

Economification and Culturalization: Dynamics and Governance Models

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Digitalization is often associated with economification. The German term *Ökonomisierung* covers various ideas, among them the increasing dominance of an economic logic in many areas of life (“optimization,” “competition,” “market,” “efficiency”, as denoted by the word “economization”); or the increasing pressure to make decisions according to economic criteria; or the increased presence of certain patterns of decision-making and of methods for evaluating not only economic but also political, social, and cultural contexts, as denoted by the the English neologism “economification.” When discussing the associated discourses, as is the intention of this essay, it is worth mentioning that the two implied levels – *economy* as a field of practice (*Wirtschaft*: the business world, market dynamics, prize mechanisms etc.) and *economics* as an academic tradition of research with its theories and models (*Ökonomie*) – are not existing independently, but are interconnected and influencing each other in their evolution.¹ Both shape processes of economification.

Economification is not only used analytically but also normatively and often critically. Thus it is seen in part as

positive when it involves strengthening the connection to issues of efficiency, market mechanisms, and optimization. It is argued that public administrations, NGOs, and universities should also be guided by economic principles if their resources are to be used more effectively. For the most part, however, it is viewed as a trend that should be criticized and opposed, wherein a larger market role “destroys social relationships,” a performance-oriented outlook “undermines social solidarity,” and intense competition “displaces traditional organizations”.

Especially culture (the cultural public sphere) is seen as being reshaped by an economic logic: “commercialization,” “value creation,” “exploitation,” “normalization,” “branding” and “influencers” are all controversial topics. Corresponding debates revolve around (new) business models, (new) enterprises, and (new) criteria for evaluating quality and success. In the field of mass media and the public sphere, this is in fact currently having an impact on questions of governance, whether the media should produce public goods and be a public service, and what this means for funding and promotion. This is generating new entrepreneurial models and alternative formats that are often associated with political and social concerns² (see “Media and the Digital Public Sphere”).

Culturalization

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In addition to economification, a second dynamic is central: the “culturalization” (*Kulturalisierung*) of society and the economy.³ Economic value is created not only from the technical features or material properties of products, but also from aesthetic qualities, meaningful stories, and through publicity. This is variously labeled—as “aestheticization” of the world,⁴ for example, as “design-driven innovation,”⁵ as an increase in the importance of “storytelling,”⁶ or as an indication of the central position of “branding” and communication.⁷ Aesthetics, meaningfulness, significance, brand, and stag-

ing are crucial competitive factors that are tipping the scales to determine which products and services, business models, and assertions of value prevail and which do not. Culture is not simply set in opposition to economy but is a constitutive part of the economic dynamics of development. At the same time cultural patterns and references are, with increasing frequency, so economically effective that they lever out other criteria.

Along with this comes the question of what capabilities organizations and companies must develop and mobilize in order to survive within this competitive dynamic that has been transformed by culturalization. One particular challenge is to be “creative” or “innovative”: How do organizations and companies prove successful in a world increasingly characterized by the unquestioned drive to innovate? In a world in which whatever is supposed to be of value needs to be “new” or at least appear as such? In a world in which “disruption” or “creative destruction” are a constant challenge?⁸ We observe a significant corresponding interest in, even obsession with, creativity⁹ and imperatives to innovate,¹⁰ combined with dynamics of change and fundamental uncertainties. It is believed that agents and organizations from cultural-artistic fields have access to specific competences and ways to deal with insecurity. Companies see their experience and methods as a resource relevant for competition and as a basis for increasing their own ability to innovate.

A paradox emerges: creative processes lose their effectiveness when driven by outcomes and results; cultural meaningfulness loses its significance when it is over-rationalized. Exploiting creativity doesn’t work, and novel conjunctions of economic and cultural criteria are needed. This can be seen, for example, in media-industry business models that link the success of an organization to a journalistic ambition; in enterprises that rethink the concept of a firm in an art context; research laboratories such as the MIT Media Lab,

which combines technology, design, art, research, and entrepreneurship; or in the platform economy, where services are given away and the data derived from them are commercialized. Such models, however they are judged, do not operate within established categories or logics but “in between,” “at the edge,” or “beyond”—for example, beyond the antithetical pairing of creativity and commerce.¹¹

Rethinking Entrepreneurial Strategies

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The many initiatives and experiments relating to a wide variety of forms of entrepreneurship—scientific, technological, institutional, social, political, and cultural¹²—confirm the importance of entrepreneurial approaches. This risks becoming the next hyped-up discussion, simply igniting the next rocket stage in the explosion of innovation, creativity, and entrepreneurship, and rapidly losing sight of specific projects and precise terminology. This also explains why many entrepreneurial agents shy away from generalization and pigeonholed terminology. Looking ahead at the digital economy, with a view to enterprise strategies in a societal context, seems particularly important in the following four areas:

Creating value and establishing evaluation criteria: Launching a product or service, a business model or a special offer comes with the assertion that these have or create value for others. In the context of economification and culturalization, the nature of this value is not self-evident. Entrepreneurs claim that they create value, and thus suggest that the mechanisms and criteria for evaluation exist.¹³ At the same time they must find a way to deal with the evaluations that actually take place and confirm or challenge their initial assertions and attitudes.

Telling and staging an engaging story: Consider the connections between cultural and economic forces: quality with cost; aesthetics with efficacy; meaning with criticism of an

economic narrative. The dynamics of economification and culturalization provide a variety of potentially relevant stories that are incorporated and confirmed in various ways, further developed, or questioned. This value matrix creates a context for comparison within which an enterprise must prove itself.¹⁴

Mobilizing relevant financial and non-financial resources: Another core question is increasingly discussed under the rubric of “new business models.” Here, because “business” is a term typically applied to a purely profit-driven entity, another description can be more productive: this essentially involves the question of how the financial and non-financial resources (competences, networks, reputation, attention, and so on) required for the realization of entrepreneurial initiatives can be mobilized, and how to handle the fact that the configuration of mobilized resources significantly influences and shapes their own entrepreneurial sphere of action.¹⁵

Forms of organization and institutionalization: By focusing on products and offers and on projects and initiatives, it is often forgotten that artists need infrastructures for creating and producing, laboratories need equipment, and cultural institutions need management structures and decision-making processes. These shape how economic and cultural value-creation happens, how evaluation criteria have an impact, and how resources are invested. Rei Kawakubo from Comme des Garçons gets to the heart of this: “My work takes place where creating new clothes and creating a company overlap. There cannot be one or the other.”¹⁶ Co-developing the right organizational or institutional setup for one’s own entrepreneurial strategy is crucial to success and often requires alternative institutions.¹⁷

From the point of view of entrepreneurial agents and their strategies, economification and culturalization are not mutually exclusive but can support each other in a context- and case-specific form. They imply possibilities and opportunities that are condensed and mobilized in different configurations.

There is no standard model for how to do this; rather there are different economies.

Governance Models

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All of this has consequences for the practice of governance. Against the backdrop of economification and culturalization and a heterogeneity of entrepreneurial strategies—“in between,” “at the edge,” and “beyond”—it must be asked which infrastructures, resource and financing models, laws, and institutional contexts will impact the action, innovation, and change of specific agents. In the process, this space will need a “governance” that does justice to the fact that cultural production and reception (and thus also the cultural public sphere) have always been in a relationship with *cultural policy*, and that this relationship is being drastically changed by economification, culturalization, and digitalization.

Although the corresponding configurations cannot be controlled directly and linearly, different governance models create different prerequisites and possibilities. This has become particularly evident over the last twenty years in a core area at this interface, the so-called creative industries. Arguments from this discussion are still shaping important examinations of economification and culturalization in fields as diverse as economics, politics, society, and culture. Three discursive areas have become especially relevant here:

The culture industry: In the 1990s—especially in continental Europe—discussion of “the culture industry” addressed an extension of the cultural sector to include the private sector. The hitherto prevailing view that the state, patrons, and foundations were supposed to look after art and culture was expanded to include the economy. In so-called “Culture Industry Reports” (*Kulturwirtschaftsberichte*), statistical analyses showed that beyond state funding there were independent cultural sectors that produced and disseminat-

ed cultural products and services and transferred them into an exploitation context. The result of such approaches was a changed perception of what was meant by art and culture and new descriptive criteria: beside the amount of subsidy, the level of economic viability, or the number of visitors, the number of companies, employees, or (gross) added value became important reference points. On the political level all of this was closely linked to structural shift away from traditional industries and towards service industries. At the same time there were dissenting voices who criticized this discussion and policies that were oriented by it as “economistic.” The relationship between culture and economy accordingly drifted in opposite directions among creators and cultural managers, promoters, and those promoted; positions hardened to a point where they characterize many debates on culture and economics to this day.

Creative industries: Under the influence of the British concept of “creative industries,” the discussion moved to a different frame of discourse in the 2000s. Culture—and creativity in particular—was used by the Blair government for the purpose of “nation-branding”. The focus was no longer on expanding the cultural sector to include private-sector elements but on the question of the role played by art and culture in the complex of sectors that (can be) defined by the term “creativity” and that have a connection to a variety of policy areas such as economics, urban development, or tourism. The problem of economification of culture in the view of one side of the debate, the necessity to extend the outdated model in the view of the other side: Core concepts such as “creativity,” “innovation,” “industry,” and “value creation” became established as abstract reference points in the discussion black boxes lacking precise meaning.¹⁸ It is not surprising that this was a dead end: if all industries become creative industries, the discussion is superfluous.

Creative economies: The current global debate on the advancement of the concept of creative industries raises the issue of adequate forms of governance in a new way. Viewing the situation as a simplistic dichotomy (“culture” on one side, “economy” on the other) is questioned, and the dynamics between them are seen as highly relevant.¹⁹ An attempt is made not to reduce the inherent complexity of a field by aggregating data but to accept it as constitutive. Just as culture means something different from art, and just as music is not comparable to design, the economy (both as real-world economy and as a model) differs depending on whether the context is an industry, a company, or a strategy. A future-oriented governance—judging by where things stand today—perhaps needs a plural: what is involved is not “the” economy but different economies and economification dynamics; not “creativity” but models, processes, and practices of creation; not “culture” but dynamics of culturalization. We use the term “creative economies” to attempt, together with others, to articulate this interest.

Consequences

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The strategies and governance models that are being developed in the fraught area of “economification” versus “culturalization” revolve around three types of basic questions that at the same time are questions of evaluation: first, questions of “*value creation*” as a result and process; second, questions of negotiated economic, cultural, but also social and political “*values*”; third, questions of the “*evaluation practices*”²⁰ that are mobilized in each model. What is crucial here is that from whatever viewpoint, in digitalization “the” economy, creativity, and culture (as generalized concepts) are less able than ever to establish value or logical systems of evaluation without reference to the other views.

As a consequence, regarding governance practice, any engagement with the values of the future will be a political event. To speak of “governance” in this context is at first sight a reduction in that it implies a controllability of dynamics and strategies that cannot or does not want to be controlled. With the concept of “governance,” too often attempts are still made “to take control”—to use an example compatible with ministerial logic or other institutional agendas. However, constitutive for many (entrepreneurial) agents in the fraught area of economification versus culturalization is the fact that they think and act in a mode that, by speculatively designing, simulating, and exploring possible futures, constantly assumes altered premises.²¹

At a second glance, by taking seriously these dynamics between economification and culturalization, between digitalization and the altered (cultural) public sphere, it becomes possible to give more space to the governance approaches of agents of creative economies who act unconventionally. What is needed is a different understanding of governance, one that takes creative economies and the heterogeneity of their agents and strategies seriously as a laboratory for the development of sustainable practices of governance. A discussion of governance at the level of political institutions, for example, could benefit greatly from this. With reference to the present publication: at present, in the interface between (the economies of) media and culture or the media and cultural public spheres, we might more productively ask how media and culture could in future be interpreted in terms of the dynamics of digitalization, economification, and culturalization as processes of value creation and the production of public goods, and how they could be organized with regard to financing and promotion.

- 1 See Michel Callon, "The Embeddedness of Economic Markets in Economics," Michael Callon (ed.), *Laws of the Markets* (Oxford: Blackwell, 1998), 1–57.
- 2 Here it is important to see that economics was originally social science and social philosophy. Separating knowledge and evaluation is problematic: the epistemic and normative perspectives are interdependent. It must always be recalled that to speak of "goods" actually implies both. See Luc Boltanski and Laurent Thévenot, *On Justification: Economies of Worth* (Princeton, N.J.: Princeton University Press, 2006 [1991]).
- 3 See Andreas Reckwitz, *Die Gesellschaft der Singularitäten* (Frankfurt a.M.: Suhrkamp, 2017).
- 4 See Gilles Lipovetsky and Jean Serroy, *L'esthétisation du monde: Vivre à l'âge du capitalisme artiste* (Paris: Gallimard, 2013).
- 5 See Roberto Verganti, *Design-Driven Innovation: Changing the Rules of Competition by Radically Innovating What Things Mean* (Boston: Harvard Business, 2009).
- 6 See David M. Boje, *Storytelling Organizations* (London: Sage, 2008).
- 7 See Scott Lash and Celia Lury, *Global Culture Industry* (Cambridge: Polity, 2007).
- 8 See Clayton M. Christensen, *The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail* (Boston: Harvard Business School Press, 1997).
- 9 See Andreas Reckwitz, *The Invention of Creativity: Modern Society and the Culture of the New*, trans. Steven Black (Cambridge: Polity Press, 2017 [2012]).
- 10 See Helga Novotny, *Unersättliche Neugier: Innovation in einer fragilen Zukunft* (Berlin: Kulturverlag Kadmos, 2005).
- 11 Simon Grand and Christoph Weckerle, "What If? – Die Creative Economies als zentrales Forschungsfeld der Zukunft," in *PHASE XI – Eine Expedition mit der Kultur- und Kreativwirtschaft*, Bundesministerium für Wirtschaft und Energie (BMWi) (Berlin: 2018).
- 12 See Charles Spinosa, Fernando Flores, and Hubert L. Dreyfus, *Disclosing New Worlds: Entrepreneurship, Democratic Action, and the Cultivation of Solidarity* (Cambridge, Mass.: MIT Press, 1990).
- 13 See Lucien Karpik, *Valuing the Unique: The Economics of Singularities* (Princeton, N.J.: Princeton University Press, 2010 [2007]).
- 14 See Robert H. Frank, *Choosing the Right Pond: Human Behavior and the Quest for Status* (New York: Oxford University Press, 1985).
- 15 See Johannes Rüegg-Stürm and Simon Grand, *Das St. Galler Management-Modell* (Bern: Haupt, 2015).
- 16 Simon Grand, "What If? Strategy Design for Enacting Enterprise Performance," in Walter Brenner and Falk Übernickel (eds.), *Design Thinking for Innovation: Research and Practice* (New York: Springer, 2016).
- 17 See Hans Ulrich Obrist, *Ways of Curating* (New York: Farrar, Straus and Giroux, 2014).
- 18 See Andy C. Pratt and Paul Jeffcutt, *Creativity, Innovation and the Cultural Economy* (London: Routledge, 2009).
- 19 See Christoph Weckerle, Roman Page, Simon Grand: *Von der Kreativwirtschaft zu den Creative Economies: Kreativwirtschaftsbericht Schweiz* (Zurich: ZHDK, 2016).
- 20 See Wolfgang Ullrich, *Wahre Meisterwerke: Stilkritik einer neuen Bekenntniskultur* (Berlin: Klaus Wagenbach, 2017).

- 21 This mutual interchange between speculation and reality, which is seen in many discourses to be a sign of digitalization, has always been inherent in the dynamics of the speculative dimension of markets, negotiable values, and so on.

