

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 reevaluation 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*

forms in organisations? What are the organisational benefits of ABIs and why should organisations invest in them? How can ABIs support the achievement of business objectives and organisational growth? How can managers and arts-based providers manage ABIs with the aim of driving business performance improvements?

The answer to these questions involved research across many disciplinary boundaries. For this reason, the conceptual pillars of *The Value of Arts for Business* are grounded in insights derived from different disciplines including psychology, sociology, neurobiology, neuroscience, organisation theory, human resources, strategic management, economics and philosophy. Travelling on the borders and intersecting different disciplines to draw useful implications and build hypotheses and thesis may be a bold journey, but it is rewarding and necessary in order to build new perspectives and frameworks that can help managers to shape organisations that better fit with the challenges of the new millennium. The answers to the newly emergent business problems increasingly lie at the intersection and convergence of the solutions developed in different scientific fields. The purpose in writing this book is to contribute to laying the foundations of a new research area by investigating the links between the arts and business, as well as defining models that can help organisations to deploy and integrate the arts in management systems. The book makes a twofold contribution. On the one hand, it provides the conceptual pillars that help us to understand how the arts can inspire managers to blend extant rational-based approaches with the emotive-based view of organisational life and activities, recognising the relevance of people's emotions and energy. On the other hand, it proposes managerial principles and frameworks to support managers in adopting the arts in organisations as an instrument to develop organisational assets and improve business performance.

The fundamental argument is that the adoption of the arts in management creates organisations that are more human and that take into account the human-based nature of business. Indeed, the arts bring with them the passion of life and contribute to transforming the organisation. They are able to engage employees in their daily work activities, to inspire executives to shape organisations as living organisms endowed with the capabilities to face today's business complexity and turbulence, and to make organisations more aware of the value propositions delivered to stakeholders.

The book consists of five chapters that build the conceptual and managerial pillars that will help the reader to understand the potential of the arts in business to create and deliver value. Chapter 1 defines the theoretical background, explaining why the arts matter in management. Starting from an analysis of today's management challenges, the importance of shifting from the modern management paradigm to the postmodern management perspective is discussed. It is clear that managers have to face a fundamental managerial mindshift that recognises the centrality of people in business. By interpreting organisations as techno-human systems, the relevance of aesthetics and emotions as factors affecting organisational life and components becomes apparent. Hence, the arts are introduced as a learning platform and a device or vector that affects organisational aesthetic dimensions and impacts on an organisation's value-creation capacity.

Chapter 2 investigates how the use of arts in business can be translated into action. The notion of ABIs is proposed as a conceptual category for an understanding of the content, forms and practical formats of the use of arts. Afterwards the working mechanisms of ABIs are analysed and the impact of aesthetic dynamics on people and organisational infrastructure is presented. The chapter ends with an exploration of the links between ABIs and emotional and energetic dynamics in organisations.

Chapter 3 takes a closer look at how ABIs can generate business benefits. The beneficiaries and the characteristics of the benefits of ABIs are illustrated. This defines the basis of the 'Arts Value Matrix' as a framework to map the value of ABIs and to point out how organisations have experimented with the use of the arts. The Arts Value Matrix is proposed as a model through which to perform both interpretative and normative analysis of the strategic reasons for the adoption of ABIs. It classifies the organisational value-drivers explaining the strategic benefits that ABIs can produce. This supports the definition of a further framework entitled 'the four value zones of the arts' that defines the fundamental strategic intents of the use of arts in management.

Chapter 4 explains the links between ABIs and business performance. In particular, it addresses the linkages between ABIs and organisational knowledge assets, highlighting the fact that the arts act as a trigger and a catalyst for the creation and management of emotive knowledge. Recognising that ABIs, first and foremost, impact on knowledge assets, the 'Arts Benefits Constellation' is presented as a

framework to assess the impact of the use of the arts on organisational knowledge domains. The attention is focused on how ABIs promote business performance improvements by activating a cause-and-effect chain that impacts on knowledge assets, influencing organisational capabilities that in turn enhance the quality and productivity of business processes with a resulting achievement of operational and strategic performance objectives. To assess the business performance benefits generated through the ABIs, the ‘Arts Value Map’, based on mapping visualisation techniques, is proposed as a model.

Finally, Chapter 5 focuses on how to manage ABIs to make sure that they produce business performance improvements. Starting from the identification of the main arts-based strategic approaches that managers can put in place to deploy the arts in order to develop people and organisational infrastructure, the fundamental importance of integrating and aligning ABIs to organisational operations and strategy is discussed. ABIs can be adopted as a ‘one-off’ management action or can be fully integrated into the organisation’s DNA. What matters is that they are designed to meet the specific organisation’s wants and needs. In order to help organisations to adopt the arts, the management cycle of ABIs is presented as a closed-loop process based on five fundamental stages: plan, design, implementation, assessment and review. The chapter concludes by outlining some fundamental management implications for the successful implementation of ABIs.

Although the discipline of management has been populated with many different models and concepts that have supported business growth, one century on from the definition of the principles of Scientific Management, organisational management systems appear to be anchored in the rational-based perspective. However, the characteristics of the new business age force us to recognise that the quality and the productivity of organisational business models increasingly depend on emotional and energetic factors. My research over the past decade has investigated the key intangible assets driving value creation. I have discovered that people’s emotions and energy are strategic factors for the improvement of business performance. My investigation of the role and relevance of the arts in management sheds light on how ABIs can be deployed both to humanise organisations, by harnessing the emotional and energetic dynamics that affect business activities, and to support the development of management innovations that can drive

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the creation of a new generation of management systems that are more suited to meet the challenges of the twenty-first century. This book is a research endeavour to disclose the power of the arts to manage those aesthetics and emotions that shape organisations and drive value creation.

1 | *Why arts matter in management*

Introduction

Without a doubt, the arts represent one of the most important knowledge domains for the expression of human feelings and values. They are the product of human civilisations and an essential instrument in shaping culture and society. Indeed, people's lives and communities are entrenched in the arts: they play a fundamental role in shaping and conveying human emotions and a community's values and culture (Guss, 1989). Through the arts people can express and communicate what matters most to them. Mankind's history is tied to the arts. The use of the arts has accompanied the evolution of organisations. Kings and queens, emperors, dictators, politicians and leaders have used the power of the arts to manipulate organisational reality at macro and micro levels, and to affect people's experiences and behaviours.

In acknowledging the importance of the arts in human life, it is worth reflecting on the role and relevance of the use of the arts in management. The arts as a cornerstone of human life provides a vehicle that can inspire and improve today's management discipline and practice (Adler, 2006; Darsø, 2004; Taylor and Ladkin, 2009). From an instrumental and a utilitarian point of view, the arts can support and drive the development of organisational value-creation capacity and in turn improve business performance. The arts represent a knowledge 'mine' – rich in ideas, techniques, artistic know-how, products and processes – that can be used to define and adopt innovative managerial models and techniques that are more suited to governing organisational value-creation in the twenty-first century business landscape (Austin and Devin, 2003; Nissley, 2010).

This chapter addresses two key questions: *What is the role of the arts in management?* and *Why is the adoption of the arts in today's organisations important?* The investigation of these questions requires a preliminary conceptual journey that involves the exploration of other

critical issues. Today's business models and management systems are being challenged due to widespread changes in the current business climate and the growing demand for the transformation of management discipline and practice (Hamel, 2007, 2009; Mol and Birkinshaw, 2008). This poses questions such as: *How should management view twenty-first century organisations?* and *What strategic organisational traits need to be managed in order to improve business performance and drive sustainable value creation?* In addressing these issues, this chapter will address why the arts constitute a new 'territory' that can inspire managers to develop management innovation, frame new organisational and business models and draw on new approaches and instruments to tackle emergent business challenges.

The chapter begins by outlining the main macro forces that are reshaping the twenty-first century business landscape. These global trends are transforming the competitive environment and forcing organisations to develop new capabilities. They are challenging the validity of traditional management principles. In today's economic and competitive environment, organisational value-creation capacity is not only linked to the definition of efficient and consistent organisational systems, as traditionally postulated by modern management, but it is also increasingly tied to the establishment of adaptable and resilient systems that are able to meet changing market demands and the continuous emergent business problems. In the new business age, the practice of management has to evolve. From a conceptual point of view, this chapter will highlight the need to shift from the traditional modern management paradigm to a postmodern management paradigm. The fundamental underlying idea is that the creation of value in the new millennium is tied to the recognition of the relevance of people's experiences, emotions and energy in shaping and influencing the quality and performance of organisations. This is the basis for understanding why the arts matter in management and defines the conceptual background to explain how the arts can be adopted by organisations for management purposes.

The management challenges of the new business landscape

Today, managers are navigating a new business landscape and increasingly find themselves facing newly emergent challenges that create both opportunities and threats. Different and integrated macro forces,

individually and in combination, are already shaping the twenty-first century business landscape. These forces are imprinting deep changes on the characteristics of the economic and competitive environment.

The global trends that are reshaping the new business age have been largely discussed in management literature (e.g., Friedman, 2005; Held *et al.*, 1999; Mau *et al.*, 2004; Meredith, 2007). However, their practical fallout for companies is now becoming evident. They highlight the need to develop new management systems that integrate traditional management approaches and tools with new methods for interpreting and solving business problems that fully take into account the human nature of business activities. In particular, nine main global trends can be identified and they call for the adoption of new management principles and models: intensification of web dynamics; social and sustainable development of business; acceleration of the pace of change; competitive anarchy; value networking; increasing growth and role of new competitive players; commoditisation of technical knowledge; exponential technology evolution; and development of an experienced-based economy. Below each macro trend is briefly introduced.

Intensification of web dynamics

Companies now operate in a ‘flatter world’ in which economies and production systems are increasingly interconnected and interdependent (Friedman, 2005). Increasing global interconnectedness and interdependence is reshaping global and local political, economic and cultural process dynamics (Held *et al.*, 1999; Mau *et al.*, 2004). As a result, in today’s business world changes tend to ripple across industries and countries, much like a ‘domino effect’. This is making the competitive arena more and more complex and unpredictable. In this context managers are challenged to make organisations more agile, resilient and capable of adaptation and transformation.

Social and sustainable development of business

There is increasing attention paid towards the role and responsibility of business in society (Post *et al.*, 2002). Nowadays the private sector plays a crucial role as a co-creator of society (Adler, 2006). Companies are being challenged to take into account the impact of their business activities on social and economic wellbeing, and