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Editorial: Themed Section on Accounting and Valuation Studies

Yuval Millo (Warwick Business School, UK)

Mike Power (London School of Economics and Political Science, UK)

Keith Robson (HEC, Paris, France)

Hendrik Vollmer (Warwick Business School, UK)

Questions about the nature and source of values have preoccupied philosophers, theologians and many others for thousands of years. Between transcendentalist approaches, which ground values beyond experience, and genealogies which position their emergence materially and historically, the puzzle of values has been continuously debated and disputed (Joas, 2000). In more recent times sociologists and anthropologists have also turned to the question of value with renewed energy, taking up Durkheim’s (1982) problem of how values become social facts. Indeed, there is now enough of a body scholarship for us to talk of a field of “valuation studies”, including a journal by that name. The scope of these many studies is wide and their objects are diverse, but they are commonly preoccupied with understanding the processes by which evaluations are practiced and values emerge, and the apparatuses through which they stabilise and become taken for granted. An important theme is the nature of value pluralism – whether understood as “different positions in fields of cultural production” (Bourdieu 1993), “orders of worth” (Boltanski & Thevenot, 2007) or “multiple logics” (Besharov & Smith, 2014) - and the effects of conflict and dissonance (Stark, 2011), productive or otherwise. And while it is too big a topic to consider fully in a brief editorial like this, it is plausible to suggest that the recent turn to values by organization and management scholars is also correlated with changes in developed societies and the perceived unravelling of neoliberalism. Indeed, the work of Philip Selznick and his “old” institutionalist focus on values has received renewed interest, just as policy debates about corporate purpose and ESG are becoming conspicuous (Kraatz, 2015). It also goes without saying that Covid-19 has accelerated a values discourse which was already underway in 2019.

Accounting scholars also know about values and valuation. Mainstream studies have been preoccupied for decades with the role of accounting numbers in price formation in capital markets and as a foundation for the economic valuation of businesses. In contrast, many contributions to Accounting, Organizations and Society have taken a broader and more critical view of the role of accounting in economy and society. Scholars have positioned accounting as a culturally significant mode of representation in its own right which may “crowd out” other values. Here, one driving preoccupation has been to understand and document how and why accounting “economizes” and “financializes” conceptions of individual and organizational performance.
These studies of valuation and of accounting have existed side by side for quite some time. Yet, in recent years there has been more interaction and mutual influence across their respective institutional and intellectual contexts, in particular: accounting; anthropology; organization and management studies, science studies, and sociology of finance. Students of accounting have been publishing on valuation (e.g., Quattrone, 2015; Mennicken and Power, 2015) just as students of valuation have been publishing their research in accounting journals (e.g., Muniesa and Linhardt 2011; Svetlova 2018). It was to further this cross-fertilisation that we organized the 2016 workshop on “Valuation, Technology and Society” at the University of Leicester, UK where we hoped to exploit this mutuality of interest and increase our “understanding of how accounts of value are produced and circulated among human and non-human actors, facilitate action and organization, and underpin markets, networks and institutions.” Indeed, it seems clear that valuation scholars and critical accountants share a common interest in the “devices” or instruments of valuation, the apparatuses in which they are embedded (Kornberger, Pflueger, and Mouritsen 2017), and their role in constituting and shaping both values and valuers. From this shared socio-material perspective, it is a given that values will be the outcomes of device-saturated valuation processes.

The two papers which we publish in this themed section of AOS are representative of this broad orientation. The first paper, “Valuation devices and the dynamic legitimacy-performativity nexus: the case of PEP in the English legal profession” by James Faulconbridge and Daniel Muzio shows how a “profits-per-equity-partner” metric assigns and communicates worth, rank, and performance over time. Their longitudinal analysis demonstrates how an account of value in the form of a single number which begins as a technical mechanism for calculating internal profit shares in a professional services firm, gains external legitimacy and becomes institutionalized over time as a mechanism of comparison within a field. As it does so, the valuations of performance produced by the metric increasingly define the value of the entity concerned. The case carefully reveals the dynamics by which an increasingly tight performative association emerges between the entity that is being valued and the worth signified by the valuation. Indeed, the authors use their case to demonstrate the paradox whereby a device which becomes performative also generates the conditions to undermine itself. This identified dialectic of performativity-counterperformativity is strongly suggestive of the need to study valuation devices and processes over time, and the shifting institutional conditions of their legitimacy.

The second paper, “Evaluative Infrastructure and Modes of Valuation in the Art Market” by Maude Paré Plante, Clinton Free, and Paul Andon, follows what they call valuation work against the background of an emergent infrastructure of categories into which artworks and artworks are mapped by art dealers, auctioneers and professional valuers. These and other actors in the field use four
categories – decorative, emerging, trending and blue chip - as reference points when making a case for the value of artworks. Whereas Faulconbridge and Muzio focus on the regularised deployment and emerging legitimacy of a specific metric, for Plante et al. it is the categories themselves which can be understood as continuously performed “judgment devices” (Arjaliès and Durand 2019). Yet, artwork valuation also seems to produce the very thing it sets out to eliminate in the blending of aesthetic experience and ultimately investment and bankability, namely “valuation risk”. The very hierarchy of categories which orders valuation work, culminating in “blue chip,” reconfigures and reintroduces uncertainty rather than eliminating it because these categories depend for their performativity on a network of different actors with different interests and potential contestations of value, especially at the threshold between categories where transition is at stake. The paper makes explicit these contingencies of cultural recognition and the intense work required to navigate them in order to evaluate.

In both papers, we can say that devices relieve human agency of some of the work of valuation, thereby reducing uncertainty and generating some appearance of neutral evaluation process – a familiar theme in accounting scholarship. Yet their common processual approach to valuation also reveals the valuation work required to create and maintain/perform stable, and thereby “black-boxing” (Latour, 1987) infrastructures of valuation. We learn how valuation workers need to take into account the expectations of diverse actors in and around the legal profession and art market respectively. There is always valuation risk for anyone relying on these structures: art dealers may still invest in artworks that turn out to not find any buyers, clients may still misjudge the quality of their law firm. This paradoxical production of risk from valuation work suggests a potentially fruitful agenda for the future intersection of accounting and valuation studies. Selznick (1957) had argued that values were inherently “precarious” in organizations because the very act of operationalizing them creates the conditions under which they may be distorted. In this sense, values are always administratively “at risk”, not least when there are competing values in play and when trade-offs are inevitable. Yet without some form of operationalisation, values also lack the possibility of becoming facts for organizational actors. By analogy the relationship between valuations and valuation work embodies a similar tension. Valuations and evaluations as outcomes are always “at risk” yet, without the work to produce, stabilize and somehow perform them, they also cannot become actionable social facts. In the case of the PEP metric, we learn how performativity and stability emerge contingently over time but remain fragile. In the case of art valuation, most works of art never progress to the final “blue chip” stage of blended aesthetic and economic value. This suggests an important feature of the accounting-valuation nexus which tends to be overshadowed by preoccupations with economising and financialising. This is the role of accounting as fixing and inscribing values such that they can be
operationalised and distributed. From this point of view, accounting and related devices transform the epistemology of values by configuring them as valuations which are knowable, traceable, auditable objects.

In closing, it is interesting that this accent on uncertainty is reinforced by both accounting and valuation scholars. It has been famously said that accounting is a “craft that has no essence” (Hopwood 2007: 1367). Equally, value is also claimed to be “the outcome of a process of social work and the result of a wide range of activities” (Helgesson and Muniesa 2013: 6). These common sensibilities are not merely sociologically reductive, genealogical or deconstructive. Rather, they also open up further opportunities to understand values as the outcome of deeply human projects of organizing, in which glimpses of the transcendent are still possible. The two papers in this themed section reflect this broad project of analysis which has only just begun. Importantly, they are jointly suggestive of deep links between the evaluation of performance and the evaluation of artistic objects which deserve further attention.

References


