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12 Summary: Public treasuries in change; Museums in the Netherlands in a period of privatization

12.1 Introduction: research object and subject

The focus of this research is the organization of museums in the Netherlands in the last decade of the 20th century, a period of privatization in Dutch society. The object of this research, museums, have in the past centuries developed into professional institutions with a wide range of goals and activities. In order to cope with the radical changes in Dutch society in the last decades, a lot of the Dutch museums were privatized in one way or another. The central question is, did this result in more effective organization designs of museums?

In 1988 the 'Algemene Rekenkamer', a Dutch institution charged with control and audit of government finances, published a critical report on the performance of the 'Rijksmuseums', the national museums in the Netherlands. This report initiated a political discussion about museums, which led to a policy of privatizing the 'Rijksmuseums'. Not only were museums expected to improve their performance by privatization, at the same time the government could limit the size of government bureaucracy by hiving off these cultural organizations. To some that was an additional argument to privatize. Almost simultaneously, a discussion started about the relations between museums and local and regional government.

Initially, discussions within museums focused on the possibilities to strengthen their financial position by sponsoring activities. However, museums, as government institutions, were not allowed to keep their earnings. In various ways, museums were tied to bureaucratic government organizations. It became clear to museums and government, that allowing museums to be autonomous would be a logical step to take.
By now, autonomy of museums has increased considerably and even though government subsidies are still substantial, museums manage their own affairs and have found ways to increase their budget. Museums nowadays operate in a 'grey' area between government and market.

The goal of this research was to make a number of empirically supported statements about the influence of autonomy on the effectiveness of museum organizations in changing environments. This implies the question whether museums in the Netherlands with increased autonomy did indeed increase their effectiveness.

12.2 Theoretical framework

12.2.1 A situational approach

My research has its roots in the work of Kastelein c.s. (Kastelein, 1990, Kastelein, 1991). His theoretical framework and assumptions can be characterised as a situational or (post-) contingency approach. This approach includes some kind of hypothesis testing.
However, during the actual research I was faced with a highly dynamic field, where the essential variables were changing at a rapid pace. Autonomy of almost all museums increased,

and at a certain point there were only just enough museums without autonomy left to compare to museums with autonomy. Also, the theoretical insights changed substantially during this decade.
I decided the best I could do is to describe the autonomy and the characteristics of organization and management of the museums. The opinions of stakeholders about de performance of the museums were investigated as an indication of effectiveness. Subsequently I systematically compared these opinions with autonomy and with the characteristics of organization and management. I made an attempt to interpret the results in the light of the originally chosen theoretical framework, while keeping an open eye for inductive results. The process of change in museums in relation to autonomization was analyzed and described.
This dissertation is a report of an exploration in a field, which has few, if any, precursors.

12.2.2 Task uncertainty and goodness of fit

The complexity of society has increased considerable in the past decades. Museums had to respond to different demands. The uncertainty of their tasks increased. The legitimacy of museums was questioned, even of some of the old cultural institutions.
Because of task uncertainty the possibility to plan decreased. Flexibility of the organization had to increase. Different degrees of uncertainty ask for different ways of organization. In the words of Galbraith:

> ... *"the greater the task uncertainty of the task, the greater the amount of information that has to be processed between decision makers during task execution in order to achieve a given level of performance"* (Galbraith 1973, p. 4).

'Goodness of fit' is a central concept in situational approaches. The fit of an organization is best if the organization and management characteristics are such that the exact amount of information can be generated to neutralize the uncertainty of the tasks. An organization with a design, fitting to its situation, is expected to be more effective than an organization without such fitting designs.

12.2.3 Autonomy

Privatization in this research is defined as a process of autonomization. Organization units within an large organization (or an organized order) can show different forms of autonomy, at different stages of autonomization. The essence of autonomization is, that an organization, which is tied by all kinds or rules and regulations to one or more centres of power (called an 'external specified unit', in Dutch EGE, Kastelein 1990), obtains more authority and responsibility, resulting in a unit which is responsible for its own results (in Dutch RVE, Kastelein 1990). The 'external specified unit' is usually characterized by specifications from many centres of power (MCA) , while the result responsible unit is characterized by (horizontal and vertical) contractual relationships (CMO). All organizations can theoretically be placed on an axis with 'MCA' and 'CMO' as extremes (figure 1.1, p. 4). If autonomy of government organizations is increased, this at a certain point means a transition from government to market.

Autonomous organizations are expected to have the freedom to obtain a better finetuning of the organization to the environment, and potentially have fewer restrictions in finding an optimal fit, so supposedly these organizations have more chance of being effective.

12.2.4 Effectiveness

The opinions of different stakeholders about the performance of an organization are interpreted as indications for effectiveness; because they are indications of the support for the organization and hence of the chance for survival in the long run. There is no objective measure of effectiveness, and there is not chosen for one specific criterium: different stakeholders use different sets of criteria to base their opinion on.

12.2.5 Assumptions

The starting point of this research was the question whether this approach could be applicable to the organization and management of museums. If so, it would be expected that the higher the autonomy, the more often stakeholders would be expected to judge the effectiveness higher, because of the better fit of organization and management to the task uncertainty. From there three assumptions were distinguished:

1. If a museum is more autonomous, there is a better chance that organization and management characteristics of this museum are fit to their task uncertainty
2. If organization and management characteristics of a museum are fit to their task uncertainty, there is a better chance that opinions of stakeholders about this museum are favourable

It follows that if these two assumptions are true also a third must be true:

3. If a museum is more autonomous, there is a better chance that opinions of stakeholders about this museum are favourable

12.2.6 Hybrid organizations

Museums are defined as organizations with two functions: one concerning a collection of objects and the other concerning the visitors. From these functions emerge the intrinsic museum tasks. A museum can also be considered as a commercial enterprise. From the neo-institutional economic approach (chapter 3.2) the concept of hybrid organizations is introduced. In the Netherlands In 't Veld (1995) has shown that professional organizations that have been put 'at arms length' from the government often retain mixed orientations; the organization becomes hybrid: partially task oriented and partially market oriented. These orientations may sometimes be in conflict with each other.
In the past decade national museums and some local museums in the Netherlands have been set at a distance from the government. Their autonomy has increased and these museums are now in a position somewhere between the government and the market. The concept of hybrid organizations would be applicable to these museums and was expected to be helpful to understand and describe the changes in the organization and management of these museums.

12.3 Investigation methods

12.3.1 Phases of the empirical research

After a pilot investigation in six museums in the U.S.A and two in the Netherlands, data were analysed of about 500 museums, gathered by the Dutch Central Bureau for Statistical Research (CBS). 210 museums with at least 2 employees (fte) were selected and received a questionnaire 50% responded, and the data were classified and analysed. Zooming in even further, 30 museums were selected and extensively interviewed. Three size categories of museums were distinguished and in each category pairs of museums were chosen with similar kinds of collections and a maximum difference in autonomy. Besides interviews within the museums six different kinds of stakeholders were questioned about the performance of these museums.

12.3.2 A scanning method

To design the questionnaires and interviews an existing scanning program was simplified. This program was based on the modular organization and management model of Kastelein (see picture 1.3, p.7). All variables in the model received a relative score ranging from 1 to 5. Uncertainty of workload and boundary conditions were estimated, dimensions were attributed to technology (routine or not), structure (rigid or flexible) and culture (innovative or conservative) and the styles of management on different levels in the organization were investigated. An existing checklist to establish the relative scores of autonomy was adapted to museum practice. Stakeholdersjudgements were surveyed.

12.4 Results from 30 museums

12.4.1 Profiles of museums

Of 30 museums profiles were made on the basis of the estimated characteristics and dimensions of their organization and management (see 'bijlage 6'). It appeared that most museums had increasingly uncertain tasks, either because the workload was dynamic and complex, or because the boundary conditions were changing. Expectations were high, budgets were growing and came from different sources besides the government.
Half of the museums fell in the category 'uncertain tasks', only a few small museums escaped this uncertainty altogether.

From an intrinsic professional viewpoint technology in museum was quite specialised, on the average not routine but fit to the demands of the environment; communication and decision structures in museums however sometimes lacked the flexibility that would seem best fit, nor was the organization culture always as open and innovative as might be expected. From the viewpoint of a business organization museums often still had relatively routine technology and static structures, even though there was a growing cost-consciousness.

Operation management in most museums had professionalized, the external management tasks seemed on the average rather well fit to the demands of the environment, even though long term strategic management was not always closely connected to and based on the

investigations that were carried out in de environment. Professional 'hobbies' might sometimes dictate decision-making without consideration of market arguments, even though the uncertainty of the environment would make it more fit. A 'bottom-up' management style is not often found, nor the opposite, a clearcut top-down style of management. Museum management often is strongly influenced by the professional museum staff.

Most stakeholders judged the performance of museums quite favourably. Colleagues and employees were the most critical. Visitors seldom showed strong dissatisfaction. The opinions of almost half of the stakeholders had become more favourable over time, hardly any opinion was less favourable.

12.4.2 Autonomy

Some of the characteristics of museums in the Netherlands in the first phase of the research (around 1992) differed from the second phase, when the interviews were made(in 1994 to 1996). On the average the autonomy of museums increased quite a bit. Originally there was little autonomy in financial and personnel management (especially in government museums), only a few years later the freedom in almost all fields of management had expanded, with the exception of the management of housing. However, this field was given the least priority by museum management in comparison with other fields of management. Freedom in carrying out the intrinsic professional tasks (i.e. collecting, organizing expositions) was traditionally undisputed in government museums, this continued to be considered of prime importance when these museums became autonomous.

By distinguishing three categories of autonomy, it was shown that the average profiles of museums per category differed (see pictures 1.5 a and b, p. 11). In the category with the highest autonomy scores there were more museums with uncertain tasks, flexible and more matrix-like organizations, and relatively more cooperative, result oriented management styles. The commercial and businesslike oriented tasks in these museums were considered complementary to the professional oriented tasks. Also, on the average museums in this category were judged somewhat more favourable.
On the contrary, in the categories with the least autonomy the museum tasks were not as uncertain, management styles were more often design oriented, the commercial and businesslike oriented tasks were relatively more static and often considered subordinate to the professional oriented tasks. Especially the opinions of external stakeholders were less favourable.
This might be interpreted as a confirmation that there might indeed be some relation between autonomy, task uncertainty, organization characteristics and management style, as well as opinions of stakeholders about the performance of museums.

12.5 Goodness of fit as an explanatory variable

12.5.1 External fit

External fit is defined as the goodness of fit of organization and management characteristics to the uncertainty of the environment. By calculating some simple linear correlation coefficients it was shown that indeed a light correlation could be demonstrated between

autonomy and goodness of fit, especially as far as the commercial organization features were concerned and to the extent that monitoring facilities were developed. It was also shown that these museums more often received favourable judgements from the stakeholders. When management was better fit to the uncertainty of the environment, the judgements of internal stakeholders were somewhat more favourable, but this was not true for the judgements of external stakeholders.

It seemed that in response to the changes in the environment and increasing autonomy, museums reacted often with changing technology characteristics. New buildings, more temporary exhibitions, flexible exposition techniques, differentiated educational programs. Also the management style towards the environment became more active and inclined to cooperate, public relations and marketing techniques were introduced, more activities were set up in cooperation with other institutions. In autonomous museums monitoring the environment was introduced, market research developed, the expectations of the public got higher priority than before autonomization. The results suggest that these developments influenced the opinion of external stakeholders about museum performance positively.

The exploitation of museums without the help of government officials asked for quite a different organization structure. At the moment I performed my investigation the organization of many museums was not (yet) optimal fit for the (partly new) tasks they had to perform, especially with regard to marketoriented tasks. Typically, no museum was found to have an explicit strategy to compete with commercial recreational enterprises in the neighbourhood. A commercial 'museum' enterprise[79] that was investigated however, did have a strategy to compete with museums in the city.

12.5.2 Internal fit

Though goodness of fit to the environment on the average increased, this was not true for the goodness of fit internally: Discrepancies developed for instance between existing communication or decision structures and recently introduced technology, discrepancies could emerge between the characteristics of new developing organization structures and the openness of culture. Educational workers might be appointed as public-relations workers without a proper integration of this work in the hierarchy, market research might end up in drawers without discussion, professional and scientific interests might traditonally get priority.

Opinions of museum employees in autonomous museums tended to be less favourable than those of external stakeholders. This could be explained by the uncertainty and inconsistencies that resulted from internal discrepancies in the organization. Also in some cases this could be explained by a resistance against the changes in the museums in connection with autonomization. Some professional museum workers feared that the task orientation of the museum would be dispelled by a market orientation.

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[79] A museum is defined as an organization in which the two functions are concerned with objects on the one hand, and visitors on the other hand, but not primarily with making profit, as a fully commercial enterprise would.

While internal discrepancies or the results of changes in the museum organization influenced the opinions of internal stakeholders unfavourable, the opposite was true for the opinions of external stakeholders. Results suggested that an organization with a perfect internal fit was interpreted as a stagnating organization. Transformation in the direction of autonomy was at the moment of investigation generally considered as a positive development.

The results suggested that the position of one potentially important stakeholder, the voluntary 'museum friends', needed some special attention. Even though at the one hand these groups asked for a market orientation in those museums with primarily a task orientation, the effects of autonomization did not generally produce favourable opinions. Autonomization often was accompanied by professionalization, especially those market oriented activities often initiated by 'museum friends' as voluntary workers were now professionalized. Possibly this was met with resistance, and this might explain unfavourable opinions.

Summarizing, the results suggest that especially well developed monitoring facilities and an external / market oriented organization were success factors. These were stimulated by autonomy and positively influenced the opinions of museum performance. Thus the expectation that autonomization of museums would contribute to the effectiveness of museums seemed justified, even though the process of change had some potentially negative by-effects, which would need extra attention.

12.6 Some inductive results and interpretations

12.6.1 Change and hybrid organizations

Even though the outcome of this research suggested that the development of an external and market orientation of museums increased the chance of favourable judgements, the results indicated also this was not the only success factor. The outcome of the research is interpreted as an indication that an optimal basis for support, both internal and external, would ask for a combination of strategies, both market oriented and task oriented. Because of a hybrid orientation in the organization, it is the fitting of a mix of strategies that seems to be the most important factor for an organization to be effective. This asks for a matrix-like organization structure, in which not one orientation is dominating, but depending on the circumstances a fitting balance has to be found. Moreover, those museums that combined these two kinds of strategies and had the organizational characteristics to realize some synergy, did have the best chances for favourable opinions.

12.6.2 Ambitions and innovation

The tasks of museums in this research were defined by the actual workload in museums; the goals and ambitions of management and employees were interpreted as an aspect of organization culture; the goals and ambitions would be their touchstone.
Because of the importance often attributed to goals and ambitions in museums, some extra attention has been paid to the different criteria the management formulated to evaluate their tasks. This is not part of the theoretical approach chosen in this research, but can be considered as inductive results. The criteria were interpreted as indicating if the ambitions

were innovative or not, both regarding the public oriented tasks and the collection oriented tasks. Four types of museums were distinguished (see picture 1.7, p.17):
1. Museums without innovative ambitions either regarding the public oriented or the collection oriented tasks. I called these museums 'keepers of culture'
2. Museums with innovative ambitions regarding the public oriented tasks only. These I called 'teachers of culture'
3. Museums with innovative ambitions regarding the collection oriented tasks only. These I called 'guides of culture'
4. Museums with innovative ambitions both regarding the collection oriented and the public oriented tasks. I called them 'generators of culture'.

12.6.3 Autonomization and ambitions

Autonomization has stimulated the market approach in museums. This development offers chances as well as risks. Apart from an impulse towards a more fitting organization design, it offers chances to strengthen the financial possibilities of the museums and to broaden their reach. Especially the recreational potential is a chance for museums: the recreational market is a growing and a financially attractive market, because of the increasing leisure time and income of the Dutch people. Autonomous 'keepers of culture' could strive to become cultural attractions by concentrating on the recreational market, and maybe even end up becoming 'teachers of culture'. Autonomous 'teachers of culture' could try to organize 'blockbusters', attractive expositions for broad audiences, and in order to do that maybe strengthen the attention for their museum collection. They might even end up trying to become 'generators of culture'. The same is true for the 'guides of culture': exploiting the recreational potential of their collection might increase their interest in public oriented tasks, potentially even to the extent that they aim at becoming 'generators of culture'.

There are also risks: the development of the recreational potential may push off the educational ambitions; the typical 'teachers of culture' could also end up becoming cultural attractions. Or, if the interests of a recreational market would become the central focus of 'guides of culture' the ambitions concerning the collection might narrow down to 'easy', attractive treasures; and the ambitions of being a 'guide of culture' might not survive.
On the other hand autonomous museums, especially those with innovative collection oriented activities, have another asset to offer: that is status. Local governments as well as big companies may want to offer financial support in exchange for several representative functions these museums have to offer. This could either be a dinner or reception in a representative setting or sponsoring activities. For a 'guide of culture' that does not choose to exploit the recreational potential, concentrating on exclusive innovative activities, this could be a way out. Here too is a risk: too much dependence on these kind of financiers might influence one of the most essential of museum tasks: the content of the expositions. The goals of these financiers might be conflicting with the goals the museum has set for itself. For instance local governments might want the museum primarily to be an instrument in the city promotion and some innovative projects of a modern art museum might not be regarded as such. A museum of natural history might feel the responsibility to stress a healthy environment while a sponsoring sigarette company might want to promote smoking.

In short: an autonomous museum has possibilities to find new sources of financing, at the same time risking curtailment of cultural freedom. To realize innovative ambitions a museum runs considerable risks, costs can be high and proceeds may be low, therefore specialization on either innovative public oriented or collection oriented tasks increases the risks. It seems spreading the risks would be the best option for a museum. A 'generator of culture' type of museum not only has potentially most to win from recreational as well as representative activities, more than any other type of museum this type of museum can also spread the risks, in order to preserve its educational, creative and innovative activities.
The impression is indeed that as a result of autonomization the recreational and representative potentials of museums are more exploited. It also seems there is a tendency for museums to realize that aiming at a strong, diversified 'generator of culture' is the best answer to survive and retain its freedom. It is this type of museums that probably has to win most from autonomization.

12.7 Towards a scenario of autonomization

The fact that the empirical research was executed in a period a lot of museums were involved in a process of autonomization inhibited the comparison of variables, but at the same time it offered some leads for the description of the process of change in connection with autonomization.
I have summarized the changes in organization and management at different phases of autonomization in a scenario of autonomization (picture 1.8, p. 19). De different pace of change of several aspects of the organization and management, as interpreted from the results are fit in this scenario and suggested is that in order to realise a maximal fit not only museum technology needs change, but also the communication and decision structure of the organization, not only a cost-consciousness must be realized, but also matching monitoring facilities should be developed. At the same time a shift has taken place from existing tensions in museums between the public oriented and collection oriented function of museums to a potential tension between professional museum orientations and businesslike market orientations. These potential tensions in hybrid organizations ask for a flexible, learning organization with matrix-like characteristics, and museum management asks for elements of 'governance' as well as 'managerialism'.
Especially those museums that have the possibilities and ambitions to be a 'generator of culture' have most to win from autonomization, by exploiting their recreational and representative potentials, and spreading the risks that are connected with these strategies.
Finally it was suggested that, as there is a legal government responsibility for the cultural legacy in this country, the government has rightly claimed the role of a director on main aspects of cultural policy in exchange for financial support. At the same time meddling in the actual strategies of individual museums should be restricted as much as possible, in order to keep the advantages autonomy has shown to yield.

On the basis of the results of this research some practical points of interest were formulated for the organization of museums in a period of privatization.