental needs. In the case of activities on the horizontal line, an organisation traditionally has product costing, customer calculations, sales statistics and various forms of project costing as its basis for economic actions. Vertically, there is higher management and financial principals who are superior to executing units: owners on top, then the board, managing director, management and staff on different hierarchical levels below. Traditionally, annual reports, quarterly reports and internal

¹ See e.g. Scapens, Robert W. & Bromwich, Michael, *Management Accounting Research the first decade*, 2001, Shields, Michael D., *Research in Management Accounting by North Americans in the 1990's*, 1997 and Beattie, Vivien, *Moving the financial accounting research front : the UK contribution*, 2005.

responsibility reports for income, revenues and costs have been important documents in the vertical process.

Some other figures are also important in diagonal processes, i.e. they do not have their own horizontal or vertical identity but can approach this in their way of handling. *Government representatives* also fill other functions than being owner representatives in a state-owned theatre. *Benefactors* contribute money or assistance without getting a corresponding value of the theatre's normal performance in return. *Organised examiners* conduct reviews on behalf of owners and other directly affected parties. Here, I have the company's auditors and assessment bodies acting on government mandates in mind. *Professional observers* view the organisation at a distance, and have roles defined by parties that are total outsiders in relation to the organisation. Here, I am thinking of critics, journalists, cultural publicists and academics who teach and write, for example. The border between different categories can be blurred, and sometimes functions are assembled within a single person or body.

Methods and sources

Essentially, the empirical part of the study has been carried out in five steps, the first one during a few months and the others for every 1-2 years in calendar time. **Step 1** was based on secondary sources. The emphasis was on the first part of the 20th century. The main source was an anthology on the RDT published in 1988 and written by some leading Swedish researchers on the dramatic arts. **Step 2** was based on annual reports and the minutes of board meetings and, above all, on the appendices to these minutes. Studying these documents in chronological order provided the basis for developing the process described in its entirety. **Step 3** mainly covered audience statistics, revenues and the artists working in individual productions. For 1908 and onwards, there were journals for box-office returns, i.e. journals kept by hand for revenues for each single show every day. For 1927/28 and onwards, there were "frequency books", i.e. journals kept by hand for audience numbers for each single show every day. For 1938/39 and onwards, there were additions in the books for the total amounts, made by administrative staff. For mid-1960's and onwards, numbers were gathered from internal board documents and annual reports for total amounts as well as for individual productions. Another ledger contained information about all artists in all productions at the theatre from 1908 and onwards: when shows were performed and who participated in them. In **step 4**, the board documents were re-examined, and the structure of the text was modified in several key aspects. In **step 5**, press cuttings in the RDT's archives were studied, especially critics' reviews for most productions. At that time, the castings ledger had been computerized, which meant further possibilities for descriptions and analyses. Board minutes were studied again with regard to certain themes. The final structure of the text was decided.

Most of what I have written is thus based on documents in the RDT's archives. In addition, there are important complements such as national budgets, government bills, a dissertation on development of the state lottery system, sources covering the history of the theatre and books about productions and artists. The chief methodological problem for the empirical part of the study is structuring the text: not only what is said, but in what order and with what context. Specifically, I have made subdivisions into approximately 35 consecutive subprocesses. The switch from one sub-process to another is defined as a moment of change in character from a financial viewpoint, for example an expansionary attitude that turns into a sense of crisis. In some cases, the selection of turning points is necessarily somewhat arbitrary. The text must be kept reasonably simple. Different versions of the text have had a somewhat different content,

and the final version must be read with this in mind. The final version of this paper consists of aggregates of these 35 subprocesses into ten phases. Also, the main source of the empirical study is written material that has reached the board and been kept in records. The main way this problem has been handled is to actively search for data requested by the model above from other sources, when board minutes and appendices proved insufficient.

The events in ten phases

Throughout history, established theatre in Europe has had conditions and functions connected with the highest powers of a spiritual or worldly nature of each epoch. In ancient world, the worship of pre-Christian gods served as impulse for the theatre, where practising groups were provided for by wealthy citizens. As a result of Christianity, preaching became a central aspect of theatrical life in the Middle Ages, partly conducted within the financial framework of the Catholic Church. In a following era, for a couple of hundred years, many theatres became important for royal families and the aristocracy, who defrayed costs and set limits. Thereafter, functions and conditions were linked with parliamentary democracies with their mix of public financing and a market economy.

In 1907, the RDT moved to Nybroplan in Stockholm, to a new building financed by lotteries. Parliamentary democracy and industrial society were developing in Sweden, following constitutional reforms in the mid-19th century. Society and cultural life changed step by step during the 20th century and hence also the conditions for theatrical content and form. Moreover, stylistic ideals for the professional theatre changed at both the international and national levels. As an organisation, the RDT needed to relate to this. Crucial financial conditions were stipulated from the outside. Costs per achievement increased continuously as a result of societal developments regarding productivity, salaries, inflation, social welfare and labour legislation. For the most part, forms of financing reflected the development of the State in a parliamentary and medialised democracy. Until the 1970's, financing of the RDT increasingly became part of the regular governmental allocation processes, and the theatre systematically bore fewer and fewer of the financial risks and burdens related to its activities. In the 1970's, allocation procedures reversed in the opposite direction. During the century, each period and each situation brought its version of horizontal and vertical processes and the connection between them.

(1) The early benefactors of the RDT, together with the government, sought to arrange a profitable, self-sustained organisation, with illuminating actors and a fully-paying audience for which the theatre filled individual bourgeois functions. Certain regulations presented both vertical control procedures and activities on the horizontal axis. The government wanted, in this way, to affect and contribute to the stability of the company. Regulations included demands that productions should vary from day to day in the course of a week and, to some extent, should be retained in repertory. Terms of employment were also stipulated; a few employees were highly esteemed and sought-after stars but most had very limited options. During the initial decades activities were rather uniform. Economic control was focused on the company in its entirety, rather than on certain distinguishable subunits or segments. Emphasis was on the vertical process with owners and shareholders meetings and the ability to finance the overall operation. However, with the help of the regulations and a separation of roles between the managing director and the board, the aim was to prevent vertical forces from interfering too much with horizontal events. There was an attempt to decouple. At first, the managing director was given a very powerful position. The board made decisions from a

general point of view only on a number of specific issues (e.g. regarding individual engagements). The direct link between dimensioning and the intended final achievements was weak. The concept was to have a distinguished ensemble, and it was natural that all the actors could not be used in current productions all of the time.

(2) During the 1920's persistent profitability problems became apparent. Cost levels of the war years had a lasting impact. Film and radio created new alternatives, both for employees and the potential audience. Ticket prices dropped far below cost, despite unfavourable salary developments for the artists. The formal vertical process declined when the owners did not fill any important function, and an actual process developed with government as an issuer of lottery permits. Throughout most of the 1920's, company management and the board chased profits, fully aware of the financial problems and acting on their own initiative, rather than complying with explicit demands from the government. The importance of the board increased and that of the regulations decreased. A somewhat stronger focus on the economics of the horizontal process resulted in sales statistics and simple cost calculations. The idea of a repertory system in a more fundamental meaning was weakened, step by step. Current plays from abroad and some grand productions in limited but longer runs were more important. Artistically, activities changed towards more director-controlled stage-settings characterised by ensemble performances, and eventually by the first modernistic features regarding content, décor, music and specially engaged painters. The idea of a united ensemble and the actual dimensioning were hardly questioned despite the profitability problems.

(3) From the end of the 1920's, the role of government as a provider of financial support grew. In most ways, the positions evolved into an unauthentically vertical relationship. Even if company owners were still there and government formally only granted lottery permits, in reality the government increasingly provided fixed allowances in advance. There were hopes for a better dialogue between government and the theatre. Time after time, government representatives presented requests for savings. They also had strong views on horizontal events, especially in one respect: social and geographical spreading of productions. The board became more involved. Activities became less uniform and more extensive as a result of the introduction of tours and school theatre. Internal horizontal control was strengthened. There was a growing focus on the relationship between the capacity utilized and current performances. One sign was all leading figures, including production directors, became involved in more complete calculations for each production as regards variable and fixed costs. The demands on artists and other employees increased. With the sound film, options for both artists and potential audience also increased. Most employees were, however, rather optionless and were forced, among other things, to accept salary cuts and, in the case of artists, stricter limitations on sidelines, such as films. The idea of a permanent ensemble was questioned but received strong support from most parties. "It is the soul of the theatre and its only interest-bearing asset", two government investigators wrote in 1929 and calculated that the RDT needed 32 actors. This concept was nibbled at to some extent, when capacity problems were solved at times of financial pressure in the 1930's by the temporary employment of extra personnel.

(4) Just before 1940, financial support took the form of grants from state lottery funds, with a fixed amount set in advance. Also, the structure of horizontal events began to change. The volume of subscriptions via two non-profit intermediaries increased substantially, one for school children and the other for adults. Productions for adults became fewer and some runs longer, with productions of somewhat lighter real classics, some topicalities from abroad and new Swedish plays in the bourgeois style. From RDT's point of view, the longer runs had a

favourable impact on costs for rehearsals and technical operations. The idea of a united, strong ensemble was further corroded by contracting well-known artists on a temporary basis, by solving capacity problems via extra employees and by using many young actors who were studying at, or just had graduated from, the RDT's own drama school. The unions moved their positions forward. Restrictions on artists' outside activities began to be reduced. The financial outcome in relation to the prevailing norms for grants was satisfactory. The managing director was at her peak, appreciated by the government and the board. Her position was instrumental in creating a new facility in 1945, the Little Theatre, which was the basis for a subsequent expansion in the latter part of the decade.

(5) In combination with general cost developments, in a few years this expansion contributed to new financial difficulties that became very apparent around 1950. During the following decade, there was a constant, or at least latent, problem in meeting financial needs for ongoing activities, especially as the number of shows increased and inflation grew. The managing director was continuously active upwards in governance processes, supplying government with cost data and making new requests. In reality actual costs were covered, even if more and more complicated procedures were required. At the same time, he tried to master horizontal processes by a strict attitude towards costs. Leaves of absence and vacancies were used to reduce costs, as far as current productions allowed. Nevertheless, longer rehearsal times per production were stipulated. There was a lack of actors in the country and the artists' real freedom to choose had grown remarkably. Professional observers' views on the achievements of the ensemble were almost always very positive but, at times, the level of mobility was criticised. Around 1960, for several reasons, many actors resigned from the RDT. There was an ambition to build a genuine repertory theatre, which required a stable ensemble. The cost system, which had a less profound role than before, was modified at this point and confined to variable costs. During this fifth phase, grants from state lottery funds grew greatly in absolute and relative terms; the theatre developed into an organisation primarily financed by grants and not primarily living on self-generated funds.

(6) Some years into the 1960's, the capacity of the ensemble was once again determined from other angles than immediate needs of current productions. The extension got a quick start with the arrival of Ingmar Bergman as managing director in the winter of 1963. The relationship with government stayed unauthentically vertical but the RDT was nevertheless integrated into the regular state budgetary system. The grants had become large in relation to the lottery funds available. There were hopes, once again, for an active dialogue between the government and the theatre. Regular financial applications were introduced and the theatre's economic outcome was tied to amounts listed in the national budget. The government bore the risks of salary increases and of revenues below budget. An internal budgetary system was also introduced on this basis. For horizontal processes, a good working order and lasting audience relations were strived for. One idea was to develop a subscription system to provide a less volatile financial base. There was room for expansion and strategic re-orientation. There were more frequent opening nights and more topical plays, rather than repertory performances. Priority was given to the drama school in new forms, a different kind of performances for school children and provincial tours.

In the artists' world, there were more options as a result of new municipal theatres and television. Potential audiences also had new conditions with a changed media situation and the development of a metropolitan city. In particular, television established radical new prerequisites for what could be produced and attract. Writers throughout the world who were interested in the dramatic form also had a new situation. In the last left-wing years of the

1960's, the function of theatre was widely debated. The RDT's traditional forms and most well-known artists were targets for criticism. There was, however, strong conformity regarding values within some RDT groups and in public left-wing sentiment. During this sixth phase the RDT began a long range expansion that would last for almost two decades.

(7) An institution such as the RDT was not a primary instrument for new state cultural policies. However, a first stage of growing to quite a considerable extent continued without friction until the end of the 1960's. Thereafter, vertical control became more important. Deviations from the national budget needed to be remedied, sometimes on a very detailed basis. The national budget was considered by the theatre primarily as a source of financing, and internally a budget was developed based on figures with a more realistic potential. The company's reserves for unforeseen contingencies tended to decrease from one year to the next. The board worked in active forms on the same lines as public administration in general. It still decided on many detailed items. Internal budgetary discipline increased. Vertical control processes affected horizontal events. Initially, apparent financial restrictions hit regular adult programs while childrens' theatre and touring in the immediate vicinity were clearly extended. Interest in supporting efficiency in horizontal processes as a result of cost calculations revived again. At first, project data confined to variable costs received increased attention but then calculations were broadened to what they basically had already covered in the 1930's, including both variable and fixed costs. At the same time, budgetary relations with the government changed so that the RDT bore more financial risk as an independent unit – revenues in the national budget were no longer guaranteed. The government also put the price issue on the agenda – increases, not possible reductions which had been an idea within the theatre.

Despite all the financial limitations, total activities gradually expanded in most quantitative aspects, especially since a multispace structure had been introduced in 1973, and mostly in terms of the number of shows. Fixed capacity also grew to some extent, but with some delay. Rehearsal times increased. The first half of the 1970's, the repertoire acquired a character that basically remained the rest of the century. In the Main Theatre, again relatively few productions were performed, mostly in longer runs and with a considerable proportion of the most well-established plays and playwrights, including Shakespeare, Molière, Astrid Lindgren and Hjalmar Bergman, a Swedish author from early 20th century. The smaller facilities housed a wide spectrum of plays, including entirely new ones and strongly contemporary works, sometimes focusing on current social issues. The special concentration on children and young people disappeared in connection with restrictivity. After protracted consideration, a period of remarkable price increases commenced in the late 1970's. Ambitions for new target groups and children were not realized.

(8) Early in the 1980's, the long-term cut-backs began. The government's own financial problems constituted the background. The relationship with government had become truly vertical. During the first half of the 1980's, vertical forces strongly affected horizontal events. Each year, indications of the contents of the proposed national budget were awaited with anxiety. This information always initiated immediate assessments of how to adjust and reduce horizontal activities. Iterations of plans sometimes continued after the year in question had started. In the first stage of this savings process, items were primarily selected that could be disposed of without hurting permanent staff and what could be regarded as core activities. In the second stage, cuts went on as before, but an obvious risk of a disproportionate cost structure had emerged. The funds available for variable items could be so small, that the ability to produce was strongly limited. Internal budgetary procedures were constructed to

avoid this problem. The third stage involved a general attack on revenues and costs; by then the government had abandoned its policy of basically bearing all financial risks of de facto salary increases for the RDT. The directives for an internal economic project stated that the RDT still should have the volume and quality of “a national theatre”. In practical planning, there was a focus on down-to-earth issues such as how the needs for technical personnel could be reduced by changes in the use of various facilities. At this time, board work had changed to a primary focus on issues of principle, while many decisions of detailed nature were transferred to the managing director.

(9) In 1985, a new managing director reintroduced the view that capacity and staff should be determined by visions rather than by minimum needs in cost-driven current productions. This attitude became problematic after some years and the RDT had to carry an increasingly worried dialogue upwards. The resources were too scarce for the visions. It was vital for the theatre to be attractive because the ensemble needed to be renewed and mobile prominent directors had opportunities to choose, project by project. The RDT had to play its role for the whole of Sweden, and also justify an interest in the RDT outside the country. New forms for children’s theatre were introduced, the Young RDT. Views were expressed – for example by the supervisory authority – that the RDT had exhausted its possibilities of rationalizing. There were also uncertainties about the future allocation system. The vertical and horizontal control processes were tightly linked. The horizontal processes were strengthened by the introduction of producers. The technicalities of the vertical process were in focus when changes in the accounting principles selected made financial limits temporarily less narrow. The productions lasted over several years, balance sheets were valued on that basis, and relatively large amounts were ascribed to certain assets. Auditors and the board gave attention to this accounting issue and various government representatives accepted balance sheets on behalf of the owner, year after year. The internal budget system was coordinated with the values in the balance sheets.

(10) Towards the mid-1990’s, the RDT returned to its path of reductions that had been entered upon ten years earlier. Governmental financial policy was sharpening, with less emphasis on the specific situation of each recipient of grants. Financial development for the RDT turned into a serious crisis, reinforced when company auditors and government representatives of the time took a different position on the valuation issues. Powerful cut-backs in resources were carried out in several steps, eventually determined by what current productions permitted. In calculations, it was once again stressed that the costs of permanent staff and the ensemble were to be included. Directors and stage designers would, in general, work on a freelance basis. Most artists had a rather entrepreneurial relationship with the theatre. The RDT had gradually become exposed to traditional financial risks and was dependent on its own equity, even if the national budget was the dominating source of funds. In this perspective, there were increasing similarities with the situation in the early 20th century. Measured in traditional way, the financial structure was better than ever, and there was no immediate threat. The cost processes could be expected to continue, however.

Starting point for further descriptions of general importance

A report with a long time-span like the one above captures some aspects that are vital to a discussion of control problems with roots in economic scarcity. It pinpoints specific events, but also the contexts over time to which they belong. It emphasizes that the resource issue for an organisation involves a dynamic problem; that is the underlying character even if it appears

in the form of financial crises on certain occasions. The prerequisites for activities are changing all the time. From a rationalistic point of view, the question is how an organisation and its members can and should consider this in each urgent situation.

It is also possible to demonstrate a long-range interaction between outer and inner processes and, moreover, conflicts of interests. I will pay attention to the importance of abstraction and the different parties' standpoints for control issues. Naturally, analyses are inevitably concerned with the number of employees or working time units and the number of visitors and shows, rather than specific circumstances for each and everyone in these aggregates. On the one hand, wages and salaries represent cost amounts for an organisation but, on the other hand, they are the sum of all employees' income before taxes. Abstractions and built-in perspectives of interest – necessary as they may be – are not entirely innocuous when an organisation and its contextual relations are to be analysed.

Because I want to approach control issues at a distance, and also observe basic functions, it is especially interesting to penetrate an organisation that so obviously has its ultimate endeavours far from the financial area. Of course, there are reasons for strongly emphasizing the unique characteristics. The way the RDT functions in its financial context is conditioned by a number of particularities: the special relationship with the government, national borders, limited reliance on a customer market, a focus on an active interaction with the audience and a tradition of being self-governing in central issues. Some factors that are decisive in other organisations were not so present in my study of the RDT. Productivity improvements that are indisputable from a measurement point of view have not dominated, and hence, there have been few structural effects, driven by productivity changes, as is commonly the case for companies and employees. There was no spatial mobility for activities and output – also common for companies – within and across national borders. The need for output – though somewhat vague – was not neglected, even if there was no financial viability.

Many classic control issues and general tendencies are, however, inbedded in the RDT experiences. There are similarities with what I have found in quite different cases, both in private enterprises and in public administration. In the following, I am going to deepen the discussion of a number of phenomena of more general importance which have been observed.

A changing structure to handle: the financial side of horizontal events

The RDT

Horizontal events at the RDT cover most aspects of theatre as an autonomous activity: plays are selected, rehearsed and conducted, actors and other employees perform their art or do their work and visitors have their experiences. There is a financial side to this. With hindsight, the structural developments during the 20th century seem very clear. A cost process dominated, in which (nominal) costs per output performed rose almost continuously throughout the century. There were several reasons for this. Even if remuneration levels at the theatre may be regarded as low, for the most part, they were still influenced by levels in totally different fields, where possibilities of improving productivity were better and selection on the basis of profitability and growth was the guiding principle. In addition, there was a prolonged and at times strong inflationary trend that tended to leave the activities partially unfinanced. Initially, social benefits for the employees were almost non-existent but, as time passed, they improved. Changed working conditions during the century strengthened the cost effects. Some of these consequences for the performing arts have been described, by William J.

Baumol in the 1960's, in works that also have had a major impact for analyses outside the original field of study.

One of the most widely noted phenomena, the cost of ungoverned, economically capsized projects, was hardly an important factor in financial needs, in the long term. The major cost overdrafts and project delays were really rather few and rare during the hundred years, but they acquired symbolic significance. There were cost-consuming technical developments. The switch from two-dimensional to three-dimensional settings meant higher costs for design artists and workers on stage and in workshops. Later on, equipment for lighting, sound and computerization called for heavy investments. Special projects for renewal and renovations were financed by separate grants, in addition to regular operational allowances.

Attendance figures and revenues for productions were always rather uncertain in specific circumstances – no one could never really know until after the première. However, long series of such numbers indicate a relatively high degree of stability at an aggregated level over the years. Originally, box-office returns were of major importance, but they became unimportant in the 1960's and then increased somewhat subsequently, to a proportion of about 20 per cent. The attendance numbers did not rise significantly in the long term. Variations between separate years were apparent, however. In the case of the Main Theatre, which was economically the most important facility, it appears in hindsight that audience levels on the average have been rather similar in many managing-director periods. They were for example not much higher towards the end of the 20th century than they had been in the 1930's. At the Little Theatre they were lower towards the end of the 20th century than they had been before.

Financial relief after ticket price increases was basically temporary. On some occasions, attendance numbers declined significantly after such increases. For cultural and political reasons, and sometimes also market reasons, price increases did not occur until the end of the 1970's, but subsequently they became common. Discounts became a lasting and important phenomenon after a couple of decades.

Some remarks at a general level

Horizontally, the essentials occur: input of labour and other resources, working processes, outputs of external relevance and functions fulfilled for users with some degree of urgency. Beyond that, horizontal flows have a financial side for an operative unit: how costs are related to the output performed and its prices, if any. The financial situation at any given point in time is part of a structural process that can be affected by this unit only to a limited extent. On-going, steps in the process may only be conceived and described partially. This is especially true for a turning point and what is later to be regarded as a temporary rise or fall. For many activities, costs rise gradually in relation to the output performed or possible prices. Such cost processes are important continuous driving forces for action both in business groups that face international competition and in public sector organisations.

Financial flows are rather clearly linked with different parties. In contrast, horizontal activities, functions and dysfunctions often extend beyond organisational borders, and moreover they may be changing gradually. An organisation will, time after time, fulfil immediate functions for many people – internally and externally. Within an organisation, there may be different views on for whom and for what there is a common interest; naturally,

the intentions represented by de facto leaders are of particular importance. Such opinions may be contrary to other specific perspectives, both internal and external.

Connectedness - linked external and internal systems

Financial conditions for the RDT

The RDT based its start in 1907/08 on a purely business calculation, somewhat optimistic. Before long, financially motivated requirements for efficiency improvements and re-orientation emerged. Thereafter, throughout the century the RDT made a long series of efforts to adjust economically and rationalize, with only some short-term breaks.

Soon, the original owners no longer had any role. In a 70-year long process, the financing of the RDT became more and more integrated into government's regular system for comprehensive prioritisations, resource allocation and risk sharing. The starting point for the RDT was acquisition of capital on a self-sustained basis, and ultimately from sources that had no close relationship with theatre as such, for example wealthy benefactors and lottery buyers. As from the last years of the 19th century, the government gave lottery permits to deserving projects and the Nybroplan building became one of the first. The first operational losses were covered in the same form. There was no dialogue between the RDT and the government. From the end of the 1930's, the government granted capital from lottery funds in advance on a regular basis, instead of permits. The government basically covered the risks connected with nominal wage developments, which was a major issue, especially in the 1950's. From the mid-1960's, the RDT (and similar institutions) became rather ordinary grant recipients in the national budgetary system. Requests from the theatre were the starting point for a protracted administrative process in which allocations were established before and after the budgetary year in question. The State bore not only the risk of salary increases, but also guaranteed the revenues listed in the national budget. Meeting different needs was coordinated into this single form. The start of integration into the state allocation system also meant a beginning of a unique period of expansion for the RDT.

There was a turning point during the 1970's, when a systematic step-by-step process in the opposite direction commenced. The RDT had gradually to bear more risks on its own terms. The revenue guarantee was dropped prior to 1972/73. The RDT's specific situation started to become less and less decisive for its grants in the budgetary process. As from the early 1980's, cost cutting became the long-range trend. Saving actions, based on the government's general perspective, hit the theatre. There was no longer any really viable last resort to rely on. The nominal grants could decrease from one year to the next. The government gradually abandoned compensation for de facto increases in wages. As from 1996/97, grants took the form of standardised, pre-determined amounts, but additional capital was sometimes allocated for a general increase in levels or for a specific project. The government also used lottery funds as a financial source, as in the past. At the beginning of the 21st century, the company's tax status was considered by the authorities. The main issue was whether the company was obliged to pay income tax on the grants from the state, which could have far-reaching effects. The financial position of the RDT could again be affected by actors who did not have an interest in the theatrical activity, as such. In addition, the Swedish national state had no longer the same autonomy as in the past.

As in many other hierarchical relationships, there was an ambiguity in messages from the RDT to its financier, the government. On the one hand, the theatre needed to indicate its deficiencies and risks in its arguments for more resources and, on the other hand, it needed to point out the merits of previous activities in order to generate appreciation and confidence. From the 1960's, there were many "here but not further", often reinforced by a desire to retrieve the real resources that had existed some years earlier. Still the activities continued, and statements in subsequent years often radiated a considerable degree of satisfaction with what had been achieved – but now further savings could not be implemented.

It was crucial for the board and management to create a bridge between the (more financial) perspectives that the government represented and (the more activities oriented) perspective in the theatre. A managing director who was not successfully handling the balancing act risked serious trouble. One or two were criticised for having gone too far in the government's direction and lost their legitimacy with many employees. Some were criticised by government representatives for having emphasized the financial side too little and suffered as a consequence.

Some remarks at a general level

Each horizontal flow is treated and affected by moves in the vertical process taken by management, the board and the owners. For both private and public owners, there is a special mobility because they have alternative uses for the money. Visions and functions for an organisation with a continuous activity are confronted by a need for financial resources with an alternative use. Divergence between the two perspectives is intrinsically unavoidable. Decoupling between activities and need for resources can only be temporary. This is especially evident when a cost process automatically forces issues to a critical point. Financiers have possibilities to direct requirements made on the activity, explicitly or implicitly, in combination with financial frameworks that are more or less clear. Each activity that needs money from the outside must be sufficiently attractive in these respects and for users of the output. Various requirements in the vertical line have become increasingly linked. It is possible for an organisation to create freedom of action as a result of a strong financial position at its own disposition. Financial actions at the upper level of the hierarchy have, however, gradually increased their impact on organisations.

Control at a distance

The meeting between, on the one hand, visions and functions for a permanent organisation and, on the other hand, resources required that basically have an alternative use, is a fundamental issue. Some tendencies for the way in which ideas and resources are related to each other may be observed during recent years. In the following, the first one involves increased control at a distance, rather than close to the center of local activities.

Observations regarding the RDT

For the RDT, internal impulses, and especially the managing director's standpoints, were generally very important. It almost became an axiom for the repertoire and for artistic choices. The board, owners and the government mostly restrained themselves from having any (at least visible) influence. The RDT in its entirety was affected, on the one hand, by people who lived

their professional lives close to events and effects, mentally and spatially and, on the other hand, by those who had a clear distance. It was even a democratic ideal that the heterogeneous group that constituted the citizens of the country, with its remarkable distance, should exercise some form of indirect control on what ultimately decided the state's view of culture and the RDT. Representatives at the intermediate level rather often took a different position to activities than RDT. Considerations taken and the actions suggested were conditioned by distance. Direct contacts did not give the same impulses as descriptions in numbers and words; personal experiences naturally played an important role, as well as what professional boundaries a specific individual represented.

Initially, the government exerted its influence primarily through rules and regulations. The role of the board emerged from a state in which regulations were the dominant feature and the managing director was supposed to have a considerable degree of freedom. Many individual decisions were made regarding detailed issues for activities which were rather easily surveyed. The level of activity within the board increased, especially at times of financial strains. At such times, the government intervened on a sporadic basis.

From the late 1930's, the forms of government influence changed. Narrow regulations had proved to be too static as an instrument. They were still in place, without any major changes, but became less and less important. The need for a more continuous government influence was satisfied via a supervisory body, the Theatre Council. The dimensioning of this Council did not permit fulfilment of the far-reaching functions that a previous state investigation had imagined. The trend for the RDT board work was regular meetings that were based on more detailed data for decision-making, focusing on for example economic development and contacts with the government as a provider of financial support. Still, decisions mainly involved many limited concrete issues, for example individual engagements and employment. During the 1960's, there were more discussions based on issues of principle. Discussions were recorded in the minutes and data for decision-making became more detailed, particularly when there were financial strains. Activities were now more extensive and more differentiated, and no longer as surveyable and close to the board.

The late 20th century involved important changes, both for the government and the board. Government acquired a better founded view of national culture and theatre, supported much more extensive cultural activities and constructed more developed systems for supervision and priorities. This also involved more judgements and controlling impulses from a distance. Professional examiners and observers without much personal experiences of actual theatrical events acted on the basis of data provided for decision-making. The external and internal systems tended to grow together. Financial limits established in such forms often became decisive for internal plans. The work of the board changed in character, in the name of delegation. General presentations by the managing director had more scope. There were even more discussions of matters of principle. Many types of issues that had previously been addressed by the board (e.g. of individual engagements and employment) were handled in lower fora. The delegated forms also characterised control when savings were in focus. Actions in detail were discussed less by the board and were increasingly left to the managing director and internal staff.

Remarks at a general level

The increased weight of control at a distance and the more principle-based contents of board work were changes that corresponded with overall tendencies in economic life. Many more people and bodies than before devoted themselves to resource allocation and efficiency assessments of how other people accomplished their tasks. Many more structures have been erected with the aim of making activities more efficient and of improving the way in which certain human needs are satisfied. In private business world, industrialism resulted in separation between owners and management. Thereafter, for some decades, a relatively stable division of roles persisted between the board, owners and management. The nature of board work eventually became the object of lively professional discussion, in view of the attention devoted to strategic issues in business in the last four decades of the 20th century. In the case of Sweden, the greatly increased emphasis on ownership aspects in the internal planning of companies, and more explicit financial constraints from that point of view, is a phenomenon probably rooted in the 1980's.

Tensions between available resources and outcome ambitions – weakening of the controllability concept

A second observable tendency for the way in which ideas and resources are related to each other concerns how the focus on outcomes has become increasingly dominant at the expense of considerations about what can be controlled.

Observations regarding the RDT

The concept of controllability dominated, for long periods of time and on many occasions. The RDT should not suffer from cost developments that it, itself, could not master. In carrying out its tasks, the theatre should not be exposed to factors that were very difficult to control. With increased material prosperity in society and more far-reaching ambitions on the part of the state, this view became increasingly entrenched. Until the 1970's it dominated the design of the financing system, including the fact that box-office revenues were guaranteed. Grants for rental payments were also based on this idea at times. This strategy in its most developed form began to fall apart already after a couple of years. The government believed, as a first step, that theatres needed incentives to stimulate box-office revenues and to master risks.

According to an alternative view, the focus should be on outcome that is strived for, rather than on available resources and what can be realistically accomplished with them. Such an outcome focus characterised an approach to a People's Theatre in the 1930's. At that time, the government emphasized that activities were to be carried out both on home stages and on tours, and left it to the RDT to determine how resources would suffice for both activities. During the 1970's, the focus on outcomes gradually strengthened at the expense of the controllability aspect. Subsequently, the government no longer considered itself to be a financially very strong last resort. Ambitions for outcome were stated in budgetary documents and elements of choice were increasingly necessary. Over time, such ambitions tended to increase, at the same time as the cost process had its inevitable automatic effects. A need for rhetoric emerged, particularly at the governmental level. When ambitions were harder to realize due to the cost process, it was almost more urgent to express them. The clash, at times, was a heated issue.

Remarks at a general level

Shifts from the controllability concept to an outcome focus for the RDT can be traced back to one of the most decisive and multifaceted changes in financial control during the 20th century. For a long time, the controllability concept was a dominant feature of management literature and practice: an organisation and its parts shall concentrate on what can be influenced to a reasonable extent, and prevailing presumptions are the obvious starting-point for defining commitments, the tasks imposed and the risks that are to be borne.

The status of the controllability concept weakened towards the end of the century. An outcome focus predominated: concentrate on the outcome strived for, link it with strong rewards and sanctions and do not make the relationship between resources and outcome a primary consideration. Several currents of opinion worked along this line. Methods for achieving goal control became common during the second half of the 20th century. Reward and bonus schedules received considerable attention, particularly since control at a distance had been an important phenomenon during the last decades. According to the logic of the most intense and popular parts of the public discussion, it was possible to relate guilt for deficient outcome to the actions of individual parties, and it was desirable to point out guilty individuals, regardless of controllability in its original sense. These tendencies increased towards the end of the century, at a time when the interdependencies in economic life were increasing, and it was more difficult than ever to find parties that could act independently of each other.

The basis for dimensioning and measuring resources

A third tendency for the way in which ideas and resources are related to each other concerns the phenomenon that the dimensioning of organisations is based to a greater extent on the amount of visible and measurable output and to a lesser extent on imprecise needs related to the organisation's way of functioning.

Observations regarding the RDT

A theatre of the RDT's nature demands resources of a certain volume. This is one interpretation of the idea behind the initial dimensioning of the ensemble and other important subunits. This principle was maintained during the first decades despite economic strains. From the 1930's, there was an increased focus on the needs of immediate productions. This new idea was indicated in the forms of calculation that investigators and auditors pleaded for around 1930, and it would come to dominate costing for the rest of the century. It was refined as the decades passed and productions were planned more thoroughly. On some occasions, the RDT departed from this approach. During the 1960's and the 1980's, the original idea was revived. Ensemble issues, such as size and composition, again took precedence over immediate needs.

Calculation principles, as such, changed. The forms that were recommended by auditors in the 1930's gradually became less and less important and were considered unpractical. Thereafter, calculations came to play a limited general role for some decades but then interest increased again. Forms recommended and implemented in the 1930's, also revived, in principle.

The idea of relating the theatre's costs to the number of shows and of spectators appealed to both government investigators and journalists in the cultural field. The RDT sometimes defended itself: what was accomplished ought to be also evaluated on other bases.

Remarks at a general level

During the first decades of the 20th century, hierarchies with functional responsibilities were a key factor for control, at the same time as systems for product costing were developing. In time, the focus on horizontal events took more structured forms. At that time, calculation ideas, which had been pleaded for within the RDT around 1930, attracted much interest in industry as a whole.² Later, the overall importance of such calculations declined, especially after divisionalisation from the 1960's onwards. After a few further decades, the focus was once again strong on horizontal processes. The RDT has thus demonstrated the same sort of variations as economic life in general, even if the timetable naturally has been its own.

Balance sheets in line with the same accounting principles as in the outside world were not especially important for the RDT throughout most of the 20th century. The special financial relationship with the government was more crucial for accounting forms. However, at the beginning and end of the century, balance sheets in accordance with the public conventions of the period were important. The classical problem of how expenses are to be divided over time was in focus, both around 1910 and after 1990. Could expenses for equipment be included as an asset although the RDT had no ownership rights? To what extent could production expenses be included when productions might be expected to extend over several years? In both cases, accounting norms meant that resources were valued with the natural starting-point of how they actually were being used; the issue was what justified a value in this respect. This sort of norm became less and less obvious in financial accounting towards the end of the 20th century. Presumptions became more separated from actual ways of working within companies, and more closely linked with possible market valuations and hypothetical courses of events. It remained to be seen, if the RDT had to face any repercussions of this trend in the future.

Visible evidence, measurable evidence and freedom of action

The RDT and reactions to productions

The core of the RDT's activities was undoubtedly artistic expressions at various times and the interaction with audiences. Immediate appreciation in wider circles was not always an end in itself. Good reasons had been propounded for both experimental theatre and plays that were questioned; O'Neill and Norén are two well-known examples in the history of the RDT. Still, even disregarding financial needs, there was a natural ambition to reach the public, to be important in the outside world and to obtain confirmations of this.

What was shown in public attracted the greatest attention, of course: individual shows and particularly dress rehearsals and opening nights. Exposure in this respect was very extensive. In various contexts, great importance was attached to the critic's opinions. They focused on artistic form, the choice of repertoire and sometimes on the relationship between content and

² The source about the history of Swedish product costing is Frenckner, Paulsson & Samuelson, Lars A., *Produktkalkyler i industrin*, 1984.

current contemporary phenomena. The theatre's encounter with ordinary visitors also was a source of influence. Probably nobody, and in particular nobody on stage, was immune to what tended to function with an RDT audience or what worked well in a specific production. Presumably, this impulse was at least as important for the theatre's activities as verbal requirements in the national budget. Those who chose to visit the RDT on a regular basis thus became some sort of boundary setters who had more long-term relationship with the RDT than many of the artists.

What took place inside the organisation prior to public performances was only available for a few. Despite extensive requirements, and partly due to them, a tradition developed in which internal considerations, especially the opinion of the managing director, were very decisive. There were often strong management bodies as well as pronounced professional views on what should be produced. The self image was demanding: the theatre's identity as a national stage, internally and externally, was a strong controlling force per se and became a counterbalance against financial considerations. Internal operations could not be managed without an attitude to the legendary past. The feeling of distinctive individuality, internally and externally, was the basis for a strong sense of affinity within the organisation.

Audience numbers played a central role, but they were more difficult to define unambiguously than might be imagined. Some ambivalence prevailed. On the one hand, the thought of half-empty large auditoria seemed to create a sense of uneasiness within the theatre. On the other hand, representatives of the RDT sometimes said that audience numbers were not that important. Audience experiences and mental adventures that extended beyond financial considerations and organisational borders were the most essential point. Cynics were not alone in finding reasons to refer to a possible gap between institutional ambitions and the real motives for paying visitors to go to the theatre. There might be a contrast between a well-managed social life, with planned visits to the theatre, and those dark issues that are the subject of many productions. Great efforts were made to increase the attractiveness of the output, particularly in the form of marketing of a relatively traditional type.

Increasing audience numbers were hardly a major direct source of funds to meet long-term financial needs. Nevertheless, filling the theatre was important from several points of view. Variations in the audience flow greatly affected the surplus or deficit in any particular period, as a result of links with the annual national budget, and therefore they also had an impact on equity. Audience numbers were also an important factor in the dialogue with the provider of grants and for a public image of the RDT. And it continued to be most meaningful to play theatre in interaction with an audience in a full house.

Difficulties of measuring productivity and efficiency – observations regarding the RDT

Efficiency and productivity can be viewed either in terms of external output or the way the organisation functions in its entirety. However vital these concepts basically are, they are often extraordinarily difficult to depict with a sufficient range of nuances. In the case of the RDT, they could not normally be calculated in any meaningful sense. It was hardly possible to unambiguously capture and evaluate what was achieved. Nor could the final results be given a meaning independent from the resources used, since the contents were partly characterised by this input, per se. Perhaps it was possible to play *King Lear* with only one actor and without any real décor in a small facility, but that was something completely different than Ingmar Bergman's remarkable stage-setting in the 1980's, and served other purposes. In between,

there were basically many variations. Moreover, there was no simple correlation between what was done and the functions fulfilled in outside world. The ideological issue of what theatre ought to mean to the audience and society has been debated over the millennia, particularly the importance of the audience's experience for societal functions.

It was difficult to obtain any complete score for the state of activities. An assessment could not be merely based on what was currently being presented to audiences. The ability to make choices in the future, and the risks the RDT was exposed to, also had to be taken into account. Evaluation measures of a somewhat traditional kind became not only rough, but could also be misleading. There are not absolute standards which can be applied to determine whether the theatre is in a good or a poor state. In the mid-1980's, it was annually established that returning to the resource level of 1982/83 was necessary if operations were not to be jeopardized. After further assignments had been added and personnel resources reduced, the newly appointed managing director in 2002 wrote that he had come to a table that was already laid. Differences in statements probably do not merely reflect the negotiation tactics of the 1980's and the courtesy of a new managing director to his predecessor and his staff.

Main financier – observations regarding the RDT

As the century progressed, the state acquired a more conscious view of culture, which also resulted in increased control ambitions. Gradually, this began to involve verbally expressed aims as well as quantitative data. The state sometimes gave priority to aspects that, at the time, were not regarded as the most crucial within the organisation, for example on some occasions the geographical and social spread. At the beginning of the century, government representatives had not hesitated to express views on the repertoire as part of their duty but in this respect their latter-day followers kept a low profile. As a consequence, circumstances vital for a theatre became vague and unexpressed at the same time as minor things were specified in measurable terms. Core issues, such as the character of stage-settings, the manning of ensembles and long-term artistic capability, were not addressed, but there was a rule that stipulated the number of new Swedish works to be performed each year. The government's influence on long-term development was based not so much on the forcefulness of these written directives but more on financial constraints and their strictly determined conditions for future effects. Extremely distinct internal boundaries could be developed on the basis of not very distinct prerequisites for savings programmes.

For professional reviewers and observers, the problem was of course to catch the decisive aspects of activities. In the case of the RDT state investigators and some journalists in the cultural field tended to focus on the resources utilized in relation to what was most visible, the numbers of shows and of visitors. Such figures played a key role in reviews and media reporting. What seemed to be changes in productivity might just as well be changes in ambitions accomplished of external or internal value. Audience experiences, of course, were considered. Creating and processing impressions are important elements of a theatrical event, and eliminating such phenomena is a serious drawback in a meaningful evaluation of quality.

Remarks at a general level

Each organisation is to some extent a separate world, with a focus on its own activities, interpreted and represented at each point of time by some inner circle or a leader. Various degrees of significance can be attributed to a self-sustained stand and a wide room for action –

sometimes independence from financiers, users and observers can turn into a virtue, in other cases the aim is the opposite: a strong long-term interaction. Most organisations are somewhere in between. Control impulses and initiatives from parties with different standpoints are meeting. Some important conditions for what happens emerge: Possibilities of observation: What could be noticed about current situation and output, where could it be observed and how could it be expressed? Some circumstances are easy to capture, some get major exposure and still others can only be conceived close-to. Measurability varies. Quality differences can only be referred to some output, and in some respects, regardless of strongly subjective views. Uncertainty about future: How will the conditions identified develop and what will be the result? Which impact would different actions have? To what extent is it possible to grasp this even with hindsight? Positions of interest: Every player has genuine interests in his or her personal situation, in addition most players also represent interests based on employment and undertakings.

Cost processes tend to cause one interest to stand in opposition to another: The owners' opportunities to use resources in alternative ways, room of action for a permanent organisation, the output and prices offered to users and working conditions, including remuneration. Power of different parties varies on specific occasions and over time. Economic actions become less and less neutral. To some extent, permanent organisations become centres of knowledge, experiences and identity. As a result, values are clearly significant, and are important for what can be accomplished.

The topical perspective

The topical perspective and the fundamental perspective – observations regarding the RDT

Each evaluation appeared in the context of immediate observations and comparisons. The character of the occasion played an important part in the atmosphere, formulation of the problem picture and the measures taken. Reference points inevitably differed from those that may seem natural in the light of a pattern of events constructed at a much later date. The starting-point for a series of numbers was particularly decisive. From the 1920's comparisons with previous years started to become important. This sometimes resulted in a very special perspective in relation to the long-term course of events. Even if the period selected was longer – five or ten years – the picture of trend in audience numbers or costs could be very different, depending on how the starting year related to a more natural phase. Often, the picture of development was heavily influenced by a poor last year for a managing director, which then established a reference point for the successor's figures.

Almost constantly, cost fundamentals justified the question of if and how the RDT could be financed. Strong processes centred on topical circumstances determined many actions, both externally and internally. Financial problems became visible when there was a risk that some financial limits would be exceeded, and an internal view or a legal sanction did not allow this. The RDT then devoted a lot of energy to mastering current limits and taking appropriate action. Control processes were intensified during the last three decades of the 20th century, among other things due to an increase in number of running evaluations. Discipline of the processes involving topical issues was strengthened.

Financial problems formulated in terms of the individual occasion often rested on narrow grounds in relation to fundamental financial needs. Evaluations and actions often focused on

marginal changes or explicit expectations – for example in the form of budgetary values, rather than absolute amounts and entireties. The impression of an immediate crisis emerged in some cases, but not in others, without any important fundamental differences. To some extent “crises” were rather different from those of an ordinary business type, although the ways of calculating, describing and using metaphors easily made the outcome seem like traditional business profits and losses. The limit on every occasion was constructed in the sense that it was strongly conditioned by the prevailing accounting system. “Financial crises” were not problems in the same absolute sense from one time to another.

In order to achieve congruence between activities and financial limits, a small set of steps was primarily considered on each occasion. The handling of some clearly defined variables became the determining factor. Financial limits tended to result in a temporary one-sidedness in actions, depending on what it was currently considered possible to influence which had sufficient potential. Fundamental issues, however, were extensive and complicated, especially in relation to the narrow problem picture presented in the short-term reports that were an essential driving force in the management process. The problems were not temporary, and were not solved by single actions when they became visible. It was in the nature of things that most actions only had, at best, a temporary impact on the financial situation. Fundamental cost processes continued and it was mostly a question of time before financial limits were again exceeded.

“Crises” – observations regarding the RDT

The very first crisis in the autumn of 1909 primarily concerned two issues. Could some non-owned equipment be included as assets in the company’s balance sheet? The outcome anticipated was not achieved. In this light, all sorts of actions were discussed. Financial ambitions were soon lowered. There was uncertainty about whether lottery permits would be sufficient to meet the legal equity requirements. On the RDT’s own initiative, broad efforts were made to keep down deficits. In the decade immediately after World War I, the financial support system and calculation methods were less favourable for the RDT than subsequently.

From the end of the 1920’s and for many years to come, SEK 300,000 was established as a norm for grants, initially at a time characterised by relatively unchanged prices and wages. At the same time, great attention was paid to the cost of the ensemble, as the most important controllable item. Partly as a consequence, the employment of extra personnel increased. Financial limits during the 1950’s were characterised by the uncertainty about size of grants from lottery funds – in reality, however, the system tended to move towards the covering of actual costs, even if there eventually were some remarkable delays. Criticism of Ingmar Bergman as managing director in the 1960’s attracted considerable attention, and basically involved annual deviations from total grants in the national budget and the need for additional funding. For his successor, Erland Josephson, a widely discussed but less shaking crisis was tied to a (rather small) amount for the sum of some accountwise, non-offsettable deviations from sub-allocations in the national budget.

From the 1970’s onwards, it became pressing for the RDT to surpass revenue amounts in the national budget, because this could cover various costs. Thus, price and volume increases had an interesting impact in this context, particularly since grants for cost items were strictly determined. When the 1970’s ended, the balance sheet, company equity and accounting profit again became important concepts, although now profits were tightly tied to outcome in

relation to the national budget. In the early 1980's, the focus was on the volume of total annual grants and this played a major role already in the planning stages. Later, financial limits were temporarily extended, but at the cost of ensuing liquidity problems and crucial accounting problems regarding the valuation of assets and equity in the balance sheets – pretty much as in 1909. When financial limits were tightened again, the new managing director's first major task was to carry out forceful cut-backs.

Remarks at a general level

In a financial course of events, which it is not yet possible to depict clearly, there are uncertainties about both long-term patterns and short-term developments. For the most part, what is to be regarded as a financial crisis and its beginning is not so obvious. In economic life, continuous measuring points have become increasingly frequent and the intensity of actions has also increased. More actions are initiated, with repercussions far ahead in the future. Information as such tends to be regarded as a kind of reality in itself, merely as a representation of processes and states.

Effects of economic actions

Early stages in courses of events – observations regarding the RDT

The ambition of coping with financial limits undoubtedly had associated effects such as cancelled productions, shorter rehearsals, an increased number of absences of leave etc. The RDT story includes many such examples. One relevant key question is how the shows were affected, and for whom and for what this really mattered. For an art form such as theatre, the immediate effects are not trivial in an economic assessment. Theatre to a large extent is spontaneous experiences of something that cannot be preserved. The benefit of lower costs must, in some sense, be weighed against poorer functions, if any, in various respects.

There is mostly only circumstantial evidence that the lack of financial capacity affected the selection of stage-settings. At times, managing directors referred to the economic position in order to justify the choice of repertoire. Until World War II, such explicit verbal references tended to be common. In subsequent years, certain arguments were raised in specific contexts. One managing director referred to the need for a few commercial successes at the Main Theatre in order to enable advanced artistic goals, and another stressed the importance of beginning every year with what was presumed to be best-selling productions, despite great uncertainty in individual cases. With a multi-arena system, the repertoire changed. The direct effect of economic considerations was not as explicit in written documents as before. However, it is striking that the repertoire of the Main Theatre became rather homogeneous, and that productions of other than major classics attracted smaller audiences.

Long-term effects – observations regarding the RDT

For the most part, financial limits played a crucial role and activities were modified in a long-run perspective. The situation changed between two points of time in a number of evident respects: the repertoire, tours, the composition of the ensemble and productions for young people and children. There was a rather clear tendency to stage fewer and fewer shows yearly

at the Little Theatre: a yearly average of 361 for the managing director during 1948/51, and then 296, 289, 274, 255, 251, 241 and 207 for the following directors. There was also a similar tendency for the Main Theatre. It was not so obvious – even in such clear cases – what would have happened, if the financial frameworks had been wider. And what would have happened to the more subtle functions? Future artistic capabilities were the most difficult aspect to grasp: the activities carried out and type of stagings performed affected the basis for future activities and stagings.

Certain major changes, such as the relationship with key personnel, were developing over the decades. Important events could occur which were beyond the time horizon of all plans. In many cases, what the RDT did reflected developments in society as a whole. It was not certain that other reactions by the RDT would really have helped, if this had been desirable. The shift towards networks for ensemble, directors and stage designers had many counterparts in the business world and in society. Actions that included savings often meant more than pure economic choices. Steps taken in such situations were ascribed to many artistic aspects. Some recommended a flexible ensemble, others sought proper opportunities for long-term ensemble work. Various artistic and functional arguments in different directions were voiced about the emerging programme structure in different facilities, in addition to the efficient use of artistic personnel. There were many different opinions about the repertoire. Some wanted context and continuity, others believed that variation was more important. Some wanted to avoid long runs, others believed that well-attended successes should be exploited to the full.

Through the decades, actions cut further and further into what had previously been core activities in accordance with the RDT's working mode. One campaign hooked on to another. Views on controllability and potential changed over the century. Certain topical areas of action could be used up rather quickly, as soon as the area had been identified as feasible. There was really no natural end to efforts to cut costs. Nor was there any barrier for how far to go, as long as the RDT fulfilled its requirements in terms of visible productions. Simultaneous changes in the room of action and the functions for employees and users were less noticeable. In this sense, the course of events could continue for a very long time.

The very first campaign in connection to the shareholders' meetings of 1909 and 1910 retained in all essentials the theatre's structure: homogenous productions and a united ensemble dimensioned in accordance with what befitted a theatre of the RDT's kind. A second campaign, dating from the appointment of a new managing director in 1922, also maintained basic structure. This campaign preceded the beginning of very prolonged questioning of the RDT's economy that characterised most of the 1930's. An economic campaign with more structural effects started around 1930. Savings were made, but the idea of dimensioning the ensemble without strong links with the most immediate needs was maintained. New fields of activity were also demanded, both internally and externally, especially tours and the extension of target groups from a social and geographical point of view. By the end of the 1930's, despite the enquiries carried out and the actions taken, the financial imbalance was basically unchanged. It had gradually become more common to supplement the permanent ensemble with extra personnel. Remarkable changes in the structure of productions and programmes in the early 1940's also resulted in cost and revenue advantages. The financial position improved in relation to a fixed subsidy norm. It was even possible to expand by a second facility, the Little Theatre.

The next major economic campaign began in 1951, with an enquiry set up by the government. The development of salaries and a new situation regarding costs created new problems for the

government and the RDT, which moreover had expanded as a result of the addition of the Little Theatre. A new manager's strategy, conducted throughout most of his appointment, focused on concentration and physical consolidation rather than extending activities. The tour activities declined and so did the controversial schools theatre, following renovation of the Main Theatre. The ensemble and other staff were increasingly dimensioned in accordance with immediate needs; the RDT systematically utilized absences of leave and vacancies. With established artists and an inflow from the drama school of the 1940's and early 1950's, the visible result became highly satisfactory according to contemporary judgements. On the other hand, an unusually pronounced generation shift occurred in the early 1960's, which was to be tackled by Ingmar Bergman as a new manager. His arrival represented a break with the earlier approach. Once again, the ensemble was largely dimensioned in line with the RDT's basic character. The young people's issue and the tour issue, and the role of the RDT in Swedish society, were, also once again, very topical.

The years that followed can be described as rather irregular, when looking at the relationship between economy and activities. The RDT had its brightest period of growth, from 1963 until 1981, but with interruptions and elements of apparent restraint. Basically, a human and physical capacity was developed and used in broader activities as well as expansion in existing forms. Among other things, touring increased. The development of theatre for children and young people was the most irregular feature, prominent during some periods but strongly reduced when scantiness hit. The multi-arena structure of the RDT was introduced and was economically significant. A new programme pattern became the basic model for the rest of the century. A more limited selection of plays was performed at the Main Theatre and contemporary, untried plays were chiefly performed in the smaller theatres. The multi-arena structure enabled ensemble's working capacity to be utilized more satisfactorily. The growth of television and state cultural policy were two important external forces. At the end of this epoch, systematic price increases began. Revenue increases, as a result of increased prices, were not especially large in relation to total expenses, but the price picture as such changed rather dramatically during the next few decades.

Yet another savings campaign began in 1981, at the same time as the arrival of a new managing director. In the past, many savings had only resulted in limited lasting and negative effects on permanent staff and the most important artistic activities on the home stages. Now, the apparent aim was to reach further; the government was no longer a last resort that had no own urging constraints. The permanent ensemble and the core of fixed personnel were in immediate danger. Detailed routines for productions on the home stages were thoroughly analysed to reduce the need for resources, activities were narrowed and plans were established for further cost cuts. The plans of further reductions began to be put into effect, but before the lasting effects had become particularly apparent a new managing director took over. This resulted, to some extent, in a return to the alternative basic idea for dimensioning activities. Even if he represented new forms for organisation and economic endeavours, the new managing director's primary approach was to dimension the RDT with regard to the kind of a theatre it ought to be. However, fairly soon the RDT was forced to continue its path of cut-backs. The phase from the mid-1990's was more unconditional than the earlier ones; the government indicated a limit for grants more clearly than ever before. Effects in the short run were also more substantial than before. The permanent ensemble was reduced, even if the exact differences were not that easy to quantify. Shorter engagements for a specific period or project became common. In principle, directors and stage designers were to be engaged on a freelance basis. The RDT handled a network of artists, for whom the RDT was one good option. Planning for productions in shorter series called for longer lead times. Tour activities

declined, but theatre for young people and children and experimental theatre got acquired arenas of their own.

Strikingly enough, several of the long-term important steps for the RDT were taken at a time when the financial control system was tottering or inadequate. The Little Theatre was created as a result of a process in which the gentlemen of the board tried in vain to keep up with a fast-running managing director. The reconstruction in Bergman's time led to a renewal of the ensemble that would be significant for many years, but government officials expressed strong objections due to a lack of budget discipline. The transformation into a multi-arena company was essentially arranged by means of funds that were received outside the ordinary governmental grants system at a time of general restraint. The build up in the 1980's did not take place in harmony with the financial limits, in the strictest sense. Thus, for the most part, no major expansion of activities has taken place when regular financial controls have worked according to plan. Major rebuilding activities, however, have been carried out within the system but often with a delay of some decades.

Narrowed core or cost strategies – observations regarding the RDT

Ambitions were often extended from a cultural or social point of view by the government or the RDT itself, despite narrow cost boundaries or no additional financial resources. It was not possible to evade the issue of what activities had a room within certain financial limits. On many occasions, extensions of such strategies turned out to lack long-term substance, and the successes were fairly short term. Some problems recurred decade after decade, in modified form – sometimes people did not have personal experience of what happened the last time. But not even experienced people could know for sure – conditions might have changed.

In resource discussions, conflicting and partly implicit ideas clashed on what ambitions were consistent, what should be aimed for and what must, unfortunately, be abandoned. Different parties' opinions as to what should be given priority were governed by mental models that either focused on the actual working mode in the theatre or on a general and externally oriented view of functions and possibilities. Ways of achieving major cost advantages were proposed, and reference was made to financial necessity or to other reasons. This might result in high priority for some external requirements, low priority for others, new de facto restrictions on activities or changes in working modes within the theatre. Each narrowed strategy caused particular risks in terms of deteriorations of the long-range capabilities of the theatre and its position in relation to artists, traditional audiences and other parties that the RDT was dependent on.

For some of those who defended the theatre on the basis of a special interest and knowledge, it was natural to see problems around the corner and wonder what actual roles were emerging under new conditions. For decision makers and observers with other ties, there was less reason to consider which functions the RDT could fulfil in a future society. The interest in and the ability to see problems, lurking around the corner, also varied. For those who were assigned to express demands at a distance, without links with internal core processes, such aspects weighed rather lightly in comparison with the more obvious need to reduce costs. No one could know for sure what the society of the future would look like, and what functions and artistic ideals would then prevail.

Effects of economic actions – some general remarks

Many savings result in rationalisation: the resources decline in relation to output achieved and the functions supplied, without any deterioration. This is already controversial when it raises issues about working conditions and conflicts of interest. Furthermore, in most cases both functions and costs change simultaneously. Even afterwards, it is often difficult to identify the impact on functions in the short or the long term. Possibly, the role of actions taken is unclear in a broader context. In the course of events, it is difficult to envisage unambiguous empirical links between distinct marginal saving requirements in a short-term perspective and the gradual effects on total activities. To a large extent, it is a question of logical interpretation: The consistency of various ambitions. What the decisive core processes and knowledge bases are. How this is affected, and hence future opportunities. When assessing future development, there is some room for everybody's own logic, more or less deeply rooted in the specifics of the individual case. The balance between now and then is critical in choosing actions.

Timing and the magnitude of actions call for a standpoint. At a general level, two conflicting views with almost moral dimensions may be propounded. The first one says, that economic action cannot wait – those who cut powerfully and early are the clever ones. Besides, it can be good to take an extra step when insights about a crisis are established. According to the alternative view, the virtue is not to allow plans to be constrained by financial aspects that may only become urgent later on. The ideal is to extend ambitions so that financial capacity is clearly strained and to place financial indicators in a very broad context. What line is the wisest – and how far should one go?

The dynamics of re-orientation

Integration and disintegration – observations regarding the RDT

The position of the RDT during the 1960's and 1970's represented a turning point. The theatre was then run in rather integrated forms regarding both activities and financing. The main assignment of a group of actors, directors, stage designers, technicians and administrators, employed on a full-time basis, was to continuously interact within a common framework. Activities expanded. The major part of financing was coordinated into one principal's system of prioritisations regarding culture and theatre. The principal was financially strong enough to constitute a last resort that was not too troubled by its own absolute limitations. Developments from the beginning of the 20th century until this point had mostly gone in an integrating direction. During the last decades of the 20th century, developments moved in the opposite direction.

Around the year 2000, the RDT once again had to carry more of the financial risks inherent in its activities. The financial status could be affected by parties with no view of the theatre per se, such as the tax authorities. The RDT's balance sheets once again mattered to a high degree. Activities were based on a large network of fairly independent parties around the RDT, who, together with permanent staff, would fulfil the task in an environment full of alternatives, for artists, potential audiences and the main financier. Many of the artistically active parties operated in entrepreneurial forms, even if they mostly entered into agreements as physical persons. The RDT had important links with companies and organisations that, at the same time, had their own identity and financial situation to protect. It became an interesting issue to determine who really bore up the institutional perspective of the RDT –

who represented an interest in its long-term development rather than some other professional interest, and for how long?

One of the main trends for the theatre in a very long run had been that most of the related parties had acquired more alternatives for their interest for the RDT: artists, potential audiences and the government. The role of the RDT had therefore shifted. One driving force was the cost process and that was likely to continue. It was a reasonable conclusion that functions and basic ideas were going to change gradually, whether this was observed or not. With a strong focus on outcome, rather than controllability, the gap between functions ascribed and de facto functions would increase. Later on, a description of functions at that time would be compared with the requirements that were then applied.

Some general remarks

A great deal of this development resembled patterns in very different areas. The connections between organisations and individuals changed radically throughout the 20th century. Expanded activities in more integrated forms were a distinguishing feature of enterprises which built up groups of companies and divisions for most of the 20th century. Trends involving separation, concentration, networking and cooperation with minor and major surrounding parties characterised the final decades. There was also an inclination to introduce systems which aimed to get connected parties within a group to act as if they had an independent relationship with each other. All these tendencies were also common in the public sector, but often somewhat later in comparison with private companies.

Re-orientation in an organisation can be intentional, in the sense that processes start with the manifestation of a strategic will, founded on some financial basis; “core activities” are conceived in a new way – extended or narrowed. There is thus an explicit ambition to change the relationship with one or more surrounding parties, with their separate interests. However, a shift in one unit’s relationship with other parties along horizontal or vertical lines may gradually appear, and may, initially, not even be observed. Such a shift can be due to changes in surrounding and in ongoing actions that are possible within financial limits. Discussion of this second case is especially relevant for units in disintegrated systems.

All shifts in a unit’s function in relation to outside interests create new conditions for the dynamics of the larger system: Where the driving forces are, where ideas grow, from whose perspective they are evaluated. On whose conditions does the process operate – inside or outside the individual organisation or through an interplay with other parties? The working mode of an organisation can be fundamentally affected in the long run. In what respects does it take an initiative and in what respects does it adapt? What are the impulses and with whom does it interact? In what way are certain potential employees attracted and others repelled? Action capabilities are thus also affected. Dependence on external circumstances, financial and operational, is crucial for the individual unit. The narrower and stricter the framework, the less opportunity there is to play a leading and flexible role. Borderlines in financial respect are important, both in the short and the long term. Financial room can be determined either on a self-sustained basis or through coordination into a larger whole, that either promotes the development of the particular unit or not.

Re-orientation for a certain unit means that more or fewer activity elements are integrated, onwards or backwards, the extent of the activity is changed. What is done within the unit after

that can have a different weight for others in a larger system – experiences accumulated and institutional working modes can be more or less central in relation to external activity elements, or to individuals that primarily care about their own identity. What an organisation can offer later on should comply with functions that users, financiers and cooperating parties want at that point of time. This decides long term attractiveness, vertically and horizontally.

Networks, rather than hierarchial systems, imply a separation of interests, rather than a common whole and an entirety based on one dominant interest. This affects methods of relating visions and ideas with resources. Visions and resources no longer co-exist to the same extent within a single organisation. Lateral coordination is required to achieve change, rather than hierarchies that imply decisions level-by-level and opportunities for decentralisation.

Towards a general problem picture

Beyond the observations of the RDT, there is a glimpse of a vital core of problems of a general nature. Character is illustrated rather than strength. The mechanisms that I have described for the RDT may have a greater impact in other contexts. In the case of the RDT, there were interruptions and temporary retrogressions of unusual kinds.

Social, economical, technical and political processes, of a general nature, are always going on with their centre far from the individual organisation potentially affected. Each organisation has its tasks and limits. The question is when and how structural changes in the surrounding should be identified and considered. For each organisation, there is a natural tension between tasks and financial limitations, either determined by market-driven flows, funds allocated or voluntary contributions. Normally, there is some scope for balancing the contents of activities against financial needs and risks. Lack of liquid assets constitutes the most absolute financial constraint. Legally cogent rules for items on the balance sheet and income statement, such as the rules for liquidation, in reality permit a somewhat greater scope for alternative actions. For many organisations, the basis for covering financial needs and risks is their own generation of equity capital. For others, such needs are to a great extent covered by the funds allotted.

Uncertainty is fundamental. One of the main functions of continuous information is to provide data that enables decision-makers to cope with the uncertainty that gradually diminishes as periods, initially distant in the future, come closer and closer to reality. However, surpluses or costs often develop systematically, due to a number of factors outside the range of specific activities. It is common to find long structural courses of events in which surpluses decrease or costs rise in a problematic manner. Financial limits of an absolute character come gradually closer. Actions are taken in a relatively narrow perspective, with many consequences inside and outside the organisation. To consider both “now” and “later” is a balancing act – to combine simultaneous respect for immediate functions and future prospects. This is the most difficult aspect. One may wonder how that is to be achieved. It is particularly delicate in organisations which have to attract qualified personnel. Positions of interest can not be disregarded. The issue of immediate functions for many people cannot be reduced to the aspect that many people do not like change.

Transformation is inevitable and desirable – the issue is just how and what. Organisations represent continuity and generally a value by embodying identity and knowledge. Most obviously, they have to fulfil immediate functions for users and workers, for which there may be few or many alternatives. They can serve certain purposes for some decades or centuries,

but they are hardly eternal. They go through transformations and changes, rise and fall, remain formally unchanged or are incorporated into new structures. Their actions at one point of time have bearing on their ability to fill functions in the future. Financing principals express financial demands and expectations based on more or less well-founded opinions about necessary levels of return on capital, income and costs. Some pay great attention to activities as such, and some do not. Basically, they have alternative courses of action. They need to weigh operations and development against financial commitments, and make up their minds about the future of the organisation.

Obviously, economic actions affect important states inside and outside an existing organisation. Such connections may be conceived by logic, but they are often difficult to observe empirically, especially at a distance. Actions take place against a background of constraining perspectives for activities and financial matters, rather than after analyses of connections in any deeper sense. Powerfulness is evident and based on the strong logic of control systems. Vertical and horizontal processes tend chiefly to promote two sorts of conformities. Firstly, organisations are tempted to carry out what gets a response from a strong and large enough number of users. In that respect, they are not unaffected by the current spirit of the times as expressed, for example, by professional observers. Secondly, organisations are drawn towards what satisfies the requirements of superior hierarchies. There is a significant system support for this.

Efforts to satisfy the demands of interested parties can extend so far that intentions are not achieved, precisely for this reason. Achieving the numbers measured may be the decisive factor, rather than objectives in any deeper sense. “What gets measured gets done” – fortunately and unfortunately. Processes, as such, can also become ends in themselves or at least be of prime importance. An organisation that is strongly sensitive to external demands may develop, as its decisive competence, an ability to handle the communication process, as such, in which organisational performance meets external interests. Both political and commercial organisations can go a long way in this direction. Professions concentrating on such processes can create the foundations for this, which happens for instance in the medial sphere. Symbioses of opinions become common: the parties benefit from sharing each others’ opinions.

Actions at a distance increasingly have a strong striking power. This is an important structural change in governance systems. To an essential extent, this is because social and economic development during the 20th century has meant increased wealth for large groups of people, including citizens of nations and saving collectives. The need for professional organs to take care of their interests has increased. Such units act at a distance from ultimate activities and without close links with core processes that may be interrupted or destroyed as a result of a powerful impulse, for example requirements that conclude with cut-backs. In this sense activities are hit somewhat at random by distinct requirements that are formulated at a distance. It is kind of a shot in the dark, a kind of “principal’s hazard” to connect to the language of prevailing economic theories. This is especially serious if core processes which are not rebuildable are affected. A strong outcome focus, combined with scarce resources, can lead to a certain lack of substance in strategies – statements suitable for communication take over. Judged in a wide perspective, the unambiguously valuable features of a strict hierarchic discipline decline: Was it good or bad that somebody carried out a risky project in which procedures and figures deviated from the required norms at the time, but where outcome turned out to be decisive for an organisation in a 50-year perspective? Was it good or bad that

somebody fulfilled every temporary demand and, as a result, let things stay the way they were?

Hired specialists on all sorts of administrative processes in a general sense have entered into the inner life of organisations at the cost of the organisation's own personnel and their professional knowledge. Every demarcated process is driven by its separate logic and in similar forms from organisation to organisation. A more common set of impulses hit many organisations, sometimes in a rather one-dimensional manner. In such processes, the numbers involved may be of a temporary character in comparison with a long-term course of events. Rhetoric has increased. All this tends to be found in the topical actions and the strategic transformation – also in cases when long-term developments of revenues and costs are on their way. When more people act more often in response to similar signals via similar processes, there are new prerequisites to establish an organisation of special nature which can be justified as an independent unit.

The decisive aspect for many parties is what happens to the functions that ultimately have to be satisfied. Will they deteriorate gradually and, if so, in what respect? Sometimes this seems very tangible and negative for an individual user, as when a physical product does not work or a service is regarded unsatisfactory. Sometimes, the level of risk increases, without this becoming evident. Deteriorations are especially problematic for collective functions. The immediate interests of an individual user can be met, but this does not necessarily mean overall ideals are satisfied. This problem exists in particular in communication areas, such as mass media reporting, drama in a broad sense and education. There may be repercussions for society and organisations.

Extreme governance models are not attractive, such as (1) decision-making at a great distance, relatively free from insights but formally correct, (2) almost unlimited power for representatives between principals and the organisation or (3) managers within the organisation working entirely on their own terms. It is probably realistic to expect economic development to be based on decisions of a rather temporary nature. But this makes vital to promote a balance between making use of possibilities for existing organisations and implementing. The decision-making environment then becomes crucial. Which structure and intensity should drive individual decisions? How and where should visions and commitment be generated? What kind of experience and knowledge should lay the foundations for changes in economic life? How are visions to be checked against resources? How and where shall inevitable risks be borne and financial restrictions taken into consideration? Who should do what in the vertical controlling process? There is no easily located systems responsibility. Many parties meet each other and are involved. The behaviour of professional observers in the media and the academic world has increasingly become part of the problem picture – they act on the basis of their views – and this is an important circumstance.

Two perspectives are in contrast with each other. The first is that current functions and renewal should be achieved by continuous, permanent organisations. The second one is that risk financiers' perpetual search for new alternatives is needed for future functions, and for vitality in existing organisations. In other words, the question turns out to be how important risk financiers and their representatives are in relation to permanent organisations. Traditional organisations have tended to become less important in recent years. A few decades ago, theoretical characterization of companies as “a nexus of contracts” could be regarded as

merely a mode, but not an appropriate way of describing a living organism.³ Over the years, such models have become increasingly realistic.

It is not easy to arrive at any scientific answers to questions like those above. Several issues involve basic problems that have been discussed since Plato and Aristotle. What deserve to be described as answers on scientific grounds ought to reflect an awareness of this nature. Many areas of the social sciences have their special approach to control problems and are, in this sense, intentionally fragmentic. If the social sciences are to be practically important, problem descriptions must necessarily cover more and cross the borders of traditional specialisations. Issues of a partly philosophical nature need to be tackled: the relationship between means of control and activities to be considered, the relationship between the interests of different groups of people, the relevance of various expressions of human needs that an organisation is to satisfy, the organisations' way of working in that perspective, the starting-point for financial constraints.

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³ I picked up this idea from Schuster, Walter, *Ägandeformens betydelse för ett företag – en studie av ICA-rörelsen*, 1989.