

The Value of Cultural Institutions

Measurement and Description

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ABSTRACT

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Resources are invested to maintain cultural institutions and society has an interest in the efficient allocation of these resources. To understand efficiency, the costs incurred in monetary units need to be compared to the value created. The overall question of this thesis is: *What is the value of cultural institutions?* The question is divided in two thematic topics. The first concerns, how to *measure* the value of cultural institutions in monetary units? This topic is studied in three articles. Revealed and stated preference methods are applied. The second thematic question concerns how to *describe* the measured value? Two other articles investigate how individuals perceive the value of cultural institutions.

The articles are based on survey data from 12 samples and more than 3500 interviews. The first article is based on a licentiate thesis: *Valuing the Invaluable - The Value of Cultural Institutions* (Armbrecht, 2009) and applies the contingent valuation method to measure the value of a concert hall and museum. The second article compares a stated preference method (contingent valuation method) with a revealed preference method (travel cost method). The third article applies contingent valuation method and the concepts of use and non-use value to a festival setting. The fourth article is based on interviews and aims to gain an understanding of how individuals perceive and describe the value of cultural institutions. The fifth article develops a scale for measuring the aspects of cultural institutions perceived by individuals to be valuable.

The articles indicate that the value created for the three study objects (a museum, a concert hall and a festival) exceeds the costs they incur. The results seem to be reasonable and prove to be valid when compared to the results of the travel cost method as well as real-market comparisons. A methodological advantage of contingent valuation method is the possibility to distinguish between different types of use and non-use values. Contrary to the hypothetical character of contingent valuation method, the travel cost method is based on observed behaviour. Though this involves certain pedagogical advantages, the method may not be suitable for assessing non-use values or distinguishing different types of use values.

The fourth article describes the relationship of concepts used in economic literature to those in other disciplines. The former may not encompass all benefits, but it does cover a variety of social, cultural, health related, educational, and other values. The last article develops a scale as an alternative method for measuring the perceived contribution of cultural institutions. The thesis concludes that use and non-use values need consideration when assessing the value of cultural institutions. Besides monetary descriptions of value, scales are applicable for understanding which factors determine the value of cultural institutions.

Keywords: value, cultural institution, contingent valuation method, travel cost method, public good, perceived value