Four by Two Theory of Non-profit Museum Governance
Ruth Rentschler

Abstract

As plainly illustrated by the collapse of Enron in the US and HIH in Australia, the world of organisational governance is complicated. In response to ongoing trustee tensions, legislative reforms have been adapted to encourage organisational performance. However, limited theoretical foundation exists regarding how trustee dynamics are forced to adjust within non-profit museums. The trustee's world requires insights from different mindsets to be synthesised into a whole.

The purpose of this article is to examine the research conducted on governance and apply it to the non-profit museum. The article contends that most research on governance has been conducted in the for-profit arena, with little robust empirical research having been conducted on non-profit governance. It identifies concerns with the thrust of articles published as they restrict new theory development. The article provides a four by two theory of non-profit museum governance, that is characterised by close interaction with the research published and application to the non-profit museum. It concludes by demonstrating the increased performance opportunity of a model to the non-profit museum seeking to be accountable in an increasingly complex and demanding environment.

The souring relationship between the director and the trustees at the prestigious Australian Museum in Sydney was the cover story on the Four Corners television program on 29 September 2003 (see also Sexton 2003). Other events have made governance a leading issue for non-profit museums. From the early 1990s until the end of the decade, the Museum and Art Gallery of the Northern Territory faced 'major challenges' at board level, requiring new trustees and new managerial leadership and organisational structure, made urgent by a series of reports from the 1980s onwards, by government and museum peers. Annual reports are dominated by discussions of irregularities in organisational and financial matters (Annual Report 1990-1991). New trustees and a new chairman were appointed. The trustees were provided with a 'focus for change' including establishing due process in accounting and accountability; organisational restructuring; new and orderly procedures; a more significant place in the community; and cultural change. As the then director stated in 1997: 'museums have gone beyond the powerful aesthetic of an individual to drive them towards a personal vision'. (Rentschler 1999). Similarly, in the 1990s, the Auditor-General indicts the Tasmanian Museum and Art Gallery trustees for not implementing policies on security, storage, management and revenue initiatives. Again, changes in leadership, strategy and structure occurred to rectify these matters (Annual Report 1990-1991; 1994-1995; 1996-1997).
In 2002, an article in *Museums Journal* cited the shortage of good trustees in museums as a ‘situation that was only likely to get worse’, with ‘very little literature on best practice governance’ in the museum sector (Pybus 2002: 30). In an increasingly complex regulatory environment, where accountability is demanded, governance needs to be carefully considered. However, the fact that it is rarely considered in the museums’ literature is perhaps not so surprising, given that only 5.7 percent of articles in significant museums journals cover ‘administration’ issues, with governance not identified separately as a topic of interest. Of the 39 titles most cited in these museums publications as ‘influential works’, not one of them is on governance (Rounds 2001).

Each of these reports brings into question museum governance, museum performance and accountability. Yet little research into non-profit boards has been undertaken, and even less into non-profit museum boards. Hence, the importance of this article is underscored: it reviews the literature and develops a theoretical, integrative model to guide research. Behind these issues lies an important question: What does it mean to think like a trustee? Researching this question helps to establish theories and to develop understanding of which board attributes and roles assist in effective museum performance. This is the four by two theory of non-profit museum governance.

**Governance Defined**

So what is non-profit governance? How can it be reviewed empirically? What are the implications of non-profit governance on museum performance? The problem, of course, is that governance is complicated. Trustees are volunteers in museums. They are at once asked to be strategic and in smaller museums hands-on. Further, museums are professional bureaucracies, whose staff is dependent on peer review for justification of quality performance rather than dependent on the organisational hierarchy for it. These roles and attributes establish the bounds of governance: everything that the trustee does is sandwiched between the action on the ground and the helicopter view necessary from above in order to reflect and scan the environment. Therefore non-profit museum governance is seen as an umbrella term which includes two board roles of performance and conformance, and four board attributes of mission, strategy, board-executive performance and community relations (discussed below). Previous reviews of the literature (Cochran & Wartick 1988; Johnson & Daily 1996; Zahra & Pierce 1989) have all focused on corporate governance, which as the name suggests does not include the non-profit literature. In corporate governance, and including such diverse disciplines as management, law, economics, finance and sociology, the literature is predominantly quantitative or conceptual, with few depth studies having paid attention to non-profit and specifically museum boards. Some of the few exceptions to this gap is work by Bieber (2003), Radbourne (1993; 2003a and b), Rentschler (1999), Wood
and Rentschler (2002 and 2003) and Griffin and Abraham (2000). These studies used mixed methodologies, including reflection, case studies, surveys and interviews. Some studied boards as part of a larger study on museum leadership or the museum as organisation; others studied performing arts governance.

Why study museum governance?

Why study non-profit museum governance? There are three reasons. First, governance on non-profit boards can differ markedly from the governance of businesses (McFarlan 1999). Current models of governance focus on profit sector appropriateness, with little attention given to which models (if any) are suited to the complex, government-funded non-profit museum. This has some salience, but has led to a new focus on culture as industry, and not on the appropriate role and responsibility of board members, their accountability, organisational performance and how to resolve pressures for both audience diversity and audience enrichment, which are often conflicting objectives. Industry development is thus hampered by the lack of a suitable model of measurement of effectiveness of non-profit museum governance, disallowing industry development around fundamental issues for the elite arts.

Second, the economic and social contracts under which museums operate have been transformed in the last twenty-five years due to discontinuous change in museum funding, organisation and delivery (Rentschler 2002). These systemic changes have added weight to the complex issues that boards face, including responding to competitive pressures, maintaining the delicate balance between meeting creative and organisation needs, increased scrutiny from stakeholders, and ensuring accountability to the community they serve. Globalisation poses specific challenges for museum governance in the face of dwindling surpluses and edgy stakeholders. Governance is in the spotlight after spectacular collapses, questionable ethical decisions and dubious practices on the world stage. Scepticism as to board competence makes it the ‘hot’ topic in business today. But what of the museum? Researching the exact nature of museum governance confuses many when the bottom line is not the only yard stick.

Third, governance is often associated with federal and state policy documents, legislation and regulation. Yet responsibility for interpreting policy is often left to governing boards of individual museums. The fiduciary role of governing boards assigns them direct responsibility for the complex and often conflicting demands of stakeholders in government, market forces, community, audience, sponsors and the organisation itself. It is the complex combination of action, reflection and collaboration which is paramount in this environment, emphasised by the umbrella term for governance identified in this article.

Museum governance then and now

Governance is a major social and economic policy issue. The last two decades have seen considerable debate and significant change in museums,
with vast changes in political, economic, social and cultural environments worldwide. The ascendance of the information superhighway and the communications revolution are among the changes that have given rise to the phenomenon of the 'creative industries'. ‘Creative workers’ within the labour force occupy an increasingly important role as providers of innovative ideas, new products and new processes (Throsby and Hollister 2003). These changes—forming part of the broader phenomenon of globalisation—pose specific challenges for museum governance in the face of dwindling surpluses, edgy stakeholders and a more capricious funding environment (Rentschler 2002). For example, even museum definitions have changed to focus more on people rather than on the object (see Table 1).

<table>
<thead>
<tr>
<th>Functional</th>
<th>object-based</th>
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<tbody>
<tr>
<td>museums acquire,</td>
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<tr>
<td>conserve,</td>
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<tr>
<td>communicate, and</td>
<td></td>
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<tr>
<td>exhibit art</td>
<td></td>
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<tr>
<td>for study and</td>
<td></td>
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<tr>
<td>education</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Purposive</th>
<th>people-based</th>
</tr>
</thead>
<tbody>
<tr>
<td>museums are for</td>
<td></td>
</tr>
<tr>
<td>people to</td>
<td></td>
</tr>
<tr>
<td>enjoy and to learn</td>
<td></td>
</tr>
<tr>
<td>from collections</td>
<td></td>
</tr>
<tr>
<td>which are held</td>
<td></td>
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<tr>
<td>in trust for society</td>
<td></td>
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</table>

**Table 1: Shift in museum definitions**

Table 1 illustrates that museums have traditionally been defined by function rather than by purpose (Weil 1990). Functional definitions relate to activities performed in the museum and are object-based: to collect, preserve and display objects. More recently, there has been a shift in definitions. Purposive definitions now relate to the intent, vision or mission of the museum where the focus is on leadership and visitor services: to serve society and its development by means of study, education and enjoyment (Besterman 1998). As museums themselves are changing to meet the needs of a changing world, so too important concepts change. Change has led to an increased interest in museum governance and to a reappraisal of museum purpose, evident in the changing definition of the word ‘museum’. Museums need to rely more heavily on the complexities of governance in this climate.

**Focus of the Literature**

Exploring governance has been studied in the non-profit sector (Golensky 1993; Harris 1989; Heimovics and Herman 1990) and in the museum and arts management field in Australia, New Zealand and Britain (Bieber 2003; Creative New Zealand 2003; Griffin and Abraham 2000; Radbourne 1993; 2003a and b; Rentschler 1999). Research publications have focused on the key work of the executive officer, board member performance, recruitment and training, reputation, decision-making and power. The few empirical studies on museums are a combination of survey, interview and case study methods (Bieber 2003; Griffin and Abraham 2000; Rentschler 1999).
<table>
<thead>
<tr>
<th>Author/Year</th>
<th>Dimensions</th>
<th>Analytical Approach</th>
<th>Major findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ames 1985</td>
<td>Museum Trustees</td>
<td>Conceptual</td>
<td>The effect of composition, operation and values of trustees on museum performance; the difficulty of finding appropriate trustees</td>
</tr>
<tr>
<td>Bieber 2003</td>
<td>Museum Board - executive officer relationships, roles and power</td>
<td>Case studies and survey</td>
<td>There is tension between board members and decision making</td>
</tr>
<tr>
<td>Dickenson 1991</td>
<td>Museum Boards and Management</td>
<td>Conceptual</td>
<td>Conflict between trustees and director is of critical concern</td>
</tr>
<tr>
<td>Griffin 1987</td>
<td>Museum governance</td>
<td>Conceptual</td>
<td>Summary of different views about the establishment of organisational structure and practices within museums</td>
</tr>
<tr>
<td>Griffin 1991</td>
<td>Museum governance</td>
<td>Conceptual</td>
<td>The roles and relationships of and between governments, trustees and managers in the management of museums</td>
</tr>
<tr>
<td>Griffin 2002</td>
<td>Museum governance</td>
<td>Case studies and survey</td>
<td>Museum trustee-government tensions</td>
</tr>
<tr>
<td>Griffin &amp; Abraham 1999</td>
<td>Museum governance</td>
<td>Case studies and survey</td>
<td>Successful organisational reform and issues pertaining to government-driven reform in museums</td>
</tr>
<tr>
<td>Griffin &amp; Abraham 2000</td>
<td>Museum governance</td>
<td>Conceptual</td>
<td>Boards and Leadership in museums</td>
</tr>
<tr>
<td>Lindsay 1965</td>
<td>Director's perception of museum governance</td>
<td>Conceptual</td>
<td>Autobiographical account of time as director of National Gallery of Victoria</td>
</tr>
<tr>
<td>Missingham 1973</td>
<td>Director's perception of museum governance</td>
<td>Conceptual</td>
<td>Autobiographical account of time as director of Art Gallery of New South Wales</td>
</tr>
<tr>
<td>Malaro 1994</td>
<td>Museum governance</td>
<td>Conceptual</td>
<td>Legal and ethical charters for museum sustainability</td>
</tr>
<tr>
<td>Pybus 2002</td>
<td>Museum governance</td>
<td>Conceptual</td>
<td>The difficulty of finding appropriate trustees</td>
</tr>
<tr>
<td>Rentschler 2002</td>
<td>Museum governance</td>
<td>Survey of museum directors in Australia and New Zealand</td>
<td>Director perception of trustees (among other indicators)</td>
</tr>
<tr>
<td>Ulberg 1984</td>
<td>Museum boards</td>
<td>Conceptual</td>
<td>Restructuring museum boards to make them work better</td>
</tr>
<tr>
<td>Wood &amp; Rentschler 2003</td>
<td>Museum governance</td>
<td>Survey</td>
<td>Need to broaden concept of governance to include ethics</td>
</tr>
<tr>
<td></td>
<td>Arts governance</td>
<td>Conceptual</td>
<td>Need for trustees to fulfill mission, make decisions, lead and liaise with community</td>
</tr>
</tbody>
</table>

Table 2: Non-profit Museum Governance Literature

Table 2 lists key studies identified on museum boards in all identifying their dimensions, analytical approach and major findings. As is clear from the table, eleven studies are conceptual rather than empirical. Conceptual studies which have developed the debate include those by Ames and Griffin from almost twenty years ago, and Dickenson from around ten years ago. Autobiographies of museum directors sourced include the biting missive by Missingham and the definitive account by Lindsay. No doubt there are other autobiographical accounts by directors which discuss relations with trustees. Those that are empirical include studies by the author, Griffin and Abraham, and Bieber. Each of these articles makes reference to the complexities of governance, underlining the importance of this matter in research and practice.
Governance Theories

The non-profit arena has paid little attention to governance theory, and the museum sector even less. Based on prior research, work to date in the area of governance theory shows that stakeholder theory is more relevant to non-profit arts boards than the other major theories (Radbourne 2003b). Stakeholder theory is based on the premise that boards are constituted to recognise the various stakeholders the organisation represents. This means that the organisation is able to respond to broader social interests rather than the interests of one group. This theory appears to be strongly applicable in subsidised arts organisations where board composition is often representative of all stakeholder groups, eg. government, business, museums, and special interests, such as regions, Indigenous and youth. However stakeholders have different interests and can find it difficult to develop common goals and policies for the organisation (Cornforth 2003; Radbourne 2003b). Further, there is some evidence within Stewardship theory and Resource dependency theory of its relevant to museums. Stewardship theory sees the director acting as a faithful steward of the organisation’s shareholders (or in the case of non-profits, stakeholders). Resource dependency theory, grounded in sociology and organisational theory, argues that directors are able to extract resources for successful organisational operations. This has particular resonance for museums. While empirical evidence in support of the theory is limited, practice shows that resources are vital to museum sustainability. For example, Dr Gerard Vaughan, director of the National Gallery of Victoria in Melbourne, Australia, has raised $40 million for the art museum redevelopment, citing the necessity to reconnect with the community in order to ensure he can achieve his vision: 'It’s the collections that count. That’s what we’re here for’, says Vaughan. Critical to obtaining commitment from donors and the local community has been a hectic schedule of speeches, cocktail parties and tours up to five nights a week. (Strickland 2003: R8-9). The complexities of roles and attributes of trustees and their relationship to the director are essential to fundraising success.

Four by Two: Board Attributes and Roles

It follows from the discussion above that board attributes and roles are essential to effective museum governance. Everyone knows a museum board that has focused on one at the expense of the other, expert at abstract strategy but sloppy at focused attention to board-executive officer relations, for example. Zahra and Pearce (1989) found that attributes determine a board’s undertaking of its roles. There are four board attributes identifiable from non-profit theory that have been linked to meet the needs of the non-profit museum. Hoyle and Cusakelly (2003) identify the attributes of non-profit sports organisation boards as determining the mission; initiating strategy; board-executive officer relationships; and community relations. These attributes are also identified separately in the museums literature. Developing and maintaining the mission includes ensuring the museum is mission-guided,
in an increasingly complex, pressured environment (Ames 1985; Griffin 1991). *Initiating strategy* relates to envisioning the future commensurate with its responsibility, authority and accountability and to meet objectives (Griffin 1991; Ullberg 1984). Second, it relates to monitoring outputs, including those related to board structure, composition and process, and how individual board member characteristics influence board dynamics. *Board-director relations* entails influencing interactions and performance of board and executive officer seeking to exercise power and those who are subject to it (Griffin 1991). *Community relations* includes achieving balance between the needs of the board, the museum, government stakeholders and the community (Hoye and Cuskelly 2003).

Numerous studies have linked the importance of attributes to role functioning. There are two roles relevant to the non-profit organisation, developed from the literature (Bosch 1995; Garrett 1996; Hilmer 1993). These roles are: performance and conformance. *Performance* covers the strategic contribution of the board to performance, as well as stakeholder liaison and analysis of the external environment to determine its influence on organisational success. *Conformance* covers accountability, executive officer supervision, legal, monitoring and access to resources issues. Grounded in sociology and organisational theory, this role is important as a boundary-spanner that makes timely information available to executives, monitors executive money management and extracts resources from the community, government and sponsors. These activities enhance the organisation's legitimacy and help it achieve goals and improve performance. Hence, the interrelationship between the two roles is integral to museum performance. Taken together, attributes and roles are the four by two theory non-profit museum governance.

<table>
<thead>
<tr>
<th>Board Attributes</th>
<th>Board Roles</th>
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<tbody>
<tr>
<td></td>
<td>Performance</td>
</tr>
<tr>
<td>Strategy</td>
<td>Radbourne 2003a; Radbourne 2003b; Wood &amp; Rentschler 2003; Ostrower 2002; Drucker 1973; Bradshaw, et al. 1992;</td>
</tr>
<tr>
<td>Community relations</td>
<td>Middleton 1987; Bieber 2003</td>
</tr>
</tbody>
</table>

**Table 3: Four by Two Theory of Non-profit Museum Governance**

Table 3 summarises the four by two theory of non-profit museum governance: four attributes and two roles, citing relevant museum and arts organisation literature that discusses each aspect. While some judgement was exercised
in locating research into each segment, and indeed some studies fall into more than one segment, the resultant table gives the reader an indication of the scope and focus of previous work in the field. The table identifies the focus of previous research and, more importantly, the agenda for future research. These studies show that board attributes and board roles have dominated the literature, and have been studied using different theoretical and methodological perspectives. However, museum governance studies so far have not linked these perspectives to create a synthesis of the literature and approaches.

Figure 1: Four by Two Model of Museum Governance

Towards an Integrative Model of Non-profit Museum Governance

In combination, governance theory, board attributes and board roles identify an important focus of study in a complicated but disparate field. This literature review shows a gap between the literature on governance theory, museum trustee attributes and roles, and empirical documentation of the extent to which each is performed in reality. For example, while the literature shows that conformance is recognised in the normative literature, research has shown that it may not be monitored effectively or only in a perfunctory manner. Research on the performance role is strong (Radbourne 1993; Griffin and Abraham 2000), but whether trustees have reflected changes in societal values in shaping museum identity is questionable (Griffin and Abraham 2000). Similarly, research in the strategic performance arena is recognised, but empirical evidence is limited. Certainly, museum boards have not been shown to be strategic in all cases, putting the sustainability of their organisations at risk.

The challenges faced by museum leaders suggest that a dynamic model may enhance understanding. The model achieves interaction with the literature in a number of ways. The proposed model consists of four by two
major parts: four trustee attributes; two trustee roles. Figure 1 shows the influence of governance theory and organisational sustainability on the four by two model of museum governance. There is little in the museums literature which links governance theory to board attributes and roles and the resultant conformance and performance leading to sustainability.

Conclusions

This article examined the literature on governance and applied it to the non-profit museum. It identified the complex nature of museum governance, its emergence in the museum literature and the need to focus attention on the development of a comprehensive approach to museum governance in order to meet the needs of a complicated, changing world. The article contends that most research on governance has been conducted in the for-profit arena, with little robust empirical research having been conducted on non-profit museum governance. It identifies concerns with the thrust of articles published as they restrict new theory development. The article postulates a four by two theory of non-profit museum governance, characterised by close interaction with the research published and application to the non-profit museum. The article concludes by demonstrating the increased sustainability opportunity of a model of non-profit museum governance, seeking to be accountable in an increasingly complex and demanding environment. It argues that there is a need to focus more on a holistic approach to governance in a complex, changing context and that this focus will better ensure museum sustainability than a narrow focus on one attribute, role or governance theory alone.

References:


and Non-profit Organisations Routledge, London.


Throsby, D. and Hollister, V. (2003). Don't give up your day job: an economic study of professional artists in Australia, Australia Council for the Arts: Sydney.


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