



# **The Value of Arts for Business**

**Giovanni Schiuma**

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## *The Value of Arts for Business*

The traditional view of the relationship between business and the arts is very much a one-way affair: organisations may endorse, fund or publicise the arts but the arts have nothing to offer from a business perspective. *The Value of Arts for Business* challenges this view by showing how the arts, in the form of Arts-based Initiatives (ABIs), can be used to enhance value-creation capacity and boost business performance. The book introduces and explains three models that show how organisations can successfully implement and manage ABIs. First, the Arts Value Matrix enables managers to see how organisational value-drivers are affected by ABIs. Second, the Arts Benefits Constellation shows how to assess the benefits of using ABIs. Finally, the Arts Value Map shows how ABIs can be integrated and aligned with organisational strategy and operations. These models lay the foundations for a new research area exploring the links between the arts and business.

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*To Gabriela for always supporting me in my path . . .*

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Giovanni Schiuma

## Foreword

What is the value of arts in business? What is the role of the arts in management? How can the arts contribute to develop organisations and boost business performance? Why do organisations need to absorb the arts in their working mechanisms and business models? These are some of the crucial questions that occupy the debate about the strategic relevance of the arts in business. Giovanni Schiuma provides answers to these fundamental issues and shows how the arts can enhance organisational value. In *The Value of Arts for Business* the author argues that the arts represent a new 'territory' to innovate management systems. Through the implementation of Arts-based Initiatives (ABIs), managers can both manage the organisational aesthetic and develop their people and infrastructure.

Arts & Business works to bridge the worlds of arts and business and to create a platform to support the growth of the business capacity for the arts. Fostering the creation of partnerships between arts and business, we have addressed a twofold goal. On the one hand we have transferred the mindset of business to the arts, in order to sustain the development of arts organisations through the deployment of business principles. On the other hand we advocate and facilitate the adoption of the arts in business, as a tool to help organisations face management challenges. This book explains the strategic relevance and contribution that the arts can offer for the development of twenty-first century organisations.

An important focus of our work with partners from arts and business has been to encourage business to look to the arts for solutions to some of the key challenges they face. We have fostered a wide spectrum of business engagement with the arts, creating new ventures, new types of relationships and new ways of doing business. One



of the main problems we have dealt with has been the difficulty to systematically elucidate and assess the benefits that organisations can achieve by absorbing the arts in their working mechanisms and management systems. Although we have been working with many organisations, only a few businesses seem to have a clear understanding of what the arts can deliver in terms of their likely impact on performance improvements. On the other hand, arts organisations and artists still lack a thorough understanding of how they can contribute to the development of organisations and build sustainable partnerships producing mutual benefits.

The importance of clarifying how the arts can contribute to the development of organisations is even more crucial in today's complex business landscape. As organisations search for new solutions to engage and improve the working life of their people, face difficult management challenges, generate experience-based market value and spur resilience and innovativeness, the arts can help them to find new possible solutions to emergent business problems. This suggests that the relationships between the arts and business have to evolve beyond the more traditional arts-based training and professional interventions, sponsorship engagement and creation of art collections. Through this scholarly book, Giovanni Schiuma shows how the arts can have a positive impact on the enhancement of organisational value. In today's new economic age, the arts can represent a 'revolution' in innovating management practices, providing tools to manage organisational aesthetic experiences and properties. This book makes a significant contribution to strengthening the conceptual and managerial base for understanding the value of arts in business and how ABIs can impact on business performance. The proposed frameworks will help managers and arts-based organisations to better design, implement and assess ABIs that are fully incorporated into management systems.

Today, with so many management challenges and business problems that are radically changing the economic and competitive scenario, it is critical for organisations to identify new knowledge to inspire management innovations. I believe the arts can provide tools and techniques to transform business models. Understanding how the arts work to sustain and drive organisational value-creation is a crucial first step in adopting art forms as management tools. For this

reason, *The Value of Arts for Business* is an authoritative research work that will help organisations to understand what the arts can do for them.

Colin Tweedy  
Chief Executive, Arts & Business

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## Introduction

Organisations have, traditionally, considered the arts, at best, as something nice to have and to support for socio-cultural reasons, an accessory with little impact on organisational value creation. *The Value of Arts for Business* discloses the relevance of the arts as a means by which management can enhance organisational value-creation capacity and boost business performance. It will investigate why and how the arts, in the form of Arts-based Initiatives (ABIs), can represent a powerful management tool for developing employees and organisational infrastructure that can drive superior value creation.

Beginning with the definition of the principles of Scientific Management by Frederick Taylor (1911), management, in both theory and practice, has been essentially focused in the design, implementation, assessment and control of the rational and engineering characteristics that drive the working mechanisms of organisations and the achievement of strategic objectives. The positivistic approach has dominated the development of modern management, with its paraphernalia of models, approaches and tools providing interpretative and normative guidelines for management initiatives, both to affect the efficiency of organisational processes and to drive business growth. The fundamental idea of the modern management paradigm has been that it is possible to define and manage organisations essentially as an efficient system able to achieve, without inconvenience and/or unexpected negative events, the targeted business objectives. In accordance with this view, the arts have not had any role to play in management. At best, they have been considered as a component of promotional strategies, organisational social responsibility policies, training activities for employees and investment strategies based on the creation of art collections.

In today's complex business landscape, as organisations are challenged by new and increasingly complex problems, the arts provide a new 'territory' to inspire executives both to see their organisations

differently and to define innovative management systems. It is more and more difficult for organisations to plot a clear course to achieve the targeted value-creation objectives according to a specific business development vision. Organisations are continuously challenged to find new routes to accomplish their strategic business objectives and to deliver value to stakeholders. They have to become agile, intuitive, imaginative, flexible to change and innovative. This means that organisations have to be managed as 'living organisms' in which the people and the organisational aesthetic dimensions are recognised as fundamental factors to meet the complexity and turbulence of the new business age.

The new problem that management has to focus on and solve is not only the technical efficiency of the organisational processes, but also the dynamic adaptability and resilience of organisations. This problem requires a shift of attention from outputs and input-output ratios to outcomes and impacts, but most importantly a revaluation of the centrality of people in organisations.

The twenty-first century business landscape is scattered with ambiguities, uncertainties, a high pace of change, dynamism and unpredictability. In such a context, the success of an organisation is increasingly based on the creation of emotive and energetic organisations in which employees feel engaged, in control of themselves and aware of the situations around them, and experience happiness and wealth. In addition, in today's advanced mass-consumption economy, the evolution of consumer behaviours requires organisations to create intangible value. Products and services have to be able to let people undergo fulfilling experiences that involve their emotions. The arts can make a distinctive contribution to the creation and management of the emotive and energetic characteristics of organisations as well as to the development of organisational assets that incorporate intangible value. The managerial deployment of the arts allows managers to affect the organisational aesthetic dimensions. Through the arts it is possible to foster aesthetic experiences and manipulate the aesthetic properties of an organisation's infrastructure. This enables management to handle emotional and energetic mechanisms in organisations.

The use of the arts in management can be addressed by introducing the notion of Arts-based Initiatives (ABIs). An ABI is the planned managerial use of art forms to address management challenges and business problems with the aim of developing employees and infrastructure that



affects the organisational value-creation capacity. Examples can range from the use of art forms to entertain organisations' employees and clients, to the deployment of arts to develop the 'soft competencies' of people in the organisation, and may include the exploitation of the arts to create intangible value to be incorporated into products or to transform and enhance an organisation's infrastructural assets such as, for instance, image, identity, reputation, culture and climate.

By deploying the arts, organisational aesthetic dimensions that evoke and mobilise people's emotions and energy can be stimulated. This does not mean that ABIs have no room for efficiency, on the contrary they significantly contribute to a system's productivity, but they do so by impacting on organisational dimensions that cannot be controlled analytically and rationally, and nevertheless play a fundamental role in explaining the success and the excellence of organisations. They are the emotive and energetic factors affecting the behaviours of employees and the characteristics of an organisation's infrastructure.

In order to investigate the role and relevance of the arts in management, the author adopts a utilitarian perspective, which recognises the need to integrate the traditional rational-based view of the organisation with the emotive-based perspective of organisational life and its components. The fundamental thesis is that organisational value-creation capacity depends on the integration of 'technical knowledge' with 'emotive knowledge', which denotes the content and characteristics of the knowing process related to human emotional traits. The arts provide approaches and tools to handle emotional and energetic dynamics within and around organisations.

The focus is not on a specific art form, but on the arts in general. While acknowledging that not all art forms are equal, the book's focus is on the deployment of artistic products and processes to activate and induce aesthetic dynamics that affect the emotive knowledge characterising employees and organisational infrastructure.

*The Value of Arts for Business* situates the arts in organisations among the management resources and sources for organisational development. Accordingly the central question of this book is: *What is the value of the arts for business?* This issue is explored by addressing other important questions such as: *Why do twenty-first century organisations need to use the arts as a management tool? How are organisations experimenting with the use of the arts to solve their business problems? How can we classify and analyse the managerial use of art*