
REVIEW

REVIEW “ACCOUNTING FOR CULTURAL HERITAGE
MANAGEMENT: RESILIENCE, SUSTAINABILITY AND
ACCOUNTABILITY”

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Abstract

“Accounting for Cultural Heritage Management: Resilience, Sustainability and Accountability” by Michela Magliacani and Valentina Toscano explores the critical integration of accounting practices within cultural heritage management. It emphasizes how accounting can enhance the resilience and sustainability of cultural organizations, especially during crises like pandemics. Utilizing various research methods such as case studies, ethnographic observations, and interviews, the book provides comprehensive insights across seven chapters. These include detailed analyses of how cultural organizations, through strategic accounting and management, can effectively navigate challenges and contribute to sustainable development goals. The study also highlights the role of digital technology in maintaining and enhancing the engagement and value creation of cultural organizations under extraordinary conditions. This work not only bridges the gap in literature concerning the managerial aspects of cultural heritage but also serves as a practical guide for integrating sustainability and resilience into cultural heritage management through innovative accounting practices.

Keywords: Cultural Heritage Management, Resilience, Sustainability, Accounting Practices, Digital Technology

“The world will be saved by beauty.”
(Fëdor Dostoevsky, *The idiot*, 1869)

1. INTRODUCTION

The transformative power of culture to create value for present and future generations is widely

acknowledged, with its importance further emphasized by the United Nations' Sustainable Development Goals (SDGs). To harness this power, this creation and cost-effectiveness,

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even during challenging times. The study has two main areas of investigation:

- Examining how cultural heritage influences current and future generations, as well as exploring the role of accounting in managing cultural heritage, supporting responsible decision-making, and developing accounting knowledge within cultural organizations in ordinary conditions.
- Investigating how cultural organizations demonstrate resilience during crises (such as pandemics), and the importance of digital technology for creating value and engaging with audiences during extraordinary conditions (crises).

The book was written by Michela Magliacani and Valentina Toscano, published at Springer Nature, i, V. Toscano in 2023. This book employs diverse methods, including case studies, ethnographic observations, interviews, and content analysis. The studies were conducted in various contexts, including the Civic Museums of Pavia (Italy), Museum of Electrical Technologies of the University of Pavia, Rural Cultural Network, selected Italian Capitals of Culture (Palermo, Matera, Parma, Procida, Bergamo, and Brescia), Italian University Museums, and Italian Corporate Museums and Archives.

2. SUMMARISE OF BOOK STRUCTURE AND CONTENTS

This book was structured by 7 chapters including an introduction and concluding remarks, its central focus is twofold: examining the value created through cultural heritage management and understanding the role of accounting. This approach addresses the need for sustainable practices while also filling the knowledge gap around measuring this value and ensuring accountability to present and future generations (intergenerational equity). Additionally, the study explores how cultural heritage supports economic and social goals outlined in Agenda 2030, considering the challenges posed by the COVID-19 pandemic.

Chapter 1: Introduction: Research Aims, Methodology, and Design sets the stage for the study by detailing the research aims, the methodology employed, and the overall design of the research.

Chapter 2: Cultural Heritage Under a Managerial-Accounting Perspective explores cultural heritage from a managerial and accounting perspective. It discusses the organizational structure of cultural institutions, including decision-making processes and legal forms. It also delves into the mission, objectives, and assets of these organizations, and examines how cultural value is co-created and measured. This chapter includes case studies on the Civic Museums of Pavia and the Museum of Electrical

Technology of Pavia to illustrate these concepts.

Chapter 3: Using Accounting for Managing Cultural Heritage discusses strategic planning and the application of accounting tools like the Balanced Scorecard in cultural organizations. It also presents the Cultural Rural Network Project as a case study to demonstrate the roadmap of cultural value creation. Budgeting and cost accounting specifically tailored for cultural organizations are examined, highlighting their importance in the sector.

Chapter 4: Cultural Heritage and Sustainable Development: How Does Accounting Matter? links cultural heritage management to sustainable development through accounting. It reviews the 2030 Agenda for Sustainable Development and various guidelines and indicators from European and UNESCO frameworks. The chapter provides multiple case studies from European and Italian cities designated as Capitals of Culture, examining their accounting and sustainability strategies.

Chapter 5: The Resilience in Cultural Heritage Management: Which Role for Accounting focuses on the role of accounting in enhancing the resilience of cultural heritage organizations, particularly through the use of digital technologies. It includes lessons learned from Italian universities' museums during the COVID-19 pandemic and experiences from the Italian Association of Corporate Archives and Museums, showing how they adapted to challenges.

Chapter 6: Resilience, Sustainability, and Accountability: Conceptual Propositions synthesizes insights from previous chapters, discussing the interconnectedness of cultural heritage with resilience, sustainability, and accountability. It proposes a conceptual model that links these themes, suggesting ways to integrate them into cultural heritage management practices.

Chapter 7: Conclusion summarizes the key findings and lessons from the study. It reiterates the importance of accounting practices in managing cultural heritage effectively, particularly in enhancing resilience and contributing to sustainable development. This chapter concludes the discussion and suggests directions for future research.

Each chapter contributes to a comprehensive understanding of how managerial accounting principles can be applied to cultural heritage management to foster sustainability and resilience.

3. ANALYSIS AND DISCUSSION

Chapter 1 introduces the concept of cultural heritage, drawing upon the Council of Europe's Faro Convention to emphasize its dynamic nature as a reflection of a community's evolving values. This includes both tangible objects (like monuments) and intangible aspects (like traditions). It focuses on museums as key cultural organizations, highlighting their International Council of Museums (ICOM)-defined role as non-profit, permanent institutions dedicated to preserving, researching, and sharing

cultural heritage for the benefit of society. The text argues that this definition aligns with common principles of organizational management, emphasizing the need for museums to achieve long-term stability. With this, it establishes the rationale for adopting a managerial perspective in studying cultural organizations, suggesting the necessity for museums to recognize their organizational nature for effective operation. The upcoming chapter promises to explore the defining characteristics of cultural organizations, the ways they create value through cultural heritage preservation and promotion, and the importance of a nuanced approach to understanding these processes.

In Chapter 2, cultural organizations operate within a larger cultural and creative ecosystem. This text focuses on those managing cultural heritage, highlighting their entrepreneurial characteristics. Organizations are defined by key elements: a community of people, legal recognition, mission and goals, value creation processes, and managed assets. Cultural organizations share these defining features.

A community of people with specific skills and knowledge is essential for an organization. This community is represented visually by an organizational chart (organigram), outlining positions of power and decision-making hierarchies. This chart can be functional, departmental, or a hybrid, depending on the organization's complexity.

A cultural organization's legal form (e.g., nonprofit, private) depends on its country's laws. Regardless, all cultural organizations have a mission that reflects their reason for existence, outlining their values and goals. This mission, aligned with ethical values, forms the foundation for their vision of the future. Key questions can help formulate a clear mission statement.

Value is complex and based on both cognitive and emotional elements. Cultural organizations play a role in both private value (consumed by individuals) and public value (consumed collectively). The concept of "value in use" emphasizes the user's experience as integral to value creation processes. Cultural organizations can build networks with their audiences and stakeholders to co-create valuable cultural experiences.

The chapter explores the significance of culture within both economic and societal contexts, highlighting the managerial skills needed for successful cultural heritage management. The Civic Museums of Pavia prioritize educating current generations and preserving collections for the future as a case study. The Electric Technical Museum's "Science at your hand" project makes their collections accessible to the visually impaired, improving the welfare of current and future generations. Both cases show that effective management is essential for cultural heritage. This includes applying both "conventional" (financial) and "unconventional"

(social impact) accounting. Partnership and community involvement are key for innovation and funding.

The chapter identifies crucial skills for successful management of cultural institutions: planning, networking, fundraising, innovation, and audience development. By fostering these skills and recognizing the value they create, cultural institutions can enhance their economic and social impact.

Chapter 3 introduces conceptual models for measuring the value creation of cultural organizations. These models range from the theory of public value to the theory of value co-creation. Value will be assessed using metrics from the "3Es" model (effectiveness, efficiency, cost-effectiveness) to evaluate outputs, alongside visitor satisfaction analysis to gauge community well-being. Accounting plays a crucial role in these measurements, driving the accountability of cultural organizations within a sustainable development framework.

Research in cultural heritage management highlights the need to explore managerial approaches for sustainable enhancement projects. Managerial accounting practices play an important role for governing cultural heritage organizations in a way that promotes sustainability, resilience, and continuous improvement. These practices provide vital information for effective planning and decision-making. However, many cultural organizations, especially in Italy, lack the necessary accounting skills. This underscores the growing need for

such technical knowledge in the face of limited resources and a changing environment.

The chapter advocates for using managerial accounting models and tools to help cultural organizations enhance their heritage, measure their performance, and control the alignment of strategies with goals. The chapter also presents a case study of rural organizations building a cultural network. This highlights how private organizations are preserving cultural heritage through collaboration and the benefits of knowledge-sharing and economies of scale. The study emphasizes the importance of a continuous improvement culture within management to ensure success from social, cultural, and economic perspectives.

Additionally, the chapter provides simulations of budgeting and cost accounting tailored for cultural organizations, offering practical guidance. It closes with a discussion on building accounting capacity for such organizations. However, studies show that strategic planning focused solely on funding does not automatically lead to organizational learning. To bridge this gap, continuous improvement from a sustainability standpoint requires building accounting capacity. Chapter 3 delves into planning concepts, strategies, processes, and tools that facilitate value creation. This analysis combines simulated applications with an empirical survey of rural organizations. While not directly in the cultural sector, these organizations also contribute to

enhancing a region's tangible and intangible heritage.

To summarize, this chapter explores the value of managerial accounting for cultural organizations. Simulations show that traditional accounting practices provide insight into internal operations, aiding decision-making amidst changing environments. It's important to design accounting systems specifically for cultural organizations, involving collaboration between accountants, curators, and other relevant professionals. Implementing managerial accounting should be gradual, addressing diverse stakeholder needs. Knowledge should be shared across all organizational levels to foster improvement in efficiency and effectiveness. Crucially, leadership commitment is essential for embedding managerial accounting within the organization. Building accounting capacity across all personnel involved in governing and managing cultural heritage is key for long-term success.

Chapter 4 explores how accounting, aligned with UNESCO's "Culture 2030 Indicators", measures culture's role in achieving the 2030 Agenda. A key example is the European Union's Capital Cities of Culture (CCC) initiative. These projects demonstrate how the principles of intergenerational equity can be built into cultural endeavors. CCC projects consider long-term impacts like sustainability, accessibility, and building cultural legacy that benefits communities for

generations to come. Economic, social, and even moral accounting methods are used to track these wider benefits and showcase culture's value to society. The book specifically describes the activities and achievements of 5 locations that were considered the Italian Capital of Culture from 2018 to 2023. These are: Palermo - Italian Capital City of Culture 2018
Matera - European Capital City of Culture 2019
Parma - Italian Capital City of Culture 2020 and 2021
Procida - Italian Capital City of Culture 2022
Bergamo and Brescia - Italian Capital City of Culture 2023

The book provides a detailed overview of each city's cultural program, including major events, exhibitions, and festivals. It also highlights the impact of the Capital of Culture program on each city, both in terms of cultural development and economic regeneration. The book is a valuable resource not only for anyone interested in Italian culture, but also for anyone seeking a model for developing cultural programs.

The COVID-19 pandemic presented a major challenge but did not extinguish the drive of cultural managers. Their commitment to the common good shines through, highlighting how culture creates economic and social well-being for both present and future communities. Italian University Museums and private company museums are a testament to this resilience, rapidly adapting their practices and

strengthening their digital skills to continue providing cultural access during a difficult time.

Chapter 5 contends that digital skills are not only catalysts for social innovation but also key for organizational resilience. In challenging times, accounting proves its value as a method for ensuring accountability of digital activities. This suggests that accounting should be a fundamental component of resilience strategies developed within organizations.

The results of the research are examined in relation to theories of value creation, particularly those focused on collaborative and shared processes. By analyzing case studies of organizations managing cultural heritage resources, we can strengthen managerial and accounting practices.

It's important to understand that resilience is a complex and evolving concept. While it was once seen as the ability to bounce back from crisis, the emphasis is now on maintaining an organization's fundamental mission during periods of disruption. This adaptability is crucial for overcoming challenges and enhancing long-term sustainability.

Resilience has become an important goal in organizational management since the 1980s. There's no single definition, but it centers around a company's capacity to adapt, rebound, and thrive when facing adversity. Being resilient doesn't mean being infallible; it's about learning from mistakes, reinventing strategies, and proactively preparing for future challenges. This requires

minimizing uncertainties and risks through analysis and planning. Crucially, resilience isn't a generic trait; organizations need to individually tailor their structures and processes for optimal resilience within their specific context.

Various scholarly models propose characteristics of resilient organizations. Common themes include the importance of skilled employees, strong leadership, proactive risk management, collaborative networks, and putting customers first. Several measurement models exist to assess an organization's resilience level.

Technology is an increasingly critical tool for achieving resilience. The COVID-19 pandemic forced many organizations, including museums, to rapidly adopt digital solutions. This study explores how Italian University Museums adapted to the challenges presented by the COVID-19 pandemic. The research aims to understand their resilience, their responsiveness to the crisis, and the role accounting might have played in the process.

A survey was conducted of Italian public universities that manage museum collections. The analysis found that pre-pandemic, these museums focused on preservation, in-person exhibitions, and educational workshops. The lockdown significantly disrupted their operations. However, they demonstrated resilience by quickly employing digital technologies, particularly social media, to continue sharing cultural content. This was key to maintaining their connection with

the public despite restrictions on in-person visits.

The study revealed that Italian University Museums view themselves as important contributors to community well-being and cultural awareness. Digital technologies emerged as valuable tools for preserving heritage access, even during a crisis, but faced limitations due to the digital divide. This highlights the importance of considering both virtual and in-person access.

A parallel study analyzed how private Corporate Museums and Archives in Italy responded to the COVID-19 pandemic. While these entities typically focus on preserving and promoting their related companies' heritage, the pandemic also disrupted their usual operations.

This highlights how technology enables business continuity and virtual service delivery during crises. The framework of value co-creation emphasizes how consumers influence the value of products and services through interaction and exchange. Digital technology empowers this process, allowing customization and personalization, and thus driving innovation.

Technology was already somewhat important for these organizations, primarily focused on website updates and social media management. The pandemic accelerated technological adoption. Museums and archives improved existing tools (like websites) but notably also diversified

their approaches. This included greater use of virtual tours, podcasts, and interactive displays.

These museums and archives generally agree that technology played a significant role in their resilience during the pandemic. It allowed them to preserve their mission of sharing cultural heritage and company history despite unprecedented challenges. The findings suggest that technology will continue to be a crucial tool for resilience and audience engagement in the future.

The findings of the research propose a conceptual model where accountability, management, resilience, and sustainability are intrinsically linked, with accounting playing a pivotal role within this framework. By promoting transparency, informing decision-making, building adaptability, and supporting long-term goals, accounting practices become a key factor in fostering sustainable and resilient cultural organizations.

Accountability: Accounting promotes transparency and responsible reporting of a cultural organization's activities.

Management: This reporting empowers managers with the data needed for informed decision-making, resource allocation, and strategic planning.

Resilience: Accounting-driven management practices enhance an organization's ability to adapt and overcome challenges.

Sustainability: By supporting long-term planning and responsible resource use, accounting contributes to sustainable operations. This model is designed to manage the cultural heritage of communities under a sustainable perspective, even in times of crisis.

To maximize these benefits, cultural organizations must develop a strong culture of reporting. This involves using accounting data not just for compliance but also for proactive decision-making and continuous improvement. By recognizing the value of accounting in pursuing resilience, sustainability, and effective management, cultural organizations can better protect heritage and serve their communities.

This study acknowledges that its findings are primarily applicable to the Italian context, potentially limiting the robustness of results when applied elsewhere. However, the careful triangulation of sources (content analysis, surveys, ethnographic observations) strengthens the conceptual propositions developed, which still require further validation through broader investigations. This study offers conceptual models exploring how cultural organizations create value, foster resilience, and achieve sustainability. The study highlights the interconnectedness of these key aspects of effective cultural heritage management. The work aims to support cultural managers with capacity-building resources. This includes guidance for both European project development and aligning operations with UNESCO's sustainability indicators.

Additionally, the study encourages professionals to consider innovative methods for collecting data, designing value creation processes, and reporting their impact – not just in economic terms, but in broader social and cultural ones. Analysis of audience feedback, both in-person and online (especially in the context of adapting to the COVID-19 pandemic), is expected to offer insights on restoring and maintaining audience dialogue within the value co-creation process.

In sum, this study highlights the importance of accounting culture within cultural heritage management. Cultural institutions can play a pivotal role in driving cultural and creative ecosystems, but they must develop their organizational and managerial skills to navigate challenges and respond effectively to change (especially in the wake of shocks like the COVID-19 pandemic).

Capacity building, at the individual, organizational, and environmental level, is crucial for cultural organizations to face challenges head-on. This involves training staff to understand and utilize accounting/management tools for planning, evaluation, and community engagement. Such tools are essential both for securing funding and demonstrating the value of activities to stakeholders.

This study emphasizes that sustainability projects should focus on long-term value creation for stakeholders. By placing values at the core, accounting practices can align cultural organizations with

responsible development principles, enabling them to be resilient and contribute to achieving the goals of Agenda 2030.

Community engagement and networking are critical for successful projects; without these, initiatives may lack legitimacy and fail to generate the intended value. Accounting and accountability tools can help ensure continuity and transparency in collaborative value creation processes.

This work calls on academics to further investigate capacity building in various cultural contexts. The proposed conceptual models offer a framework for professionals to understand how accounting can support sustainable, resilient, and values-driven cultural heritage management.

The book ambitiously addresses both ordinary and extraordinary (crisis) conditions faced by cultural organizations, offering a unique perspective on resilience and adaptability. It applied an interdisciplinary approach including managerial concepts, accounting tools, the importance of culture within economic/social frameworks, and explored the role of technology in value creation and resilience. This also applies multi-methods combining case studies, interviews, surveys, and content analysis provides diverse insights and strengthens the study's findings. The book offers simulations and tools intended to directly support cultural managers. It advocates for building

accounting capacity to improve decision-making and accountability. The alignment with UNESCO's "Culture 2030 Indicators" and the concept of intergenerational equity demonstrate a commitment to responsible and sustainable practices.

The authors acknowledge that the study's focus on Italian organizations provides a strong basis for understanding cultural heritage management but may limit the direct generalization of findings to other cultural settings. However, the core concepts and models proposed have potential applicability to organizations in other countries. The study could be further strengthened by acknowledging the potential bias towards the positive impacts of technology; a more balanced view would include a discussion of its limitations and challenges. Additionally, while the emphasis on resilience is crucial, a more nuanced exploration of cases where organizations struggle to adapt – and how those experiences offer valuable lessons – would enrich the work.

4. CONCLUSION

This book stands as a valuable resource for researchers and cultural professionals invested in sustainable cultural heritage management. Its strengths in offering a comprehensive framework that integrates management, accounting, cultural impact analysis, and technology's role, all within a sustainability lens, are undeniable.

It provides valuable insights and tools for researchers and professionals dedicated to the sustainable management of cultural heritage. By highlighting the interplay of cultural preservation,

management, accounting, and resilience, it offers guidance for ensuring these treasures remain accessible and contribute to the well-being of present and future generations.