

OUTSOURCING AS COMPASSION?
THE CASE OF THE MANUFACTURE OF CIGARETTES BY POOR
CATHOLIC NUNS (1817-1819)

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Abstract

The rhetoric of dissemination of outsourcing stresses its alignment with organizational strategy and its linkage to the interests of firms' stakeholders. In practice, however, performance improvements attributed to outsourcing are sometimes caused by deliberate malpractices like extensive hiring of children in operations and opportunistic searches for permissive legislations on issues such as environmental protection, social security and employee benefits. This study adopted a historical perspective to trace back outsourcing through examination of the case of cigarette manufacturing by poor Catholic nuns during 1817-1819, that is, from the launch of said product until the cessation of operations as a consequence of low demand. In the context of an absolutist regime, justification for the outsourcing decision drew on arguments of compassion towards poor nunneries. The decision was enacted in a decree signed by King Fernando VII and assigned monitoring of outsourcing to the Royal Tobacco Factory of Seville. In this paper, we examined the divergence between public discourse and actual practice from the standpoint of the Foucauldian framework of power/knowledge. Instead of compassion, our findings suggested that actual practice was inspired by the concomitant effects of (i) the deployment of political influences on the RTF management to ensure deterrence of gender conflicts within the manufactory; and (ii) exploitation of the disciplinary tradition of nunneries by the tobacco monopoly.

Palabras Claves

Outsourcing, Foucault, management control

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Introduction

From: "Personalize, NIKE iD"

To: "Jonah H. Peretti"

Subject: RE: Your NIKE iD order o16468000

Your NIKE iD order was cancelled for one or more of the following reasons.

- 1) Your Personal iD contains another party's trademark or other intellectual property.
- 2) Your Personal iD contains the name of an athlete or team we do not have the legal right to use.
- 3) Your Personal iD was left blank. Did you not want any personalization?
- 4) Your Personal iD contains profanity or inappropriate slang, and besides, your mother would slap us.

If you wish to reorder your NIKE iD product with a new personalization please visit us again at www.nike.com

Thank you,
NIKE iD

From: "Jonah H. Peretti"

To: "Personalize, NIKE iD"

Subject: RE: Your NIKE iD order o16468000

Greetings,

My order was canceled, but my personal NIKE iD does not violate any of the criteria outlined in your message. The Personal iD on my custom ZOOM XC USA running shoes was the word "sweatshop."

Sweatshop is not: 1) another's party's trademark, 2) the name of an athlete, 3) blank, or 4) profanity. I choose the iD because I wanted to remember the toil and labor of the children who made my shoes. Could you please ship them to me immediately.

Thanks and Happy New Year,
Jonah Peretti

From: "Personalize, NIKE iD"

To: "Jonah H. Peretti"

Subject: RE: Your NIKE iD order o16468000

Dear NIKE iD Customer,

Your NIKE iD order was cancelled because the iD you have chosen contains, as stated in the previous e-mail correspondence, "inappropriate slang".

If you wish to reorder your NIKE iD product with a new personalization please visit us again at www.nike.com

Thank you,
NIKE iD

From: "Jonah H. Peretti"

To: "Personalize, NIKE iD"

Subject: RE: Your NIKE iD order o16468000

Dear NIKE iD,

Thank you for your quick response to my inquiry about my custom ZOOM XC USA running shoes. Although I commend you for your prompt customer service, I disagree with the claim that my personal iD was inappropriate slang.

After consulting Webster's Dictionary, I discovered that "sweatshop" is in fact part of standard English, and not slang. The word means: "a shop or factory in which workers are employed for long hours at low wages and under unhealthy conditions," and its origin dates from 1892. So my personal iD does meet the criteria detailed in your first e-mail.

Your website advertises that the NIKE iD program is "about freedom to choose and freedom to express who you are." I share Nike's love of freedom and personal expression. The site also says that "If you want it done right ... build it yourself." I was thrilled to be able to build my own shoes, and my personal iD was offered as a small token of appreciation for the sweatshop workers poised to help me realize my vision. I hope that you will value my freedom of expression and reconsider your decision to reject my order.

Thank you,
Jonah Peretti

From: "Personalize, NIKE iD"

To: "Jonah H. Peretti"

Subject: RE: Your NIKE iD order o16468000

Dear NIKE iD Customer,

Regarding the rules for personalization it also states on the NIKE iD website that "Nike reserves the right to cancel any Personal iD up to 24 hours after it has been submitted".

In addition it further explains:

"While we honor most personal iDs, we cannot honor every one. Some may be (or contain) others' trademarks, or the names of certain professional sports teams, athletes or celebrities that Nike does not have the right to use. Others may contain material that we consider inappropriate or simply do not want to place on our products.

Unfortunately, at times this obliges us to decline personal iDs that may otherwise seem unobjectionable. In any event, we will let you know if we decline your personal iD, and we will offer you the chance to submit another." With these rules in mind we cannot accept your order as submitted.

If you wish to reorder your NIKE iD product with a new personalization please visit us again at www.nike.com

Thank you,
NIKE iD

From: "Jonah H. Peretti"

To: "Personalize, NIKE iD"

Subject: RE: Your NIKE iD order o16468000

Dear NIKE iD,

Thank you for the time and energy you have spent on my request. I have decided to order the shoes with a different iD, but I would like to make one small request. Could you please send me a color snapshot of the 10-year-old Vietnamese girl who makes my shoes?

Thanks,
Jonah Peretti

(Correspondence between Jonah Peretti and a Nike's representative. Source: ESPN web page)

In contrast to this critical standpoint towards outsourcing, the financial press often reports about the positive effects on firms' efficiency derived from innovative managerial techniques (e.g., downsizing, balanced scorecards and outsourcing cases). Significantly, the discourse that disseminates these techniques strives to align them with organizational strategy (on strategic outsourcing, see for example Quinn & Hilmer, 1994) and with the protection of firms' stakeholders (Murray & Kotabe, 1999). In the case of outsourcing, Huber (1993: 121-122) notes that Continental Bank decided to surrender complete control over its information technology because "senior managers became convinced that *outsourcing offered the best way to service the customer relationships* that form the foundation of the bank's business" (emphasis added). Furthermore, accounting provides the successful results of early adopters of innovative managerial tools with an image of objectivity and efficiency that helps make them appealing to potential users (see Tayles & Drury, 2001).

In this paper, we question the role of accounting in the seemingly technical and neutral discourse that pervades outsourcing. By stressing issues of efficiency improvement and alignment with a firm's strategy, such rationalization of outsourcing actually serves as a smokescreen vis-à-vis more telling arguments like the shifting of operations to low labor-cost countries. For example, Chinese Prime Minister Zhu Rongji observes that, of the \$120 retail price of a pair of sport shoes made in China under international license, only \$2 goes to the Chinese workers who assemble them (Garrison & Noreen, 2003: 95). In a similar vein, outsourcing is often related to extensive hiring of children in operations, a practice that acquires its worst dimension when boys and girls lack any legal identification (e.g., birth certificate). By becoming "invisible children" (Manos Unidas¹, 2002), they are condemned to a lifetime of cheap, docile workforce.

Recent research has brought issues of plurality of discourses about practices of outsourcing, as shown by Rittenberg & Covaleski (2001) in their analysis of the internal audit function. Drawing on an integration of the sociology of professions and outsourcing literatures, Rittenberg & Covaleski illustrate conflicting discourses arising from those involved in internal auditing: public accounting firms, which seek revenue growth; internal auditors, which aim to protect their work; host organizations, which seek the optimal form of getting such services; and the Securities and Exchange Commission, which purportedly protects a number of social concerns. Unlike Rittenberg & Covaleski (2001), we do not focus on the examination of the diverse discourses of outsourcing, rather we adopt an historical perspective to explore the apparent contradiction between goals that apparently inspired outsourcing and actual practice². Furthermore, we draw on the Foucauldian framework of power/knowledge to investigate the extent to which actual practices of outsourcing pursue issues of discipline and human accountability (e.g., Foucault, 1979, 1980; Hoskin & Macve, 1986, 1988; Miller & O'Leary, 1987, 1994; Carmona, Ezzamel & Gutiérrez, 1997, 2002).

¹ *Manos Unidas* (United Hands) is a non-governmental organization. In its 2002 report, *Manos Unidas* shows that child workers in the world amount 246 million individuals, whereas 73% (180 million) of them lack any legal identification.

² Utilization of present-day terminology for events and practices of the past is a matter of contention in accounting history research, as noted by the opposite viewpoints of Miller & Napier (1993) and Fleischman & Tyson (1998). In the case of such an old idea like outsourcing, a make-buy decision, we find it plausible the use of this present-day notion.

In the contexts of outsourcing, we encompass accounting as a mechanism of power and domination that is embedded in its social contexts (Foucault, 1980; Bryer, 2000: 133). Therefore, the Foucauldian framework of power/knowledge may illuminate whether accounting-based knowledge forges organizational understandings of normal performance, understandings that are eventually imposed on subcontractors. If this is the case, accounting may become a powerful tool to discipline those subcontractors that deviate from normal performance. Our use of the power/knowledge model, thus, militates in a long-standing tradition in accounting research (Armstrong, 1994; Gendron & Baker, 2002), which highlights accounting as part of a wider disciplinary system in contemporary (Miller & O'Leary, 1994; Hopper & Macintosh, 1998; Macintosh, 2002, Chapter 5) and historical organizations and society (Hoskin & Macve, 1986, 1988; Carmona *et al.*, 1997, 2002).

Our historical approach to outsourcing is supported by primary, archival evidence gathered from the Royal Tobacco Factory of Seville, Spain (RTF)³, a manufactory of the state-owned monopoly of tobacco that operated under the supervisory gaze of the Steering Agency (*Dirección General de las Rentas Estancadas*, Madrid). In this study, we focus on a discontinuity that occurred in 1817 for the first time in the centenary history of the manufactory; its outsourcing of the entire fabrication of a new product, the cigarette. Briefly, upon the development of *ad-hoc* tests to determine the average consumption of raw materials per cigarette and the standard wage to be paid per pound of tobacco processed, a royal decree granted the manufacture of said product to poor nunneries located in the City of Seville. Nunneries were provided with raw materials (e.g., paper and tobacco) by the manufactory and were requested to make timely, quality products. Our observation period ends in 1819, that is, when low demand for cigarettes encouraged the Steering Agency to cease contracting out said product with nunneries.

Other papers have investigated the archival records of the RTF (e.g., Carmona *et al.*, 1997, 1998, 2002; Carmona & Macías, 2001; Álvarez, Gutiérrez & Romero, 2002; Macías, 2002). The present study differs from those articles in several respects. As noted above, this investigation examines a discontinuity in the centenary history of the RTF, that is, the outsourcing of tobacco production that occurred in 1817. Deployment of practices of outsourcing by the RTF required extensive use of accounting data to enforce discipline and human accountability beyond factory boundaries. In contrast, previous studies examine a different space-time intersection, that is, a number of in-house events that happened around the move of the RTF premises from the Old San Pedro Factories to the New Factories in 1758 (Carmona, Ezzamel & Gutiérrez, 1998; Álvarez *et al.*, 2002). In particular, the latter studies focused on the role of cost accounting practices within a wider disciplinary regime that aimed to prevent tobacco theft (Carmona *et al.*, 1997) as well as the extent to which accounting mediated architectural practices to instill discipline on the shop-floor (Carmona *et al.*, 2002). Carmona & Macías (2001), in the first study that examines accounting practices at the RTF during 19th century, drew upon the insights of new institutional sociology to explore the varying responses elicited by the RTF towards demands arising from the Steering Agency to report budgetary and cost accounting data during the period 1820-

³ We relied on primary, archival sources kept at The Historic Archive of the Tobacco Factory of Seville (*Archivo Histórico de la Fábrica de Tabacos de Sevilla*, AFTS, Seville, Spain), which constitutes a comprehensive source to understand internal developments at the RTF as well as to study the relationship between the focal organization and its regulatory body, the Steering Agency. Files at the AFTS are well preserved and the archive provides free access to interested researchers.

1888. Lastly, Macías (2002) used the framework of agency theory to investigate the extent to which the tobacco monopoly changed its practices of cost accounting, accountability and financial disclosure to external parties upon the shift of management from public to private sector around 1886.

This paper may be of interest for several reasons. First, since the early call of Hoskin & Macve (1986: 124) for examination of the role of accounting in the enforcement of disciplinary practices in organizations and society, a wealth of studies under the Foucauldian framework have addressed how disciplinary techniques intertwined with accounting practices to mediate the organization of time and space as well as the prescription of control in work practices (Hoskin & Macve, 1988; Ezzamel, Hoskin & Macve, 1990; Miller & O’Leary, 1994; Carmona *et al.*, 1997, 2002). As noted by Fleischman & Tyson (1996), however, examination of practices of internal and external contracting is notably lacking from accounting historians of the Foucauldian persuasion. Furthermore, Arnold (1998: 675) and Froud *et al.* (1998: 687) found that outsourcing constituted a missing dimension in the study of Miller & O’Leary’s (1994) that examines accounting, “economic citizenship” and spatial reordering. Therefore, a study that investigates practices of outsourcing from the Foucauldian perspective would elucidate the determinant role of accounting in the deployment of new spaces of calculability and visibility, as well as the extent to which such practices contrast with the public discourse that tends to rationalize external contracting.

Second, most research examining the relationship between organizations and their contexts focuses on the varying responses that firms elicit to environmental demands, as exemplified in the works of institutional sociologists (Oliver, 1991; in accounting history, see for example Carmona & Macías, 2001). Instead, there are a sparse number of investigations that address how organizations shape their environments. Even in the latter case, Neimark & Tinker (1986: 373) observed that research focuses on adaptive responses of firms to a pre-given context. Accordingly, a paper that investigates the functioning of accounting in firms that strive to affect their environments would enhance extant knowledge about a widely neglected area in accounting research.

Lastly, research in accounting history concentrates on a tiny time-space intersection: the period 1850-1940 and typically on Anglo-Saxon settings (Carmona, 2002). Furthermore, historical research in management accounting has left open examination of outsourcing. By examining practices of outsourcing in a manufactory of the Spanish state-owned monopoly of tobacco during 1817-1819, we address a topic, a time period and a setting that has been widely overlooked by extant research in accounting history. Perhaps more importantly, the time-space conjunction of our investigation incorporates a number of contextual characteristics that permit us to theorize about the functioning of accounting systems (Burchell *et al.*, 1980). For example, our study addresses the role of cost calculations in a public sector firm in early 19th century, a context neglected by the overwhelming number of historical studies that focus on firms that operated in competitive markets (e.g., Fleischman & Tyson, 1998). In this respect, the present investigation attempts to contribute to the sparse but growing number of studies that highlight the ways in which accounting practices mediated organizational objectives under varying circumstances (Boyns *et al.*, 1997). In particular, this study may enhance understanding about the relationship between accounting and the state (Miller, 1990), especially in a highly politicized context that witnessed the agency of powerful constituents like the Catholic Church (Miller, 1990).

Conceptual Framework

Outsourcing

Outsourcing, hardly new idea in management, typically encompasses a make/buy decision (Jenster & Pedersen, 2000: 147). The conventional approach to outsourcing ought to be found in transaction-cost analysis (Coase, 1937; Williamson, 1985) and its attempt to explain vertical integration decisions (Erramilli & Rao, 1993: 30). To put it briefly, as some organizational activities may be performed either internally or externally, firms seek sourcing out when market prices outperform internal costs. In this manner, outsourcing is encompassed as a value-creating activity from an external supplier (Hitt, Ireland & Hoskisson, 1999: 110)⁴.

Alignment with business strategy is deemed crucial to capitalize on the benefits of outsourcing (Insinga & Berle, 2000). In the main, such alignment “concentrate[s] the firm’s own resources on a set of ‘core competencies’ where it can achieve definable preeminence and provide unique value for customers” as well as “strategically outsource other activities –including many traditionally considered integral to any company- for which the firm has neither a critical strategic need nor special capabilities” (Quinn & Hilmer, 1994: 43). In other words, strategic outsourcing needs to differentiate between a firm’s core and non-core activities (Matusik & Hill, 1998). Whereas the traditional approach to outsourcing states that firms should perform internally core activities and source out the non-core ones (Quinn & Hilmer, 1994: 43), many are in favor of more flexible interpretations: “the assumption that ‘core means keep’ seems open to challenge, whatever definition one applies to core” (Alexander & Young, 1996: 119).

The implementation of outsourcing faces resistance from internal and external constituencies of firms. At the micro-organizational level, Palm (2001: 8) identifies problems with employees: “when a service is outsourced, it can mean that some employees will lose their jobs.” At the macro-level organizational level, Murray & Kotabe (1999: 792) observe that motivation for outsourcing may rest on location-specific advantages, that is, on pondering foreign sourcing over domestic performance of tasks or services. Sourcing out across national boundaries may in turn raise concerns from domestic governments and public opinion. Accordingly, lack of support from powerful constituents to external sourcing may undermine a firm’s competitive position in the long term. Therefore, it is not unsurprising that firms endeavor to rationalize external sourcing to placate these concerns.

The discourse that rationalizes outsourcing establishes that firms avoid building up internal bureaucracies where they have no skills (Quinn & Hilmer, 1994: 43). Accordingly, the rhetoric contends that outsourcing “can boost profitability” (USA Today, 1998) and attributes to sourcing out a positive effect on the survival prospects of firms and, ultimately, on keeping jobs. The somehow peculiar position of the outsourcing “school” on this sensitive, crucial issue is summarized by Clark (1997: 28): “the ‘outsourced’ employees still do their old jobs at their old salaries. The only difference is that they now report to a new employer.” In a similar vein, eventual

⁴ Though this is a widely accepted definition of outsourcing, some commentators narrow it down to tasks or services previously performed in-house (Jenster & Pedersen, 2000: 147).

concerns about a harsh relationship between the outsourcing company and its vendors are conciliated through the notion of partnership, which refers to long-term agreements with vendors that lead to win-win agreements (Jenster & Pedersen, 2000).

The case of Nike illustrates the discourse of an outsourcing company. As far as vendor relationship is concerned, Nike publicizes its three-tier strategy of “production partners” (Quinn & Hilmer, 1994). On the one hand, developed partners produce Nike’s latest and most expensive “statement products”, which can absorb high production costs. On the other hand, volume producers make a specific type of footwear and are vertically integrated. The third-tier is formed by developing sources, which are interesting for their low labor costs and their capacity to diversify assembly locations. This discourse on the part of Nike, we argue, helps to supersede organizational malpractices like extensive hiring of children in operations outside the United States, or hiding the estimates from the National Labor Committee about the labor cost of assembling a pair of sneakers, \$ 1.2, with a retail price of \$90 (Garrison & Noreen, 2003: 95).

Disciplinary Power⁵

Around the Industrial Revolution, Western society broke away from its reliance on torture to extract knowledge from individuals, and moved toward a disciplinary regime that drew on the extensive use of surveillance for said purpose (Foucault, 1979). Knowledge, a basic tenet of the Foucauldian notion of disciplinary power, is produced by “discourse” and is amenable to accumulation and centralization. According to Foucault, knowledge becomes power by disciplining individuals who depart from what is regarded as normal in terms of knowledge (Foucault, 1979; Macintosh, 2002). Hoskin & Macve (1986) view accounting as a form of power/knowledge made up of regimes of calculation and associated discursive practices that operate as a surveillance scheme.

Disciplinary power imposes compulsory visibility on human beings, yet is invisibly exercised (Foucault, 1979: 177). Being subject to coercive observation by invisible supervisors, human beings permanently behave as if they were monitored by a control system that continuously casts visibility on their actions. In this manner, subjects of control become disciplined individuals. Attainment of disciplinary power involves methods of organizing and methods of “training” (Foucault, 1979; Marsden, 1998). Methods of organizing consist of techniques such as enclosure, partitioning and coding. Enclosure comprises the separation of individuals from the “outside world” to neutralize thefts, interruptions of work and disturbances (Foucault, 1979: 142). Through enclosure, Foucault argues, the factory resembles the monastery, the fortress, or a walled town. Nevertheless, enclosure is not sufficient in itself to achieve disciplinary spaces (Macintosh, 2002). Partition furthers the division of space into “cells” to permit the identification of individuals as a function of the spaces that they occupy. Lastly, coding entails the classification of individuals to create “calculable persons in calculable spaces” (Miller, 1992), and this facilitates the observation of workers, the quality of their work, and enables comparison and classification according to their performance (Foucault, 1979).

⁵ A thorough description of the foundations of disciplinary power is beyond the scope of this paper. Interested readers may refer to the original Foucauldian texts (Foucault, 1979, 1980) as well as to the several reviews that examine its implications for accounting research (e.g., Stewart, 1992; Armstrong, 1994; Marsden, 1998; Macintosh, 2002).

Once individuals are distributed in space, “the control of activity extracts time from bodies by subdividing and increasing the efficiency of their movement” (Marsden, 1998: 116). As noted by Foucault, the chief function of disciplinary power is to train and bind forces together in such a way as to multiply and use them. According to Marsden (1998: 119), the process of examining actually comprises two dimensions: a) to look closely or analytically at (hierarchical surveillance) and b) to test or judge by a standard or rule (normalizing judgment). Together, hierarchical surveillance and normalizing judgment function as a miniature penal mechanism (Macintosh, 2002).

Since the early works of Hoskin & Macve (1986, 1988) and Miller & O’Leary (1987), the Foucauldian framework has been extensively used in accounting research (Gendron & Baker, 2002). Among these investigations, research conducted by Carmona *et al.* (1997, 2002) is of special relevance for this paper; they address developments in the same setting during the second half of the 18th century and thus provide some insights into the wider contexts of outsourcing cigarette production. Carmona *et al.* (1997) examined the cost accounting system that was implemented at the RTF in 1773 in the broader context of a strict control system. In particular, they found different, concomitant purposes for the deployment of cost accounting calculations such as reinforcement of other organizational measures to prevent tobacco theft. In a similar vein, cost calculations acted as an invisible, monitoring device in the context of a combination of actions that instilled in the factory the particulars of a system of employee surveillance. Cost accounting practices, in short, acted as a disciplinary regime that rendered human accountability visible. In a recent study, Carmona *et al.* (2002) examined a major disruption in the history of the RTF, that is, its move from the Old San Pedro Factory located in downtown Seville, to the purpose-built New Factories outside the city walls. In particular, they explored the intervention of detailed accounting calculations into spatial configurations to deploy discipline in the factory by yielding calculable spaces and accountable subjects. Carmona *et al.* argued that the interplay of accounting and architectural practices resulted in a powerful system of surveillance across the different layers of the RTF’s chain of command.

Contexts of tobacco production

Spain and France fought the Napoleonic War during 1808-1814. During the war, the substantial portion of Spanish territories that was occupied by the French Army witnessed the steady enactment of liberal reforms targeting the removal of institutions of the Ancient Regime. For example, the widely shared understanding that properties of the Catholic Church constituted a burden for the economic development of the country, a situation that some contemporary commentators termed as “dead hands” (*manos muertas*), inspired a substantial part of the Capitulation of Madrid of 1808 (Bernal, 1980: 93). In particular, the Capitulation enforced the confiscation and subsequent sale of one third of the patrimony of the Roman Catholic Church, whose outcome would contribute to improve the languishing public finances. On 17 August 1809, King *José I* of Spain, a brother of Napoleon, promulgated a royal decree that confiscated the entire patrimony of Roman Catholic orders⁶, a measure that severely damaged the Catholic Church as a pillar of the Ancient Regime vis-à-vis the feudal nobility, which remained

⁶ Roman Catholic orders are sub-organizations within the Roman Catholic Church. The orders are under the authority of the Pope and aimed at educational, missionary or charitable activities (e.g., Jesuits).

untouched (Bernal, 1980: 75). Further, these legislative measures were promptly enforced in the City of Seville, the setting that hosted the highest concentration of Spanish clericals and a stronghold of absolutism (Cuenca Toribio, 1976: 59). As a result of the concomitant effects of liberal reforms and the weak economic situation of Seville (see below), the Census reported a dramatic decrease in the number of clericals, which dropped from 12,644 individuals in 1787 to 3,722 in 1860 (Census, 1787, 1860).

The end of the French War in 1814 brought about the restitution of King *Fernando VII* as an absolutist monarch and the end of liberal reforms. The resulting society was characterized by the overriding presence of absolutism, whose ideas “pervaded every aspect of civil life” (Cuenca Toribio, 1976: 115). The return to institutions of the Ancient Regime involved extensive witch-hunts of anyone with liberal ideas, as exemplified by the restitution of the Inquisition on May 13, 1814 (Bernal, 1980). In this context, the Catholic Church, “the genuine depositary of the purest essences of absolutism” (Cuenca Toribio, 1976: 116), regained its political and social influence and emerged as a powerful constituent of the absolutist monarchy. Further, Seville capitalized on its opposition to liberal reforms and became a social laboratory for the implementation of anti-liberal ideas (Cuenca Toribio, 1976).

During the first third of the 19th century, the City of Seville experienced a steady economic recession which exerted an enduring effect on its demography. As noted by Alvarez Santaló (1974: 85), the population of Seville decreased from 80,598 people in 1799 to 75,000 residents in 1821, whereas Andalucía –the region where Seville is located- increased its population by 48% during the period 1787-1826 (Bernal, 1980: 100). The stagnation of trading between Spain and its Latin-American colonies is one of the factors that propelled the economic recession of the city. Though Seville had lost to Cádiz the privilege of trade with overseas colonies in 1717, a great number of trading houses still operated in Seville. In the wake of the colonial wars of 19th century, however, a lessened interest of the colonies in trading with the metropolis propelled the bankruptcy of 165 Sevillian trading firms during the period 1785-1831 (García Baquero, 1980: 146). Further, the peak of bankruptcies nearly coincided with the period of study of this investigation, as shown by the 27 files of bankruptcy that were deposited during 1817-1821. Some commentators regarded said situation as “the end of the prestigious trading history of the City” (García Baquero, 1980: 141).

In such a context of economic recession, the economic well-being of Seville became increasingly dependent on state-owned industries (e.g., foundries, tobacco; Cuenca Toribio, 1976: 92). Such dependence, it is argued, was particularly crucial in the case of the RTF, a manufactory that hired more than 2,000 employees during our period of study (Rodríguez Gordillo, 1993), and that ultimately represented the core of what would become the city’s proletariat (Bernal, 1980). Further, the importance of the RTF workforce manifested in the Census (Kirkham & Loft, 1993): whereas the Census of 1787 did not establish any category for industrial workers, that of 1860 introduced such a heading and reported 4,693 people under said category (*jornaleros de fábrica*), which was mostly composed of RTF operators.

The fabrication of cigarettes

The 18th century witnessed a shift in tobacco demand from snuff tobacco to cigars (Rodríguez Gordillo, 1990; Carmona *et al.*, 1997). Furthermore, a severe economic crisis devastated the country at the turn of 19th century as a consequence of the conjunction of Napoleonic and colonial wars, political instability, and mismanagement of public finances (Comín, 1999). Arguably, this economic recession exerted a lasting influence on the purchasing power of the Spanish population as well as on the consumer behavior of smokers (Rodríguez Gordillo, 1993). Smoked tobacco, an ever-expensive product (Carmona *et al.*, 1997), became increasingly prohibitive during periods of stagnation. Consequently, consumers engaged in grinding cigars to make smaller, “paper cigars” that would permit longer smoking time. The economic crisis of early 19th century peaked in 1817, as shown by the appointment of three finance ministers in ten months. As a concomitant effect of the crisis, tobacco consumption plunged and the contribution of the tobacco monopoly to the Royal Treasury dropped from 28% in 1775 to 2.6% 1817 (Merino, 1987; Burnell i Floria, 1988). Pressures from the Ministry of Finance led to an increase in the share of the tobacco monopoly in the income of the state, the Steering Agency asked the RTF management to run a feasibility test for the manufacture of “paper cigars”, a new product that eventually would be renamed as cigarettes.

By the time said request was received from the Steering Agency, the RTF had experienced such changes such that it could no longer be considered the pride of Spanish industry, as it was regarded during the 18th century (Carmona *et al.*, 1997, 2002). Since the outset of the 19th century, the RTF had lost its privileged position as the sole producer of tobacco in Spain. New tobacco factories, specializing in cigar production, had been founded in Madrid, Alicante, La Palloza, Valencia, and Santander (Pérez Vidal, 1959). Furthermore, the Cádiz factory, a former reporting unit to the RTF, became fully autonomous. Importantly, snuff tobacco, the product whose unmet demand motivated the move of the RTF premises from the Old San Pedro Factory to the purpose-built, expensive New Factories in 1758, became a mature product in early 19th century and ceased operations in 1867. Therefore, the New Factories, which were designed to basically produce snuff tobacco, steadily became an obsolete facility that was largely identified with fabrication of the old fashioned, snuff tobacco (Rodríguez Gordillo, 1993).

During the period under consideration, the RTF was no longer an all-man facility (Carmona *et al.*, 1998). On 24th October 1812, the RTF launched a cigar-rolling workshop that employed 66 women⁷. Hiring women constituted a major shift in the history of the RTF, which in this manner broke with a long tradition of men opposing the presence of women on the shop-floor. A document in the archives (Memorial), reports an example of such resistance as early as 1731, when (male) cigar rollers were asked to produce small cigars at a yet unknown piece-rate salary. Upon completion of the job, the supervisor of the Cigar Factory told operators that they would be paid 16

⁷ In a move that humiliated the RTF and signaled the preeminence of the Cádiz factory, the Tobacco Agency asked the latter to provide the RTF with six supervisors to train the 66 female operators (Rodríguez Gordillo, 1993: 66-68).

Maravedíes per bundle of 100 small cigars. Such measure provoked the following, written reaction:

“... , we did not take such money but left all our weekly work to the benefit of the Royal Treasury because such a rate is unacceptable to us. In spite of that, we were asked to make some more 500 small cigars during the following week at a rate of 16 *Maravedíes* per bundle of 100 small cigars, which was the established rate for female cigar rollers in Cádiz. It is impossible for us to produce at such rate as we cannot feed our families ... [and even] the rate of 24 *Maravedíes*, which applied until 1726, is also of impossible acceptance ...”

As noted by some commentators, the decision to hire women was largely financial, as they earned lower wages than their men counterparts (Pérez Vidal, 1959: 238; Rodríguez Gordillo, 1993: 66-68). Though men resisted against the presence of women at the RTF workshops until early 19th century, the decreasing contribution of the tobacco monopoly to public income and the diminishing role of the RTF within tobacco monopoly made them accept women workers on grounds of guaranteeing the survival of the RTF and protecting its workforce from eventual layoffs (Rodríguez Gordillo, 1993). The proportion of female operators in the RTF workforce, however, steadily increased after the inception of the “female” workshop in 1812, which in turn galvanized complaints from male operators. For example, male cigar rollers forwarded the following letter to the King of Spain in 1833 (AFTS. Legajo 272, No 17; also quoted in Rodríguez Gordillo, 1993: 69):

“... , those who sign below, [men] operators of the RTF, at the feet of your Royal Majesty and with their deepest respect [to You], point out: that there were more than two thousand operators of the class of men in cigar rolling in this Factory by 827 [sic] and that there are now a bit more than one hundred, who are near to be fired as well [because] there is a policy to employ only women and of totally excluding men from that work” (5 June 1833).

Complaints and overall resistance of men operators towards their women counterparts did not succeed and, by mid-19th century, the RTF became an all-women manufactory (Rodríguez Gordillo, 1993).

The test

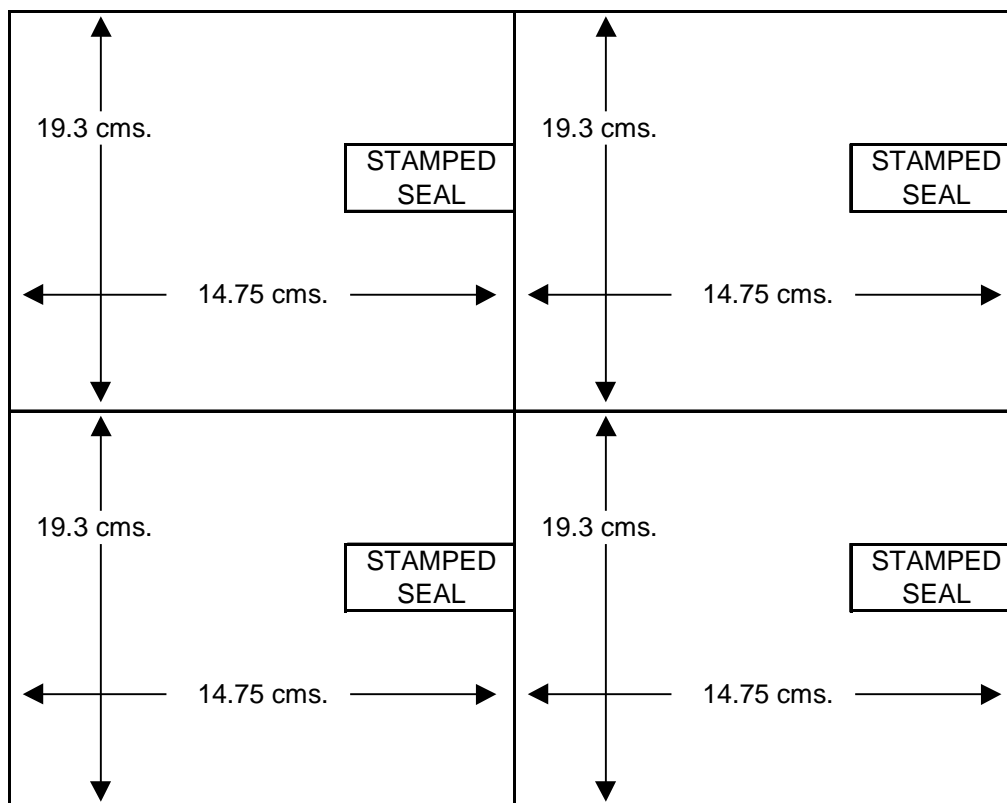
Command of knowledge is crucial in outsourcing work (Matusik & Hill, 1998) and disciplinary regimes (Foucault, 1980). To acquire such knowledge, the RTF deployed a feasibility test that involved replication of its production stages: wetting, de-veining and grinding of tobacco leaves, rolling crush tobacco on paper, packing, and boxing (Rodríguez Gordillo, 1993: 70). By the time of conducting the test in 1817, all these jobs were handcrafted as the first rolling machine would only be displayed in the Universal Exhibition of Paris in 1878 and the RTF would not adopt this kind of machinery until the 1920s (Gálvez, 1997: 6).

On 6 November 1817, operators of the RTF conducted the test “by order of the Knight Superintendent to assess production [feasibility] of paper cigars” (AFTS. Legajo 616). The test assessed consumption of raw materials (tobacco and sheets of paper with the royal emblem) and determined workforce compensation by encompassing production of three boxes of cigarettes containing either 48, 24 or 12 cigarettes, which in turn

incorporated two, one, and half ounces of tobacco and a full, half or a quarter sheet of paper, respectively⁸. As shown in Figure 1, a full sheet of paper was divided into four “cartridges” (*cartuchos*) for a two-ounce box (see Figure 1, AFTS. Legajo 616, *Instrucción*)⁹. Lastly, the test established that financial feasibility of cigarette production would require a piece-wage rate of 5 *Reales* per pound of processed tobacco.

Figure 1:

Sheet of paper to make four cartridges of 48 cigarettes that weight two ounces .



Granting the fabrication of cigarettes to convents of poor Catholic nuns

As noted above, external sourcing of cigarette fabrication to poor Catholic nuns constitutes a discontinuity in the history of the RTF, a manufactory that made tobacco in-house for nearly 150 years¹⁰. Examination of secondary sources in conjunction with our primary evidence provide some insights into the reasons that supported this decision

⁸ One cigarette incorporated 1.2 grams of tobacco and it was a far much-enriched product than that being presently processed (e.g., 0.72 grams).

⁹ The document included corresponding drawings for boxes of 24 and 12 cigarettes.

¹⁰ There is an occasional case of external sourcing in the history of the RTF. During one month, February 1727, the RTF outsourced milling of tobacco leaves to the Earl of Montijo to cope with unmet demand of snuff tobacco (AFTS. Legajo 5, Auto 882).

both at the macro (e.g., the Royal House and the Steering Agency) and micro levels (e.g., the RTF).

The absolutist monarchy that ruled Spain after the Napoleonic War was interested in signaling its association with the Roman Catholic Church, an instrumental and loyal partner in its fight against liberals (Cuenca Toribio, 1976). Said association resulted in actions like the setting up of the Inquisition in 1814, which invested the Catholic Church with strong political power. In the context of the severe economic crisis undergone by the country in the early 19th century and financial losses experienced by the Catholic Church as a consequence of liberal reforms, the Spanish government reinforced this partnership through provision of an additional source of funding to poor Catholic nuns of Seville, a city that was regarded as the stronghold of absolutism (Ibidem). Additionally, from the standpoint of the Spanish government, nunneries were likely regarded as institutions with a strong sense of discipline (Kieser, 1987), which ensured production reliability, tobacco security and the deterrence of smuggling. Such operational conditions of nunneries made them arguably superior to other eventual recipients of the royal grant. For example, potential “purveyors” like the “poor” could hardly guarantee discipline and eradication of smuggling, whereas the army was busy with colonial wars and episodes of domestic unrest. Furthermore, soldiers would conceivably engage in self-consumption of tobacco.

Governmental intentions in favor of the Catholic Church, we argue, did not divert the RTF from its disciplinary model (Carmona *et al.*, 1997). Conversely, political influences were deployed on management to satisfy demands for productivity improvements (Saravanamuthu & Tinker, 2003: 66). First, as noted by Pérez Vidal (1959: 256), the fabrication of cigarettes was a handcrafted job that required “skilled and nimble hands, [and] an inexpensive workforce to market a cheap product.” Otherwise, consumers would keep on practices of grinding cigars to obtain tobacco that would enable them to make “paper cigars” and, ultimately, expand their smoking time. As we will show below, Catholic nuns were a reliable, disciplined workforce that provided the RTF with a comparatively cheaper workforce than that supplied by male and female operators. Second, by granting cigarette manufacturing to nunneries, the RTF management tackled its gender conflict and posed a considerable threat to its female and male workforce, which comprised the incipient proletariat of the City of Seville (Bernal, 1980); manufacture of the new product was no longer a matter of dispute between men and women, as a decree issued by the absolutist monarch granted it to poor nunneries. Further, by outsourcing cigarette manufacturing to Catholic nuns, the RTF management signaled to male operators that claims for salary increases and/or against presence of women in the shop-floor could ultimately undermine their job security through sourcing manufacture out (i.e., to catholic nuns). At the same time, outsourcing of cigarette fabrication to nunneries placated eventual reactions from women aimed at lessening discipline and/or upgrading their salaries to men’s level; nunneries could be asked to engage in further manufacturing operations and jobs of female operators could be at stake. In short, we contend that the juxtaposition of reasons at the macro and micro level motivated the concession of cigarette manufacturing to poor nunneries, a decision that ultimately exemplified an early phase of capitalism in 19th century Seville inasmuch as labor was acquired much like raw materials (Braverman, 1974).

On 1 December 1817 the RTF received formal notice of the Royal Order that granted poor nunneries with monopoly of cigarette manufacturing (AFTS. Legajo 616):

“His Majesty is aware of the miserable situation of some nunneries in that city [Seville] and [considers] that there is nothing more commendable than [nuns] living from their own work, but without [such work] interfering in the contemplative life and other religious services to which they are bound of. [In use of] His deepest compassion poor nuns are granted the manufacture of paper cigars ...”

The argument of compassion enshrined in the Royal Order was disseminated among nunneries. For example, the abbess of the *Santa Paula* Nunnery referred to the royal concession as the ultimate example of “... the piety and good intentions of our beloved Monarch ...” in a letter submitted to the RTF management (AFTS. *Legajo* 616. Correspondence. Letter dated on 4 January 1818). Furthermore, the notion of compassion remained diffused through nunneries well after the enactment of the royal order, as shown in a letter forwarded to the RTF management by the abbess of the *Santa Clara* Nunnery in February 1819. This nunnery did not initially engage in cigarette manufacturing but claimed to do so for “... being aware of the mercy of the King our Lord of granting all nunneries of the City of Seville the privilege of making cigar papers to help their religious needs ...” (AFTS. *Legajo* 616. Correspondence. Letter dated on 18 February 1819).

In addition to expressions of compassion, the Royal Order also established some administrative procedures that reflected both the results of the feasibility test and the production policy of the tobacco monopoly. For example, the weight and size of products was established: boxes of 48, 24 and 12 cigarettes; the size of paper sheets to be stamped with the Royal emblem; on-time manufacturing “to preserve the freshness of products”; banning of the use of “soft or bad tobacco to increase the reputation of the RTF as well as to tackle bigger problems”.¹¹ Lastly, it determined a piece-rate salary of 5 *Reales* per pound of processed tobacco that would make render cigarette manufacturing feasible (AFTS. Legajo 616, *Instrucción*).

By decree of 9 December 1817, the Accountant (*Contador*) of the RTF established the particulars of cigarette production. In general, procedures focused on (i) supervisory measures to monitor the flow of tobacco both inside and outside the RTF, to avoid thefts and smuggling; (ii) entries in the accounting books to track the flow of tobacco inside and outside the RTF; and (iii) control of production quality. For example, any delivery of tobacco leaves to nunneries required a decree from the RTF Superintendent. The Accounting Office supervised the process of shipping tobacco, which started by posting copies of the decree to the managers of the Cigar Factory and the Internal Auditing Office. The former was held responsible for weighing tobacco and keeping internal accounting records. The latter checked records of the Cigar Factory, monitored deliveries to and from nunneries and reported production status to the Accounting Office.

Upon receiving cigarette production from nunneries, several accounting procedures were also enacted (AFTS. Legajo 616, *Instrucción*). For example, the Operations Manager (*Director de Labores*) was required to control quality of production: “..., he

¹¹ This vague statement meant that high quality products were regarded as a major deterrent of smuggling.

will check [quality of] paper cigars and will open as many boxes as necessary ..., if he finds defects or problems in the overall batch or in any of its portions, the Operations Manager shall report this status to the RTF Superintendent and, until further notice, payments of associated wages shall be canceled.”

The Accounting Office developed some more specific procedures to source fabrication out. For example, on 9 December, 1817, the Accountant conveyed to the General Superintendent his concerns about the stressful workload and other related problems that might arise from tracking operations with a huge number of nunneries (AFTS. Legajo 616, Correspondence):

“..., should the number of nunneries call attention [I suggest] printing a standard sheet, as per the accompanying model, [it] may save time and work load and prevent mistakes that may be caused by haste [in handling transactions], in spite of our usual, outmost care ...”

Accordingly, the Accounting Office enforced a series of standard documents to monitor transactions with nunneries. First, a table displayed conversion of any amount of tobacco leaves that may be delivered to nunneries into the number of cigarettes boxes to be made. Said table simply required the delivery officer to fill in the name of the nunnery and circle the appropriate numbers of outgoing tobacco leaves and requested production (see Table 1, Panel A). A similar table was prepared to track sheets of paper (see Table 1, Panel B). The Internal Auditing Office kept the originals of these tables and copies were attached to outgoing batches of tobacco leaves and parcels containing sheets of papers (AFTS. Legajo 616, *Instrucción*).

Table 1:
Conversion-Tables of Production Materials into Output

Panel A: Conversion-Table of Tobacco Leaves into Cigarette production			
Pounds (of tobacco leaves)	½ Ounce Boxes	1 Ounce Boxes	2 Ounces Boxes
1	32	16	8
2	64	32	16
...
Panel B: Conversion-Table of Sheet of Papers into Cigarette Boxes			
Sheet of Papers	½ Ounce Boxes	1 Ounce Boxes	2 Ounces Boxes
1	12	6	4
2	24	12	8
...

Second, three standardized documents of the Accounting Office tracked the transit of tobacco leaves inside the RTF and mapped production from nunneries (see Figure 2). Figure 2, Panel A depicts the permit of the General Superintendent to Mr. Antonio Peña, an assistant to the *Santa Teresa* Nunnery, to pick up tobacco leaves and sheets of paper from the RTF. The document shown in Panel A also legitimised transportation of tobacco leaves, sheets of papers and cigarette production around the City. In this manner the RTF management aimed at preventing claims from police about tobacco smuggling. Significantly, these standardized documents reiterated the volume of

cigarettes demanded from nunneries (AFTS. *Legajo* 616, Permit and Safe – Conduct, dated on 10 February 1818).

Panel B, in Figure 2, shows the request of the Accounting Office to the Cigar Factory to deliver tobacco leaves and sheets of paper to Mr. Antonio Peña upon a permit granted by the General Superintendent (AFTS. *Legajo* 616, Supervision of the Accountant, dated on 10 February 1818). Panel C displays a report issued by the Supervisor of the Cigar Factory on delivery of materials. Said document, once authenticated by the Internal Auditing Office, supported the corresponding entries in the books of the Cigar Factory (AFTS. *Legajo* 616, Delivery of Materials). Panel D depicts reports on quality accomplishments of nunneries, as per certification issued by the Operations Manager (AFTS. *Legajo* 616, Instruction on Quality Control). Lastly, the Accounting Office, upon receiving copies of the abovementioned panels, asked the Treasurer of the RTF to compensate nunneries, as per Panel E (AFTS. *Legajo* 616. Payments).

Figure 2:

Standardized Documents to Track the Transit of Tobacco Between Departments of the RTF.¹²

Panel A

Permit and safe-conduct

I hereby grant permit and safe-conduct to **Mr. Antonio Peña** to take to the **Santa Teresa Nunnery** **fifty** pounds of **Virginia** tobacco leaves to make **one thousand and one hundred and twenty six** boxes of paper cigars; **sixty nine of two ounces, two hundred and sixty seven of one ounce and seven hundred and ninety of half-ounce**. He also takes **one thousand and twenty six** printed seals and **four hundred** sheets of paper. [Production] should be returned to these Royal Factories along this permit. Seville, **10 of February of 1818**.

The Acting Superintendent.

Panel B

[To] Supervisor of the Cigar Factory

Under the supervision of the Accountant, you shall deliver to **Mr. Antonio Peña** **fifty** pounds of **Virginia** tobacco leaves with destination to the Nunnery of **Santa Teresa**, to produce **1,126** boxes of paper cigars; **69** of 2 ounces; **267** [boxes] of 1 [ounce] and **790** [boxes] of half-[ounce]. With such purpose you should also deliver **1,126** printed seals and **400** sheets of paper. Upon display of the permit and safe-conduct, the Internal Auditing Office shall let [these materials] leave [the Factory]. Seville **10 of February of 1818**.

The Accountant

Panel C

The tobacco Factory has delivered tobacco, as requested, as well as the accompanying printed seals and paper ... Seville **10 of February of 1818**.

The Supervisor of the Cigar Factory

Legitimated by the Internal Auditing Office

¹² Documents are standardized and printed and contain blank spaces to be filled in by different RTF officers. In bold, the panels depict the specifics of a real transaction. See AFTS. Serie 3.2.9. Libramientos. Legajo 2947.

Panel D

[To] Mr. Superintendent

Mr. **Antonio Peña**, on the part of the Nunnery of **Santa Teresa** has shown up with **1,131** boxes of paper cigars; **65** of 2 ounces; **274** [boxes] of 1 [ounce] and **792** [boxes] of half-[ounce], which have been checked and approved by the Operations Manager, Seville **28** of **February** of **1818**.

The Supervisor of the Cigar Factory

Panel E

Posted to the main Accounting Office to make provisions for payment of production, ..., as it is done with the list of wages of operators

The Acting Superintendent

Controlling cigarette production

Standards set during the feasibility test were subject to revision either by *ex-ante* judgments or by knowledge based on real life operations. As noted above, the former applied to standards for consumption of sheets of paper, which made allowances for waste. An example of the latter occurred with the consumption of tobacco leaves. In this case, day-to-day experience of production demonstrated that standards for tobacco leaves were too strict. For example, Table 2 displays the charge of tobacco leaves to the account of the *Santa María de Gracia* Nunnery for the amount of tobacco delivered during May-July 1819 (AFTS. Legajo 616, Summary). Column 4 in Table 2 indicates that the standard for tobacco consumption changed in May 1819 to include a three percent allowance for waste. Accordingly, whereas the delivery of 150 pounds of tobacco on 8 March 1819 made no provisions for waste, the shipment of 8 June witnessed the addition of 4.5 pounds of tobacco leaves to allow for normal waste. Lastly, control of production details encompassed aspects like delivery of three boxes of cigarettes that should be used by new nunneries as guiding ‘models’ of production (AFTS. Legajo 616, Summary).

Table 2:
Charge of Tobacco Leaves for the *Santa María de Gracia* Nunnery
(January- June 1819)

Month (1)	Delivery Date (2)	Pounds of tobacco to be delivered (3)		
January	20	12		
	27	75		
February	10	75		
	19	100		
March	8	150		
	24	150		
April	15	150		
			Tobacco allowance for waste (3%) (4)	Total amount of tobacco leaves (5)
May	4	150	4 ½	154 ½
	19	150	4 ½	154 ½
June	8	150	4 ½	154 ½
	25	75	2 ¼	77 ¼
July	9	75	2 ¼	77 ¼
	23	50	1 ½	51 ½

The RTF management deployed strict production control over individual nunneries. Table 3, for example, depicts a comparative analysis of performance accomplished by nunneries during February 1818. As shown in Table 3, the RTF management tracked accomplishments and hierarchized and compared nunneries in aspects like expected production (Column 2), actual production (Column 3), variations between normal and actual production (Column 4), delivery dates of raw materials (Column 5), and expected time for production to be returned to the RTF (Column 6). As shown in Table 3, most nunneries either met the standards or reported positive variations in conditions when

standards of direct materials were still very strict, and this might be the reason why we did not find trace in the Archives of punitive actions of the RTF management with regard to nunneries.

**Table 3:
Cigarette production
(February 1818)**

Nunneries (1)	Expected volume of boxes (2)	Actual volume of boxes (3)	Variations (4)	Delivery date (5)	Returned on (6)
Santa Teresa	1.126	1.131	+5	10-2	28-2
Las Vírgenes	1.600	1.600	0	12-2	27-2
La Asunción	272	272	0	14-2	27-2
San Juan de la Palma	1.424	1.424	0	20-2	26-2
Santa M ^a de las Reyes	1.126	1.126	0	6-2	25-2
San Juan de la Palma	1.126	1.126	0	14-2	20-2
Santa M ^a Socorro	544	547	+3	10-2	20-2
Las Vírgenes	1.126	1.126	0	4-2	19-2
San Juan de la Palma	1.126	1.126	0	9-2	14-2
Santa M ^a Socorro	272	273	+1	3-2	10-2
Santa Teresa	720	720	0	28-2	11-3
Las Vírgenes	1.440	1.440	0	27-2	7-3
San Juan de la Palma	1.127	1.127	0	31-1	7-2
Santa M ^a Socorro	1.472	1.462	-10	20-2	2-3

The RTF drew on its apparatus of in-house disciplinary practices to deploy control over nunneries (e.g., Carmona *et al.*, 1997, 2002; Alvarez *et al.*, 2002). As shown in Table 3, the unit of control for cigarette production was the nunnery and not individual nuns, in the same manner as controls over fabrication of cigars focused on the performance of teams (*ranchos*) and not on the accomplishments of individual cigar rollers (see Table 4, AFTS. Series 3.5.3.), at least at a preliminary monitoring stage. In a similar vein, control mechanisms for payroll payments to RTF workers were equally extended to nuns. If production quality was deemed satisfactory by the Operations Manager, the RTF Superintendent would sign up a decree of conformity to the Treasurer, “..., and he will proceed with payments to nunneries *in the same manner as it is done with the rest of the employees*” (AFTS. Legajo 616, *Instrucción*, emphasis added).

Table 4:
Production control of Female Cigar Rollers
(13 January 1818)

[Forewomen of] teams, for bundles of 4 ounces	Pounds of tobacco delivered	Bundles to be produced	Bundles actually produced	Positive variations	Negative variations	Production value (*)
1.- Francisca Fernandez	140	350	300		50	300
2.- Manuela Pérez	140	350	269		81	269
3.- Sebastiana Batigazon	140	350	261		89	261
4.- María Nicolasa Álvarez	140	350	217		133	217
5.- Josefa Barba	140	350	281		69	281
6.- Ana Montoro	140	350	270		80	270
7.- María Jesús Galán	140	350	256		94	256
8.- María Galán	140	350	259		91	259
9.- María Cordero	140	350	261		89	261
10.- Isabel Ávalos	140	350	298		52	298
11.- Juana Catalán	140	350	305		45	305
12.- María Casalbón	140	350	253		97	253
13.- María Vega	140	350	267		83	267
14.- María Arriete	140	350	233		117	233
15.- María Moreno	140	350	237		113	237
16.- María Antonia Valladares	140	350	176		174	176
17.- Isabel Álvarez	140	350	323		27	323
18.- María Machado	140	350	244		106	244
19.- María Guerrero	140	350	212		138	212
20.- María Espada	140	350	177		173	177
21.- María Mercedes Martín	140	350	259		91	259
22.- Ángeles Navarro	140	350	212		138	212
23.- María Josefa Álvarez	140	350	205		145	205
24.- Gertrudis Aragón	140	350	203		147	203
25.- María Dominguez	140	350	284		66	284
26.- Ana Téllez	140	350	158		192	158
27.- María del Carmen Carrera	140	350	250		100	250
28.- Rosario Pérez	140	350	251		99	251
29.- Rita Rodríguez	140	350	305		45	305
30.- María del Corral	140	350	295		55	295
Totals	4,200	10,500	7,521		2,979	7,521

(*) One *Real* per bundle.

Nunneries' reactions

Upon enactment of internal procedures for sourcing out the fabrication of cigarettes, the RTF approached nunneries that had a vow of poverty to enquire about their participation in this endeavor. As shown in Table 5, two units different from nunneries also engaged in cigarette production: the *Mínimas of the Prison at Sierpes St.* were nuns that provided healthcare to inmates serving at a prison located in downtown Seville, whereas Mrs. Josefa Berdino, who was based on a local penitentiary, also engaged in cigarette production during the period May-October 1819. Mrs. Berdino is scarcely known character. However, strong concerns of the Steering Agency about tobacco smuggling make us conjecture that she was not an inmate but someone trustworthy of the RTF management. Arguably, Mrs. Berdino was an employee at the local penitentiary that supervised the fabrication of cigarettes performed by some female inmates, as suggested by production volumes.

Table 5:
Nunneries and Other Cigarette Producers

Nunneries	Beginning in			Ending in
	1817	1818	1819	
Stª Mª de Jesús	Dec-1817			Not available
Santa Ana	Dec-1817			Not available
Asunción		Jan-1818		Jul-1819
Socorro		Feb-1818		Jul-1819
Santa Paula	Dec-1817			Jan-1818
Mínimas de Triana		Oct-1818		Jul-1819
Encarnación		Aug-1818		Jul-1819
Concepción de San Juan de la Palma		Jan-1818		Jul-1819
Pasión			Jan-1819	Jul-1819
Paz			Jan-1819	Jul-1819
Los Reyes	Dec-1817			Jul-1819
Dulce Nombre de Jesús		Nov-1818		Jul-1819
Las Vírgenes		Jan-1818		Jul-1819
Santa Mª de Gracia			Jan-1819	Jul-1819
Santa Isabel			Jan-1819	Jul-1819
Santa Teresa	Dec-1817			Jul-1819
Concepción de San Miguel	Not available			
Mínimas of the Prison at Sierpes Street	Not available			
Stª Clara de Alcalá			Feb-1819	Jul-1819
Beaterios ¹³				
San José			Jan-1819	Jul-1819
San Antonio			Feb-1819	Jul-1819
Prison				
Mrs. Josefa Berdino			May-1819	Oct-1819

¹³ This is a different category of Catholic nunneries, of difficult translation into English

During the period of cigarette production, the group of nunneries performing fabrication of cigarettes underwent some changes. For example, the abbess of the *Santa Paula* Nunnery withdrew from production (AFTS. *Legajo* 616, Correspondence, letter dated on 4 January 1818):

“Many thanks for keeping in mind my poor nunnery, which suffers much and severe indigence for our low level of income, as it is well known. We are very few (nuns), sick and too old. The number of those ready [for production] is presently shortened to nine [nuns] and they are so overloaded with other tasks that have no time to rest as they have to comply with their religious services and then should do housekeeping. Therefore, they are unable to run operations [of tobacco]. I am infinitely sorry for being unable to enjoy your mercy and comply with the piety and good intentions of our beloved Monarch.”

Other nunneries, conversely, requested that they join the program of cigarette production. For example, the abbess of the *Santa Clara* Nunnery, located in the City of Alcalá de Guadaíra, forwarded the following letter to the RTF Superintendent (AFTS. *Legajo* 616, Correspondence, letter dated on 18 February 1819):

“...,we implore your compassion towards our indigence for the calamitous times that undergoes my poor community [.Therefore], we ask you to allow us to benefit from such mercy and let Mr. José Arroyo, a servant to this nunnery and a person of our full trust, to pick up tobacco to be brought [to the nunnery] and deliver it to you when production is ready, and bring back our payroll to the nunnery. We hereby admit our liability for any damage that may occur to tobacco during transportation and will honor [casualties] with our wealth ...”, Sor Clara María del Sacramento y Baleda.

The Accountant of the RTF, Mr. Espinosa, in a decree issued on 19th February, stated “[conforming] to the repeated orders of the Steering Agency to increase production of cigar papers, I hereby grant the Nunnery of *Alcalá de Guadaíra* the mercy to join [said program].”

Lastly, other nunneries claimed larger volumes of tobacco to be processed, especially at the time when the demand for cigarettes languished. Among the various requests, we transcript an excerpt of the letter forwarded by the abbess of the *Santa María de Gracia* Nunnery to the Superintendent of the RTF (AFTS. *Legajo* 616, Correspondence, letter dated on 23 June 1819):

“..., having received word of your order to shorten the number of bundles that will be delivered to us to make cigarettes, [let us] express our surprise at said decision. [Let me say that] we have spent most of our time in religious services and have deemed that [a sculpture of] His Divine Majesty was located in a lowly altar, as you may have seen in this church, and have ordered a new one to be built. Under this necessity [to finance the construction], we implore to your Religious Heart to order no changes [in volume of tobacco to be processed] for this community insofar as we ponder religious services over subsistence and, hence, appeal to your magnanimity ...” Sor Manuela de San José Abad.

The Accountant replied on 25 June 1819 (AFTS. *Legajo* 616, Correspondence): “I cannot make any exception to the general rule of halving cigarette production as advised by the decreasing demand (however) I will consider your request if demand rises.”

Lastly, as demand for cigarettes decreased even further during 1819, the Steering Agency gave up manufacturing this product in July that year. A Royal Decree of 14th March 1820 reshuffled the entire range of tobacco production across the different manufactories of the monopoly and established the following provisions for cigarettes (AFTS. *Legajo* 246, Regulations):

“Cigarette production is hereby canceled. Should demand increase, such cigars will be made solely at the Cádiz Factory for its manufacturing tradition of uniformity and perfection as well as [for its perfection] in assembling, which made production different from those of smuggling ...”

The discourse enshrined in this royal decree sharply contrasts with that of 1 December 1817, which granted cigarette manufacturing to poor nunneries of the City of Seville. Arguments of compassion were used at the highest levels of the Royal House and the Steering Agency and allegedly helped to justify the decision of granting cigarette manufacturing to nunneries. Nevertheless, such appealing reasons were no longer present in the decree of 14 March, 1820. In contrast, said decree was seemingly inspired by goals that promoted the practice of outsourcing, that is, compliance with production standards.

General discussion

The rhetoric of dissemination of outsourcing stresses its alignment with organizational strategy and its protection of firms' constituents (i.e., customers). In the realm of practice, however, outsourcing does not always convey such a salutary image. Though sourcing out may enhance organizational efficiency, performance improvements of firms are sometimes caused by deliberate malpractices like extensive hiring of children in operations and opportunistic searches of permissive legislations on issues such as environmental protection, social security and employee benefits. Our historical perspective aims to trace back the discourse of outsourcing and examine the divergence between public discourse and actual practice from the standpoint of the Foucauldian framework of power/knowledge.

In 1817, the Spanish economy experienced a severe crisis that witnessed the appointment of three finance ministers in ten months and made the Ministry of Finance require, from state agencies, increasing contributions to public income (Comín, 1999). In this context the Steering Agency deployed actions to recover its share in the royal treasury, like setting up new cigar factories or launching a new product, the cigarette, to meet demands from low-income smokers. As observed by Hopper & Armstrong (1991: 145), the need to maintain income in periods of economic recession constitutes a driving factor for the deployment of managerial innovations. And this was the case of the tobacco monopoly in Spain; during a period of economic crisis, the Steering Agency launched a new product –the cigarette—and, in an unprecedented move in the centenary history of the RTF, outsourced its manufacture.

Outsourcing, it is argued, helps firms focus on those activities that form the foundation of their business (Quinn & Hilmer, 1994). In spite of such a compelling argument, a central aspect of tobacco operations like cigarette manufacturing was not assigned to a vendor that could assist the RTF in achieving competitive superiority (Hitt *et al.*, 1999); the tobacco business was run under strict monopolistic conditions and nunneries lacked

any kind of manufacturing experience. This, we contend, made the RTF's imposition on nunneries of training in cigarette operations as well as asking them to manufacture by replicating the three 'model' boxes of cigarettes.

Instead of relying on arguments of efficiency, the Royal Order of 6 November 1817 appealed to royal compassion to justify such a discontinuity in the history of the RTF like outsourcing of cigarette manufacturing. This finding has some additional implications. First, it helped tackle eventual labor demands from operators and posed a threat to men and women working at the RTF workshops. On the one hand, regular complaints of men against the presence of women in operations could be placated by arguing that further engagement of nunneries in operations may continue, as nunneries benefited from the mercy of royal compassion. On the other hand, female operators were regarded as a highly cohesive and non-docile workforce (Rodríguez Gordillo, 1993). In such a context, granting cigarette manufacturing to nunneries would aim at discouraging women from making demands to level their salaries with those of men. This course could result in the granting of more production responsibilities to nunneries, which in turn would lessen the participation of women in tobacco operations and, even worse, layoffs of personnel. In short, as noted by Foucault (1983), it would not be possible for power relations to exist without points of insubordination. In the case of the outsource of cigarette manufacturing, continued resistance of men operators towards women counterparts might have influenced the decision to grant operations to nunneries. In this manner, nunneries constituted new spaces of calculability which eventually helped to reinforce discipline on the RTF workshops (Foucault, 1979; see below).

Second, the City of Seville was particularly affected by the economic recession of the 1810s, which made it increasingly dependent on state-owned manufactories (Pérez Vidal, 1959; Rodríguez Gordillo, 1993). In this context, the argument of royal compassion sheltered the RTF from complaints stemming from the population of Seville against involvement of nuns in operations. As illustrated above, the decision was endorsed by the King himself (see Royal Decree of 1 December 1817. AFTS. *Legajo* 616), and it involved a decision-making level that made any interference at the RTF end difficult in the context of an absolutist monarchy. Lastly, the outsourcing decision signaled the piety of the absolutist monarch towards one of his loyal constituents, the Catholic Church, and this in turn conveyed to the population of Seville the usage of a system of rewards and punishments in keeping with the political ideology of constituents.

We found a sharp difference between the public discourse of outsourcing and the actual practice of such managerial technique. The outsourcing discourse drew on arguments of compassion and was enacted in a royal decree of 1817. Such discourse came across nunneries located in the City of Seville, as revealed by correspondence forwarded to the RTF along our period of study (AFTS. *Legajo* 616. Letter dated on 4 January 1818; Letter dated on 18 February 1819). In general, such correspondence was driven by the idea of compassion, regardless of whether nunneries conveyed their willingness to engage in cigarette manufacturing (Ibidem), claimed more production responsibilities (AFTS. *Legajo* 616, Correspondence, letter dated on 23 June 1819), or announced the cessation of production commitments (AFTS. *Legajo* 616, Correspondence, letter dated on 4 January 1818). Our findings, however, indicate that royal commiseration was a rhetorical argument that may have arguably played a role in the interplay between the

Royal House and the Catholic Church but with no significant effects at the operational level of the RTF vis-à-vis nunneries.

First, the RTF deployed a control system in nunneries that mimicked that of the Cigar Factory. The system consisted of a complex web of organizational procedures that made some commentators term it as a disciplinary regime (Carmona *et al.*, 1997; see also below). In the case of production outsourcing to nunneries, we observed replication of practices of time delivery (see Table 3); consumption of raw materials (Figure 1); quality control (AFTS. *Legajo* 616. Instrucción); and payments (Ibidem). In conformity to in-house practices, performance of nunneries was closely monitored to ensure objectification, classification, and surveillance of human performance and, ultimately the hierarchization of nunneries according to standards of normal performance (see Table 4; Foucault, 1979; Miller, 1992; Marsden, 1998). Accordingly, similarities between the disciplinary system of the Cigar Factory and the one enforced over nunneries represents a departure from Miller's (1992: 78-79) contention that "ways of organizing and ways of calculating have developed hand in hand." In our case, outsourcing, a new way of organizing production, did not bring about new forms of calculation to extract knowledge from individuals.

Second, we have also identified some departures between this study and previous investigations under the Foucauldian framework (Carmona *et al.*, 1997, 2002). Such departures, in particular, refer to the absence of both the panopticon as a system of surveillance and partition as a method of organizing (Foucault, 1979). We contend that through external sourcing the spatial dimension of social life was no longer dominated by presence, or even by the use of the panopticon (Foucault, 19179; Carmona *et al.*, 2002), but it became impersonal and largely dependent on accounting controls; nuns acted as "invisible operators" and their activity was monitored through indicators that focused on consumption of raw materials and a piece-rate salary (see Manos Unidas, 2002). Therefore, our results differed from those of Hopper & Macintosh (1998), who observed that Geneen followed prescriptions of disciplinary power to the letter. Instead, we concur with the results of Cowton & Dopson (2002), who found that disciplinary power may be present but it does not necessarily have to be total, as surveillance is less intrusive and less pervasive in the absence of the panopticon.

Third, our searches in the archives reveal that disciplinary practices were deployed across the different layers of the chain of command (Ezzamel, Hoskin & Macve, 1990); nunneries were subject to surveillance through accounting controls (see Table 3), but also the RTF management was held responsible for the overall performance of cigarette production. For example, the Royal Order of 18 December 1817 stated: "..., cigar papers made at the RTF will be sent to provinces prone to consumption ..., and [the RTF management] shall report every three months on whether the public accepts it or not." In this manner, the RTF management was held accountable before the Steering Agency for the market performance of cigarettes and, upon unsatisfactory results, fabrication could be transferred to another manufactory. As noted above, low demand advised cessation of cigarette production but, importantly, the Steering Agency punished the RTF by taking away such manufacture and allocating it to the Cádiz manufactory. This move reinforced the idea that the RTF was an obsolete, poorly managed facility for contemporary tobacco production.

Fourth, innovative control measures did not focus on issues of human accountability but on control of materials used in cigarette manufacturing. Location of nunneries outside the RTF boundaries implied the deployment of additional monitoring measures to track the flow of tobacco within and outside the manufactory (see Figure 2). To ensure tobacco security, nunneries were held liable for any damage occurring to tobacco on its transit from and to the RTF (AFTS. Legajo 616. Letter dated on 18 February 1819).

Taken together, our results indicate that the RTF drew on its disciplinary tradition (Carmona *et al.*, 1997, 2002), as well as on the wide range of disciplinary practices usually performed in nunneries and prisons (Foucault, 1979), to source out the fabrication of cigarettes. Nunneries and prisons, we argue, were especially suitable to host the manufacture of cigarettes outside the RTF boundaries: production was held in enclosed spaces by a disciplined workforce that could not engage in smuggling (see also the case of Mrs. Josefa Berdino, Table 5). Paraphrasing Baxter & Chua (2003: 107), the RTF not only came to the full turn of the Foucauldian circle, consisting of the replacement of the monastic cell by the production cell but it went even farther: through outsourcing nunneries and prisons looked like a disciplined factory.

External sourcing also served purposes of getting access to a cheap workforce. Cigars and cigarettes were remarkably different products and manufacturing efforts and operational skills also varied. Admittedly, differences in production technology makes it difficult to perform comparisons between income made by nuns vis-a-vis female cigar rollers¹⁴. That said, our primary sources let us conclude about actual income earned by nunneries from the manufacture of cigarettes. In this respect, we checked the salaries of 210 female cigar rollers during the period 1 January 1818-10 March 1818, that is, 69 working days (AFTS. Legajo 2947). The average daily wage of a cigar roller during that period was 3.51 *Reales*, which amounted to a monthly salary of 98.28 *Reales*. We also checked all payments made to nunneries in January 1818 (see Table 6), and this suggests the following considerations. First, the *Terasas*, a nunnery with 21 individuals¹⁵, earned 60 *Reales* in January 1818. In other words, the entire collective just made 61% of the monthly salary of one female operator. In view of complaints made by male operators about the low income level of female operators (AFTS. Legajo 272, No.17; also quoted in Rodríguez Gordillo, 1993: 69), we argue that income made by nuns was merely symbolic and non-significant to help make a living to such number of nuns. Such low salaries may explain withdrawals of some nunneries (e.g., the *Santa Paula* Nunnery; AFTS. Legajo 616, Payments), as reported by the abbess of the *Santa María de Belén* nunnery. She indicated that her nunnery's traditional sources of income outperformed income coming from cigarette manufacturing: "The reason for turning it down is that we are busy with both our contemplative activities and with the manufacture of scapulars of *Nuestra Señora del Carmen* (Virgin of *Carmen*), which are in big demand and provide all of us with work. [Under such circumstances], we decline to accept such a commitment" (AFTS. Legajo 246. Correspondence. Letter submitted on 12 December 1817). In short, it seemed that cigarette manufacturing was a non-salutary practice for those nunneries that had the opportunity to choose, that is, that enjoyed alternative sources of income.

¹⁴ Male operators typically earned 50-100% higher salaries than female operators (Rodríguez Gordillo, 1993).

¹⁵ We are most grateful to present abbess of *Las Teresas* for providing us with this data.

Second, the entire fabrication of cigarettes was accomplished by poor nunneries and its labor costs were worth the average monthly salary of 6.64 female cigar rollers. This figure may be regarded as non-significant considering that the RTF had a workforce of more than 2,000 operators (AFTS. Legajo 272, *Número* 17).

Table 6:
Payments Made to Nunneries (January 1818)

Dates	Nunneries	Payments (in <i>Reales</i>)
8-1-1818	Reyes	30
10-1-1818	Santa Ana	30
10-1-1818	Terasas	60
15-1-1818	Vírgenes	25
17-1-1818	San Juan de la Palma	30
19-1-1818	Reyes	60
20-1-1818	Terasas	60
23-1-1818	Vírgenes	60
24-1-1818	Concepción	60
31-1-1818	San Juan de la Palma	120
31-1-1818	Santa Teresa	120

Contradictions between the discourse of compassion deployed at the macro-level, that is, by the Royal House and the Steering Agency, and the disciplinary regime that inspired cigarette operations abruptly disappeared by the time production was cancelled for low demand. The Royal Decree of 14 March 1820, which enforced the cessation of cigarette operations, showed no trace of royal commiseration towards poor nunneries, even if income made by them was non-significant within the RTF payroll. In contrast, the Royal Decree unveiled the disciplinary goals that drove tobacco production at the micro level of the RTF management for several decades (Carmona *et al.*, 1997, 2002). Removal of cigarette manufacturing from the RTF was made in the name of manufacturing excellence and conformity to standards.

Lastly, our data suggests that the RTF deployed techniques to control for raw materials and employees performance that were considerably complex but indeed less sophisticated than those used at Boulton & Watt to support contracting in decisions (Fleischman *et al.*, 1995; see also Fleischman & Macve, 2002). Such differences, we argue, may be attributed to the labor intensive setting that characterized cigarette production at the RTF versus the ‘high-tech’ context of Boulton & Watt. In a similar vein, the deployment of accounting controls over nunneries in early 19th century Spain conform to findings of “formal, rational and objective methods” that characterized U.S. cost accounting practices during the second half of 19th century over the informal, social type of controls that were deployed by British firms (Hoskin & Macve, 2000: 122). This, we contend, may be motivated by the rigidity and bureaucracy that characterized the state-ownership of the RTF.

To sum up, results from this investigation suggest that external sourcing of cigarette manufacturing to poor Catholic nuns was motivated by the juxtaposition of factors like the deterrence of gender conflicts within the RTF, exploitation of potentials enshrined in the disciplinary tradition of nunneries and prisons, access to a cheap labor force as well

as the political intention of the Royal House of signaling its partnership with the Catholic Church in the context of an absolutist regime. Such determinants, we argue, sharply contrasted with the discourse that motivated the concession of cigarette manufacturing to nuns on grounds of royal compassion. Commiseration, however, was no longer used at the time when the concession was terminated; the noble argument of compassion was replaced by the harsh goals that inspired operations at the local level: manufacturing excellence and discipline as a means to conform to standards. This study, in short, adopts an historical perspective to examine differences between discourses that rationalize outsourcing and actual practices. Outsourcing being a managerial technique increasingly applied in today's business, more research is needed to unearth the role of accounting in the conflict between stated goals and actual actions.

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