



ELSEVIER

Contents lists available at ScienceDirect

Critical Perspectives on Accounting

journal homepage: www.elsevier.com/locate/cpa

Governing arts through valuation: The role of the state as network actor in the European Capital of Culture 2010

Lukas Crepaz^a, Christian Huber^{b,*}, Tobias Scheytt^b^a RUHR.2010 GmbH & Kultur Ruhr GmbH Leithestrasse 35, 45886 Gelsenkirchen, Germany^b Helmut-Schmidt-University – University of the Federal Armed Forces Hamburg, Department of Management Accounting & Control, Holstenhofweg 85, 22043 Hamburg, Germany

ARTICLE INFO

Article history:

Received 4 March 2014

Received in revised form 23 February 2015

Accepted 16 March 2015

Available online 26 October 2015

Mots clés :

gestion des arts
évaluation

Palabras clave:

Gestión de las Artes
valuación

Mandarin:

艺承管理
计价

Keywords:

Arts management
European Capital of Culture
Heterarchies
Valuation
State
Project Organization

ABSTRACT

In modern societies, the state plays a crucial role in the management of the arts through funding and more or less direct political intervention. Among these processes practices of valuation supported by specific accounting techniques play an important role. We propose that in order to understand the decision-making processes of the state, their effects on the arts and their management, and how the state and the arts become intertwined in arts management, can be studied through focusing on practices of valuation. This also enables researchers to understand the role of accounting in this intertwinement better. Drawing on David Stark's concept of heterarchies, we explore the complex practices of valuation in a qualitative case study of the European Capital of Culture (ECC) 2010, 'Essen for the Ruhr Area'. We show how the state was constructed through multiple actors who acted on behalf of 'the state' by using diverging principles of valuation in their interaction with the ECC project organization and its around 300 projects. Our paper contributes to the literature on arts management by casting light on the heterarchical structure of the state, the multiple practices of valuation entailed in its construction and their intertwinement with the arts in arts management. We illustrate the potential of Stark's work on heterarchies for studying the state and the eminent role of valuation practices for studying accounting.

© 2015 Elsevier Ltd. All rights reserved.

Irgendwo giebt es noch Völker und Heerden, doch nicht bei uns, meine Brüder:
da giebt es Staaten.
Staat? Was ist das? Wohlan! Jetzt thut mir die Ohren auf, den jetzt sage ich euch
mein Wort vom Tode der Völker.
Staat heisst das kälteste aller kalten Ungeheuer. Kalt lügt es auch; und diese Lüge
kriecht aus seinem Munde: Ich, der Staat, bin das Volk.“
(Nietzsche, 1885/1999, p. 61)

* Corresponding author.

E-mail addresses: lukas@crepaz.org (L. Crepaz), huber@hsu-hh.de (C. Huber), scheytt@hsu-hh.de (T. Scheytt).

Somewhere still there are peoples and herds, but not where we live, my brothers:
 here there are states.
 State? What is that? Well then, lend me your ears now, for I shall say my words
 about the death of peoples.
 State is the name of the coldest of all cold monsters. It even lies coldly, and this
 lie crawls out of its mouth: "I, the state, am the people."
 (trans. A. Del Caro; Nietzsche, 1885/2006, p. 34)

1. Introduction

Whenever we encounter art, we start to value. It is in the very nature of works of art to provoke valuations. Particularly in social contexts we are accustomed to discuss – to advocate and to attack – art, with respect to their valuing of our own existence and of our social life. As art is a social process and a necessity for societies, we commonly accept that art is funded by the state. And indeed, societies have, since the very beginning of modern history, accepted that the state's decisions on financing artistic production more or less directly and quite considerably influence the arts. Yet decisions on funding arts are inevitably bound to processes of valuation, on a societal or state level just as on the level of an individual.

But how does the state value art? We argue that this question is both important and misleading. Clearly, the arts and their management are dependent on state funding and state support more generally. Clearly, through its funding mechanisms, accounts and political decisions, the state values some forms of arts higher than others, fostering some initiatives while not funding, and thereby explicitly or implicitly devaluing, others. New public management (NPM) has increased the pressure for states to justify their funding and regulate practices through accounting technologies, such as 'value for money' frameworks. Much less clear is the manner in which the state and the arts are intertwined. Politicians who brand themselves as patrons of the arts, public audit committees which demand accountable use of funds and interfere with artistic directorates, art managers who act like – or even become – politicians, and so on, all make it much more difficult to understand how the state is connected to the arts and their management.

The following example might shed light on what we mean. When the RUHR.2010, the project organization responsible for the European Capital of Culture campaign in 2010, planned to publish the first program brochure in 2006, they decided to use a rough, uncoated paper for the booklet. The idea behind this was that a region being shaped for more than a century by its heavy industries, with the consequence of high unemployment rates and ecological problems today – and now ready for becoming a region focused more on culture and arts – should show its open wounds to the European public. The ministry of culture of the state of North Rhine-Westphalia, however, one of the financiers of the campaign, interfered and was adamant that a high-quality, silky coated paper should be used, whatever the cost. This should support the image that the region has the potential to deliver art and culture on quite a high level, similar to other metropolitan regions across Europe, like Paris, London or Berlin. It took numerous meetings and interventions by many actors from inside and outside the project organization to support and finally gain acceptance for the original plan.

In this paper we argue that practices of valuation are crucial to the connection between the state and the arts and their management. In order to advance our understanding of the role of the state in arts management it proves useful to look at theories of the state more broadly. Contemporary political theory has shown that 'the state' is increasingly engaged with valuation through accounting techniques (Cassese & Casini, 2012; Fischer, 2012). We follow this argument and investigate how the role of the state in arts management is influenced by accounting as a practice of valuation. In addition to accounting, we argue, arts management constitutes a prime example for a field in which many different forms of valuation, from artistic to political, co-exist or compete. In order to grasp the many practices of valuation emerging at the border between the state and the arts, we draw on Stark's work on heterarchies (2009). We ask how we can understand the connection of the state to arts management, if the state is conceptualized as heterogeneous, multi-faceted and full of actors practicing different forms of valuation.

An organization which we argue to be especially apposite for studying the intertwining of the state with the management of arts is the RUHR.2010 mentioned above. The RUHR.2010 is the organization that selected, coordinated and managed the 300 projects realized when this region was the European Capital of Culture (ECC) in 2010. The ECC is an EU initiative aimed at representing European cultural richness, enhancing mutual understanding through culture and fostering urban cultural development. It is held every year in two European cities. The case shows that the RUHR.2010 was the locus in which several modes of valuing collided. The evaluative principles are based on, most notably, political values (unifying the Ruhr Area which is comprised of 53 cities to a single entity), artistic and aesthetic values (from mainstream pop to history to avant-garde) and economic values (selecting those projects out of 2200 applications which are economically feasible). All these competing values are played out in a complex funding and governance structure in which different public and private actors and interests concur. In this paper, we provide an in-depth case study of the RUHR.2010. In order to grasp the complex nature of valuation practices in the case organization, we mostly draw on participant observation—one of the authors was member of the organization in an executive role during its entire lifespan. The case at hand is especially fruitful for studying practices of intertwining through valuation, as the state in the ECC's case is not a unified, singular actor but itself a network-like structure of multiple actors and interests. This makes the practices of valuation overt and accessible for study. Our empirical narrative traces competing evaluative principles across the lifetime of the RUHR.2010 and, thereby, re-constructs the connection of the state with arts management as a heterarchical network.

The contribution this paper aims at is threefold. First, we add to the literature on arts management by elaborating how practices of valuation influence the intertwinement of the state and the arts. For this, we draw on Stark's work on heterarchies (2009) and argue that, as a mode of organizing, heterarchies thrive on multiple and competing principles of valuation. Second, we discuss how accountability structures and accounting practices, understood as practices of valuation, influence the connection between the state and the arts. Finally, this paper contributes to the growing body of literature on valuation as social practice. We argue that our empirical material illustrates the usefulness of our framework by elaborating on the network of actors and principles of valuation which form the relationship between the state and the arts.

The paper is structured as follows. In the next section we review how a network-like state, as found in our case, can be studied, and develop our research framework in relation to David Stark's idea of heterarchies. We then present the setting of our case, focussing on the intertwinement of the state and the Ruhr.2010 organization via governance structures. Subsequently, we present two stories from our empirical investigations that illustrate our conceptualization of the intertwinement of the state and the arts through practices of valuation. The paper ends with a discussion and conclusion.

2. Theoretical background

In this section we briefly outline challenges faced when studying the connection of the state with the arts and their management (Section 2.1) and David Stark's work on heterarchies (Section 2.2), thus contributing towards a more nuanced understanding of the intertwinement of the state in the arts and their management.

2.1. The arts and the state

The state has long been the centre of much critical debate. Nietzsche's famous depiction of the state as 'coldest of all cold monsters' is an early and memorable example of a strong attitude towards the state. Accordingly, in culture and its management, the role of the state has been under persistent scrutiny, since cultural organizations such as theatres or opera houses are often strongly dependent on state subsidies (Baumol & Bowen, 1966; Brighouse, 1995; Sabrin, 1993; Zan, Bonini Baraldi, & Onofri, 2011). While state funding is largely welcomed by producers of culture and audiences alike, state intervention on artistic decisions is much less applauded. For example, Nietzsche rejected composer Richard Wagner, his former idol, on the grounds that he was lured into the service of the state, aiding Bismarck's plan to gain legitimacy by becoming a patron of the arts (Burnham & Jesinghausen, 2010, p. 51).

When studying the influence of the state on the arts and their management two problems arise. One concerns the structure of the links between the state and the arts, the other relates to ways of studying state action. First, the relation between the state and the arts can take many different and complex forms. Much of the literature on arts management portrays the state as a homogeneous entity whose purpose is to provide funding for the arts (Devlin & Hoyle, 2000). This is, however, at odds with much literature from political sciences, organization studies and management accounting and with the empirical case at hand. Trends such as NPM (Hood, James, Peters, & Scott, 2004; Pollitt, 2004; Pollitt, van Thiel, & Homburg, 2007) have led to a reduced and fragmented state, often interlinked with the private sector through public-private partnerships (Broadbent, Gill, & Laughlin, 2003; Broadbent & Laughlin, 2003). Following this line of thought, Miller and Rose (2008) reject "the reduction of political power to the actions of a state, the latter construed as a relatively coherent and calculating political subject" (p. 27). As Moran (2003) has argued, modern states are regulatory states. Shifts from a command and control approach via regulation to enforced self-regulation have affected several sectors, with the British Higher Education system (C. Huber, 2009; M. Huber, 2008) and the British Financial Services sector (Black, 2008; Hutter & Power, 2000; Morgan & Engwall, 1999; Soin & Huber, 2013) being paradigmatic examples.

When looking at the empirical case at hand, we find a mix of all these complex intertwinelements. As we will present later in more detail, the RUHR.2010 organization was heavily influenced by multiple state actors from several regional government agencies. Given Germany's federal and subsidiary structure,¹ this is hardly surprising. Several government bodies were shareholders in the organization, and several politicians were members of executive or supervisory boards of the RUHR.2010. In sum, the organization was one in which the state could hardly be described as a unified entity. Rather, the state was made up of a network of government agencies on different legal levels, with complex ties to private actors, more akin to a public-private partnership. It is, therefore, important to note that the type of state to which we refer is a federal, fragmented, regulatory one; not one single entity but a network-like state.² Following this, it is impossible to study the state as having one distinct will or drawing on a single, clearly identifiable set of practices of valuation.

This leads to the second problem in studying the influence of the state on the arts, the level of analysis. One body of literature has addressed the question of how decisions can be made, given that the state is the product of multiple interests, some maybe more powerful than others (see, for example, the seminal works by Braybrooke & Lindblom, 1970; Brunsson,

¹ The subsidiarity principle in Germany's constitution mandates that problems should be solved at the most decentralized level possible and only when a local political unit is unable to address an issue, a higher political authority is included. This is one of the reasons for the strong political fragmentation in Germany.

² We still use the term "state", despite its specific characteristics in this case, not to imply that every type of state is the same but in order to correspond to the rhetoric of the actors in our case study.

1989; Brunsson, Ahrne, & Associates, 2000a; 2000b). A different body of literature focuses on another level and discusses how state decisions, for example in the form of policies, infiltrate organizations. Much research on arts management has been in the second category (e.g. Oakes & Oakes, 2012). While both streams of literature are not mutually exclusive (cf. McSweeney & Duncan, 1998) and argue that competing rationales co-exist and collide – such as in the case of the ECC 2010 – they are different in focus. Students of state decision-making are interested in the processes by which multiple divergent interests become coherent policies. For students of the effects of these policies such policies represent economic rationalities colonizing the lifeworld, as followers of Habermas would express it (e.g. Oakes & Berry, 2009). Maybe Brunsson's works come closest to addressing both levels of analysis simultaneously. However, we want to suggest a different angle on bridging this gap, which also helps to address the role of accounting, namely the study of valuation.

2.2. Accounting and valuation

Valuation has always been at the heart of financial accounting research (a quick google scholar search for accounting and valuation yields about half a million results) but has only been recently recognized as a core theme by scholars interested in the social and organizational studies of accounting (Helgesson & Muniesa, 2013; Styhre, 2013). An important example for this emerging line of research constitutes the discussion of rankings and ratings. Espeland and Sauder's (2007) and Sauder and Espeland's (2009) work on law school ranking sheds light on processes of commensuration, the assignment of a common metric to multiple entities. Since it is our aim to study multiplicity, however, we draw on a theory of valuation which explicitly addresses the simultaneity and heterogeneity of processes of valuation: Stark's concept of orders of worth.

Stark (2009) has developed the concept of economies of worth drawing on Boltanski and Thévenot's (1991/2006) earlier work. For all three, multiple orders of worth co-exist simultaneously. Even stronger, they argue that this co-existence is needed in contemporary social life. In the following we will mainly draw on Stark's work as he transfers Boltanski and Thévenot's concept from the level of society to that of organizations. For Stark, organizations' capacity to adapt to new environments and generate new ideas and solutions fundamentally rests on competing modes of valuing. It is the friction between these competing orders of worth, which allows actors to reach new conclusions. For him, following Schumpeter, new ideas are a recombination of existing ideas and thus an entrepreneur is someone who successfully explores the spaces where modes of valuation overlap. Consequently, he studies heterarchies rather than hierarchies. For instance, he presents a minute ethnography of an arbitrage trading company in the late 1990s. Whereas the context of an arbitrage company is certainly different from the context discussed in this paper, the ways in which new orders of worth come into play in that case is informative. The company generates much of its adaptability to a fast-changing environment by the clashing of the logics of finance experts with organizational members from other professions, like programmers, mathematicians and managers. Stark goes on to show how a cognitive function in the form of re-cognition is necessary to create new opportunities. More importantly, however, this company, as well as other organizations he depicts, is exposed to various demands for valuation. Commentators have argued that Stark's case for superior organizational adaptability and responsiveness rests on a weak footing since none of his case companies enjoyed long-term success (Velthuis, 2010). This does not, however, resolve the underlying problem that there seems to be much we do not yet know about competing values, modes of valuing and effects of valuation.

In order to explain the role of the state in the arts and their management, Stark's idea of heterarchies provides useful input. He identifies two defining features of heterarchies: first, distributed intelligence coordinated through lateral accountability and second, the organization of diversity enacted through the friction of competing performance principles (Stark, 2009, p. 19). Concerning the first feature, Stark argues that many contemporary organizations are marked by greater autonomy than, say, in Weberian bureaucracies or factories moulded after Taylor's scientific management. Increased autonomy and interdependence results in a greater need for fine-grained coordination of autonomous units. This implies new and lateral forms of accountability within heterarchical networks. With reference to the modern regulatory state (Moran, 2003), enforced self-regulation fits this framework, as centralistic command and control approaches to regulation are diminishing in favour of enforced self-regulation (Ayres & Braithwaite, 1992). These new, network-like structures also result in new forms and versions of accountability, such as risk-based forms of regulation as observable e.g. in the regulatory field of higher education (Huber, 2009; Power, 2007).

The second feature of Stark's concept of heterarchies relates to the organization of diversity within heterarchies. In this view, the main organizational principle in heterarchies is the network, understood as patterns of relations. Within a network 'there is not one single metric but several mutually coevolving yet not converging paths' (Stark, 2009, p. 27). There is always a clash of multiple evaluative principles which actors draw on and 'engage in practices of justifying worth' (p. 24). The mode of organization in the network is then dissonance, a plethora of voices and practices of valuation with all the resulting ambiguities regarding what is valuable and what is not, what is good and what is not. This dissonance is intercut with lateral accountability, which reinforces the need to make and keep accounts. As Stark puts it concerning the role of actors, '[i]n organizations, as in everyday life, we are all bookkeepers and storytellers' (p. 24). This approach is potentially fruitful for studying how a state made up from multiple actors and interests gets intertwined with actors in the management of arts with their own forms of valuation. The approach is also an appropriate tool for studying contemporary states, as the trend towards enforced self-regulation and accountability structures creates a complex intertwining of regulator and regulated, further complicated by the decentralization of regulatory agencies (Black, 2005, 2008).

Accounting scholars have long since argued that state, government and accounting are tightly interlinked (Ezzamel, Hyndman, Johnsen, & Lapsley, 2014; Zan, Blackstock, Cerutti, & Mayer, 2000). We propose in this paper, that this intertwinement can be understood as such when we recognise accounting as a valuation producing machine attaching value to an entity. An important role accounting assumes within the state, then, is to act as one form of valuation, namely the economic one. From fiscal policy to value for money initiatives, economic valuation is important for states. However, this is not the only form of valuation taking place in a state. Economic values co-exist or compete with political, civic and/or ethical values or even artistic ones (as in funding of the arts). While it is commonplace, that such a diverse set of values is typical for any state, and particularly those whose governments follow a NPM agenda (cf. Hood, 1991), it is interesting to study, where the values 'in practice' originate. Here, again, accounting comes into play; accounting produces valuations for both, the state and private organizations, and, in theory and in practice, thereby produces part of the contested terrain on which competing evaluative principles collide.

Stark himself has not used his concept of heterarchies to study the state or accounting as such—he is much more concerned with innovation than regulation. However, we argue that his framework can fruitfully be employed to study the role of the state in managing and regulating the arts. The advantage of this approach, we argue, is that practices of valuation are something all actors engage in; from within the state when negotiating policies, to the managers and artists inside organizations. Crucially, competing principles of evaluation are at the heart of the intertwinement of the state and arts management and heavily influenced by accounting techniques. We aim to illustrate the potential of our approach by applying Stark's framework to the construction of the state in the world of art. The manifold complexities we encountered in our empirical material motivated us to focus on multiple evaluative principles which collide in a setting where the multiple interests of the state play an important role. In the case of the RUHR.2010 different artistic, political and economic values clashed within a short period of time, challenging actors to reach decisions under pressure. The ephemeral nature of the organization also prohibited reliance on known organization practices. We will now go on to outline this case and our method of inquiry.

3. The case of the European Cultural Capital “RUHR.2010—Essen for the Ruhr area”

3.1. *The RUHR.2010 campaign*

For more than 25 years, the European Union each year has nominated as the “European Capital of Culture”. From its early stages, the idea behind this initiative was to demonstrate the cultural richness and diversity of Europe. For the nominated cities, the award provides a chance to increase its visibility as a centre of culture and arts. The award migrates each year to one or (since 2008) two European cities: one from the old, and another one from the new member states or from a state associated to the EU. The state from which the city is awarded rotates each year. In 2010 the award hence went to one city in Germany and one in Hungary.

Around the year 2000, first discussions about the potential of the Ruhr Area to apply as a whole region for the year 2010 started. The Ruhr Area is a region comprising 53 cities, known as a former industrial heart of Germany and as home of the main proportions of the German coal mining and steel industry (and, historically, as centre of the armament industry since the 1870s and particularly during WWII). The campaign was targeted at heralding a new image of the region, both nationally and internationally—that of a lively, culture-driven region relying on cultural/artistic creativity and innovation rather than on a dying heavy industry. The motif of the campaign was hence “culture through change—change through culture”, conjuring an unconventional new “metropolis in the making” (cf. *Zentrum für Kulturforschung and ICG Kulturplan, 2011*).

From the very beginning, the nomination of a whole region was accompanied by criticisms, to a lesser extent within the national and EU nomination committees but, surprisingly, on a regional level. Irrespective which political regime was in power, the Ruhr area, with its economic importance and strong unionised workforce, has been held to be ungovernable as a political entity since the 1850s. As a consequence the atmosphere has long been characterised by communal jealousy and parish pump politics, particularly among the authorities of the five bigger cities (Bochum, Duisburg, Dortmund, Essen, Gelsenkirchen). However, a main vision behind the RUHR.2010 campaign was to position culture as a political lever to foster a common purpose among politicians and to nurture a kind of regional pride among the people as being no longer citizens of their respective cities, but citizens of the Ruhr Area.

After the application succeeded in the 2005 national contest, the committee of the European Commission nominated “Essen for the Ruhr Area” (which was the official title of the application) as the ‘winner’ of the campaign. For the first time in its history, the EU hence nominated a whole region as European Capital of Culture with Essen as banner city.

3.2. *The project organization: RUHR.2010 GmbH*

The fact that numerous cities/counties were involved resulted in some specificities of the organization of the RUHR.2010 campaign. From the very beginning, it was clear that the project organization had to be a network organization. Hence, a new organization in the form of a private limited company was founded by the city of Essen together with three other bodies: the *Regionalverband Ruhr*, the regional association of the cities/counties responsible for (common) regional planning and development, who held the biggest part of the shares (33%), the *Initiativkreis Ruhr*, an association of the big

industrial companies located in the area (25% shares), and the federal government of the state of North Rhine-Westphalia (25%). The remaining shares were held by the city of Essen (17%). All shareholders had the same rights and duties with respect to the governance of the company, including the oversight on the designing of the program. Main financiers of the campaign were, apart from these four bodies, the Federal Republic of Germany and (with a surprisingly low part of the budget) the European Commission. While the spreading of the shares might suggest that the shareholders should have acted concordantly, it was observable from the very beginning that the different layers and bodies of the state were in struggle for influence with each other. We will come back to this issue in two examples below.

The governance structure of the RUHR.2010 GmbH was designed in a quite usual manner for Western cultural organizations: a supervisory board, filled with members from the four bodies mentioned, was responsible for the overall governance. Representatives from the Federal Republic of Germany and the city of Bochum were included into the supervisory board as permanent guests. Second, a board of trustees with some high-profile members from different societal spheres (e.g. representatives of companies, cultural institutions, social groups etc.) played the role of an advisory board and gave the campaign a public face. Third, a working committee formed by representatives of the four shareholders was responsible for all urgent issues and was the direct equivalent of the management. Fourth, the top management itself consisted of two managers with equal rights and duties, one experienced in media, and the other one in cultural management. Fig. 1 gives an overview of these main governing bodies as well as the other participating or interested parties in the network.

While its governance structure was quite usual, the RUHR.2010 GmbH differed on the other hand from most arts management organizations in two respects. First, the majority of the more than 300 projects realized during the campaign were run by external partners, but had to be financed and steered to varying degrees by the RUHR.2010 GmbH. Hence, a main task of the organization was to establish a centre of communication and information exchange and to act as central knot in the network of numerous acting organizations. Second, it was only at the end of 2006 that the governance structure was erected and the top management was hired. This left only three years for such complex tasks, like designing a substantial program, building a functioning organization to control the network, identifying funding sources, negotiating all contracts with external partners, hiring around 150 experts able to realize the program and co-operating with others they had only

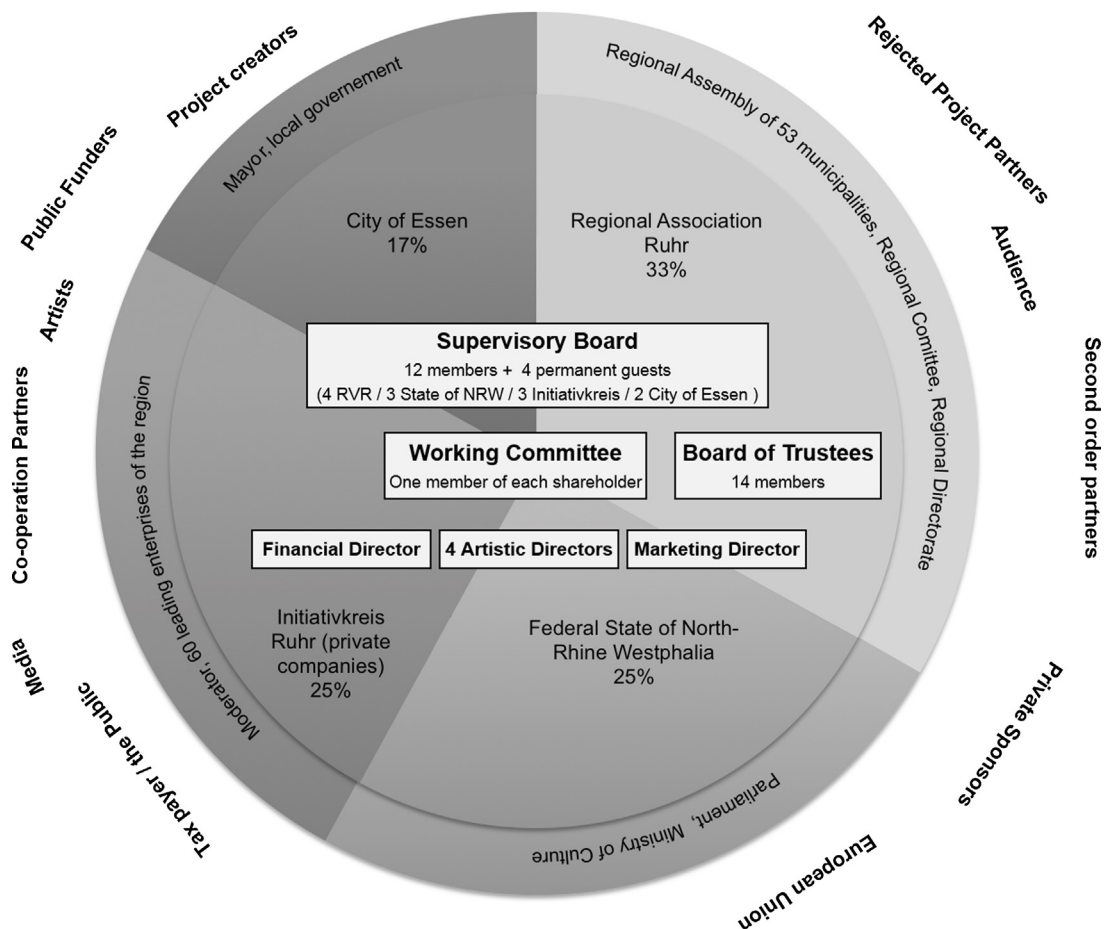


Fig. 1. Stakeholder Structure of the RUHR.2010 GmbH (authors' presentation).

recently met, and finally heralding the events in the region, nationwide and throughout Europe. This specific situation led to a ‘mega-event organization’ (Betz, 2011; Betz & Niederbacher, 2011) which was, from its very beginning ‘on the fast track’. Usually, due to time constraints there was no way back once a decision had been made. Adding to this complexity was the fact that a number of sponsors and financiers tried to have a say in the design of the program and the organization, especially when it was recognized that the campaign turned out to be a success. A multitude of political interests had to be respected, even in internal managerial processes.

We argue that two specifics of the RUHR.2010 organization make it particularly interesting for the aim of our research. First, as is the case with most cultural organizations, the RUHR.2010 was characterised by a heterogeneity of divergent orders of value, brought about by the many actors who associated themselves with the vision and the aims of the campaign. Second, we argue that the rather ‘laboratory’ situation in which the organization was built and existed – influenced by a lack of prior experience and with no time for deep reflection on issues to be decided – makes it worth analysing.

4. Empirical research

4.1. Methodology

Some case-specific factors have influenced the methods chosen for empirical research. Our analysis had to focus on phenomena *on different organizational and interorganizational levels*—within the project organization as well as between the project organization and the (different levels of the) state. Second, our analysis had to be focused on *dynamic aspects* as processes that developed over time had to be analysed. The methods employed had therefore to ensure that procedural and intertwined patterns of behaviour and action could systematically be grasped. A third specificity was the enormous time pressure under which the project organization worked. It seemed therefore appropriate to design the empirical analyses as a two-stage process: During the campaign from 2007 to 2011, information was gathered as raw data, which was then, after the “hot phase” ended, analysed in-depth. Hence, the research design was that of an “armchair research” (Eisenhardt, 1989), an iterative process of interpretation and re-interpretation of rich data, aiming at a “thick description” (Geertz, 1973) of the phenomena observed.

The data sources underlying our research consists of a mix of published and unpublished documents as well as the results of participant observations. As a publicly financed entity, the RUHR.2010 organization was a matter of discussion in regional and national media. In addition, it was the object of comprehensive auditing procedures by both, public government bodies as well as private auditing companies. Finally, the RUHR.2010 and its project partners published a number of after-event reports, including an evaluation of the campaign and its organization (see, for example, [Zentrum für Kulturforschung & ICG Culturplan, 2011](#)). Important information on one of the stories we will depict below stems from the published documentation of the project ([Kultur-Konzept GmbH, 2010](#)). These three sources delivered the basis for an in-depth document analysis.

A second part of our data stems from participant observation. First, we refer to reports written by a group of sociologists, who were engaged in a research project on the case organization (Betz, 2011; Betz & Niederbacher, 2011). Additionally, one of the authors of this paper was a member of the management team of the project organization from 2007 to 2011. This provided not only first-hand accounts of the processes studied but also access to the minutes of meetings of the board, the board’s working committee and the program conferences of the CEOs with the artistic directorates, in total 126 documents.

Given the specificities of the research context described above, the interpretation of data took place mainly in hindsight. According to [Lukka and Modell’s \(2010\)](#) claim that validation in interpretive research is a result of authenticity and plausibility, an iterative approach was chosen in order to reconstruct what actually happened and what the intentions of key players were. In a first phase, authenticity was attained by the role of one of the authors as eyewitness. Plausibility tests, carried out by the other authors contrasted the narratives with the data gathered from documents.

As long as the evolving interpretation was perceived by the authors as not being fully plausible, a further stage in the escalating data and investigator triangulation (cf. [Hopper & Hoque, 2006](#)) was initiated. Other eyewitnesses, e.g. from the management team or from the artistic directorate teams, were interviewed in order to gain insights into their intentions during the course of action. If then the image was still not sufficient, another round of scrutinizing data and interviewing was started until, finally, respondents and researchers agreed upon their interpretation of events.

For systematic reasons, misunderstandings can never be precluded in interpretive research, particularly when it is mainly carried out in retrospect (cf. [Miller, Cardinal, & Glick, 1997](#)). However, we argue that the sheer amount of data and the diversity of origins as well as the circularity of our method can be understood as indicators of the ‘thickness’ of explanations and a degree of authenticity and plausibility which [Lukka and Modell \(2010\)](#) have claimed.

4.2. Empirical observations

In the following, we will discuss two quite different episodes in the short life of the RUHR.2010 organization. The first had its origins even before the existence of the organization. It tells the story of a project that started as an independent project loosely triggered by the regional discussions to apply as ECC, being included as an exemplary project in the application concept for the ECC later, and after many turbulent and lengthy discussions was realized by the project owner as an official RUHR.2010 project. The second story relates to a considerable conflict with respect to the budgeting and planning process of

one project that was, nevertheless, at the end realized. While these stories differ considerably in their content, they are at the same time converging: actors inside and outside the project organization enact a web of interests based on heterogeneous orders of value, which together construct a complex assemblage providing an image of a network-like state in this context.

4.2.1. Story 1: “Ruhr Atolls“

The project “Ruhr Atolls” had initially been designed by a local member of the Ruhr Area’s independent art scene under the name “Folkwang-Atolls”. The concept of the project aimed to pair renowned artists and scientists to contribute to the debate on climate change by developing art works, dealing with the topic ‘Art is Energy—Energy is Movement’. In total 25 medium-sized public arts-atolls (~50 square meter) should float on Essen’s lake ‘Baldeney’—a lake that was formerly built as a reservoir to purify the Ruhr from industrial (water) pollution. Spectators could use pedal boats to get from the shores onto the atolls (Fig. 2).

The first hurdle for the project was finding financiers for the costs of inviting artists and scientists to meet each other, see the location and elaborate drafts of the artworks. But also help was needed from regional fine arts institutions with their artistic network and reputation. A first meeting with the City Councillor for cultural affairs of Essen and with the director of Essen’s Museum Folkwang lead to a positive response and to a start-up funding in 2004 by the city of Essen. In order to succeed in realizing the ambitious project, the creator of the project tried to market his idea to important stakeholders in the following period. Soon a network of important curators from high-rank institutions (e.g. a curator from the Museum Folkwang and a former director of the ‘documenta’—exhibition), and a group of technical, energy and ecological advisers was formed. Some of these advisers came from public institutions, others from partly publicly owned organizations and yet again others from private corporations (cf. [Kultur-Konzept GmbH, 2010](#)). This process, altogether, already resulted in a multiplicity of backgrounds, experiences and interests represented in the working group and a diversity of actors in relation to their intertwinement with ‘the state’.

Nevertheless, the project’s time planning was threatened by objections from nature conservationists and by the lack of funding for the next phase. A crucial role was taken by Essen’s councillor responsible for cultural affairs, who was at the same time a driving force behind the region’s application for the ECC—again intertwining public interest and the ECC initiative in one person. He insisted that the project only had a chance to get substantial funds if it was part of the campaign for the ECC application. Thus, in 2005 it became one of eight lighthouse projects developed and promoted during the application campaign, which were used to illustrate the main themes of the ECC (see [Stadt Essen/Regionalverband Ruhr, 2005](#)). As a next step towards the realization of the project, miniature models of the 25 artistic drafts were built and exhibited in May 2005, financed, again publicly, by the cultural department of the city of Essen. Through personal intervention, funding necessities and valuation by public actors, the project, which had started out in the purely private and artistic realm, was progressing. We also see, here, that the valuation of the project was not only dependent on its own artistic or economic valuation but on its role in a larger project, the ECC application campaign.

When ‘Essen for the Ruhr Area’ was appointed as ECC 2010 in 2006, other state actors joined the field. The representatives of the State of North-Rhine Westphalia, the Initiativkreis Ruhr, the City of Essen and the Regionalverband Ruhr who were the



Fig. 2. Two realized atolls designed by Ilya and Emilia Kabakov and Andreas Kaufmann on the Lake Baldeney.
Source: Copyright: Frank Vinken.

main players in the governance structure of the organizing company could hardly have been more diverse. For example, the head of the board was the secretary of state for culture of North-Rhine Westphalia—a conservative who had previously been arts councillor of the city of Düsseldorf. The federal state government was ruled by a coalition of conservatives and liberals (CDU/FDP) at that time, while the majority of the local governments were ruled by social democrats (SPD). The city of Essen was ruled by a coalition of conservatives and the green party. Essen's social democratic councillor of arts was nominated CEO of the organisation in 2006, while continuing to act in office as councillor until 2009. Unsurprisingly, this mix of different interests led to a permanent struggle for influence, as we later show.

After the designation of an artistic directorate for the ECC consisting of four persons from different spheres of the cultural industry in the beginning of 2007, all lead projects were reviewed again to decide whether they should be realised as official ECC projects. Meanwhile, first presentations and discussions with a potential main sponsor of the ECC year had been started, including discussions concerning support of the Ruhr Atolls project. A first financial estimation for 25 isles was made, adding up to 5 Mio Euros of which 1 Mio Euros should come from the ECC's budget, the rest from sponsors. The project creator reports in the project's documentation (Kultur-Konzept GmbH, 2010) of a quite hostile first meeting with the artistic director responsible for the project organization in May 2007. The artistic director is cited to have called the models in combination with the energy debate as “tinkerer stuff” (p. 18), accusing it of being of low quality both artistically and in terms of project management. The minutes of this program conference (minute 5) already showed different evaluative principles mobilised by critics of the project to support their respective standpoint: Artistic/aesthetic ones by those criticizing the quality of the concept (“theme/topic is too vague”), organizational ones by those questioning the feasibility of 25 atolls and socio-political ones by those questioning the project's sustainable effects. On the other hand, the information provided by the project organizers during the meeting used economic principles in favour of their standpoint: It was stated that more than 80% of the project could be funded through sponsorship under the condition that the project was accepted as an official project of the ECC. In this phase, rumours ran that the artistic director was politically inclined to the agendas of the regional State government—whose representatives in that phase still aimed for a glossier program agenda for the ECC campaign. Despite his prejudices the artistic director finally proposed to finance more thorough studies of 15 renowned artists, including perfect scale models of the artworks. These models should be presented in two meetings by end of March 2008—which put even more pressure on the project creator to make considerable progress and to bear more financial risk.

What might look like the application of a straightforward artistic evaluative principle was actually the product of personal impression of the project creator, sympathy, and political tactics (since the status of the project within the overall ECC was strengthened through its role in the application campaign). A journalist of an important German newspaper described the project creator's personality as follows: If the creator ‘is a genius or a pain in the neck, will only be revealed in the history of art.’ (Siemes, 2010)

As our observations and the minutes demonstrate, the lack of trust in the project by the artistic director, many team members, and most of the board members was considerable (e.g. board meeting minute 3). The organisation was divided in a few proponents of the project, especially one CEO and one artistic director, and a large coalition of opponents using different evaluative principles to defend their positions (as discussed above). Furthermore, the parties adopted tactics to influence the application of these principles. In a board meeting at the beginning of February the head of the board harshly criticized attempts to commit the organization to the project by one artistic director who announced the realization of the Ruhr Atoll in media interviews (board meeting minute 5). The record of a presentation of the project which the CEOs and the responsible artistic director attended that took place only some days after the board meeting reveals not only the different positions but also the dynamics involved in those principles. During the discussion the artistic director added a new evaluative principle, that of efficiency, by comparing inputs and outcomes of the project with other main projects in discussion. While the supportive CEO reported of meetings with a sponsor who showed interest in the project, the artistic director tried to question the reasonableness of allocating funds to the project (internal minute of the project's interim presentation on Feb 22, 2008).

In the following program meeting, the conflict between the CEO and the artistic director escalated, when the latter announced that he was going to tell the project creator that his project was rejected by the artistic directorate. The CEO replied by bringing into account the interests of a potential main sponsor and the city of Essen. The minute of this meeting tersely states: “. . . the conflicting interests were discussed in detail” (program conference minute 20). The decision was postponed resulting in an on-site meeting of the supervisory board's working committee in the rooms of the project organization in the beginning of May 2008. There, the project creator had to present the artists' final proposals and had to respond to the committee's questions (working committee minute 7).

This meeting played a key role in understanding the heterogeneous and intertwined principles of valuation in this project. As the funding of the whole ECC was suffering from the beginning of the global financial crisis, the second CEO and committee members focused on the very vague budget plans of the project. During project development the number of atolls had to be reduced from the initial 25 to 15. A very intense debate within the committee about the financial constraints led to the agreement that the number of atolls still had to be reduced considerably in order to meet the budget limits. It became clear that the planned income from funding of the ‘Ruhr Atolls’ turned out to be unrealistic under the circumstances of the financial crisis.

At this point, the discussion shifted to a multifaceted debate on the contribution of the project to different realms of the ECC. Local actors stressed the touristic potential of the project and the positive resonance in media. Thus a new order of values was introduced into the debate: indirect economic benefits through touristic appeal. The local actors were asking if the project could still make sense if only some few artworks were to be realized, thus steering the valuation debate towards

the connection between completeness and artistic value. Further, as political practice of valuation, the question was raised as to whether cancelling a project that had been part of the application at the EU level could have adverse effects on the monitoring of the RUHR.2010.

These observations stemming from internal minutes demonstrate how different and competing practices of valuation emerged and were positioned in order to influence decision-making. Not only were the evaluations within the different evaluative principles changing quite dynamically but also the evaluative principles themselves—as we can see comparing the minutes of the interim and the final presentation. Part of the effects of these fast changes was that the management of the project organization had difficulties deciphering which orders of values were actually preferred by the different public and private actors.

What happened next in the debate about the feasibility of the project could be described as a “Deus ex machina” moment. A main sponsor of the ECC 2010 had selected the Ruhr Atolls as one of its favoured projects, and started thereby essentially to dictate the project’s realization. This was criticised sharply by a minority of members of the governing committee. They felt uncomfortable that private sponsors were influencing the program in such a direct way—although previously they had themselves behaved similarly. The majority of committee members, however, voiced no objections since the sponsor did not bring in a new project, but selected a pre-existing ECC-project. Viewed in the context of these diverse practices of valuations, the committee decided to go on with the project, reducing the number of atolls in a first step to three (in the end a fourth atoll was realized with the support of yet another sponsor). At the same time the physical size of the realized atolls was to be increased considerably in order to have more visual impact to visitors standing by the lakeside (working committee minute 7).

During the whole development phase the project proved to be one of the most controversial projects of the whole ECC 2010. In over ten board and working committee meetings until the end of 2010 the project’s development and artistic value had been scrutinized. Interestingly, the board members adapted political, economic, social and artistic evaluative principles simultaneously, sometimes changing between them dramatically.

We argue that this story is an archetypical case in which actors use diverse valuation principles in order to intervene into arts and arts management. We can observe actors that employ heterarchical orders of valuation with the aim of supporting their very own, personal view. We encounter hence a state representing different orders of worth, as representatives from different bodies apply different and sometimes contradictory valuation practices. Furthermore, the arguments and concerns that were brought up changed over time, depending on the arena in which the project was challenged: While artistic valuations were mobilized in the first phases to criticize the concept of the project, the discussion’s focus later shifted to economic and feasibility issues.

4.2.2. Story 2: ‘Odyssey Europe’

Our second story highlights another aspect of the functionality of diverging valuation principles, namely, how accounting systems are related to valuation principles and how accounting is used to intervene in arts and arts management.

As was the case with the Ruhr Atolls, the project ‘Odyssey Europe’ was one of the lighthouse projects of the RUHR.2010 campaign. It was eventually realized, although it was for a certain period of time at risk, owing to quite a fierce conflict of different evaluative principles. Participating in this conflict were – differently at different points in time – the artistic directorate responsible for the project emphasising the programmatic importance of the project, the management control department emphasising economic and budgetary rationales and the two CEOs of the RUHR.2010, supporting the project, but also (members of) the supervisory board, mainly reluctant towards the project because of high risks. The project combined so-called ‘elite culture’ (prime performance of theatre productions) with the specificities of the Ruhr Area, especially its multiplicity of publicly financed theatres and the hospitality of the Ruhr citizens. The idea was to seize on the classical theme of the odyssey (as dramatized by Homer) and to translate it into a present form. In the official program book the project was described as follows:

Odyssey Europa—six plays and a voyage of discovery through the interworld

Odysseus comes home and no longer recognizes his native island of Ithaca. The theatres of the Ruhr have invited six European authors to retell Homer’s famous epic poem: Grzegorz Jarzyna, Péter Nádas, Emine Sevgi Özdamar, Christoph Ransmayr, Roland Schimmelpfennig and Enda Walsh. The individual episodes are linked to form a complete story [. . .]. The audience undertakes a journey from theatre to theatre that forms its own odyssey through the world of light and shadow of a European metropolitan landscape. [. . .] In the six episodes from the life of the hero Odysseus, images emerge of talking ruins, shifting borders and perilous centers – a modern mythic scenario for all dreams of success and fears of loss. The Ruhr provides the perfect showcase for a contemporary retelling of the “Odyssey” as all the issues of the future of Europe are reflected here. How will we learn to live together in a world subject to unrelenting change? Cultures tend to build up barriers against the outside – so how can the theatre of the present day make a contribution to the opening up of communities?

The audience at “Odyssey Europa” also undertakes a journey of discovery – in six stages over two days and one long night. One minute they may be sitting in the Centre Stalls, Row 9, the next moment they are rushing backstage, leaving the theatre and their position as observer. Shifting perspectives bring new details to the surface. And you too can be part in (!) this two-day theatre marathon and odyssey through the interworld of the Ruhr archipelago. You travel by car, boat and bus. Hosts from the Ruhr area will open their homes to you and accompany you on parts of your journey.

Although the project was, according to experts' artistic valuations, eventually a great success, its realization was at times far from certain. The main reason for this was the calculation practices for the project budget. Originally the overall budget plan of the RUHR.2010 in 2008 stated one position for the *Odyssey* of 601,000 Euros, being not the full costs, but just the subsidy that the RUHR.2010 had to give to the project creators. 501,000 Euros were calculated for the production of the six theatres, whereof 420,000 Euro were designated as subsidies to the six theatres for the authors' fees, the theatre production and for preparation, documentation and promotion events. The remaining 100,000 Euros were thought to cover other costs like travel costs for spectators, the fee for the artists collective that designed the artistic conceptualization of the journey (e.g. the map in Fig. 3), reimbursement for the Ruhr citizens who hosted and catered the spectators during their journey, and other expenses. This amount should, together with the revenue that should come from ticketing (180,000 Euros), cover the full costs for the journey (280,000 Euros).

In the beginning, all internal and external actors, irrespective of their focus on specific evaluative principles, agreed: This project could be one of the lighthouse projects within the performing arts programme. Therefore, it became one of the first projects selected for the official RUHR.2010 programme (programme conference minute 3). Already at this stage it became clear that the project was meeting many of the set-up program criteria (and their underlying evaluative principles) in an ideal way: it was a truly regional project combining the theatres of 6 cities within a journey through the whole region, building new network structures and was therefore meeting regional-political evaluative principles. It reflected Europe in an artistic way (artistic principles) thereby telling the story of a "new unconventional metropolis in Europe" (branding principles), and was considered to be a project that could be attractive to the press. As such it was of great potential interest for the acquisition of sponsors (program conference minute and materials 17).

When presenting the whole program to the working committee in 2008 (working committee minute 6), it was categorized as a network project with high costs but also potentially high impact.

However, when the concept for the project was finalized and the first detailed calculations were made, the management control department discovered a considerable underfunding in the calculation of the journey.

Obviously, the artistic directorate had influenced the figures to seem better than they actually were. In fact, management control had already added a 150,000 Euros risk mark-up to the journey costs in the first project estimations around 3 months earlier. However, this action was motivated more by instinct than by precise calculation—and thus did not get the same attention as the final calculation which spoke with the 'clarity of numbers'. The new calculation revealed that already the fixed costs for the journey amounted to 322,000 Euros. In addition, variable costs amounted to another 163,000 Euros, when calculated on the basis of 70% of seats sold. The sum hence exceeded the original plan of 100,000 Euros by nearly 385,000 Euros.

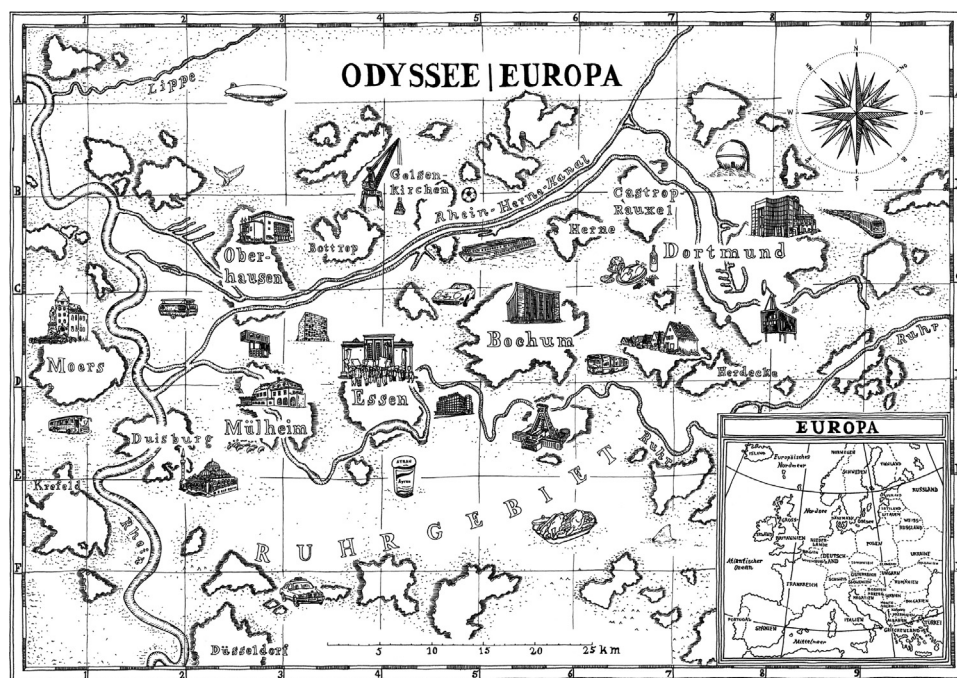


Fig. 3. *Odyssey Europa*—the map for the tour.

Source: Copyright: Christoph Franz; raumlaborberlin.

In June 2009 – the realization of the project had already started – the head of the management control department and the financial director wrote an ‘alert note’ in which they informed the executives of the RUHR.2010 of this miscalculation—and of another severe problem. The artistic directorate had included the revenue from ticketing into the project plan. This was contrary to the budgeting rules of the RUHR.2010 which stipulated that all revenues obtained by ticketing should be included in the overall organization’s budget but not in the project budget. The overall budget already comprised an amount of around 400,000 Euros as revenue from the project so this amount had been budgeted twice. This mistake that led to the financial problem now became clear. The artistic directorate had simply calculated on the wrong basis and had informed neither the executives of the RUHR.2010 nor the management control department of their practice.

Whereas the project plan was not certified by the management control department and despite the identified budget hole of 400,000 Euros, the management of the RUHR.2010 company still saw the project as being of great importance in the portfolio of projects. Hence, it decided to carry on and find ways of balancing the project budget by reduction of costs, but also by transferring the ticketing revenue from the organization’s overall to the project budget. By this, however, the overall budget was further financially strained and additional financial sources had to be opened up—a task not easy in the most intense phase of the financial crisis.

When the two main evaluative principles involved – artistic/programmatic value and economic performance/budgetary appropriateness – collided at that point, the RUHR.2010 management decided in favour of the artistic value and the continuation of the project. So far, the organisation’s heterarchies led to a conflict that was resolved internally—without any intervention of a state actor.

However, the story does not end at that point. A set of reports had to be sent to the supervisory board on a regular basis. Among other requirements, a report on the development of the overall budget had to be communicated, highlighting the changes to every single budget position since the last report. These reports were one of the most important control mechanisms by which the multiple state exerted direct influence onto the RUHR.2010 management. Consequently, the report sent to the members of the supervisory board three months after the discovery of the budgeting mistake highlighted a difference of 400,000 Euros under the heading ‘further income (ticketing etc.’; transl.) together with a brief explanation (‘allocated to project Odyssey Europe’; transl.). In the meeting one of the board members scrutinized the numbers, harassed the management with probing questions about the reasons for the change and demanded further information. This member had been one of the fiercest opponents of the RUHR.2010 executive management since the beginning of the campaign. As a consequence, and as on several occasions before, a short but harsh conflict began as the board member perceived a chance to (again) deal the management a blow. Because the board member was – as representative of one of the main financiers – entitled to check fully all internal business within the RUHR.2010 organization, he ordered the external auditor of the organization to analyse the process of and the reasons behind the budget change. During the following checks, the external auditor identified the truth, and reported his finding to the supervisory board (board meeting minute 12).

Now the executives of the RUHR.2010 were asked to react. They responded in the following weeks by a mixture of micro-political practices: ‘reconfiguring’ the numbers, some further ‘re-interpretation’ of the numbers delivered in the following reports, and re-activating the political support of other board members. To do so, the executives adapted an argument based on the subsidy requirement of the project instead of the total costs. At the same time they questioned the budgeted incomes and the underlying income calculation of the overall budget, as internal mails from that time demonstrate. In order to save the project the management assumed responsibility for too optimistic estimates, while pointing out that this mistake had also been made by a current benchmark project, the ECC 2009 in Linz. The financial director was urged to report to the head of board with an updated assessment of the income and to admit that the explanations of the former report had been misleading.

Finally, the executives successfully managed the situation by ‘covering’ the problems and mistakes. Another six weeks later, the problem was marked as ‘solved’ by all parties involved in a meeting of the board’s working committee—whereby some board members gave in with audible grumbling (see working committee minute 19). Another six months later, the Odyssey took place in the planned form and was a great artistic success if the critics from national and international media were to be believed.

When reflecting the story against the backdrop of Stark’s heterarchies and evaluative principles we can identify some very interesting issues. On the surface, the actors within the heterarchical organization applied competing practices of valuation to justify decisions in favour or against the continuation of the project. However, when analysing the artistic directorates’ justification of the project over time, we can see the following strategy. At the beginning, when the decision to include and realize the project as an official ECC project had still not been made, the artistic actors were not sure if the project’s artistic and political value were strong enough to compete with the budgetary restrictions and with other economically more reasonable projects. Therefore, they added an economic principle of valuation to their arguments by installing favourable estimations. The budgetary imbalances were certain to come to light sooner or later, but not before the management and the state actors in the board had been convinced to realise the project. Time was won to develop and bring into effect the artistic concept and to create precedents that would prevent the actors cancelling the project during implementation.

In the end, aesthetic and artistic orders of value were held to outweigh financial and political orders of value. The management of the RUHR.2010 resorted to political tricks in order to prevent the Odyssey being cancelled, and to maintain the organization’s own reputation for efficiency in organizing the ECC campaign.

Two main reasons can be identified for this manoeuvre. First, since the beginning of the campaign the Odyssey had been announced as a project very central to the idea of the RUHR.2010 campaign. Linking modern cultural work with the specifics of the Ruhr Area, as the Odyssey did, was core to the overall campaign's identity. What is more, it was the only project where all theatres of the whole area cooperated. To lose such a project 'just' by a calculative mistake would have been problematic for the 'inner balances' of the campaign. The balance between the diverse orders of value (marketing/touristic, aesthetic/artistic, economic/feasible) would thereby have been distorted.

Second, it was already quite late in the realization process of the project when the calculative 'mistake' came up. To remove the project from the agenda just half a year before its actual realization would have raised cynical criticisms in the national and international media. It was expected that the reviewers from the national newspapers and magazines, mostly located in the big cities of Munich, Hamburg and Berlin, would have then ridiculed the RUHR.2010 organization for its incompetence and the campaign for provincial recognition. Hence, the management and the other responsible members of RUHR.2010 collectively took the risk, although quite serious reputational and financial consequences were possible if the problems were to be revealed: Not only journalistic cynicisms, but a considerable overrun of the overall budget and subsequent actions of the governing bodies could have resulted.

Accounting techniques played a decisive role in the valuation practices around the Odyssey. Throughout the story, these techniques were used as a valuation-producing machine, but by different actors and with different purposes, in favour or against the project. Hence accounting is a powerful means by which diverse principles of valuation can be instilled into decisions on art and into art management—by different actors, following the concept of the state as a network of actors and valuation principles.

5. Discussion & concluding remarks

The stories described above are just two of the many stories in the context of the RUHR.2010 campaign that are instructive with respect to the ways in which the state influences artistic and arts management processes. We started our paper with the claim that practices of valuation are important for the relation of the state and the arts (and their management). Relating to Stark's concept of heterarchies, we argued that the influence the network-like state exerts on arts and arts management is multi-layered and that diverse principles of valuation can be mobilized as discursive resources by actors, depending on situational factors and with different purposes. Extending the discussion on new public management in which the state becomes more and more intertwined with private actors in initiatives such as the PFI (Broadbent & Laughlin, 2005), we focussed on the role of practices of valuation in shaping the connection between the state and the arts. Since the state in our case was constructed through multiple individual and organizational actors, our case provided an especially rich illustration of practices of valuations and their effects.

Our findings illustrate the potential of studying the interventions of actors constructing a state-arts-management relation through the lens of Stark's concept of heterarchies. We now summarize the findings of our case study using Stark's terminology to illustrate the analytic capabilities of the study of valuation.

5.1. The heterarchy of the state and arts management

David Stark's concept of heterarchies is closely connected to theories of the network. In our case, the RUHR.2010 can be described as a network organization. Additionally, the relations with the state were of a network type, since multiple governance mechanisms such as the executive board included political actors. Even stronger: in our case the state itself was a network consisting of multiple agencies arranged in a federal and subsidiary way. How can we then analyse the role of the state, or even talk of "the state"? The answer is found in Stark's first defining feature of a heterarchy: distributed intelligence generated through lateral accountability. In our case accounting and accountability structures were omnipresent. Both our stories illustrate cases in which one planned (artistic) activity was at first endangered by accountable actors voicing (economic) concerns. In a second step this conflict was resolved by the inclusion of further (political) values, which resulted in changes to the artistic concept (story 1) or economic presentation (story 2). For students of the state the network-character of the state is important to note, as is the driving force of accountability structures which were used by actors as the motor to start and the key to resolve the struggle of evaluative principles.

Stark's second defining feature of heterarchies is the enactment of diversity through friction. Extending the network-perspective Stark (2009) explains: "[o]rganizations can be seen as patterns of ties, but they should also be seen as sites in which actors engage in practices of justifying worth" (p. 24). The multiple practices of valuation were not in harmony but the ties between the state and the arts (and their management) were formed and constantly changed when different evaluative principles clashed. In both stories, state actors intervened when economic values collided with artistic values. But contrary to the state only being seen as a detached funder, political values changed the dynamics in both cases. The threat of losing face in the national media was a strong motivation for regional state actors, despite being presumably of little interest to actors in the federal government. For studying the connection of the state to the arts it is interesting to see that in those moments of debate and friction, the accountability structures were filled with meaning by actors so that funding decisions, perceptions and oversight activities took their idiosyncratic form.

Finally, Stark (2009) emphasises the role of entrepreneurship which "occurs . . . through the generative friction at the overlap of evaluative frameworks" (p. 19). In our stories several entrepreneurs act at the margin between evaluative

principles. In the story of the Ruhr Atolls the project creator might have been an entrepreneur, although other actors doubted the values of his artistic and organizational capabilities. In the story of the Odyssey Europe the RUHR.2010 management made the project happen, when they altered accounting practices (or their interpretation) to fit artistic plans and incorporated some state actors through including political worth (not losing face) and fending off others through arguments drawing on artistic modes of valuation. When applying Stark's framework, we can see that governance structures are important, but so are actors' struggles for a common mode of valuation; a struggle in which accounting plays a crucial role as both cause and solution in moments of friction. These frictions and enactments of formalized structures and roles then shape the idiosyncratic relation between the state and the arts.

5.2. *Implications for studying valuation, arts and accounting*

Taken together, our findings can be used to address issues in three bodies of literature: studies of valuation, studies of arts management and studies of accounting more generally. In the following we will briefly discuss the implications of our paper for all three bodies of literature.

Stark's concept of evaluative principles is drawing extensively on Boltanski & Thévenot's work on orders of worth. Boltanski and Thévenot identify six (later seven) orders of worth, and while there are in principle more orders conceivable for them, in their arguments, the set seems to be largely confined to these six/seven orders of worth. By contrast, Stark's framework softens the restriction of a certain, finite number of evaluative principles. In his empirical examples it seems however unclear how fine-tuned the evaluative principles are. In his one example of state intervention, a Soviet-time Hungarian group of workers were allowed to use their factory equipment in their spare time for capitalist-like production. In this story, Stark conceptualizes the Soviet state as a unit with rather homogeneous properties. Our findings suggest, though, a more differentiated understanding of evaluative principles, even in the case of the state.³ That is to say, the state cannot be understood as a proponent of one single order of worth or homogeneous evaluative principles. Even the arts are not homogeneous. Followers of Boltanski & Thévenot and adherents of institutional logics in organizational research usually tell a story in which a professional (here: artistic) order of worth/logic is displaced by an economic/managerial one. In our case and our approach we can, by contrast, observe multiple artistic evaluative principles which co-exist rather than compete with a number of other evaluative principles, like economic feasibility, which is produced and legitimized through accounting techniques.

For studying arts management, recognizing how multiple evaluative principles co-exist and compete in the state influence on arts management, potentially increases conceptual clarity. We argue therefore for a requisite variety of research approaches to arts management. Our approach does not negate prior literature on arts management, particularly the contributions that critically reflect upon decision-making in the state and the effects of those decisions in organizations. On the contrary, we argue that a focus on competing practices of valuation can help to understand how the state and the arts are intertwined. Namely, our perspective crucially enables us to understand that the arts themselves are heterarchical in the very sense of Stark's concepts and can thereby influence 'the state' in many ways, and vice versa. Artists adopt arguments that seem to pursue standard governmental interests; on the other hand, evaluative principles of the state not only concern political or economic interests but also artistic ones. Often the chimera of smaller state funding is used by politicians and arts managers alike to influence artistic decisions, as in the scope and realization of the two projects depicted above.

In sum, the state is closely intertwined with what it regulates and funds, maybe even more so than in other sectors of public life (although European and US-American traditions may vary). Here, accounting enters again the picture. Focusing our study on valuation we shed light on the role of accounting in a wider social setting, such as the relation between the state and the arts. Our observations tell us that actors often rely on accounting data when they argue on behalf or in the interest of the state. Hence, they use the state and 'its interests' as a discursive resource in order to influence economic decisions (and thereby indirectly artistic ones). Our two cases show that, though actors are many and decisive, they often rely on justification through evaluative principles. Accounting shapes such evaluative principles in that it enables, and simultaneously restricts, practices of valuation. Hence, accounting techniques are here best understood as valuation-producing machines. But it would be misleading to ascribe to accounting the role of a simplification machine, reducing all aspects of, for example, a complex art project to an economic value. When discussing the potential of each project in the Ruhr.2010 GmbH, the management immediately realized that forecasting of economic success was intricate and that concentrating on a purely economic logic would be misleading. This is also substantiated by the story of the 'Ruhr Atolls'. Monetary resources were first part of the discussion of scarce resources (i.e. limited state funding) but later tied to private corporate interests and arguments associated with marketing, investor relations and public relations issues. Accounting data provided thereby a justification for negotiating various interests. Summarising, we argue that in order to understand the influence of the state on arts and arts management, accounting needs to be studied as a practice of valuation which enables and/or limits actors' justifications and practices.

Admittedly, the empirical case to which we related our theoretical considerations case is somewhat specific. One could argue that our case is closely related to arts and focuses, therefore, on the one among many fields in public management that

³ A similar argument has been made by Klein (2015) for institutional logics. He argues that reducing institutional logics to a small set of logics negates the potential of the approach to understand the role and generation of meaning.

is contested by divergent valuation practices. However, we argue that, for example, a concept like NPM with its tendency to boil the complexity of each political goal down to a more or less simplistic economic-managerial rationale, will have similar effects in other fields of public interest. Further research could nevertheless focus on other issues in public management and ask whether the state employs a similar heterarchy of orders of worth and corresponding valuation practices in order to govern through valuation. What is more, our case is surely specific with respect to the organizational nature of the RUHR.2010. This mega-event organization is clearly a very rare example of an arts management organization in that it was founded, grew, acted and diminished within the short five years of existence. Undoubtedly, the organization had no benchmark to learn from and was unable to develop organizational routines during its lifetime. We think, however, that this 'blank' situation provides a quite unique chance to study the behaviour of single actors without having to refer in each single argument to their and the organization's mental model and history. Obviously, it would be of interest for future research to delve into more mature organizations in the field of arts management in order to investigate the interrelatedness of accounting, valuation principles and state influence.

Since the beginning of the modern age, arts management stands in a tension between different values and valuations. The idea of the arts as an important facet of the cultural life of a society, as a 'realm of freedom' (Adorno), is contrasted with the logic of the 'realm of necessity' in which feasibility, funding and operationalization are the prevailing motifs. As the practice of arts management shows, it is itself sometimes an artistic mode of work, as a balance between different interests and evaluative principles has to be reached. What therefore remains to theorists is the task further to develop a framework which captures the complexity of arts management and goes beyond over-simplifying images of arts management and of the state, as well as the relation between the two.

Acknowledgements

We would like to thank Dr. Carolyn Coxon for help with improving the language of the paper. We also acknowledge the helpful feedback provided by two anonymous reviewers and David Hatherly. All remaining errors are our own.

References

- Ayres, I., & Braithwaite, J. (1992). *Responsive regulation – transcending the deregulation debate*. New York: Oxford University Press.
- Baumol, W. J., & Bowen, W. G. (1966). *Performing arts – the economic dilemma: a study of problems common to theater, opera, music and dance*. New York: Twentieth Century Fund.
- Betz, G. (2011). Mega-Event-Macher: Organisieren von Großereignissen am Beispiel der Kulturhauptstadt Europas RUHR.2010. In C. Zanger (Ed.), *Stand und Perspektiven der Eventforschung: Erfolg mit Nachhaltigkeit* (pp. 163–181). Wiesbaden: Gabler.
- Betz, G., & Niederbacher, A. (2011). Steuerung komplexer Projekte: Zur institutionellen Einbindung urbaner Mega-Event-Organisationen. In G. Betz, R. Hitzler, & M. Pfadenhauer (Eds.), *Urbane events* (pp. 319–335). Wiesbaden: Verlag für Sozialwissenschaften.
- Black, J. (2005). The emergence of risk-based regulation and the new public risk management in the United Kingdom. *Public Law*, 3(Autumn), 512–548.
- Black, J. (2008). *Risk-based regulation: choices, practices and lessons being learned*. Paris: OECD.
- Boltanski, L., & Thévenot, L. (1991/2006). *On Justification: Economies of Worth*. Princeton: Princeton University Press.
- Braybrooke, D., & Lindblom, C. E. (1970). *A strategy of decisions: policy evaluation as a social process*. New York: The Free Press.
- Brighouse, H. (1995). Neutrality, publicity, and state funding of the arts. *Philosophy & Public Affairs*, 24(1), 35–63.
- Broadbent, J., Gill, J., & Laughlin, R. (2003). Evaluating the private finance initiative in the national health service in the UK. *Accounting, Auditing & Accountability Journal*, 16(3), 422–445.
- Broadbent, J., & Laughlin, R. (2003). Public private partnerships: an introduction. *Accounting, Auditing & Accountability Journal*, 16(3), 332–341.
- Broadbent, J., & Laughlin, R. (2005). The role of PFI in the UK government's modernisation agenda. *Financial Accountability & Management*, 21(1), 75–97.
- Brunsson, N. (1989). *The organization of hypocrisy: talk, decisions and actions in organizations*. New York: Wiley.
- Brunsson, N., Ahrne, G. & Associates. (2000a) *A world of standards*. Oxford: Oxford University Press.
- Brunsson, N. (2000b). *The irrational organization: irrationality as a basis for organizational action and change*. Bergen et al: Fagbokforlaget Vigmostad & Bjorke AS.
- Burnham, D., & Jesinghausen, M. (2010). *Edinburgh philosophical guides: Nietzsche's Thus Spoke Zarathustra*. Edinburgh: Edinburgh University Press.
- Cassese, S., & Casini, L. (2012). Public regulation of global indicators. In K. E. Davis, A. Fisher, B. Kingsbury, & S. E. Merry (Eds.), *Governance by indicators: global power through quantification and rankings* (pp. 465–474). Oxford: Oxford University Press.
- Devlin, G., & Hoyle, S. (2000). *Committing to culture: arts funding in France and Britain*. London: Franco-British Council.
- Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, 14(4), 532–550.
- Espeland, W. N., & Sauder, M. (2007). Rankings and reactivity: how public measures recreate social worlds. *American Journal of Sociology*, 113(1), 1–40.
- Ezzamel, M., Hyndman, N., Johnsen, A., & Lapsley, I. (2014). Reforming central government: an evaluation of an accounting innovation. *Critical Perspectives on Accounting*, 25(4–5), 409–422.
- Fischer, A. (2012). From diagnosing under-immunization to evaluating health care systems: immunization coverage indicators as a technology. In K. E. Davis, A. Fisher, B. Kingsbury, & S. E. Merry (Eds.), *Governance by indicators: global power through quantification and rankings* (pp. 217–247). Oxford: Oxford University Press.
- Geertz, C. (1973). *The interpretation of cultures: selected essays*. New York: Basic Books.
- Helgesson, C.-F., & Muniesa, F. (2013). For what it's worth: an introduction to valuation studies. *Valuation Studies*, 1(1), 1–10.
- Hood, C. (1991). A new public management for all seasons. *Public Administration*, 69(Spring), 3–19.
- Hood, C., James, O., Peters, B. G., & Scott, C. (2004). *Controlling modern government*. Cheltenham: Edward Elgar.
- Hopper, T., & Hoque, Z. (2006). Triangulation approaches to accounting research. In Z. Hoque (Ed.), *Methodological issues in accounting research* (pp. 477–486). London: Spiramus.
- Huber, C. (2009). Risks and risk-based regulation in higher education institutions. *Tertiary Education and Management*, 15(2), 83–95.
- Huber, M. (2008). Colonised by risk: the emergence of academic risks in British higher education. In B. M. Hutter (Ed.), *Anticipating risks and organizing risk regulation* (pp. 114–135). Cambridge: University Press.
- Hutter, B., & Power, M. (2000). *Risk management and business regulation. Centre for the analysis of risk and regulation (CARR) launch paper*. London: London School of Economics.
- Klein, V. H. (2015). Bringing values back in: the limitations of institutional logics and the relevance of dialectical phenomenology. *Organization*, 22(3), 326–350.

- Kultur-Konzept GmbH (2010). *Das Ruhr-Atoll. Kunst, Wissenschaft, Energie. Ein Archipel der Künste und Wissenschaften auf dem Essener Baldeneysee*. Essen: Klartext Verlag.
- Lukka, K., & Modell, S. (2010). Validation in interpretive management accounting research. *Accounting, Organizations and Society*, 35(4), 462–477.
- McSweeney, B., & Duncan, S. (1998). Structure or agency? Discourse or meta-narrative? Explaining the emergence of the financial management initiative. *Accounting, Auditing and Accountability Journal*, 11(3), 332–361.
- Miller, C. C., Cardinal, L. B., & Glick, W. H. (1997). Retrospective reports in organizational research: a reexamination of recent evidence. *Academy of Management Journal*, 40(1), 189–204.
- Miller, P., & Rose, N. (2008). *Governing the present*. Oxford: Polity Books.
- Moran, M. (2003). *The british regulatory state – high modernism and hyper-innovation*. Oxford: Oxford University Press.
- Morgan, G., & Engwall, L. (1999). *Regulation and organization: international perspectives*. London: Routledge.
- Nietzsche, F. (1885/1999). *Also sprach Zarathustra*. München: de Gruyter.
- Nietzsche, F. (1885/2006). *Thus Spoke Zarathustra*. Cambridge: Cambridge University Press.
- Oakes, H., & Berry, A. (2009). Accounting colonization: three case studies in further education. *Critical Perspectives on Accounting*, 20(3), 343–378.
- Oakes, H., & Oakes, S. (2012). Accounting and marketing communications in arts engagement: a discourse analysis. *Accounting Forum*, 36(3), 209–222.
- Pollitt, C. (2004). *Public management reform: a comparative analysis*. Oxford: Oxford University Press.
- Pollitt, C., van Thiel, S., & Homburg, V. (2007). *New public management in Europe: adaptations and alternatives*. Basingstoke: Palgrave MacMillan.
- Power, M. (2007). *Organized uncertainty: designing a world of risk management*. Oxford, New York: Oxford University Press.
- Stadt Essen/Regionalverband Ruhr (Ed.), (2005) *Wandel durch Kultur – Kultur durch Wandel: Bewerbung "Essen für das Ruhrgebiet – Kulturhauptstadt Europas 2010"*. Essen: Stadt Essen & RVR.
- Sabrin, A. (1993). Thinking about content: can it play an appropriate role in government funding of the arts? *The Yale Law Journal*, 102(5), 1209–1233.
- Sauder, M., & Espeland, W. N. (2009). The discipline of rankings: tight coupling and organizational change. *American Sociological Review*, 74(1), 63–82.
- Siemes, C. (2010). Klarer Fall von Projektitis. *Die Zeit*, 25, 51 [17.06.2010].
- Soin, K., & Huber, C. (2013). The sedimentation of an institution: changing governance in U.K. financial services. *Journal of Management Inquiry*, 22(3), 260–280.
- Stark, D. (2009). *The sense of dissonance: accounts of worth in economic life*. Princeton: Princeton University Press.
- Styhre, A. (2013). The economic valuation and commensuration of cultural resources: financing and monitoring the Swedish culture sector. *Valuation Studies*, 1(1), 51–81.
- Velthuis, O. (2010). Book review: the sense of dissonance: accounts of worth in economic life by David Stark. *American Journal of Sociology*, 116(3), 1010–1012.
- Zan, L., Blackstock, A., Cerutti, G., & Mayer, M. C. (2000). Accounting for art. *Scandinavian Journal of Management*, 16(3), 335–347.
- Zan, L., Bonini Baraldi, S., & Onofri, F. (2011). The rhetoric of cultural policies and the issue of 'getting things done': Bologna cultural capital 10 years after. *City, Culture and Society*, 2(4), 189–200.
- Zentrum für Kulturforschung & ICG Culturplan (Eds.) (2011). *Mit Kultur zur Metropole? Evaluation der Kulturhauptstadt Europas 2010. [A Metropolis in the making: Evaluation of the European Capital of Culture RUHR.2010]*. Berlin: ZfKf & ICG Culturplan [online: <http://archiv.ruhr2010.de/ergebnisse.html>; last access: 14.10.15]