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Article (Accepted version) (Refereed)

Original citation:
Jeacle, Ingrid and Miller, Peter (2016) *Accounting, culture, and the state.* Critical Perspectives on Accounting, 37. pp. 1-4. ISSN 1045-2354

DOI: 10.1016/j.cpa.2015.10.001

Accounting, Culture, and the State

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This special issue contains a selection of papers presented at the New Public Sector conference which was held at the University of Edinburgh in November 2013. The aim of the conference was to explore the variable relationships between accounting and a range of state agencies where matters pertaining to cultural institutions and artefacts are at stake.

The association between government bodies and the arts is typically centred around state funding of activities deemed cultural. If culture is viewed as an important component of civilised society, then state involvement becomes essential for the arts to thrive, or so it is argued. Public funding, in turn, creates demands for accountability. With the advent of New Public Management (NPM) (Hood 1991, 1995; Pollitt, 2004), such demands for accountability over arts spending have intensified and become an accepted feature of funding requirements in arts organisations. Here accounting finds its vocation, rendering the activities of arts organisations accountable through a host of predetermined performance measures, often imported from the private sector (Zan et al. 2011). As Zan et al. (2000) have observed however, there are challenges in managing the arts, in particular the delicate balancing of the possible tensions between creativity and economic constraint.

Several of the papers in this special issue examine the impact of NPM measures on the arts sector. How three arts organisations in England coped with such monitoring in an era of financial austerity is the focus of the paper by Oakes and Oakes, "Accounting colonisation and austerity in arts organisations". The authors first set out some political context to their study. As a means of encouraging social inclusion and economic development, the Labour government (1997-2010) in Britain had pursued a policy of widening arts engagement. A range of performance measures were introduced to capture the effectiveness of such funding and as a means of justifying the public expenditure. In the wake of the global financial crisis, the Coalition government reduced arts funding. This lead to a scenario whereby arts organisations in England were subject to both a regime of funding cuts and a system of performance measurement. The study applies Habermas' theory of colonisation of the lifeworld to explain this proliferation of accounting measures in publicly funded organisations. Perhaps unsurprisingly, the authors found evidence of accounting colonisation in all arts organisations studied, of particular interest is that the degree of colonisation varied. Monitoring measures were readily accepted as a condition of funding – effectively accountability to funders was entrenched within the organisation. Some attempts to resist accounting colonisation were taken, such as reorienting measures to protect core activities. However, such new forms of accountability appeared to only increase subjugation and self discipline. This leads the authors to conclude on a cautionary note, suggesting that the combination of austerity and accounting monitoring can be potentially damaging to arts organisations, encouraging inefficient use of funds and stifling innovative activities.

By contrast, the contribution by ter Bogt and Tillema, "Accounting for trust and control: Public sector partnerships in the arts", suggests that accounting measures can engender trust between state agencies and arts organisations, allowing creativity to flourish. Public sector partnerships within the arts is the focus of their paper. In particular, the authors examine, within the context of the Netherlands, the partnerships between five theatres and the municipalities that financially subsidize them. The study reveals the significant role of accounting in fostering trust within these relationships. For example, trust is enabled by the easy open access to accouting information accorded by the theatres to the government bodies, and by the checks of the theatres' accounting records carried out by civil servants. The trust so engendered between the two parties is important in that it can stabilise the relationship, leading to a loosening of control of the theatre's activities by the municipalities. Hence in this paper we see how the inherent tension between creativity and control in the arts can be mediated through accounting information.

Another important role of accounting in arts organisation is that of valuation, a phenomenon that is receiving increasing attention more generally[1]. Valuation practices based on calculative technologies can be central to state funding decisions. Equally, attempts by the state to place a value on cultural assets can enrol accounting measures. The theme of valuation in the arts is addressed by three of the papers in this issue. In their paper, "Accounting for heritage assets: Does measuring economic value kill the cat?", Ellwood and Greenwood consider the challenges and consequences of determining the economic value of

[1] As evidenced by the new journal *Valuation Studies*.

cultural assets in the public sector. Consistent with the demands for accountability across the public sector that has been a characteristic of NPM, there has been much debate over the merits of recognising heritage assets in the financial statements. In the UK, public sector organizations and charities consolidated into public sector accounts are required to recognize their heritage assets on the balance sheet, measured at cost or current value where practicable. In an innovative move, the authors turn to quantum physics to deliberate this requirement. Drawing on Schrödinger's thought experiment, commonly referred to as Schrödinger's cat, and Heisenberg's uncertainty principle, the authors suggest that the act of measuring the economic value of a heritage asset can lead to a change in its perceived cultural value. In other words, measurement affects the phenomenon perceived. Ellwood and Greenwood examine the impact of accounting for heritage assets with reference to two cases: the National Portrait Gallery (a charity based in London) and Tower Hamlets (a deprived London borough council). In the former case, the gallery directors resisted pressure to place a value on their heritage assets, only capitalising acquisitions from 2001, while in the latter case, the council complied with accounting directives for asset valuation and subsequently sold its major heritage asset to raise much needed funds for the community. A consequence of measurement, the authors argue, is that the economic value of a heritage asset may come to dominate its cultural value to the public. This may be particularly the case in poorer local councils leading to a loss of cultural value in deprived areas.

Staying within the context of British cultural policy, Donovan and O'Brien's paper "Governing culture: legislators, interpreters and accountants" deliberates on the state's preferred methods of valuing culture and the limitations of these economic based measures. The authors highlight the challenges of trying to fit culture into the calculative practices of state managerialism. In contrast, they suggest an alternative more holistic approach comprising a mix of quantitative and qualitative measures. Such an approach has been recommended by a recent academic led research project with the UK's Department for Culture, Media and Sport. Hence the paper reveals the mediating role of the academic in cultural policy making. The academic provides the expertise that informs state calculative regimes, and reciprocally plays a monitoring role in measuring government performance. The authors acknowledge that academic engagement with the state is not value neutral, but it does, they argue, open up possibilities to decentre calculative practices in an NPM world. Finally, the contribution by Crepaz, Huber and Scheytt, "Governing arts through valuation: The multiple state in the European Capital of Culture 2010", examines the valuation practices deployed within RUHR.2010, the organisation responsible for managing the 300 projects associated with the European Capital of Culture 2010 (Essen and the Ruhr region). Valuation, they argue, is inherently part of the state's deliberations regarding what gets funded in the arts. Accounting as a "valuation producing machine" therefore, plays a fundamental role in state decisions; it can enable or limit cultural activity. What is interesting about this study is that it illustrates that the State is not a single homogeneous body, but rather can take the form of a network of multiple actors. Public-private ventures are one example of the multiple of forms in which the state can become enrolled. Drawing on David Stark's (2009) concept of heterarchies, Crepaz et al. suggest the heterarchical structure of the state and the multiple practices of valuation inherent in its construction. Such a perspective they argue, provides a fuller understanding of the role of accounting within arts management and its engagement with the state.

The scope of this special issue also includes the relationship between accounting and popular culture. The traditional distinction between high and popular culture is that the former is celebrated only by a limited elite while the latter is enjoyed by the mass populace (Storey, 2003). In Adorno and Horheimer's (1944) seminal essay, popular culture was denounced as a danger to society, a means of producing docile, passive citizens and a threat to the intellectual richness of high art. However, the cultural studies movement has offered an alternate perspective, arguing that the masses are "as much manipulators as manipulated" (Melchionne,1999, p.247). From this stance, popular culture is characterised by creative sub-cultures that continually seek to resist attempts to confine or dominate them (Fiske, 1989). Studies of popular culture have attempted to shed light on significant phenomenon in contemporary life, such as the pervasive presence of new media forms (Featherstone, 2009), the popularity of reality TV (Holmes (2004), and the construction of self through daily fashion rituals (McRobbie, 1999). This has led Jeacle (2012) to suggest that the field of popular culture can offer the accounting scholar a new and rich research domain in which to illustrate the broad reach of accounting and to showcase its power to shape social and cultural trends.

While the role of accounting within the context of state funded arts organisations is relatively obvious, the connection between accounting, the state and popular culture is less obvious and more mediated or indirect. How after all, is the government involved with the daily deliberations of its citizens with regard to popular pursuits? And how do accounting technologies play a part in this process? These are among the issues deliberated upon in four of the papers in this special issue which are set within the context of popular culture. Jeacle's paper, "The diet of the nation: The state, family budgets and the 1930s nutritional crisis in Britain", illustrates the interconnections between accounting, the state and popular culture by considering the history of diet and nutrition in Britain. In particular, the paper focuses on the political debate which took place during the 1930s regarding the nutritional health of the nation. On the one hand, left wing activists argued that the working classes were significantly malnourished due to an insufficiency of income, while on the other hand, the state, in the form of the government of the day, claimed that the domestic ignorance of the working class housewife was to blame. Accounting technologies, in the shape of household budgetary surveys, ultimately supported the former position by revealing that working class incomes were insufficient to achieve optimum dietary needs. The public health initiatives subsequently introduced through the British Welfare State were a response to such revelations. The paper therefore connects calculative practices with state interventions within the context of a governance of the body. The notion of the fit and healthy body that emerged during this era was a precursor to the contemporary obsessions with diet and body image that pervades popular culture. In this manner, the paper draws on the governmentality literature (Miller and Rose, 1990; Rose and Miller, 1992) to link together accounting, the state and popular culture by highlighting the role of calculative technologies in seeking to align the actions of the autonomous citizen with socio-political objectives.

The importance of comedy in popular culture is the backdrop for Hellstrom and Lapsley's paper, "Humour and happiness in an NPM world: Do they speak in jest?". The authors take an innovative approach to New Public Management; they investigate the plethora of new performance measures in everyday life from the perspective of the comedian. Their research setting is therefore not the board room or the public sector committee, but rather the international comedy festival. The authors also use a novel methodological approach to collecting data from these actors. The concept of the exhibition, at which both interviewer and interviewee were attending, was used as a basis for encouraging a conversation with comedians at the Edinburgh Fringe Festival and the Lund Humour Festival, The interview results so obtained lead Hellstrom and Lapsley to suggest that comedians are critical thinkers, edge workers (Lyng, 1990), who consistently challenge established views, particularly managerialism in public services. Through humour and satire, comedians impart important messages to their audience regarding public services and political choices. Hence, as the authors observe: “comedy should be taken seriously”.

A French publishing house which produces popular children’s books is the setting of Le Theule and Lupu’s contribution, “Competing logics and cultural creation in a publishing firm”. Books are generally regarded as a cultural product, but in France they have a recognised status in cultural production through state imposed regulation of selling prices. The authors argue that a market based logic, which draws upon accounting technologies, has come to contradict editorial logic in the French publishing process. Traditionally these two logics, the former focusing on short term profit making and the latter concentrating on supporting new author talent, coexisted in relative harmony. However, in the wake of mergers and acquisitions in the publishing sector, increased demands for budgetary control and return on investment have upset the balance between the two logics such that a market logic now dominates. The authors illustrate the role of accounting in this process by examining the manner in which the income statement influences book publication decisions in their case organisation. Specifically, the decision to launch a new book becomes tied to its profit projections as conveyed by the income statement. In this manner, the authors argue, the company controller comes to play a prominent role in the process of book production. Hence this paper illustrates the performative power of accounting and furthers an understanding of how such calculative practices can shape cultural production.

To conclude, this special issue seeks to contribute to a burgeoning literature on the relationship between accounting and culture. Whether the site of culture is categorised as high or low, elitist or popular, is to a large degree irrelevant. Indeed, the boundaries between the two domains are becoming increasingly blurred – for example, the media has popularised high art, while prestigious galleries have embraced popular phenomenon (Higgins and Rudinow, 1999). What is interesting for our purposes is the manner in which accounting, and calculative practices more generally, can come to pervade the cultural field, and mediate between the various actors and agencies involved. As the papers in this issue illustrate, accounting technologies can influence vital funding decisions and inform important valuation practices in the publicly funded arts organisation. Equally, accounting can be seen to be implicated in shaping popular media and publishing content, and in promoting popular perceptions of the state. In this manner, accounting can significantly impact the cultural context of a nation. Hence, the ways in which accounting is intertwined with culture and the various agencies of the state offers a particularly rich illustration of the importance of recognising the broad social context of accounting practice (Hopwood, 1983). Additionally, attention to the field of cultural production allows the accounting researcher to not only further an understanding of the scope of accounting's reach, but also provides an opportunity to showcase the role of accounting within the wider cultural studies community.

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