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Muuttuivatko laitokset, miksi ja miten?

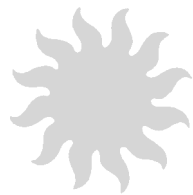
Taide- ja kulttuurilaitosten
institutionaalinen muutos 1990-luvulla

Performing to the Tunes of Institutional Change
Strategies of Finnish Cultural and Arts Institutions
under the New Conditions of the Late 1990s

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PERFORMING TO THE TUNES OF INSTITUTIONAL CHANGE. Strategies of Finnish cultural and arts institutions under the new conditions of the late 1990s

English Summary

The project and its objectives

This study reports the main results of a research project which assesses the adaptation of the Finnish cultural and arts institutions to the new conditions of the late 1990s. Project TaiLa (Finnish abbreviation for “arts institutions”) began as an exercise in compiling more systematic statistics and data on the expenditure and activities of cultural and arts institutions (theatres, orchestras and museums) in Finland. It soon became evident that this exercise alone, without appropriate conceptualisation, would be futile. Conditions for the institutions had changed so radically during the late 1980s and early 1990s that financing and expenditure time series and indicators measuring the institutions’ activities would be biased if the transformed conditions were not taken into account.

These new conditions emerged during the late 1980s and early 1990s due to new orientations of national fiscal and economic policy and the reorganisation of the Finnish public sector. The deep recession of 1991–1993 precipitated their formation. Although project TaiLa focuses mainly on the strategies of cultural and arts institutions, it also indirectly assesses the successes and failures of Finnish cultural policies – more broadly, “cultural governance” – in maintaining the viability of the comprehensive and heavily subsidised national, regional and local networks of institutions¹.

¹ “Cultural governance” is defined in the study as the joint control and guidance of artistic and cultural development by public and private profit or non-profit oriented stakeholders. In respect to the term “joint”, a distinction is made between actual conscious cooperation and “joint structures” which oblige stakeholders to cooperate.

In order to deal with these broader issues, the project developed a conceptual frame of reference based on new institutional theory, as presented for example by Paul DiMaggio and Richard W. Scott². The project's first report developed a more solid methodology for compiling and analysing data on cultural expenditure³. The present report applies the conceptual frame of reference to the analysis of the transformation of the Finnish system of cultural and arts institutions, and a third publication will assess the role of the new information technologies in this transformation⁴.

Most apparent changes: Financing

How radical were the changes experienced by Finnish cultural and arts institutions during the 1980s and 1990s? The following figures give some indications of the extent of the changes in financial terms.

In 1992, total public (central government and municipal) expenditure on the arts and culture was about FIM 3.5 billion⁵. The state's share of this total was 52.3 per cent. The new system of statutory subsidies, introduced in 1993, temporarily increased state financing, but this was offset by the municipalities' considerably lowered contribution⁶. Thus total public expenditure fell below FIM 3 billion, and the municipal sector had to resume its role as the main (over 50 per cent) financier.

Public expenditure on the arts and culture stabilised at FIM 3.2 billion by 1997, while the costs of maintaining cultural and arts institutions (theatres, orchestras, museums and public libraries) grew steadily. In 1997, joint central government-municipal statutory subsidies to the institutions comprised 62 per cent of the total FIM 3.2 billion and all institutional subsidies (including

² cf. e.g. DiMaggio, Paul, Introduction, in DiMaggio, Paul & Powell, Walter W. (eds.) *The New Institutionalism in Organizational Analysis*, University of Chicago Press, 1991; Scott, Richard W., *Institutions and Organisations*, Sage Publications, Thousand Oaks, 1995.

³ The methodology, based on the work of the public financing and expenditure Task Force of the EU Leadership Group on Cultural Statistics, emphasised the need to follow up the financial flow from the financiers to the end users, especially to the level of cultural and arts institutions. The methodology and time series data on Finnish expenditure on the arts and culture are presented in Ilkka Heiskanen's, *Public Financing of the Arts and Culture: Statistics and Reality. Methodological Issues and Identification of the 1990s Turning Points that Reshaped the Conditions of Cultural and Art Institutions* (originally in Finnish, to be published in English in 2001).

⁴ *New Technologies, New Media – New Culture? Finnish Cultural and Art Institutions on the Road to the Information Society* (manuscript), forthcoming.

⁵ These figures pertain to the narrowly defined cultural policy domain excluding adult education and secondary and higher education in the arts and the system of scientific and university libraries. The financing by regional bodies (arts councils and regional councils) is insignificant.

⁶ This new "formula-based" subsidy system provided automatic annual state aid to professional museums, theatres and orchestras for their labour costs in terms of full-time equivalent (FTE) of manpower years. The costs are shared between the central government and municipal governments in a ratio of 1:2, with the final decision on the institutions to be included in the system lying with the central government and the decisions on the actual allocation of the subsidy with the municipality.

aid to the National Theatre and the National Opera, various national cultural institutions and municipal cultural activities) comprised about 88 per cent. Thus the share of direct central government and municipal aid to the remaining arts, artists, cultural and art associations and projects, the cinema, festivals and other events was only about 12 per cent of total public expenditure.

All in all, developments in the late 1990s led to a situation where the joint central government-municipalities subsidy system began to malfunction. Total public financing stagnated, and the municipalities resented the fact that they had to bear the main financing burden and so began putting pressure on the institutions. Consequently, the institutions had to start to covering the increased costs, especially the escalating operating costs, with their own earned income or with contributions from the private sector. From 1994 to 1997 the share of theatres', orchestras' and museums' own revenues used to cover rising costs rose from 18 per cent to 20 per cent. Yet, with public subsidies covering some 80 per cent of their expenditure, we can still speak about "massive" public support⁷.

In order to understand how radical and "transformative" these changes were, the present study goes behind the finances to explore them more deeply. The focus is on overall institutional change, especially on changes in the requirements imposed by public policy makers and other stakeholders, and the strategies adopted by the institutions in response to these changes. The second line of analysis explores the institutions' utilisation of the opportunities opened by the "commercialisation of culture" and the new information technologies.

Conceptualisation of institutional change and strategies

The conceptual part of the study aims at clarifying the nature of institutional change and identifying the options it might present to the actors involved. A distinction is made between external factors and internal institutional factors that shape the operating conditions for the actors, who in this case are the cultural and arts institutions. The external factors include economic, political and administrative shocks and longer-term development trends; the institutional factors cover changes in the relative importance of the basic pillars of institutionalisation, that is, in regulation, normative order and cognition. The options of the institutions are analysed in term of Oliver's classification of strategies: passive strategies (acquiescence, compromising, and avoiding) and active strategies (defying and manipulating)⁸. As a working

⁷ The 1997 figures cover the professional institutions only, that is, 56 theatres, one opera, 28 orchestras and 145 museums. Although there are numerous non-professional museums and amateur theatres and orchestras, their financing and public support is only a fraction of the FIM 1.2 billion in public subsidies given to the professional institutions. It should be noted that the public expenditure on public libraries was in 1997 alone of the same magnitude.

⁸ Oliver, Christine, Strategic responses to institutional processes, *Academy of Management Review*, 16, 1991, 145-179

hypothesis it was suggested that, in the case of cultural and arts institutions, the main active options open to the "average" actor in coping with the new conditions have been to try either changing their position as recipients of public funding or alter their ownership arrangements and legal status.

In normal circumstances even these two active options are institutionally highly regulated and difficult to realise. However, it is assumed that external factors – especially "shock factors" and longer-term technological change – could also create conditions where new opportunities become available to actors. Responding to these opportunities has presupposed that the actors have sufficient motivation and knowledge, and some initial "free" resources at their disposal.

Results of empirical analysis

The study's empirical analysis falls into two parts. The first part analyses the external and institutional factors that in the 1990s created new operating conditions for Finnish cultural and arts institutions. The analysis covers changes in public support, balance of power in governance, regional development, audience relations, training and labour markets. Special attention is paid to the changing role of public financing and control within the system of cultural governance. In this respect the tension between the doctrines of New Public Management and the emerging flexible non-hierarchical structures of the new information society is identified as a pivotal factor for present and future development.

The second part of the empirical analysis reports the results of an Internet questionnaire of thirty Finnish cultural and arts institutions. The sample included eleven theatres, five orchestras and fourteen museums (historical and art). Seven of the institutions were national, three museums had been assigned special national functions and the rest were local or municipal. The respondents were chief executives, top-level managers or (in the case of some municipally owned institutions) municipal administrators. Table 1 provides background information on the sample.

The Internet study mainly explored the executives'/managers' perception of their institutions/operating conditions during and after the 1991–1993 recession. In-depth interviews, annual reports, financial statements, and finance and activity statistics were used to complement the data obtained by the questionnaire.

The strategies used by the institutions in adapting to the new conditions were analysed first in terms of "business success" – how well through the 1994–1997 period were the institutions able to fulfil the new expectations and enhance their own revenues from sources other than public subsidies (eg. box office income). In Table 1 (first column) the institutions are ranked into seven groups according to their degree of success. The different cost structures of the institutions were standardised by measuring their success in terms of deviation from the relevant group average (national institutions, municipal theatres, municipal museums, etc; see table footnote).

Although the institutions in the first group (Group 1) were the most successful in terms of their revenue ratios (15-65 per cent higher than the

Table 1. "Business success" (1994–1997) in a sample (N=31) of Finnish cultural and arts institutions

"Business success"*	Regional location	Size*	Legal status/ mode of operations	Public financing	External control of executive functions
Group 1. Institutions "forced to succeed" (4):					
Historical museum and museum for modern art	Regional metropolitan centre with universities	Small	Foundation	Through statutory subsidy system, no municipal subsidy	None
National special (one-sector) museum	Helsinki metropolitan region	Mini	Foundation	Through statutory subsidy system, with a bonus for national functions	None
National special (one-sector) museum	A lesser city centre near Helsinki metropolitan region	Mini	Part of municipal administration	Through statutory subsidy system, with a bonus for national functions	Controlled by municipal decision-making and cultural administration
Theatre metropolitan region	Helsinki	Mini	Association	Through statutory subsidy system, less than average municipal support	None
Group 2. Successful institutions (6):					
Cluster of museums: historical/ regional historical museum, art museum, some special museums	Regional metropolitan centre without a university	Major	Part of municipal administration	Through statutory subsidy system	Controlled by municipal decision-making and cultural administration
Art museum/regional art museum	Regional metropolitan centre with universities	Mini	Foundation	Through statutory subsidy system, less than average municipal support	None
Theatre	Helsinki metropolitan region	Small	Association	Through statutory subsidy system	None
Orchestra	Regional metropolitan centre without a university	Major	Part of municipal administration	Through statutory subsidy system	Controlled by municipal decision-making and cultural administration
Theatre	Regional metropolitan centre with universities	Major	A joint stock company, owned by the municipality	Through statutory subsidy system	Controlled by municipal decision-making and cultural administration
Theatre	Regional centre with a major university	Major	Foundation	Through statutory subsidy system with a bonus for national functions	None

"Business success"***	Regional location	Size*	Legal status/ mode of operations	Public financing	External control of executive functions
Group 3. Institutions integrated in municipal service system (5):					
Cluster of local and regional historical and art museums	Regional metropolitan centre with universities	Big	Part of municipal administration	Through statutory subsidy system, more than average municipal subsidy	Controlled by municipal decision-making and cultural administration
Orchestra	Regional centre with a major university	Small	Part of municipal administration	Through statutory subsidy system	Controlled by municipal decision-making and cultural administration
Orchestra	Regional centre with a major university	Major	Part of municipal administration	Through statutory subsidy system	Controlled by municipal decision-making and cultural administration
Theatre	Regional centre without a university	Small	Foundation	Through statutory subsidy system	Within the municipal accounting system as a part of the "municipal business concern"
Theatre	Regional metropolitan centre without a university	Big	Part of municipal administration	Through statutory subsidy system	Controlled by municipal decision-making and cultural administration
Group 4. Underachievers operating under chronically unfavourable conditions (5):					
Theatre/regional theatre	Regional centre with a small university	Major	Association	Through statutory subsidy system	Within the municipal accounting system as a part of the "municipal business concern"
Cluster of local and regional historical and art museums	Regional centre with a small university	Small	Part of municipal administration	Through statutory subsidy system	Controlled by municipal decision-making and cultural administration
Historical museum/ regional museum	Regional centre without a university	Mini	Part of municipal administration	Through statutory subsidy system	Controlled by municipal decision-making and cultural administration
Cluster of local historical, art and specialised museums	Regional centre without a university	Small	Part of municipal administration	Through statutory subsidy system	Controlled by municipal decision-making and cultural administration

"Business success"*	Regional location	Size*	Legal status/ mode of operations	Public financing	External control of executive functions
Historical museum, regional museum	Regional centre without a university	Small	Part of municipal administration	Through statutory subsidy system	Controlled by municipal decision-making and cultural administration
Group 5. Underachievers because of incidentally unfavourable conditions (3)					
Theatre	Regional centre without a university	Small	Association	Through statutory subsidy system	Within the municipal accounting system as a part of the "municipal business concern"
Theatre	Helsinki metropolitan region	Small	Foundation	Through statutory subsidy system, higher than average municipal subsidy	Within the municipal accounting system as a part of the "municipal business concern"
National special (one-sector) museum	Helsinki metropolitan region	Small	Foundation	Through statutory subsidy system, a bonus for national functions	Representatives of the public financiers on the supervising board
Group 6. Structurally constrained underachievers (4):					
Orchestra	Helsinki metropolitan region	Big	Located in a depart- ment of a government media company	Financed by a government media company	Controlled by the media company's executive and supervising bodies
Historical museum/ regional museum	Helsinki metropolitan region	Big	Part of municipal administration	Through statutory subsidy system, higher than average municipal subsidy	Controlled by municipal decision-making and cultural administration
Opera	Helsinki metropolitan region	Mega	Foundation	Massive contractual state subsidy, some municipal subsidies	The public financiers' majority control on the supervising board; a strong representation on the executive board
Theatre	Regional metro- politan centre with a major university	Major	Part of municipal administration	Through statutory subsidy system	Controlled by municipal decision-making and cultural administration

"Business success"*	Regional location	Size*	Legal status/ mode of operations	Public financing	External control of executive functions
Group 7. Central established national institutions (4):					
Theatre	Helsinki metropolitan region	Big	Joint stock company	Contractual state subsidy, minimal municipal subsidy	None
Theatre	Regional metropolitan centre with universities	Big	Foundation	Through statutory subsidy system with bonus for national functions	None
Central national museum/cluster of historical museums	Helsinki metropolitan region	Big	Department of a public "umbrella" agency	Part and parcel of central government budget	Controlled by an umbrella organisation (government agency)
Central national gallery: an umbrella organisation and three national art museums	Helsinki metropolitan region	Big	Three museums administered by a government agency	Part and parcel of central government budget	Controlled by an umbrella organisation (government agency)

* Size classification according to "turnover" (own revenues plus public support): mini=less than 5 mill. FIM, small=5-10 mill. FIM, major=11-24 mill. FIM, big=more than 25 mill. FIM, and mega more than 150 mill. FIM. For each institutional group (national institutions, municipal museums, etc.) the ratio of average own revenues to average turnover was calculated and the "business success" of a given institution was measured as the deviation of its own revenue/turnover ratio from that of the group.

group averages), this success is only apparent. These institutions were either forced to earn own income, because they were not yet fully covered by the statutory system of public support, or their operating deficits were covered by funds from the supporting foundation without reporting these additional funds in bookkeeping and financial statements. Yet they can be considered, in Oliver's terms, "active adapters" to the new conditions.

Only the eleven institutions of the second and third group of the table can be considered "truly economically successful" from a longer-term perspective – although for different reasons. In terms of Oliver's classification, they also were using active (usually manipulative) strategies of adaptation to new circumstances. In Group 2, with their own revenue ratios 6-14 per cent higher than the corresponding group averages, the institutions, although certainly dependent on public subsidies, still had sufficient independent means and stable earned income to compensate for post-recession fluctuations and the actual decline of public subsidies. In this group even the institutions that were "owned" by a municipality and were part of its administration had managed to maintain independence with respect to programming and operating costs.

The institutions in Group 3 were in turn successful in terms of being well-integrated in the municipal administration of a major city. Being part of a city administration guaranteed them stable and sufficient public support, providing they effectively carried out their assigned service functions. The expected effectiveness included revenue enhancement. This is reflected by the fact that their own revenue ratios are equal to or somewhat higher than the corresponding group averages.

The next two groups of institutions were underachievers, with own revenue ratios 6-15 per cent below the corresponding group averages. Underachievement was either due to chronic environmental conditions (Group 4) or to incidental circumstances (Group 5). In the former case the institutions operated in economically and demographically declining areas; in the latter case they had faced a crisis because of the "mismatch" of operating strategies and changing conditions.

The sixth and seventh groups consist of large and/or complex national or municipal institutions operating in metropolitan areas. In Group 6 the income ratios are distinctly below the group averages, in Group 7 they approximate to the average. However, in the case of these thirteen institutions, revenue ratio was not the main issue. These institutions demanded in absolute terms massive annual public support and large-scale capital investments from the financiers who in turn pressed for more supervisory control. Thus, these institutions are the exact opposite of the "truly successful" institutions (Group 2), which were of small or moderate size and could depend on their own revenues to initiate projects and activities.

All in all, about half of the institutions could be considered "active adapters" to some degree. Yet most of the institutions (about 80 per cent) accepted their new institutional conditions and approved of the manner in which the public support system functioned. Acquiescence, rather than initiative and defiance, characterised the general orientation of these institutions.

The institutions were also asked how well they had succeeded in overcoming the economic recession and its aftermath. The successful institutions (in Groups 2 and 3) assigned no greater importance to the recession; some even considered it a very successful period from both the artistic and economic

points of view. Yet the strategies of the two groups differed: in Group 2 the institutions indicated that they had succeeded through their own initiative and self-reliance, in Group 3 the institutions referred to improved efficiency achieved through reorganisation of municipal cultural administration.

The strategies used by the institutions in adapting to the new conditions were analysed again by examining the institutions' use of resources and response to new opportunities. The analysis was carried out separately for the seven "success groups" of Table 1. The results are presented in Table 2 (see pages 134-135).

The second column of the table reveals the main problem of the institutions: maintaining a satisfactory level of financing for operating costs. This presupposed, as already indicated, successful revenue-enhancing strategies that were possible only for a few of the institutions. In contrast, capital investment for premises and facilities seems to be less of a problem. In fact, thirteen institutions had recently moved to a new building or had old premises renovated, two could take advantage of new larger cultural complexes and three were planning renovations or acquisitions of new venues. Actually, the contrast between new venues and insufficient funds for initiating new or more comprehensive activities was one of the most apparent problems among the sample institutions.

No uniform patterns emerged in other areas of resource utilisation and response to new opportunities. In commodification, that is, in the effective "packing", advertising and dissemination of products and services, the traditional mainstream approach and more tailor-made approaches seemed to compete with each other, but in general the institutions appeared to play safe and avoid radical experiments. As regards the utilisation of personnel and managerial leadership, the trend seemed to be towards more flexible employment patterns, such as hiring personnel for a single production or exhibition, or using less long-term employment contracts. However, one could also find in the museum sector, for example, managerial orientations that emphasised strong leadership and the increased need for stable, highly professional staff. Initiatives to raise sponsorship money, to use new communication technologies effectively, to enhance foreign contacts and to promote networking were surprisingly few and rather unimaginative. Only the EU financing seemed to open new vistas for production and new types of activities. This funding has become especially important for institutions operating under less favourable conditions, especially in the peripheral regions with declining economies and populations.

Conclusion: Implications of the study for institutional reform

The results of the study indicated that the strategic problems of Finnish cultural and arts institutions seemed to centre around two major issues. Firstly, there appeared to be an overall structural "catch-22" situation with respect to operational funding. Most of the institutions could not obtain sufficient initial financing to benefit from the new opportunities. Consequently

they could not increase their own revenues and had to continue their activities within the limitations of stagnant or decreasing public support.

Secondly, some institutions faced further unique dilemmas. Such were experienced by:

- 1) large national institutions that were expected to rejuvenate their programmes and enhance their own revenues and self-sufficiency;
- 2) new institutions trying to adopt more “business-like”, profit-oriented strategies; and
- 3) institutions addressing special audiences, such as children’s theatres or specialised museums.

In order to maintain their visibility and national leadership status, the national institutions were bound to follow their established mainstream patterns. Consequently, attempts of “rejuvenation” led only to experiments and short-term programmes, in audience education or in the use of new technologies, for example. New business-oriented institutions had problems in finding appealing products and sufficient audiences and in controlling labour costs, and the institutions serving special audiences and interests faced competition from less specialised institutions and “entertainment industries” that were increasingly appealing to the very same audiences.

The following grid (Table 3, see page 134) was used to assess the feasibility of measures that could be used to solve the “catch-22” problem and the special dilemmas of the three groups. The conclusions in the grid are based on comparisons of the results of the present study with experiences and research results from other countries. Additional information collected by the Ministry of Education on the supervisory and executive boards of the institutions was used to assess supervisory and executive functions and the internal organisation of the institutions. Auditing reports and annual performance contracts of the national institutions were used to assess the effects of financial, accounting and administrative reform on financing, management and planning in major national institutions.

Table 3 (see page 134) suggests that the establishment of a special fund for financing development and experimental activities could be the main lever in modernising the Finnish system of cultural and arts institutions. Due to overall financial control, statutory financing can at best allow the present comprehensive and heavily subsidised system to survive. Although renewing governance relations and developing supervisory control and executive function are important objectives, these reforms would be of limited consequence without simultaneous special funding for experimental and development work. Furthermore, these reforms will have longer-term effect only if they are congruent with conditions emerging in the “new” information society.

Some of the study’s more detailed institutional reform proposals focus on the leadership and managerial problems. For example, it is pointed out that methods of New Public Management, when applied to the reorganising and supervising of large central government or city institutions, have led to an excessively strong and individualistic leadership which has neglected to make effective use of external economic and professional expertise. Such leadership also goes against the grain of the flexibility, employee commitment and free networking that characterise the organisation of activities in the modern information society.

* * *

Table 2. Utilisation of resources and availing of opportunities in different "success groups" among the Finnish cultural and art institutions

Business success	Financing new/increased operating costs	Finding funds for capital investments	Strategy for earning own income	Strategy for audience relations	"Commodification"/advertising of products	Personnel policy/administration	Relations to media/art critique	Recruiting private sponsors	EU-financing	Domestic contacts/network	Foreign contacts/networks	Information management	Strategy for new media/information formation society
Group 1. Institutions "forced to succeed" (4):	Acute problem	Often acute/immediate problem	A main focus of product/development activity	A main focus of development activities	Active search for "new products", a special audience	Flexible, oriented to production/project management	Interactive relations/promoting events/single productions	Good opportunities, also availed, but returns rather modest	Oriented to active utilisation	Joint production consortia with similarly oriented institutions	Active networking for new contacts/projects	Consulting experts, networking as a major source of information	Opportunities understood, too meagre resources/facilities
Group 2. Successful institutions (6):	Rather well balanced	Good financing climate, re-sources found/available	Well-planned expanding of established sources	Well-maintained audience expectations/relations	Consolidation/renewal of tested and reliable "production lines"	Ensemble/stable professional personnel, management of individual talents	Interactive, emphasis on well-calculated audience expectations, quality	Good opportunities, sometimes even availed with reasonable gains	Availed when opportunities are offered	Thru professional associations, some production/dissemination consortia	Thru international professional associations, touring, exchange	Consulting professional associations/experts, intranet exchange of information	Adopted according to need through single measures/projects
Group 3. Municipal service producers (5):	Rather well-balanced	Good financing climate, re-sources found/available	Based on financial planning, expected audience figures	Effective service provision for certain per cent of municipal denizens	Expanding service provision effectively, informing audiences	Hierarchical system of leadership/professional personnel	Informing, propagating "services"	Good opportunities, sometimes even availed with reasonable gains	Availed when opportunities are offered	Thru professional associations, close municipal stakeholder contacts	Thru international professional associations touring, exchange	Administrative performance indicators in central role	Adopted according to need through single measures/projects
Group 4. Under-achievers due to chronically unfavourable environment (5):	Chronic problem	Reasonably good financing climate, resources found/available	No general strategy possible, a variety of strategies and tactics needed	Sustaining sufficiently large audiences is practically impossible	Commodification of local/regional cultures and related special skills	Relies on/succeeds only with genuinely committed leadership/personnel	Informing about regional uniqueness, special features/competences	Reasonable opportunities, availed, but returns rather modest	Active participation, used systematically for increasing resources	Thru professional associations, professional networking	Increasing participation in new, especially trans-border, "grass-root" network	Consulting professional associations/regional development agencies/experts	Information society projects adopted in regional development efforts

Business success	Financing new/increased operating costs	Finding funds for capital investments	Strategy for earning own income	Strategy for audience relations	"Commodification"/advertising of products	Personnel policy/administration	Relations to media/art critique	Recruiting private sponsors	EU-financing	Domestic contacts/network	Foreign contacts/networks	Information management	Strategy for new media/information society
Group 5. "Incidental" under-achievers (3):	Acute problem	Good financing climate, resources found/available	For the time being no strategy seems to provide solution	The most acute problem: finding and maintaining stable core audience	Search for special product and competencies, but not always for whom	Flexible, production-oriented, demands effective leadership co-ordination	Presenting, propagating special profile of the institutions/products	Low visibility, profile too low/diffuse to attract sponsors	Availed when opportunities are offered	Selective exchange/production co-operation	Networking for a new production/exchange relations	New managerial and production knowledge alongside traditional professional information	Adopted according to need through single measures/projects
Group 6. Structurally constrained under-achievers (4):	Solved in contractual negotiations with public financiers	Good financing climate/resources found/available	Traditionally organised, formally planned	Based on stable audience relations/their re-generating is often problematic	Adherence to well-tested production "line", its expansion, propagation	Relies on strong leadership/professionalism of personnel	Generally informing, propagating well-known products/production lines	Good opportunities, sometimes even successfully availed	Availed when opportunities are offered	Organised stakeholder/audience relations, selective production co-operation	Thru international professional associations touring, exchange	Expertise in art pedagogics, audience education etc. alongside traditional professional information	Adopted according to need through single measures/projects
Group 7. Established national institutions (4):	Solved in budget process and performance negotiation with public financiers	Good financing climate/resources found/available	Based on administratively calculated expectations and plans	Based on stable audience relations/sometimes also search for new audiences	Adherence to well-tested "production line", also experimenting with new alternatives	Relies on centralised leadership/administration and professionalism of personnel	Generally informing, propagating well-known products/production lines	Good opportunities, sometimes even innovatively and systematically availed	Availed when opportunities are offered	Special contacts due to national functions, selective production co-operation	Thru international professional association some new networking	Networking, inter-active media, etc. alongside traditional professional information	Sometimes even extensive multi-media etc. experimental/information projects

Table 3. Developing the Finnish system of cultural and art institutions. The feasibility of measures for solving the overall problem and special dilemmas

	Solving the catch 22 situation of operating financing	Solving dilemmas of specific groups of institutions
Increasing and/or restructuring the statutory system of public subsidies	Under the present constraints of central government financing it is impossible to substantially increase the public financing within the present statutory system. Restructuring public financing would in turn require designing and legislating a new specific system for public financing of cultural and art institutions. This would, however, go against the grain of the overall fiscal policy that aims at simplifying and harmonising all subsidy systems of public services.	The rejuvenation of the national institutions could be facilitated by developing further the present contractual system, especially the use of longer-term financial contracts and production-based financing. Increased financing within the system of statutory subsidies would not solve the problems of profit-oriented institutions or institutions serving special audiences. The former would need flexible business subsidies, the latter stable continuous performance contracts from the public sector
Establishing a special fund for financing new experimental and development activities	The simplest solution to revitalise the institutions would be to establish a special fund for financing new experimental and development projects and activities. This would, however, require considerable annual allocations from public budgets. This financing would also presuppose establishing an effective information centre for monitoring the activities of institutions and for improving their capacities for new innovative actions	Establishing a fund for financing experimental and development activities would offer national institutions better opportunities to find finance and lead important national experimental and development projects. Due to their small size and limited managerial capacity, new profit oriented institutions and institutions serving special audiences would need expert help and network co-ordination for availing new resources from the fund.
Developing the overall governance system and refocusing public control and guidance	Enhancing joint public-private governance and substituting hierarchical relations with networks are important means for restructuring co-operation and competition between institutions and opening a freer entrance into the circle of professional and steadily supported institutions. This development as such would not help without additional funds for experimental and development activities.	Enhancing joint public-private governance and substituting hierarchical relations with networks would improve the conditions of co-operation and competition in all three groups of institutions. Effective public-private governance is a sine qua non for rejuvenating national institutions, ditto the networking for new profit-oriented institutions and institutions serving special audiences.
Modernising supervising control and enhancing owners'/main financiers' active participation in organising executive and managerial functions	Improving the economic performance of the institutions and facilitating their use as cultural policy instruments presupposes modernisation of supervising structures and enhanced participation of the owners and enhancing owners'/main financiers' active participation in organising the executive and managerial functions. Making this succeed presupposes usually reorganisation of the overall governance (see the cell above) and corresponding changes in leadership (see the cell below).	Modernising the supervising control and inducing the executive participation of the owners and financiers is especially important in the case of the massively subsidised national institutions. In the case of new profit-oriented institutions and institutions serving special audiences these efforts should especially aim at enhancing and facilitating co-operation and networking.
Improving managerial leadership and renewing the internal organisation	Balancing the power relations between operative managers of the institutions and the supervising and executive bodies (boards) set up by owners and financiers is crucial in organising leadership and management of the institutions. Finding the right balance in this respect would help to solve the eternal problem of organising the division of labour and responsibilities between the economic, artistic and administrative managers of institutions.	Developing more integrated responsive and responsible managerial leadership and solving internal problems of division of labour and responsibilities between different groups of managers (cf. the comments on the left cell), is especially important in the case of "exceedingly expensive" national institutions. The institutions serving special audiences would need the support of special supervising boards and related networks of external experts to improve their management systems and internal organisation.

The assessments and reform recommendations of the study can be criticised for overt technocratism. Responding in anticipation of this criticism, the study ends up stating that such “institutional engineering” is legitimate if the recommended reforms do not aim solely at economic efficiency but, at the same time, also enhance autonomy and induce the actors – artists and managers especially – to reflect upon their own responsibilities in artistic, social and worldwide cultural development.