# Accounting colonisation and austerity in arts organisations

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## ABSTRACT

This Habermasian qualitative study considers the nature and extent of accounting and austerity colonisation in the context of widening arts engagement in England in a period of financial austerity. It also explores some of the key impacts of austerity and accounting monitoring and how arts organisations coped with them. The findings suggest that the discourses of accounting and austerity were associated with a variety of forms of colonisation and limited resistance along a continuum. The discourse of austerity was portrayed as much more problematic and colonising than the extensive accounting monitoring which was taken for granted. The discourses and practices of austerity were implicated in morally ambiguous and role-conflicted organisational behaviour suggesting sublimated legitimation crisis tendencies but there was no evidence of widespread Habermasian motivation crisis in relation to austerity or accounting monitoring. Some organisational members responded actively to accounting colonisation, and as a reorientation or reversal of colonisation, created transformations of accounting through a range of narrative and visual reporting methods. Their evaluation of such qualitative data revealed an expression of autonomy in the face of pathological accounting colonisation, whilst paradoxically creating self-challenging monitoring procedures.

## 1. Introduction

This study adopts a Habermasian approach to explore accounting colonisation and austerity in three arts organisations in England. Art is important for Habermasians because it may potentially enhance the lifeworld at both individual and societal level. Habermas (2007) argues for art that reflects and arises from a more democratic society. He champions post-auratic, authentic art that takes the form of a subversive counterculture through challenging repressive economic and political systems (Habermas, 2007). The U.K. Labour Government (1997–2010) pursued a new policy of widening arts engagement which, although not discursively agreed, is of interest from a Habermasian perspective because it may potentially enhance the lifeworld, if the latter is not excessively burdened with administrative systems and technologies such as accounting. The Labour government emphasized that the arts could potentially enhance social inclusion and wellbeing through widening

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engagement, in addition to playing an instrumental role in contributing to economic development (Selwood, 2002). They continued the intensification of accounting techniques (including performance monitoring and efficiency measures) in arts organisations that had been developed by the Conservative government since the 1980s and has been described as New Public Management (Crossick & Kaszynska, 2014). This phenomenon has been observed in many Western countries in a variety of public and private sector organisations (see Hood, 1995). The Labour government attempted to measure the effectiveness of funding in enhancing social inclusion and developing the economy, in part to try to justify public expenditure on the policy of widening engagement (Crossick & Kaszynska, 2014). Gradually, the Labour government became sceptical of the possibility of establishing a link between arts activities and social policy objectives and, responding to criticisms of targets from within the cultural sector, they indicated that they would try to reduce the number of performance indicators for arts organisations and increase the emphasis on trust, as evidenced in the McMaster (2008) report (Selwood, 2002; Hewison, 2011; Oakes & Oakes, 2012). Nevertheless, performance measurement remained prominent (Crossick & Kaszynska, 2014).

From 2010 onwards, the incoming Coalition government attempted rapid deficit reduction (Painter, 2012) presented as a response to the 2008 financial crash, and it promoted market solutions to reductions in arts funding, encouraging an increase in fundraising and philanthropy, whilst continuing to emphasize the development of arts engagement in communities, but with a reduced level of funding. Arts Council England reflected the government policy of widening engagement in its 2012 ten year strategic framework entitled 'Achieving great art for everyone'. Another strand of Coalition government arts policy included applying the concept of the "Big Society" which promoted the extension of volunteering and charitable giving by the general public to the arts. More recently, in the wake of the financial crisis in 2008, accounting and other managerial business techniques were promoted by government, funders and consultants as significant methods for coping with reductions to arts budgets. For example, it was suggested in the Royce Report (2011) that arts organisations should become more like businesses, extending their use of accounting to reduce the dependency of the arts sector on the state, to weed out failing organisations and to justify public expenditure and advocate for the "successful" arts organisations. In relation to advocacy, Knell and Taylor (2011, p. 18) in their pamphlet (promoted on the Arts Council England 2012 website) argue for an intensification of quantified monitoring to make a case for the 'spectrum' of arts activities. Accounting is seen as important by government to try to demonstrate successful arts policies to encourage re-election and to attempt to maintain control in arts organisations because government has to 'take all the collateral damage' if things go wrong (Selwood, 2002, p. 49).

The intensification of accounting in the arts sector has links with concepts of Accountingization (Kurunmaki, Lapsley, & Melia, 2003) and financialization observed by Carter and Mueller (2006) and Cushen (2013). It has been referred to as an example of the related concept of the Audit Society (Power, 2000) by Hewison (2011). However, little attention has been paid to analysing and theorising the complex roles of accounting in arts organisations. A notable exception is Oakes, Townley, and Cooper (1998). Drawing on the work of Pierre Bourdieu, they provide an important study of business planning in the reengineering of a provincial government department in Canada responsible for a range of cultural institutions (including several large museums). Zan, Blackstock, Cerutti, and Mayer (2000), observe a need for micro studies of arts organisations examining the effects of increasing pressures to demonstrate economic efficiency and value for money. The current study responds to the relative neglect of such studies.

A number of seminal studies in the field of critical accounting provide a framework for applying Habermas' theory of colonisation of the lifeworld to the intensification of accounting in the public sector (e.g. Broadbent, Laughlin, & Read, 1991; Power & Laughlin, 1996; Broadbent & Laughlin, 1997; Dillard, 2002). According to Laughlin (2007) and Oakes et al. (1998), the degree of colonisation or resistance is contingent upon context. Thus, in empirical studies of the Church of England, schools and GP practices in England, Broadbent and Laughlin observed first order change or 'resistance to steering requirements through internal absorption' where interpretive schemes (the sacred core) 'are not affected' (Laughlin, 2007, p. 283). In contrast, in their study of cultural institutions, Oakes et al. (1998) reported that managers actively engaged with the introduction of business planning 'rather than using strategies of resistance, decoupling, or ceremonial change' (p. 284), and that even when they tried to protect their core identity, 'the act of adopting these practices' 'may significantly influence' the core values 'and identity of the field' (p. 286). We develop understanding of accounting colonisation in the context of extreme austerity, drawing particularly on concepts of Habermasian colonisation and resistance from Dillard (2002), Dillard and Yuthas (2006), Oakes and Berry (2009) and Broadbent and Laughlin (2013). The current study adopts Dillard's (2002) call to consider the degree of colonisation, rather than assessing whether accounting has colonised or not colonised in an absolute sense and we identify a continuum of accounting and austerity colonisation. Thus, a key objective of the study is to add to current knowledge regarding the subtlety of accounting colonisation, drawing attention to nuanced aspects through which the degree of accounting colonisation may be recognised. In addition, the context of the study in a period of unusually severe financial austerity allows us to compare perceptions of accounting colonisation relating to data collection and monitoring with perceptions of austerity and funding reductions. We also consider whether austerity precipitates Habermas' crises, and our findings contribute towards a more general explanation of why long-term motivation crises have not emerged in advanced liberal capitalism in the way Habermas (2007) suggests.

Given the historical problems for policy makers in terms of performance measurement and quality evaluation in arts organisations (e.g. see Zan, Bonini Baraldi, Ferri, Lusiani, & Mariani, 2012), as well as the complex nature of accounting colonisation, the paper addresses four issues in the context of austerity. First, we consider some of the key impacts of austerity and accounting (and how the arts organisations coped with them) through exploring managerial accounts of

austerity and accounting monitoring close up in three arts organisations in a city in England. In addition, we include some further illustrative quotes from two other arts organisations in the discussion. Second, we consider the nature and extent of accounting and austerity colonisation in arts organisations. This includes developing understanding of the ways in which accounting and austerity may be implicated in undermining organisational core values or engendering resistance. Third, in accordance with Habermas' (2007) legitimation crisis theory, we consider whether financial crisis was accompanied by rationality, legitimation and/or motivation crises in regard to accounting. Fourth, we consider the extent to which the discourses and practices of austerity and monitoring helped or hindered promotion of the activities (including widening engagement) of the arts organisations studied.

The intensification of accounting is not necessarily problematic or undesirable. Orthodox accounting literature suggests many benefits associated with accounting including enhancing stewardship, control, efficiency and effectiveness. However, in recent decades, critical, in-depth analyses of accounting have observed that the calculative practices and rigorous record keeping of accounting can have 'powerful transformative effects' (Jeacle, 2012, p. 582). For example, Ezzamel, Robson, and Stapleton (2012) demonstrate that a new budgetary system can create new organizational boundaries. Furthermore, management accounting can 'induce individuals to think of themselves as calculating selves' (Miller, 2001, p. 380) who assume responsibility as 'self-regulating' persons within a constrained environment (Miller, 2001, p. 381).

Critical accounting research has revealed many reasons why the intensification of accounting may be more problematic for organisations and society than the orthodox promises of accounting suggest. For example, Shearer (2002) explains how the close linkage between orthodox accounting and neo-classical economics means that it typically adopts a rational decision making model (economic rationality) that privileges self-interest over the interests of others. Similarly, Roberts and Scapens (1990) observe the disciplinary role of accounting and its links with power such that it may privilege certain interests over others. Espeland and Sauder (2007, p. 16) note that measurement 'shapes what we pay attention to, which things are connected to other things, and how we express sameness and difference'. Thus, through its reductive emphasis on profit or surplus, percentage return on investment, cost reduction and quantitative performance indicators, accounting sometimes may have negative implications for what we value and see as important, excluding alternative schemes of value. Furthermore, the narrow focus of accounting may render self-critique problematic. For example, by capturing and re-framing 'organisational self-understandings', accounting can become insulated 'from systemic inquiry other than in terms of technical success or failure' (Power and Laughlin, 1996, p. 447). Accounting is also difficult to question because it operates as a symbol of objectivity and rationality which is deceptive in terms of its knowledge claims, allowing it to be implicated in a false consciousness (Tinker, Merino, & Neimark, 1982).

Given the close links of accounting to repressive economic and political regimes (Catchpowle, Cooper, & Wright, 2004), accounting often reflects and promotes those inequalities. For example, Sikka (2013) observes that wages are reported as an expense to be avoided in financial accounts whereas dividend payments are reported as an appropriation of profit to be encouraged. The influence of accounting suggests the importance of studying its potentially colonising role in arts organisations.

## 2. Habermasian theoretical framework

There is some academic debate regarding the definition of accounting colonisation. For example, contrary to Laughlin (2007), Oakes and Berry (2009) suggest that colonisation does not necessitate changes to interpretive schemes. Thus, if changes are regularly enacted that are counter to the lifeworld of the organisation, they indicate pathological colonisation even when changes to interpretive schemes do not occur. In these cases, agents may be coerced, bribed, manipulated or subject to forms of attrition (from external and internal institutions and groups) to attempt to implement changes that few in the organisation support. We define pathological accounting colonisation as the implication of accounting in harmful societal practices which are often, but not always, coercively imposed and do not always result in changes to interpretive schemes.

This study draws on three forms of accounting colonisation identified by Oakes and Berry (2009): coercive (real and mock obedience), instrumental (dialogic and devious compliance) and discursive (pathological and benign). Real obedience is pathological and represents enforced changes to both actions and interpretive schemes that undermine the lifeworld. Mock obedience results in changes through enforced compliance without changes occurring to interpretive schemes. One example of mock obedience (observed by Held, 1982, p. 192) is pragmatic acquiescence where individuals conform for 'comfort' and 'security', believing they have limited options. In the case of dialogic compliance, incentives, bribes and propaganda result in changes to interpretive schemes. Devious compliance may also be realised through incentives, bribes and propaganda, although changes to interpretive schemes are unlikely. Discursively pathological colonisation arises from social discourse where the majority accept change, but there are a small minority of repressed dissenters. Discursively benign colonisation, on the other hand, arises from Habermasian extensions to democratic processes where changes to accounting practices and interpretive schemes are amenable to substantive justification and are therefore (at least in principle) accepted universally. In this study, accounting colonisation is seen as part of a continuum involving undesirable, coercive activities of psychological and physical attrition, with invasive brainwashing at one end of the spectrum through to complete resistance at the other end of the spectrum. Discursively benign colonisation falls somewhere in the middle and is analogous to ecological processes of migration and settlement, some of which are relatively harmless. Coercive and instrumental forms of colonisation are pertinent to our findings and are discussed in Sections 4–7. In addition, we suggest that it is possible for organisational actors to be in agreement regarding the usage of accounting, but not recognise its pathologically coercive or instrumental, colonising impact, thereby demonstrating a condition of false consciousness.

We draw on some aspects of Broadbent and Laughlin's application of Habermas to assist in interpreting our findings, particularly their concepts of resistance. Laughlin (2007, p. 277) describes accounting colonisation as a type of second order change that is enforced and not 'amenable to substantive justification'. In the same paper, he notes that first order change involving partial colonisations, absorption or resistance (observed in organisations by Broadbent, 1992 and Broadbent and Laughlin, 1998) is also possible. Laughlin (2007, p. 283) notes that first order changes of resistance can prevent environmental disturbances from entering the organisation in the form of 'rebuttal' or the changes can be allowed to cross the organisational boundary, 'but are handled in such a way that the sacred core is not affected' which he classifies as 'reorientation'. Thus, reorientation invariably leads to reasonably permanent changes to steering media (design archetype) and systems 'but the interpretative schemes remain the same' (Laughlin, 2007, p. 283). In our interpretation, reorientation can only result in limited intended changes to steering media and systems, otherwise colonisation occurs rather than resistance. Indeed, as Broadbent and Laughlin (2013) observe, reorientation through boundary management can easily become colonisation. Identification of whether this has occurred becomes an empirical question.

Broadbent and Laughlin (2013, p. 214) subdivide reorientation into 'reorientation through boundary management' and 'reorientation through absorption'. Reorientation through boundary management can occur where specialist work groups (e.g. senior managers) are obliged to implement accounting controls, but they attempt to minimise their impact. For example, they may introduce modified versions of accounting controls that attempt to satisfy the conflicting interests of various interest groups whilst protecting the interpretive schemes of the organisation from accounting controls. We regard this as an example of 'reversal' of colonisation, acknowledged by Habermas, where the norms of the lifeworld can invade economic and bureaucratic systems, and steering media such as accounting (Habermas and Nielsen, 1990, p. 109).

Habermas (2007) predicts that economic crises will arise from inherent contradictions 'such as the socialized production of goods and services and the privatization of surplus (profits)' (Dillard and Yuthas, 2006). This may lead to a rationality crisis followed by a legitimation crisis as the injustices of the system become more apparent to participants. In this context, powerful government administrators resort to intensifying bureaucratic arrangements coercively to try to restore the status of rationality and sustain legitimacy whilst maintaining historic levels of control. They cannot rely on prior discursive methods because by this stage participants will have become highly sceptical of such approaches. In this vicious circle of mistrust, motivation crisis ensues where participants are no longer willing to support the prevailing social arrangements. In the current study, in accordance with Habermasian theory, the financial crisis of 2008 was followed by a renewed emphasis by government, funders and consultants on the need for accounting to measure the impact of arts organisations, despite historical difficulties in collecting reliable data and meaningfully measuring social and economic impact (e.g. see Selwood, 2002). Such an emphasis on accounting rationality can be theorised as an attempt by government representatives to pre-empt crises of rationality, legitimation and motivation on the part of arts organisations that might be subjected to funding cuts.

Habermas (2007) describes a contradictory role for the state. On the one hand, the state must be sustained to counter the potentially self-destructive excesses of capitalism such as social unrest arising from extreme wealth inequalities. On the other hand, there is constant pressure to reduce the role of the state from those who are unwilling to pay high taxes to support it. This analysis is particularly pertinent to the U.K. arts sector where public funding of the arts is questioned more than funding for the health service or schools. The Coalition government illustrates the contradictory role of the state in presenting a 'curious hybrid of bureaucratic control and market competition' (Painter, 2012, p. 7). In this context, accounting adopts a contradictory role in supporting attempts to reduce the cost of the state and in being mobilised to justify public expenditure. This contradictory role is apparent in government policy and in documents on the Arts Council website such as the Royce Report (2011) and Knell and Taylor's (2011, p. 18) pamphlet, discussed in Section 1. The decisions and power of the state are diffuse, arising from multiple institutions (Brunsson, 1989; Miller & Rose, 2010) rather than emanating from a central unit. According to Habermas (2007, p. 60), the various bureaucracies are incompletely co-ordinated and their 'deficient capacity for . . . planning . . . guarantees the success of organized special interests.' Furthermore, arts organisations are encouraged to be less state-dependent, more entrepreneurial and market-oriented, reflecting the governmentality described by Miller and Rose (2010). Thus, they appear to be increasingly self-regulated through the individual choices and self-actualization of managers and volunteers, yet they are committed to and constrained by a strong sense of community allegiance. Miller and Rose (2010, p. 53) observe that technologies such as accounting are instrumental in sustaining such 'regulated freedom'.

Dillard and Yuthas (2006) characterise accounting colonisation in organisations as a social condition where discursive interaction and cooperative social action are severely restricted by accounting technologies, preventing agents from moving towards the future evolution of the lifeworld. For Broadbent and Laughlin (2013), colonisation occurs at the organisational level when accounting change hinders the realisation of the values of the majority in an organisation. In this case, organisational values must reflect discursively formulated societal values. The definition can be applied to public service organisations such as hospitals, GP practices, schools, and arts organisations that are generally regarded as having valid social objectives. The Habermasian lifeworld represents discursively formulated cultural norms and values, and ideally provides the basis to legitimise the economic system (Dillard & Yuthas, 2006). However, in our view, the lifeworld is not merely a set of procedures to enhance the possibility of achieving a just society, it also represents individual and social emancipation and an enriched life experience. Thus, accounting colonisation can occur at the individual level by helping to prevent the achievement of individual emancipation needs such as work-life balance, and may also support individual

repression and exploitation. It can also occur at the organisational level by hindering the realisation of socially worthwhile objectives.

## 3. Research design

The findings from the current study draw primarily on ten transcribed semi-structured interviews of between 60 and 90 min each with eight senior managers in five major city arts organisations over a 24 month period. Arts organisation 1 presents a wide range of artistic and cultural events including music, dance, literature and live art. It has an art gallery and its own dedicated widening engagement group. Arts organisation 2 is the main theatre in the City. Arts organisation 3 is a major music organisation in the city that presents classical music (along with music from other genres) and has its own orchestra. Arts organisation 4 specialises in new media and artists' video including widening engagement programmes focussing on a wide range of community issues. Arts organisation 5 is a large art gallery and is part of a group of galleries with the main galleries based in London. These organisations were selected because they have made a significant contribution to a diversity of arts and widening engagement for many years. Evidence from transcribed interviews with a funding manager is also incorporated. The job titles have been altered to preserve anonymity. Organisations 1–3 are discussed in detail as vignettes to consider the extent of accounting colonisation in each organisation and to understand impacts of austerity in context. They reveal some interesting context specific issues that may have resonance for the wider arts sector and they illustrate common themes observed in the other two large organisations. Some quotes from the other two arts organisations are included in the discussion as additional supporting evidence. Four of the organisations are regularly funded by Arts Council England and by the City Council. The fifth organisation receives funding from the Department of Culture Media and Sport and the Arts Council England. The presentation of the data conforms with qualitative research methods where 'researchers typically study a relatively small number of individuals or situations and preserve the individuality of each of these in their analyses . . . Thus, they are able to understand how events, actions, and meanings are shaped by the unique circumstances in which these occur' (Maxwell, 1996, pp. 17–19). Miller and Rose (2010) observe that the state survives by the practices of individuals whose presence is important in power relations, suggesting a further rationale for our detailed focus on the interviewee's comments. In addition, we were concerned to give voice to participants to illustrate the human aspects of austerity. Separating the discussion from the findings allows the reader to engage with the evidence and more easily assess the credibility of the interpretations.

Participants were asked a range of mainly open ended questions relating to widening arts engagement and benefits or disadvantages of using accounting as a tool to enhance arts engagement. In order to encourage the emergence of themes about which the researchers were unaware, participants were given the opportunity to discuss issues that they regarded as important. In this way, issues of austerity and funding were revealed as particularly significant for the managers interviewed. Evidence was also drawn from analysis of documents from Arts Council England's website. A meeting between arts organisation representatives and the public was attended, and a meeting between arts organisations and a funder was attended to enhance contextual awareness. Each interview was analysed by writing a detailed narrative which was shared between the two interviewers for discussion. The analysis was then revised and summarised. Key findings were presented in a report to interviewees for feedback in order to enhance triangulation. The study covers a period of actual and proposed funding cuts to arts organisations from 2010 to 2012. It focuses on accounting colonisation through the perceptions of senior arts managers because they have in-depth knowledge of the specific objectives of their own organisation, the objectives of the cultural sector more broadly, as well as an understanding of the influences of varieties of accounting. A critical constructionist approach informed by Heiner (2002) is adopted. As with many forms of qualitative research, the scale of the current exploratory study means that the findings cannot be generalised. However, it is hoped that the findings have resonance for the readers and in this way the story may transcend its own origins (Wolcott, 1995).

In this study, accounting refers particularly to monitoring which was revealed to be prominent in the arts sector. For analytical purposes, we treat funding and austerity as separate concepts from accounting monitoring. However, we recognise that they were connected because, for example, the results of monitoring were presented in official documents as influencing funding decisions. We conceptualised a complete pathological accounting colonisation in order to consider the nature and extent of accounting and austerity colonisation in arts organisations. This colonisation would include the following characteristics: artworks losing authentic meaning, artworks losing diversity, loss of artworks that question or challenge in an authentic way, loss of authentic widening engagement projects, loss of authentic innovation and experimentation, and loss of personal enrichment for artists. These characteristics would be associated with extensive (non-discursively formulated) accounting bureaucracy that diverts attention from promoting quality arts and fosters negative aspects of target setting (e.g. working to narrow objectives at the expense of important social values). In addition, pathological accounting colonisation could be characterised by funding cuts resulting in changes that impoverish art activities and interpretive schemes. Such pathological accounting colonisation includes widespread economic rationality and accounting logic which is 'the belief that it is possible to evaluate the use of financial transactions through the outputs or outcomes achieved and that these can be assessed, invariably in measurable form' (Laughlin, 2007, p. 277). Whilst we acknowledge that some forms of commercialisation can be positive for the arts, pathological accounting colonisation can be associated with a form of commercialisation that may foster poor quality arts. The current paper continues by reporting key findings and discussing funding and monitoring issues for arts organisations 1–3 in turn. This is followed by discussion and conclusions.

## 4. Arts organisation 1

### 4.1. Background

The organisation had a large deficit relating to a major capital development of the building. According to the Arts Director (AD, hereafter), the inability of the Arts Council to cover all of the debt, as had originally been promised before the credit crunch, had resulted in two redundancies and cuts to the arts programme. The City Council provided a long-term interest free loan to cover some of the deficit. Although the building had been refurbished, there was no longer sufficient core funding to fully utilise the improved building. The widening engagement group had been funded by the Arts Council and the City Council for approximately the last five years. Other parts of the arts organisation such as the gallery and some performance programmes traditionally relied upon charitable funding. A significant income stream also came from creative tenants who rented parts of the building. In addition, renting spaces for commercial activities and private hire provided further income. Lottery funding had historically been significant and it was expected to continue to be a potentially reliable source. Ticket sales for events did not form a major source of income because many events (including the gallery) were free. The organisation is involved in numerous widening engagement projects. An example of one of the projects run by the widening engagement group is a relatively long-term project where learning disabled people participate in creating artworks under the direction of a professional artist. The widening engagement group are also involved in outreach educational programmes and arts engagement events for young people. Widening engagement seemed to represent a core value that permeated the organisation. The AD explained:

'Certainly in this organisation the social value of what we do is always very important . . . we're not an art for art's sake venue . . . we're doing this not as a chore because the Arts Council say you've got to do work with excluded kids, but we do it because actually we enjoy doing it and actually the artists that we work with are artists that have that social sort of conscience.'

Thus, widening engagement represented part of the lifeworld of the organisation. Although the organisation was very committed to social art, the AD believed that there was a limit to the impact of art in terms of regeneration.

### 4.2. Funding issues: uncertainty, frustration and adaptation

The Labour government was seen by Arts Manager 1 (AM1, hereafter) as having supported widening engagement projects for a number of years and the threat to funding under the Coalition government represented a significant shock to the widening engagement group. As a consequence of funding cuts, it was reported that there was no public funding available for a flagship learning disabled project for at least the next six months. The project had enabled some clients to become significantly more independent and able to travel independently for the first time. It provided variety from the day centre, and clients were concerned they would lose the service. The organisation was seeking interim charitable trust funding but the uncertainty created anxiety and was described as 'a real worry' (AM1).

Financial austerity was regarded as challenging by AM1 due to the dependency of the organisation on other organisations and groups such as Education, Health, Social Care and Youth workers. It was felt that changes and cuts to their budgets would 'trickle down' to have a potential impact on the work of the widening engagement group. There was frustration that funding of organisational partners would be withdrawn, hampering the perceived progress that had been made and potentially terminating or restricting relationships that had been built up with funding organisations such as the Primary Care Trust and the Neighbourhood Management Service. This was expressed by AM1 as follows:

' . . . we have got a programme that's totally funded without any arts funding at all . . . you can see that it is going to potentially change dramatically. Just at the point where you had really been able to . . . show people what's possible with the right kind of funding you can make things happen. So it is quite frustrating, but we just have to be flexible enough to adapt to the next challenge.'

Whilst the quotation above illustrates the sense of frustration felt by AM1 at the threat to widening engagement from possible funding cuts, she also expressed a sense of resilience, for example, in the organisation's resolve to 'adapt to the next challenge' at 'a really interesting time' where there were 'some opportunities.' The organisation was presented as running many different projects, rapidly adapting to changing demands and funding changes by finding new partners and applying existing knowledge to move into new areas such as mental health and art therapy.

AM1 felt that a consequence of funding cuts was that their work would become more focused on specialist areas such as mental health, rather than on general widening engagement. Thus, projects that represented 'the icing on the cake', such as youth work, would be severely reduced:

'That's going to be our policy change, that narrowing down, focusing on what we're really good at and what we're really excited about and where we can make the most impact. And unfortunately that will be at the expense of that wider programme, which is a real shame because we've built up great relationships with youth workers and it's difficult because the kids that are involved in the youth centres, a lot of them are in from very deprived backgrounds and haven't got access

to the arts, so you are still going to be missing out on something that could be really important in their lives. But it's just the difficult decisions we're having to make at the moment.' (AM1)

The concentration on specialist social art projects rather than outreach youth work was described ambiguously. On the one hand, it was a 'shame' to have a reduction in youth projects. On the other hand, the external priorities such as a focus on specialist social problems were allowed to infiltrate the organisation's discourse and were formulated as congruent with the main aims of the organisation and the funding partners, as indicated in the following: 'I think that's where we're most excited about that work as well. So it kind of works well all round' (AM1). Thus, the terminology of austerity and funding cuts insidiously infiltrated the interpretive schemes of organisational members and could be associated with discrimination between different types of arts activity. Such a pragmatic approach represented a move from the devious compliance of instrumental colonisation, where compliance is elicited through funding incentives, but interpretive schemes do not change, towards dialogic compliance where interpretive schemes change. Another example of the infiltration of accounting logic was the way AM1 and the AD described the reduction in youth work as a removal of the 'icing on the cake', suggesting that youth work was treated as a peripheral luxury. Yet from another perspective, such work could be regarded as a core element of widening engagement. The apparent automatic acceptance of youth work as peripheral indicated the colonisation of dialogic compliance.

A comment by the AD illustrates how the pressures of funding reductions had to be resisted, suggesting a rebuttal of accounting colonisation:

'But where we're positioned in the centre of the town next to X, we're confident that . . . over time we will generate more funding without going down that route of being entirely commercial because I think that's the danger that . . . if we got a McDonald's in one of our spaces . . . that would probably solve our problems.'

An impression was created of a highly pressurised environment linked to a disciplining funding regime where dedication and an on-going struggle were required to try to preserve the lifeworld, often by bidding for funds from a variety of partners that were funded primarily by public funds (through central or local government). We have interpreted such behaviour as devious compliance because the central or local government funding element incentivised the organisation to undertake specific activities desired by the government, often in preference to arguably equally worthy activities where funding was withdrawn as a form of instrumental colonisation. Furthermore, even in an organisation with a strong lifeworld of widening access to quality arts, there was evidence of the discourses of economic rationality and accounting logic becoming normalised in relation to funding constraints. Thus, applying existing knowledge to move into new areas such as mental health and art therapy was regarded as 'an economy of scale' and art for dementia sufferers was described as 'a growth area'. The positive tone in the interview with AM1 and the emphasis on flexibility may in part have been intended to demonstrate that the widening engagement group did not represent the types of visual arts groups singled out in the Royce Report (2011) as "problematic" because they apparently reject economic values and refuse to accept change. In addition, the organisation sought to increase its dependence on volunteers, including learning disabled people to compensate for lack of funding. Whilst volunteering may have many benefits for the volunteers and the organisation, the discourse of austerity forced moral ambiguity on the organisation which was not articulated as it willingly sought to increase its dependence on volunteers. We have therefore categorised it as an example of real obedience associated with coercive austerity.

### 4.3. Extensive and colonising monitoring

The organisation was well versed in applying for funding grants and in demonstrating accountability for the funds provided. Participation hours and numbers of participants were monitored, KPIs were collected and fortnightly reporting to the Senior Management Team occurred. Monitoring was reported as extensive by AM1:

'You can't just do the social work, you have to record everything that has happened. In an organisation like ours it is very extensive.'

It was reported by AM1 that the organisation had adapted to the infiltration of accounting and it had become naturalised:

'I think we have probably all gone through the adjustment period of having to deal with it. We are just so used to the monitoring side of things that it has become part of our general way of working.'

The quotation above suggests that the discourse of new public management was embedded in the organisation, conforming to government requirements. The AD regarded measurement as a necessity:

'You can't just go ahead putting on things because you think they're having some impact. You've got to measure them and obviously you can measure them financially and you can measure them in terms of audience and how effective that marketing communication was.'

He indicated that accountability was expected and ways of measuring impact were built in at the design stage of projects, although he believed that there is room for improvement.

' . . . we've all got much cleverer about . . . how we measure . . . so we design projects from the beginning . . . So we're getting better, but it's still a long way to go. I think the arts have still got a long way to go to, how they properly measure and evaluate so they can say, here's the evidence. This is why it was. This is your value for money.'

The AD accepted the need for accounting logic and accountability presenting organisational activities as commodities to be assessed in terms of demonstrable impact. Thus, the reductionism of accounting seemed to have infiltrated the consciousness of the AD with minimal questioning.

We could describe the extensive monitoring reported as benign colonisation rather than the instrumental colonisation of dialogic compliance because it was mainly uncritically accepted as part of the normal way of working and it was not portrayed by the organisational members as overly problematic. However, organisational members may have been unaware of some of the instrumental colonising aspects of accounting, thereby exhibiting false consciousness. In addition, some organisational members may have felt that it was futile to highlight any observed limitations of accounting given such pressure from government and other funders. Since monitoring was incentivised through the funding mechanism and had some potentially negative consequences for the organisation, we categorised its uncritical acceptance as an example of dialogic compliance.

### 4.4. Inappropriate monitoring

This section reveals how organisational members did report a few limitations of accounting monitoring. For example, a range of funders (social landlords, Department for Culture Media and Sport and the City Council) were described as more interested in quantitative data (e.g. 'figures and postcodes') than qualitative data.

' . . . the City Council are only interested in how many people came and whether the project enhanced their health and wellbeing . . . They just want to know how many people's health and wellbeing it positively affected . . . ' (AM1)

AM1 acknowledged that the 'Arts Council and City Council need to be accountable' and therefore it was important to identify numbers of participants in order to measure cost per head. On the other hand, AM1 emphasized that organisation 1 was more interested in qualitative data than in quantitative data. Qualitative data was thought to be more useful for continuous improvement and it was seen as more motivating than quantitative monitoring:

'The monitoring stuff . . . it's quite nice when you get to the end of the year and you go "yeah we did 21,000 h. We provided that for people" . . . Our senior management team will set targets around the big indicators like business numbers, hours of participation provided, so it's a bit of motivation for us from that point of view. But the [qualitative] evaluation is definitely more motivating for us . . . because we are constantly looking to change what we do to make it better. There's never a point where you think that's perfect. We are always looking to say . . . what's the next thing . . . that we can support people with, which is why we are moving on to volunteering.'

Both AM1 and the AD suggested that quantitative performance indicators were seen as inappropriate to measure the type of transformative social art that the organisation developed. The following comment by the AD represents the views expressed:

'How many kids from X did you work with? Well, we work with kids from X, but we might only work with three whose lives are changed and that is much more important than working with 50 who have a very superficial art experience.'

Quantitative performance indicators were regarded by the AD as much better suited to organisations with significant resources that provide large scale public performances where numbers of attendees at one off performances can be easily measured. In this context, privileging performance indicators based on numbers of attendees was divisive in favouring large, well-resourced, organisations that promoted large scale events. Thus, accounting with its fiction of objectivity and neutrality was implicated in masking a privileging of certain groups and certain types of events over others. We have interpreted this role of accounting as eliciting devious compliance because although organisational members accepted the number of attendees as a key performance indicator, they voiced some awareness of its limitations, suggesting that interpretive schemes were not changed.

The concept of monitoring was seen as problematic in the context of learning disabled people because some were likely to find it difficult to offer any critical comments and tended to report a uniformly positive experience for every feedback question in a conventional evaluation. The organisational members undertook one to one feedback interviews to try to overcome the issues associated with conventional evaluation questionnaires. However, AM1 said that this took 15 min per person which was obviously time-consuming and costly. In this case, conventional monitoring was resisted and modified to a format that organisational members felt better suited the context, suggesting a reorientation. In addition, organisation members decided not to ask vulnerable minors about their sexuality or ethnicity because it was thought that it would interfere with relationship building, indicating a rebuttal of this form of monitoring. In general, the predominant acceptance of accounting monitoring with some criticism suggested an ambiguity towards monitoring characteristic of a climate of coercive and instrumental forms of accounting.

*4.5. Accounting transformations*

The organisation was creative in finding new accountabilities to supplement the perceived inadequacies of crude, quantitative performance indicators. Qualitative case studies were reported as useful in demonstrating social impact to meet the requirements of the funders and could be used to feed into bids for further funded projects. They were seen as important in identifying some of the life-changing and transformative impacts of the arts engagement projects. For example, case studies evidenced how, as a result of the learning disabled art project, rather than being house bound and taken to a day centre, a number of individuals were now able to leave their house and travel independently for the first time 'impacting on their health potentially' (AM1). Despite developing alternatives to quantitative monitoring, the monitoring role of accounting numbers was fairly well embedded in organisation 1. Whilst there was some limited resistance and behavioural ambiguity, organisation members did not articulate awareness of the broader, negatively colonising potential of accounting numbers observed in academic literature, suggesting an element of false consciousness.

## 5. Arts organisation 2

*5.1. Background*

Widening engagement was very important to the organisation as summed up by Marketing Manager 1 (MM1, hereafter): ' . . . we believe everybody should have the opportunity to attend, whatever their background, age, experience, financial situation.'

Key motivations reported to explain the organisation's widening engagement outreach and education activities were developing the next generation of theatre goers as a 'priority' and transforming 'aspirations and outlook'. Thus, the organisation's lifeworld of developing widening engagement was rooted in pragmatic as well as ethical considerations. The outreach department had six members of staff and a youth director. The theatre was mainly funded by the Arts Council and was also very reliant on ticket sales. Additional funding came from neighbourhood management, housing associations and the Primary Care Trust. Widening engagement activities included writers' workshops, community outreach projects and youth theatre. There was to be a new theatre development that would include a dedicated youth and community space. Pricing was reported as being used to attract outreach participants to become more permanent theatre goers by offering cheaper tickets relative to other theatres, thus encouraging widening engagement. Furthermore, it was indicated that the main theatre and the youth theatre often chose productions that were challenging and 'brave' and that engagement was not interpreted as fostering "low-brow" culture for the masses. This strategy may have provided additional justification for widening engagement work in a climate, described by Knell and Taylor (2011), where such work was associated by some with low-brow art and was therefore seen as less important and less of a funding priority. Despite the attempts to widen engagement, MM1 observed that there were many communities outside the city centre that were 'largely very disengaged from the arts.'

*5.2. Uncertainty of funding*

Similar to organisation 1, the discourse of funding cuts and austerity was portrayed as more problematic than accounting monitoring, and it seemed to have the potential to radically undermine the core activities and interpretive schemes of the organisation. Thus, there was a sense that outreach activities might be at risk, a general feeling of uncertainty, an appreciation that alternative funding would have to be sought, and a perception that more justification for arts engagement activities would be required. The Labour government was seen as having assisted the development of the arts, even though not all of its initiatives were regarded as appropriate. However, the uncertainty in austerity associated with the Coalition government was viewed as a threat to widening engagement.

Marketing Manager 2 (MM2, hereafter) drew attention to several negative effects of austerity, including fuelling internal conflict regarding whose job was the most relevant:

'It's as if arts organisation people are fighting amongst themselves internally . . . saying, "Oh, no, your job isn't as relevant as this is."'

*5.3. Coping with austerity*

Funding cuts emerged during the course of the study, but they were not as severe as for other organisations in the sector. In response to funding cuts, careful attention was paid to financial management, and ticket prices at the higher end were increased while low end ticket prices were retained in line with the widening engagement objective. Risky productions were balanced with those that were more likely to guarantee returns and the organisation continued to foster widening engagement and promote high quality, innovative theatre. Thus, colonisation in the form of excessive commercialisation was restricted, suggesting resistance as reorientation through boundary management where the core is relatively unaffected.

However, the coercive presence of funding cuts did taint core values producing some morally ambiguous behaviour as illustrated in the next example. Following a government announcement of major cuts to the arts sector, a senior member of the organisation took part in a panel discussion on a high profile television news programme. The comments of organisation 2 were seen as representing the whole sector and the response was described by MM2 as follows.

' . . . that was on the day when the Arts Council funding was announced, and we came out of it pretty well, but a fair amount of our friends, a lot of the companies we work with didn't, and the message was very much, we understand that the Arts Council has had to make these cuts . . . but we didn't want to publicly out ourselves as being, "This is terrible." It would have been harmful for our image.'

The organisation decided to underplay the impact of the funding cuts. It took a pragmatic approach on the day when 'some people have had 100% cuts' and publicly prioritised organisational survival over more general sector concerns. This suggested a devious compliance linked to financial incentives that produce required behaviour. The coercive nature of colonisation was divisive:

'It was a difficult position to be in, to be almost talking on behalf of British arts organisations when so many had had cuts, but that was our choice anyway, that we want to be talking about the future and what we're going to do.' (MM2)

The way the tale was told suggested that the organisation experienced some moral ambiguity and guilt for not showing solidarity with arts organisations that had experienced severe funding cuts. MM2 observed that as a result of funding cuts, some small arts organisations with 'fantastic reputations', 'great artistic work' and 'great audience figures' would be disbanded, suggesting the divisive nature of the budgetary process. Smaller organisations were seen to be more vulnerable to funding cuts possibly because 'they can't kick up as much of a stink' (MM2).

The government's suggestion that philanthropy should be developed as an alternative to public funding was regarded as problematic for a number of reasons including lack of wealth in the region, lack of appropriate culture and lack of adequate tax incentives. According to MM2, corporate sponsors had reduced significantly since the recession and they could not be developed extensively because their motivation was commercial rather than philanthropic. Nevertheless, corporate sponsors continued to be sought, suggesting mock obedience. In general, organisation 2 introduced some elements of budgetary control in response to funding cuts, but the identification of a number of negative effects of austerity suggested mock obedience where interpretive schemes were relatively unchanged.

*5.4. Extensive monitoring for advocacy*

Accounting monitoring had colonised the organisation to the extent that there was one member of staff whose entire job role was monitoring audiences and outreach work. Furthermore, MM1 illustrated the significant amount of accounting in her role, as follows:

'So there's quite a lot of numbers in my job. You know there's a lot of looking at financial information from sales as well as how much we've spent as a company.'

Thus, unlike Broadbent and Laughlin's (1998) findings, accounting practices and thinking were not contained in specialist workgroups, but rather they extended into a number of areas in the organisation.

Similar to organisation 1, monitoring was portrayed in a generally positive light. For example, according to MM1, the increase in the use of accounting methods since 2004 had allowed the organisation to be more ambitious in its programming. Although monitoring was portrayed as time consuming, it was also regarded as vital in demonstrating legitimacy and justifying present and future funding, particularly in the face of threats to funding and negative publicity, as follows:

' . . . with people like the Arts Council, they want to know absolutely everything . . . as in most arts organisations, staff are stretched; everybody does so many different roles. It can be a bit of a pain to do it, but that will really protect us now.' (MM2)

Furthermore, monitoring data relating to audience size, geographical location and lifestyle was seen as very important in negotiations with potential corporate donors where detailed performance data was required and it was seen as useful 'to be able to talk in that language with them.' (MM2)

The examples above suggest that similar to organisation 1, organisation 2 accepted accounting monitoring and we have interpreted this as dialogic compliance. There were only a few negative comments relating to accounting monitoring. First, the requirement to raise alternative funds through philanthropy was monitored through targets and this process was perceived negatively as inappropriate for measuring long term effort. A sense of unfair pressure for MM2 was implied:

'But it's often a long-term game. It's no smash and grab. It just doesn't work that way, unfortunately. It's not great when I have targets that I need to meet.'

Second, echoing organisation 1, organisation 2 resisted collecting data regarding ethnicity that they believed was inappropriate, suggesting rebuttal.

### 5.5. Developing qualitative monitoring

Similar to organisation 1, organisation 2 had developed ways of gathering both quantitative and qualitative data to demonstrate impact. A consortium of arts organisations was created and they attempted to assess economic impact and intrinsic impact with the assistance of a consultant. The Intrinsic Impact Study included 'collecting stories' about the impact of art experiences on people. The development and use of qualitative monitoring suggested reorientation through boundary management. For example, the Intrinsic Impact Study was to be presented to the government as a form of lobbying 'demonstrating how important the arts are to wellbeing and to society' (MM1). Such an approach could potentially counter the perpetual questioning of the value of the arts in national newspapers described by MM2. This type of constant undermining of the arts threatened the lifeworld in a number of ways including potentially undermining self-confidence, even though arts organisations tried to resist its negative influence.

To conclude this section, whilst there was some resistance to the reductive, sometimes divisive roles of accounting monitoring, in general, the monitoring role of accounting was fairly well accepted, particularly for advocacy. Acceptance was often uncritical in organisation 2, as in organisation 1. We suggest that although monitoring may have included elements of discursively benign colonisation, there was also a significant level of false consciousness because organisation members did not articulate much awareness of the broader, negatively colonising potential of accounting. We have therefore interpreted the response to extensive monitoring as predominantly an example of dialogic compliance where interpretive schemes were modified through financial incentives.

## 6. Arts organisation 3

### 6.1. Background

According to the Marketing Director (MD, hereafter) of arts organisation 3, 60% of income was 'earned' through ticket sales whilst 40% was 'unearned' and sourced mainly though Arts Council and City Council grants. Funding from trusts, foundations and corporates was relatively small at about £350,000 per annum. The organisation runs a number of widening engagement programmes and events. For example, members of the orchestra provided free instrumental tuition to children in a deprived area of the city. Other widening engagement activities included inviting members of the general public to take part in choral and orchestral concerts led by a professional conductor, performing well-known works alongside players from the professional orchestra. A "Young Musician's Pass" was available to children under 18 who lived in the city and played a musical instrument, allowing them to attend concerts at a significantly discounted fee. There was a large community care project associated with mental health.

### 6.2. Austerity and uncertainty

Initially, the organisation was expecting funding cuts of 10% (forewarned by the Arts Council) and it was thought that they would not affect the organisation significantly. However, it gradually became apparent to the organisation that funding cuts would be deeper than expected. Similar to organisations 1 and 2, the financial austerity discourse created uncertainty amongst the staff that intensified when the level of funding cuts became clearer. It was expected that the funding gap would be met by new external funding sources including trusts and foundations.

### 6.3. Coping with austerity: the colonisation of fundraising

The severity of the funding cuts intensified the organisation's emphasis on fundraising. The colonisation of fundraising included employing separate individuals for personal, corporate and trust fundraising and a part-time administrator. In addition, there was an attempt to try to change the culture within the organisation to a U.S. model, emphasising fundraising at every level:

'We're trying to instil fundraising holistically throughout the organisation . . . Also on a directorate level, because especially in the U.K., directors in individual areas haven't necessarily seen fundraising as part of their remit because in the States people just have had to understand that fundraising is a part of everybody's job.' (MD)

The impact of funding cuts was not contained, but permeated the organisation through the attempt to stimulate a culture of fundraising throughout the organisation. This suggested a mock obedience with the potential for real coercive colonisation (changing interpretive schemes) since marketisation was increasingly undermining the core values of the organisation as it accepted responsibility to become increasingly self-financing.

### 6.4. Resistance

Similar to organisation 2, attempts were made to resist excessive commercialisation suggesting reorientation through boundary management. Thus, programming decisions were seen as a balance of commercial and artistic goals:

'It's a balance . . . I don't think we could be completely commercial . . . because then we wouldn't achieve some of the artistic goals that we have for ourselves. We wouldn't be going on tours. We wouldn't be performing at the proms. So, you can't just be completely commercially driven. That's a different type of orchestra.' (MD)

Echoing organisation 2, the increasing emphasis by the government on philanthropy was portrayed as problematic for similar reasons of lack of philanthropic culture, inadequate tax incentives and lack of wealth in the region. Whilst they had received sponsorship from a few large corporations historically, the MD thought that it was difficult to obtain funds from corporates:

' . . . there's less interest among the corporates than you think. They kind of just see it as another corporate hospitality opportunity that's being sold to them.'

There was a sense of frustration with the lack of support from corporates, expressed by the MD as follows:

'You wouldn't believe the amount of effort, the number of conversations we might have with a corporate over a ticket package worth a couple of thousand pounds. These are investment banks where a couple of thousand pounds is what they spend on their dinner with the client, it's nothing.'

The ambiguity of criticising corporate fundraising whilst continuing to develop it, suggested mock obedience to the colonising pressures of austerity. The MD thought that it would be particularly difficult to attract funds because the organisation was not directly involved in enhancing social welfare. She implied a belief that the value of the arts was being undermined in society by constant comparisons between the arts and other "more worthy" causes. This may have been one of the reasons why organisations 2 and 3 both expressed the view that the legitimacy of their organisation needed to be constantly emphasized.

### 6.5. Colonisation of monitoring

Similar to organisations 1 and 2, monitoring had a fairly prominent role in the organisation. The driving force underpinning the marketing department was reported as 'meeting financial targets and not so much about widening engagement'. The MD indicated that accounting bureaucracy did not interfere with her primary role of audience development:

'There's not a lot of bureaucracy in much of what I have to do on a day to day basis.'

However, she observed that there was a significant amount of accountability within the organisation including measuring percentages of first time attenders each month, percentages of people coming from outside the area, the general number of tickets sold and income take:

' . . . the performance indicators are usually pretty straightforward and easily attained because we're measuring stuff all the time.'

Similar to organisations 1 and 2, providing information for monitoring purposes had become taken for granted in organisation 3.

Sales targets tended to increase year on year as a result of the demands of the funders. Although there was no system of performance related pay, sales targets provided accountability for staff, as follows:

'I'm judged, and everyone else on the team is judged. One of the main criteria is are we reaching the bottom line each year in terms of what our sales targets are for performances?' (MD)

No major criticisms of the current target-driven assessment system were expressed, although the MD said that she wished it included performance related pay to financially reward the targets that she had achieved.

In general, there was an uncritical acceptance of accounting monitoring (as in organisations 1 and 2). In some cases this may have indicated false consciousness because organisation members did not articulate awareness of the broader, negatively colonising potential of accounting monitoring. In other cases it could suggest pragmatic acquiescence or sagacious conformity. Such behaviour suggested dialogic compliance where interpretive schemes were modified to some degree.

## 7. Discussion

This section draws the findings together, identifies similar findings in organisations 4 and 5, and highlights the resonance of these findings for arts organisations more widely. It discusses the managers' perceptions of austerity, how they coped with austerity, how monitoring was regarded as unproblematic, how accounting colonisation was resisted and how a disciplinary regime was re-created. It then examines the lack of rationality, legitimation or motivation crises in the face of financial crisis. The extent of accounting colonisation is discussed as a continuum of colonisation, and signs of accounting colonisation are identified.

### 7.1. Perceptions of austerity

The discourse of austerity and funding cuts was portrayed as much more problematic and colonising than accounting monitoring. All organisations in the study had experienced some cuts, and the discourse was associated with a pressurised environment involving a number of negative impacts including uncertainty and short-termism. For example, in the case of organisation 1, it was reported that uncertainty in relation to funding made planning difficult and it was hard to know whether to continue to develop projects such as the learning disabled and Alzheimer's projects. A short-term, reactive approach to planning was reported:

'We're thinking much more short-term, because of the funding situation than I think we would otherwise have been doing' (AM2).

Funding cuts were associated with anxiety. For example, organisation 2 had lost a million pounds towards a building refurbishment when the Coalition government disbanded the Regional Development Agency. Although alternative funds were attracted, the sense of anxiety remained:

'We really felt it was the Coalition government getting rid of the regional development agencies . . . We're firmly back on track now, but it's through no help of the Coalition government in any way. And as far as I can see, it's only going to get worse. These cuts-we don't know where they're going to cut next.' (MM2)

As discussed in Section 4.2, organisation 1 noted how funding cuts destroyed inter-organisational relationships that had been built up over a number of years. Organisation 1 reported job loss and increased workload. According to AM1, funding was cut internally by 54% in the widening engagement budget which meant losing a member of the widening engagement group. This created increased workload for the team and problems for future strategy and development. Organisation 5 also reported increased workload and an increase in casualisation.

Austerity was associated with frustration and 'worry' in organisation 1 and the general sense of organisational and individual insecurity conveyed by all five organisations is illustrated in the quotation below through the image of the almost random 'falling axe' of cuts in the following quotation:

'I think the consultation that's happened has been just a token and happened afterwards. It's felt very much like a falling axe without much thought for what will happen afterwards.' (MM2, organisation 2)

The quotation above indicates that organisation 2 regarded the government approach to consultation regarding austerity as tokenistic. Indeed, the government approach to funding cuts was presented as unfair, echoing sentiments hinted at by other organisations.

'Well some places had such a horrific time, and some places that have got fantastic reputations and . . . they have great artistic work, great audience figures, and the funding is just gone and it's very difficult to work out how these decisions have been made.' (MM2, organisation 2)

Funding cuts affected organisations in a variety of ways. Whilst the quotation above indicates that some arts activities were lost, others such as youth work, outreach and less commercial orchestral performances were portrayed as under threat in organisations 1–3.

### 7.2. Austerity coping strategies

Several organisations observed that seeking alternative funding was problematic in an increasingly competitive market. For example, organisation 4 commented on the time consuming nature of project bids:

'Arts funding is getting tough. We've had our council money cut. Our Arts Council money stayed the same but not compensating for inflation. We're in a hard position . . . We're in a really good position because the collaboration team here has a long and distinguished record of delivering projects, but it's a competitive market. We worked for one [bid]

recently for worklessness . . . I think we had a 2% chance of getting it and it took me and X two and a half days to do it . . . ' (M1)

Whilst seeking alternative funds through philanthropy was described as difficult by organisations 2 and 3, problematising austerity was linked to a discourse of resilience that included finding new funding partners and adapting existing areas of expertise to new areas that was evident in all five organisations.

Zan et al. (2000) observe that arts managers are in the difficult position of trying to mediate opposing cultures of aesthetics and management. Similarly, the managers in our study were in the ambiguous position of having to filter conflicting objectives of government agencies and artists. In Habermasian terms, they were required to promote the system and reconcile it with the lifeworld. Consequently, austerity and funding cuts were also associated with ambiguous and role conflicted behaviour characteristic of coercive and instrumental colonisation. For example, in organisation 1, the discontinuation of youth projects was presented both as a 'shame' and in contrast as an opportunity that 'works well all round', suggesting a movement from devious compliance towards dialogic compliance, where interpretive schemes were beginning to change. Organisation 2 managers revealed morally ambiguous behaviour in conflict with their organisational lifeworld when they publicly underplayed sector funding cuts, thus suggesting devious compliance arising from publicly funded incentives. In organisation 3, the funding cuts triggered an appeal by the organisation to the general public for funds. Such an appeal had never been undertaken in the history of the organisation, and appeared at odds with the image of the organisation as a traditional, stable institution. Through coercive colonisation, the discourse of austerity forced this uncharacteristic, contradictory behaviour. We interpreted this radical change in organisational behaviour in organisation 3 as suggesting real obedience accompanied by changes to interpretive schemes in the face of coercive austerity.

We observed some similarities between the effects of austerity and Cushen's (2013) observations of effects of financialization, budget cuts and re-organisations in the private sector such as employee insecurity, distress and the enactment of falsely optimistic behaviours. Similar to the current study, negative consequences of decisions were referred to only as 'challenges' (see Cushen, 2013, p. 326) by organisation members, and overt resistance was limited. However, the disengagement and work avoidance of some employees in the private sector observed by Cushen (2013) was not evidenced in the current study where the arts managers expressed a strong sense of commitment to promoting the arts and widening arts engagement in line with some of the key objectives of funding bodies. The commitment is exemplified by the following comment by AM1 (organisation 1):

'Basically we all work really hard and are all very committed. It's more than a day job for everybody. Flexible and adaptable are watchwords in our team, but I think it is just really important to be like that in the arts generally . . . There's too many groups in the world that have no access at all, that really it's frustrating because you feel that you could do so much more.'

### 7.3. Unproblematic Monitoring

All five organisations presented accounting in the form of data collection and monitoring as relatively unproblematic, suggesting dialogic compliance. For example, in organisation 1, monitoring was presented as automatic and also rather addictive. In addition, data collection was regarded as very useful as a way of monitoring staff from a distance and it was reported as motivating junior staff because senior managers used annual participation figures to appraise junior staff:

'I think once you get into this [monitoring] it's quite hard to stop. Because . . . I want to know what age groups we've been working with . . . because I'm not directly delivering it . . . so in order for me to have a picture of our programme as a manager, I need to know all that really . . . a lot of the data we've collected, it's just useful . . . I know that probably why we've started collecting it in the first place is because we had to start filling in these boxes on these forms every quarter. But we've got into a system of doing it now, which means it's actually easy enough to do most of the time.' (AM1, organisation 1)

Organisation 2 typifies the taken for granted nature of accounting colonisation and the legitimising role of accounting that could be clearly discerned in all the organisations:

'I think most organisations that are funded publicly are so careful to record everything they do. It's just ingrained now. It's been the way for so many years and the way that you report. But I think that we are even more careful now because it's such a time of change and we have to justify ourselves.' (MM2)

Similarly, organisation 5 was incentivised to demonstrate economic impact and highlighted quantitative data reporting as a strength, thus suggesting dialogic compliance:

'Economic impact is probably something that we've perhaps been a bit stronger on thinking about, because we've had European funding and funders have been quite interested in those kind of arguments, so we've become quite good at being able to talk about our visitor economy impact.' (HM)

In regard to monitoring, all five organisations reported extensive use and acceptance of quantitative monitoring, and it was generally portrayed as benevolent, contributing to a range of organisational objectives, including enhancing advocacy, accountability to the funders and the public, internal control and helping to facilitate performance measurement internally

and to gain further funds. The following comment from organisation 2 emphasises the main role for accounting expressed by all five organisations as vital to the organisation to gain funding:

' . . . we can't access this funding unless we can absolutely demonstrate the positive impact that it's having on people's lives.' (MM2)

We have suggested that organisations demonstrated a form of false consciousness, pragmatic acquiescence or sagacious conformity by voicing minimal criticisms of accounting monitoring. For example, they seemed unaware of negative effects of performance indicators on their lifeworld by diverting them from more important core activities, or some may have thought that it was futile to voice dissent or considered it contrary to the organisation's interests. Their primary response was therefore one of dialogic compliance where they uncritically accepted accounting monitoring and its benefits, whilst some of its rituals, ceremonies and myths secretly eroded their interpretive schemes. Dillard (2002) found that apathy, ignorance and fear can influence the extent of managerial colonisation in accounting departments of U.S. universities. In our study of arts organisations, ignorance and fear were influential on the degree of colonisation, but the presence of funding incentives was also significant. Funding acted as an incentive to accept both accounting monitoring and existing power relations, engendering dialogic and devious compliance. Within a general climate of insecure funding, current levels of accounting monitoring were taken for granted, perhaps because the organisations in this study were relatively large compared with others in the sector and their funding was more secure in relative terms, particularly if they continued to practice accounting monitoring. In addition, their compliance may have been linked to a strong lifeworld where preservation of core activities was regarded as paramount, as indicated for example in the quote relating to level of commitment in organisation 1 in Section 7.2.

Discourses of accounting monitoring were more accepted in the organisations in this study and more intrusive than in Broadbent and Laughlin's (1998) study of schools and G.P. practices where accounting colonisation was resisted and absorbed by specialist work groups leaving core values unaffected. In addition, the notion of private sector funding was more readily accepted in the arts organisations in the current study than in the English National Health Service observed by Broadbent and Laughlin (2013). A key reason for the different responses to monitoring and private funding may have been because the funding of the arts organisations was generally less stable with less public support than the funding of schools, G. P. practices and the National Health Service, rendering resistance and non-conformity less likely in arts organisations. As a funding manager in the City Council observed, organisations not able to complete monitoring procedures would be excluded or marginalised in the arts sector, thus illustrating the colonising and divisive role of accounting.

The organisations in this study welcomed accounting monitoring for advocacy purposes, but scarcely discussed its controlling role on their organisation, perhaps reflecting how powerful elites do not want the rationality of accounting to be questioned because it potentially undermines their authority (Dillard & Yuthas, 2006). This is supported by Selwood (2002) who found that the questioning of impact measurement was not encouraged in the arts sector and was regarded as politically sensitive. Echoing this finding, the managers interviewed seemed reluctant to criticise funders. For example, the Arts Council and the City Council were described as 'fair' in their management of funding cuts by MM2 (organisation 2) and it was acknowledged that the City Council had faced 'huge cuts'. Thus, arts organisations in this study may not have wished to be perceived as the non-compliant, "problematic" organisations (described in consultant reports) that apparently eschewed accounting and the business ethos. In addition, the arms-length funding system may have helped to defuse any dissent. Similar to the study of museums by Oakes et al. (1998), in accepting the importance of sales targets, participation hours, number of attendees etc., the arts organisations in this study complied with the analogy of their organisation as a business in competition with other arts and event providers. Furthermore, as Oakes et al. (1998) observe, in complying with the view that the organisation is similar to a business, the claim for public funding is undermined. Thus, in accepting private sector accounting monitoring to maintain funding, the arts organisations ironically contributed to potential constraints on publicly funded activities.

The consent to accounting monitoring by arts managers may have been fuelled in part by funders emphasizing that the data collected was used mainly for advocacy. In addition, acceptance may have been fostered by the government allowing limited autonomy and some flexibility around the margins (discussed in Section 7.5) regarding what information could be provided, resulting from its contradictory role of both maintaining and reducing the public sector and reflecting accounting's contribution towards 'regulated freedom' (Miller & Rose, 2010, p. 53). Consequently, arts managers believed that they could use quantitative and qualitative monitoring to their own advantage. The fostering of limited autonomy is one of the general characteristics of management accounting observed by Miller (2001) that helps to render it potentially an effective mode of governing. Thus, devolved budgets or allowing modification to modes of accountability provide a degree of freedom within broader economic constraints and responsibility that reduces the potential for resistance.

### 7.4. Resisting accounting colonisation

Despite the constant undermining of the lifeworld of arts organisations by external institutions, and evidence of its erosion through monitoring and austerity, some attempts were made to try and maintain core values of promoting quality art to as wide an audience as possible in all five organisations. For example, although organisation 3 had financial difficulties, it stated that it aimed to preserve its balance of commercial and non-commercial programming, demonstrating

reorientation through boundary management of some activities without affecting core activities and values. In a similar vein, organisation 2 strove to retain some low ticket prices to maintain accessibility. Organisation 1 resisted excessive commercialism by refusing to rent out its spaces to commercial organisations, demonstrating a rebuttal of accounting colonisation. Despite isolated and uncoordinated attempts at resistance, austerity and monitoring insidiously affected core values through their associated ideology, through ongoing critique of the value of the arts and through extensions of their practices into managerial and organisational activities.

### 7.5. Resisting and re-creating disciplinary regimes

As indicated in organisation 1, managers accepted that funders needed to be able to demonstrate accountability. In displaying dialogic compliance, the extract below reveals how managers typically regarded monitoring as valuable if it could:

'. . . improve a project and improve an organisation and be able to get you more money or be able to articulate about the project matter and be able to support the participants and the artists involved' (organisation 4, Manager 1).

However, a few criticisms of the inability of quantitative measurement to capture the value of their work were reported, particularly by organisations 1 and 4. For example, referring to quantitative performance measurement, organisation 4 reported:

'The other pressure is because . . . they need something concrete that's quantifiable . . . but our projects don't always work like that . . . just because of the nature of the work we do; it's very intense and it's very full of fun . . . for example, it isn't as if you're in a doctors, you couldn't say "do you feel better since you were given that drug?" It just doesn't work like that . . . ' (Manager 2).

In observing a few reductive and divisive aspects of monitoring, the organisations demonstrated some ambiguity in their responses to quantitative monitoring characteristic of coercive and instrumental colonisation.

Organisations 1, 2 and 4 attempted to resist the colonisation of reductive accounting monitoring by creating transformations of accounting to try to make it serve their purposes through a range of narrative and visual media. As well as using various forms of accounting to market and legitimise their activities, organisations 1 and 4 reported using new forms of accounting as part of a reflexive process of learning, attempting continuous improvement. The qualitative evaluations devised by organisation 1 were infused with self-motivation, and represented an expression of autonomy in the face of accounting colonisation. Members of organisation 1 created their own very challenging monitoring procedures. The monitoring procedures may have arisen from their lifeworld that included norms of 'commitment' and regarded art and social work as 'more than a day job'. The new form of monitoring represented a reorientation that attempted to protect interpretive schemes and core activities. It transcended conventional monitoring, supporting the concept of a 'reversal' of colonisation discussed in Habermas and Nielsen (1990) where the norms of the lifeworld can invade steering media such as accounting numbers. The qualitative monitoring was so challenging that the organisational members, in trying to assert their own autonomy over accounting, paradoxically intensified their own subjugation. Organisational members re-created the discipline ethic of accounting logic in a different form. Similarly, Miller (2001, p. 393) observes that 'even when individuals seek to subvert or avoid the calculations made of them, their actions still take place in reference to an economic norm based on accounting numbers'. In this way, individuals created self-regulation as part of the governmentality of liberal capitalism. The creation of new forms of accounting illustrates Clegg's (1994, p. 308) Foucauldian view that power and resistance may 'creatively produce' one another. Thus, the environment of accounting, economic rationality and accounting logic shapes the form that resistance takes and vice versa.

### 7.6. Lack of Habermasian crises

Habermas (2007) argues that, despite endemic financial crises, a full system crisis in advanced liberal capitalism will not occur, partly because the administration and the welfare-state filter out the worst effects. Similarly, in our case study in the aftermath of the 2008 financial crisis, we observed the DCMS and the Arts Council protecting a number of arts organisations from dissolution by administering selective and relatively limited funding reductions. In addition, Habermas (2007) suggests that in modern advanced capitalism, technological and economic rationality are entrenched and almost beyond question, limiting the possibility of system crisis. Similarly, we identified the taken for granted entrenchment of economic rationality in accounting technologies in arts organisations. Habermas (2007) explains that although a system crisis may be averted, legitimation crisis tendencies or secondary conflicts may arise from the grassroots in place of a total system crisis. We observed sublimated legitimation crisis tendencies in arts organisations which had avoided the full effects of austerity that took the form of unnatural displacement behaviours where organisations sometimes acted out of character. For example, organisation 2 demonstrated role conflict in its television appearance and organisation 3 made an uncharacteristic appeal for public funds. In addition, criticisms of philanthropy in organisations 2 and 3 suggested minor legitimation crisis tendencies.

Habermas (2007) argues that motivation crises can precipitate a full legitimation crisis and he observes embryonic motivation crises in post-auratic art and youth subcultures arising from long-term changes to traditions. Since funding cuts were not discursively agreed by communicative action in arts organisations, Habermasian theory might predict some evidence of motivation crisis tendencies. However, we observed that fear and uncertainty associated with austerity suppressed counter-culture responses in managers to the point where they were barely noticeable. The power of fear and uncertainty may contribute towards a more general explanation of why subcultures have not expanded or precipitated motivation crises and emancipatory change in the way Habermas (2007) suggests.

### 7.7. The continuum of colonisation

Turning to our research question regarding the colonisation of funding issues and the nature and extent of accounting colonisation in arts organisations, we identified many different and subtle forms of colonisation. Fig. 1 summarises our observations of the degrees of accounting and austerity colonisation along a continuum from relatively socially undesirable (real obedience) through to devious compliance. Fig. 2 summarises our observations of resistance to accounting and austerity as an extension of this continuum from reorientation through boundary management to rebuttal. Discursively benign colonisation is not included in the figures because, as an idealised form, it is not is not present in the study.

In comparing organisations 1–3 that have been the main focus of our analysis, it is clear that all three organisations were severely colonised by funding issues. Organisation 3 was most colonised by funding issues and least critical of accounting. Although accounting was taken for granted in all five of the organisations, like a pathogenic invasion, the infiltration of accounting was uneven with a variety of effects along a continuum. The nature of accounting colonisation theory couched in terms of Habermas' (1989) military invasion metaphor and changes to interpretive schemes may lead us to search for dramatic effects to identify colonisation. However, pathological accounting colonisation may not always be easy to recognise, particularly because repressive systems find ways of limiting critique and obscuring harmful arrangements so that they become normalised. In the current study, we observed a number of key indicators that when taken together may suggest accounting and austerity colonisation. These included expressions of negative emotions (e.g. worry and frustration) and contradictory statements or behaviour in relation to the uncertainty of potential funding cuts, divisive and unexplained funding allocations, the presence of a considerable amount of accounting, a naive acceptance of accounting with few reports of its limitations, senior managers' optimistic belief that they have absorbed or contained accounting and protected core activities, senior managers' unawareness of the extent of the power and implications of accounting, and the use of divisive performance indicators favouring certain types of art work such as one-off events to large audiences. The context of lack of support for public funding of the arts from a significant section of the public and critical external reports by certain groups within the arts sector (advocating an increased business and accounting orientation) were also significant in fostering accounting and austerity colonisation. We suggest that as well as dramatic behaviour, a range of subtle, ambiguous and nuanced behaviour can indicate pathological accounting and austerity colonisation. Similarly, resistance can be indicated by both dramatic and subtle behaviour.

## 8. Conclusions

Although the managers were unaware of the extent of the constitutive roles of accounting, they knew the numbers were inadequate and could not fully capture the value of the arts. Yet, they played out the charade of advocacy and legitimacy, claiming to demonstrate impact when they knew the essence of the arts is always out of reach. Thus, the managers and funders were actors in a play of advocacy, adding their own creative act to the creative activities of the actors and artists they supported. In addition, we found that the arts lifeworld was not pure as suggested by Habermasian theory, but was already colonized and corrupted by accounting. The arts sector was already part-commercialised, reflecting the notion that system and lifeworld are generally intertwined (Oakes & Berry, 2009), and the shock of austerity and funding cuts pushed the sector further into the embrace of accounting towards the illusion that it could act entirely as their friendly, innocuous advocate. Insecurity and fear were particularly significant in encouraging the desire to maintain or extend accounting, rather than fostering rationality or legitimation crises. There was little evidence of the seeds of a motivation crisis in the face of financial crisis as predicted by Habermasian theory. Thus, financial crisis triggered an intensification of accounting colonisation rather than a wave of critique and resistance.

Whilst many aspects of accounting monitoring were reported as useful and its presence was taken for granted, this research has proposed that accounting monitoring and the discourses and practices of austerity and budgetary controls were extremely divisive, affecting vulnerable groups disproportionately and eroding important areas of widening engagement and innovative practice. The reported inappropriateness of quantitative measures suggests that increasing such measures of impact may not be very helpful in assessing the contribution of some arts organisations to arts engagement. In addition, the overburdening of arts organisations with an increase in either quantitative or qualitative monitoring may not be the most effective use of funds in the short term in a climate of financial austerity. Given the potentially destructive nature of accounting colonisation, there is scope for further research to consider how and why it can occur in a variety of contexts in arts organisations and whether it is associated with Habermasian crises. It is also important to develop further understanding of the management of austerity and funding constraints in arts organisations. The potentially significant impact of accounting and austerity initiatives indicates the need for Habermasian democratic involvement in budgetary

| | Coercive colonisation | | Instrumental colonisation | |
|---|---|---|---|---|
| | **Real obedience (enforced with changes to interpretive schemes)** | **Mock obedience (enforced without changes to interpretive schemes)** | **Dialogic compliance (incentivised with changes to interpretive schemes)** | **Devious compliance (incentivised without changes to interpretive schemes)** |
| **Organisation 1** | Moral ambiguity of developing volunteering was not articulated | | Youth work described as 'peripheral' | Developing new funding partners |
| | | | Uncritical acceptance of monitoring | Ambiguous response to change to more specialised areas (e.g. mental health) |
| | | | Monitoring reported as addictive | |
| | | | Monitoring reported as motivating junior staff through appraisal | Acceptance of divisive quantitative indicators whilst voicing critique |
| **Organisation 2** | | Identifying negative effects of funding cuts whilst adopting some budgetary control techniques | Uncritical acceptance of extensive monitoring | Underplaying funding cuts to the sector in television interview (moral ambiguity) |
| | | Critique of corporate fundraising whilst continuing to try to develop it | Monitoring vital for funding | |
| | | | Monitoring reported as useful as a protection in austerity | |
| | | | Monitoring useful for interactions with corporate donors | |
| **Organisation 3** | Uncharacteristic appeal to public for funds | Instil fundraising throughout the organisation | Uncritical acceptance of fairly widespread monitoring | |
| | | Critique of corporate fundraising whilst continuing to try to develop it | | |
| **Organisation 4** | | | Monitoring valuable if it could improve a project and secure more funding | |
| **Organisation 5** | | | Incentivised to report economic impact | |

**Fig. 1.** Continuum of accounting and austerity colonisation in arts organisations.

| | **Reorientation through boundary management (minor modifications to accounting controls protecting interpretive schemes and core activities)** | **Rebuttal** |
|---|---|---|
| **Organi-sation 1** | Awareness of inappropriateness of quantitative monitoring for some projects, thus introducing qualitative monitoring | Resistance to renting to non-art organisations |
| | | Chose not to monitor some prescribed areas (e.g. sexual orientation and racial origins) |
| **Organ-isation 2** | Resistance to excessive commercialisation by balancing commercial and artistic goals in programming | Resisted collecting data regarding ethnicity that they believed was inappropriate |
| | Development of alternative qualitative monitoring with a consultant and consortium | |
| | Use of qualitative monitoring to lobby for the arts | |
| **Organ-isation 3** | Resistance to excessive commercialisation by balancing commercial and artistic goals in programming | |
| **Organisation 4** | Awareness of inappropriateness of quantitative monitoring for some projects, thus introducing qualitative monitoring | |

**Fig. 2.** Continuum of resistance to accounting and austerity in arts organisations.

decisions and appropriately informed Habermasian democratic debate prior to any decision to further embed accounting monitoring in arts organisations. The study shows how austerity is more threatening than accounting monitoring for large arts organisations and how when the two are combined in the context of a rhetoric of extending business orientation, accounting monitoring can become increasingly rampant and potent, whilst still being presented within the sector as relatively harmless and useful for advocacy.

## Acknowledgements

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