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CONSIDERATIONS FOR PERFORMING ARTS ORGANISATIONS IN A CLIMATE OF TRANSITION TO THE OPEN MARKET CONTEXT IN VIETNAM

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Introduction

The emergence of a global economy and culture has created a worldwide climate of change since the 1980s. These changes impact on the growth of a national economy and change the significance of sectors in society, for example the service sector, which increasingly accounts for an important part of the economy (Burbules & Torres, 2000). The arts have also been profoundly influenced by social changes, and technological development. While these changes pose new challenges for the arts, most of which struggle for financial viability in an era of globalisation, privatisation and reduced public funding, the developments also open new opportunities for arts companies/artists but require them to possess the capability to identify and adapt to change. This process underlines the necessary new capacities of arts management, arts marketing, arts leaders and artists.

Doi moi - Vietnamese economic reforms in 1986 - provided impetus for change in every sector, resulting in growth of the service sector in Vietnam (UNDP, 2002). Arts organisations in Vietnam

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found themselves operating in a more competitive environment, forcing them to adjust to this new economic structure. Improved Vietnamese living standards helped to create more demands for a diverse entertainment industry and allowed both the government and individuals to spend more on the arts. A new cultural policy - *socialisation* (somewhat equivalent to privatisation in Western countries) was implemented in the arts and cultural sector, producing for performing arts organisations (PAOs) as well as a broader cultural milieu in Vietnam, challenges of being self-sustaining but also more autonomy and greater funding diversity. Simultaneously, this led to upgraded artistic standards, improved infrastructure and higher musicians’ salaries; the latter having only experienced slow improvement during the subsidised era.

This paper investigates how social changes affected organisational operations of selected PAOs in Vietnam and Australia. The analysis of how PAOs in each country adjusted to rapid changes will provide experience for learning from each other, particularly for the Vietnamese case. These analyses provide points of discussion, comparison and implications for development of arts management training in Vietnam. Case studies, personal interviews with key participants and policy actors have been used to discern which direction performing arts management should take in order to correspond with Vietnam’s present and future economic situation and its political position in the world.

**Arts Organisations, Globalisation and Challenges**

The role of arts administration is crucial in accordance with the development of the entertainment industry in many countries in response to complex economic, cultural and political changes. Byrnes (2003:62–75) highlights the necessity for arts organisations to adapt to economic, political and legal, cultural and social, demographic, technological and educational changes (p. 62). Byrnes provides arts administrators with practical Western perspectives in arts management, but these are unlikely to be wholly applicable to developing countries due to distinctive cultures and political and economic systems.

Another change that has strongly affected the operation of arts organisations has been the decline in funding by governments in favour of self-financing (e.g., Dewey, 2004; Fillis, 2004). This cultivation of a mixed funding scheme poses a challenge for cultural administrators in any country
Funding stability concerns many arts organisations, particularly theatres, classical music groups and museums. Major opera companies in the US have been shifting their programming towards a more popular, less demanding repertory since the early 1990s, due to financial issues (Heilbrun, 2001).

In a competitively changing environment with smaller government subsidies, marketing in the arts and customer orientation become a key tool for generating income for arts organisations. Given more than half of the people attending arts events (particularly high arts) have college or graduate degrees (Colbert, 2003), greater integration into the educational environment could bring greater numbers of attendance at cultural events. To gain competitive advantages, many arts organisations have shifted to a customer-oriented focus even though there is sometimes conflict between the customer-oriented and product-oriented approaches, and the balance between them is blurred in many cases due to economic and financial pressures (Permut, 1980).

In summary, changes driven by economic and cultural globalisation offer arts organisations both opportunities and challenges. Arts organisations have opportunities to generate their incomes from various sources, and opportunities to make use of modern technology in marketing their products. They tend to focus more on business aspects, customer-oriented approaches to ensure their viability. Challenges include a more competitive environment, less government funding, and self-finance.

The majority of the literature focuses on the arts context in Western countries, particularly the US. In the context of newly developing market economies, or of the Asian arts environment, research is scarce. Furthermore, there are few works that investigate the relationship between globalisation and/or economic reforms, and the development, operation of arts organisations, leading to implications to training programs in arts management. This paper is to fill in this gap.

**Methodology: Conducting Qualitative Case Study Research**

A case study methodology was chosen as one of the research approaches appropriate for the systematic study of a phenomenon (Merriam, 1988). A qualitative case study approach was selected to investigate in-depth the relationship between economic changes and developments of
the arts sector occurring within particular cases in the arts environments in Vietnam and in Australia.

Purposive sampling and snowball sampling methods (Neuman, 2000) were utilised to identify and to select cases and arts leaders to participate in the study. Two case studied PAOs: Hanoi Youth Theatre and Melbourne Theatre Company were selected. It is acknowledged that the selected sample is rather small. However, the cases consist of representative factors for a whole population of arts organisations in both countries.

Four main sources of qualitative data collection were used: in-depth interviews, documentation, archival records, and direct observations, to construct a framework for discovering insights into the cases being studied, their context, histories and changes that have taken place. Up to two senior arts managers/directors from each of the above cases were interviewed in-depth.

Documentation and archival records were the significant part of the data collection and analysis process. Documents such as cultural policies provide understanding socio-economic changes, and their impacts on the operation of arts organisations. Annual Reports and other service records are analysed to develop background knowledge of case studies, their activities and financial performances. The researcher observed some rehearsals at each case study site during the data collection period.

Results: Cases of Hanoi Youth Theatre and Melbourne Theatre Company

**Hanoi Youth Theatre (HYT)**

Hanoi Youth Theatre (Nha Hat Tuoi Tre) is situated close to the centre of Hanoi. The HYT has its large performance stage (618 seats) in the same venue with rehearsal rooms, and administration offices. This has facilitated the HYT in annually programming its shows. The stage could be leased to generate supplementary earnings for the theatre.

The HYT was founded in April 1978 to meet entertainment demands of youth and children after the reunification of Vietnam in 1975 (HYT, 2002; Tran, 1998). Similar to a majority of large/medium arts organisations in Vietnam, the HYT is a state-owned organisation under the management of the Ministry of Culture, Sport and Tourism. Besides commercial programs, a
number of mainstage plays were arranged from Shakespeare’s works and from other foreign playwrights in collaboration with overseas stage directors (Hoang, 2004). The theatre has advantages in audience development, in attracting niche groups, and in generating income due to the art-form it presents.

The HYT has often artistically and financially achieved its goals, and has become an important cultural entertainment provider for the people of Hanoi. A wide range of shows including dramas, comedies, mimes, popular music concerts on various topics have been presented for youth and children in cities/provinces all over Vietnam and overseas (HYT, 2002). The HYT has produced approximately 8 to 12 plays and stages productions annually. The HYT’s education programs are regularly provided for school students. The theatre particularly supports the development of arts programs at schools for children with disabilities.

Melbourne Theatre Company (MTC)

The MTC administration office is located in Southbank, not far from central Melbourne, Australia but currently the MTC has to hire a regular performance space in the Playhouse and Fairfax Theatres in the Melbourne Arts Centre. Promisingly, the MTC will open its own 500-seat theatre at South Melbourne in January 2009 resulting in financial savings for hiring theatres and improving the MTC’s revenues via restaurant and bar sales.

The MTC, established in 1953 (the oldest professional theatre company in Australia) was then called the Union Theatre Repertory Company (MTC, 2008). The MTC is a department of the University of Melbourne, although it operates as an independent organisation (MTC, 2003). The General Director talked about the MTC: “It [MTC] puts on mainly text-based plays. So it doesn’t do mime, doesn’t do opera, doesn’t do dance, it does plays.” (Interview, 3 March 2004). The theatre is an Australian flagship major performing arts company and the major provider of mainstage drama entertainment in Melbourne (MTC, 2008). The MTC has contributed greatly to the cultural life of Victorians and Australians generally.

The MTC’s premise consists of many workplaces: administration offices for the MTC staff and the board, a number of rehearsal rooms, the largest being the area where stage sets are built. This gives the impression of being as spacious as a factory, with paintings, carpets, costumes and other
artefacts for drama sets. It gives a great sense of theatre, with facilities for stage productions, and a close connection between arts administrators, artistic director, artists, and other staff. Comparably, Vietnamese theatres do not often own comparable infrastructure.

The MTC is proud of its achievements after more than 50 years of operations. The MTC has yearly produced 11 to 12 plays per Melbourne subscription season (MTC, 2001, 2002, 2007) and presents approximately 550 performances each year, and has also presented over 700 plays, from both overseas and Australian playwrights, through which they have entertained about 245,000 people a year (MTC, 2008).

**Cultural Policies and Funding Structure**

The operations of the arts sector in Vietnam including the HYT changed significantly after the new cultural policy (*socialisation*) implemented in the late 1990s as part of the economic reforms (MOCI, 1999). Arts organisations therefore should be self-sustaining and find the ways to diversify funding sources while the government manages them in terms of financial reports (MOCI, 1998).

The HYT’s manager expressed his excitement at managing artistic activities in the new market context as it provided an incentive for his organisation to strive for more diverse funding sources and more flexibility and autonomy in their operations. The informant indicated that they could use alternative incomes to support, for example, other concerts (apart from those sustained by public subsidy), but also could self-manage their artistic creativities and programming. The Director explained effects of this policy on developments and operations in the theatre: “the *socialisation* policy allows us to have more autonomy in artistic activities, operations and personnel management. Also, we have more independence in decision-making, and salaries and incentives for artists.” (Interview, 6 November 2002)

This policy undeniably encouraged the HYT to diversify and to innovate. The *Annual Report 2002* showed that the number of performances and revenues increased. Audiences climbed 4.6 times in 2000 compared to 1992. Revenues for the year 2000 increased about 17 times compared with 1992. Salaries for artists have also been increased, compared with the standard salary of government employees (HYT, 2002). Table 1 illustrates the most recent records of the HYT’s achievements.
Table 1

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of plays/stage productions</th>
<th>Number of performances</th>
<th>Number of audiences</th>
<th>Revenue (in million Vietnamese Dong-VND )</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>12</td>
<td>680</td>
<td>790.000</td>
<td>3.000</td>
</tr>
<tr>
<td>2004</td>
<td>10</td>
<td>672</td>
<td>780.000</td>
<td>2.500</td>
</tr>
<tr>
<td>2005</td>
<td>8</td>
<td>568</td>
<td>720.000</td>
<td>2.500</td>
</tr>
<tr>
<td>2006</td>
<td>8</td>
<td>450</td>
<td>550.000</td>
<td>2.000</td>
</tr>
<tr>
<td>2007</td>
<td>1</td>
<td>569</td>
<td>880.000</td>
<td>3.000</td>
</tr>
<tr>
<td>2008</td>
<td>12</td>
<td>Approximate 900.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: (HYT, 2008). (*Revenue expressed in Vietnamese currency – VND; AU$1 equivalent to approximately 11,000 VND in October 2008, but different in previous years*)

As Dewey and Rich (2003) state, while transitional democracies yielded greater autonomy in artistic activities and management, it also meant that comprehensive state subsidies ceased. This is similar to the case of the HYT when the socialisation policy has been partly applied as the Director pointed out: “The HYT, one of a few theatres in Vietnam, became a ‘test’ of being self-managed with a smaller government subsidy” (Interview, 6 November 2002). Mr Bui explained that since the HYT has been in the starting stage of becoming a self-sustaining organisation, it has not always had effective strategies for ensuring financial stability. Occasionally, their incomes were not adequate for their operations as reported in 2001. It should be noted that if this policy is applied to all Vietnamese arts organisations through decreases or cessation of funding in favour of self-sustained organisations, it would be challenging for some art forms to maintain their financial stability, or even to survive. This requires arts leaders to have flexible skills to take advantage of private sponsorships, while ensuring the integrity of the artistic performance. These findings lead to the belief that any deficiency in essential arts management skills in the new context hinders organisations in securing financial stability, and there appear to be genuine limits to what could be achieved in the current Vietnamese context.

While the Vietnamese arts managers tended to emphasise the increasing participation of the private sector, joint venture or foreign direct investment in the country and its benefits, the MTC’s leaders
did not highlight these aspects. This finding can be explained that as Australia experienced the
effects of economic globalisation earlier (Fenna, 2004) and more strongly than did Vietnam. Thus,
the involvement of the private sector was familiar to Australian arts leaders. Seeking sponsorship is
also very common practice in the arts companies in Australia. Most Australian performing arts
companies’ websites indicate the receipt of sponsorships of private companies.

Financial viability
How to ensure adequate funding, gain a significant capital endowment, maintain funding and look
for new funding sources are perpetual concerns for any PAOs. Regarding financial viability, the
General Manager of the MTC expressed their challenges, although the MTC seemed healthier than
Vietnamese counterparts in terms of its infrastructures and artistic quality:

The challenges always are ultimately financial because we … would do more
plays if we could, and we’d spend more money on those plays if we could and
we’d pay everyone a better salary if we could. So it’s all about getting that
balance right between your artistic vision and that financial bottom line because
…. that would be the end of the MTC. Some of other theatre companies may pop
up and take our place …, so our ultimate challenge is to keep doing good work, to
keep attracting audiences and to balance the bucks – the books. (Interview, 3
March 2004)

Annual reports and documents of the HYT (2002) and the MTC (2002) showed that the incomes of
both case studies come from three main sources: government(s), sponsorships, and ticket sales.
The leaders of both the cases indicated that government funding was not a major income source for
their company’s operation. This is consistent with government reports of the MOCI (1996) and the
DCITA (1999). The HYT received about 50% of its incomes from the government in 2002 and has
been in a lesser amount after that while the MTC received between 11% and 15% of its total
income (MTC, 2007).

The major income source of both the HYT and MTC tended to come from ticket sales, partly
because of their art form. For example, the MTC earned 64% of its incomes from the Box Office
(MTC, 2007). These findings suggest that while financial stability was an issue for PAOs,
government funding tends to be more critical for classical performing arts such as symphony
orchestras, opera and dance in both countries. Ironically, it is surmised that Vietnamese case
studies would appear less active in income generation if they do not want the state subsidies would be cut further due to their ability to be financially independent. These indicate that instead of cutting funding if arts organisations performed well financially, the government should consider incentive programs to encourage them to optimise their organisational performances.

**Challenges to Audience Development**

Given that economic reforms affected both Vietnam and Australia by creating changes in living standards and socio-economic conditions, they also posed challenges for audience development. The Australia performing arts sector experienced challenges in audience development much earlier than Vietnam (early 1980s versus late 1990s). Despite of a more advanced technology, a higher living standard and compared with Vietnam, Australia has a much smaller market and multicultural audiences; hence, the challenges of audience attraction are even more vital.

The General Manager of the MTC also reflected on the severe challenges for her theatre when the wave of globalisation swept Australia in the 1980s:

> When the company (MTC) started, hotels had to close at 6 o’clock, there were very few cafés or restaurants, there were no little bars, there were not computers, there were no … Now so many more things for people to do with their leisure time: so no videos, DVDs, no arthouse cinemas … In some ways, the company’s still doing what it did fifty years ago. … but the environment in which we were operating has changed a huge amount, so the company has at times over the 50 years had to struggle to find plays. (Interview, 3 March 2004)

The HYT manager revealed different challenges in audience development:

> Some educational concerts or performances on topics about HIV, or heroes, presented as government requirements to provide people with practical knowledge, cannot attract big audiences due to constraints in topics and music. In turn, this affects profits of the theatre and creates challenges for our management. (Interview, 6 November 2002)

It indicates that education-oriented programs to fulfil annual assignments of the Vietnamese government tend to draw smaller audiences than entertainment/commercial shows. In this case, there may be a tension between satisfying audiences’ tastes and meeting the educational goals of the government. This finding poses a question of how Vietnamese arts leaders can balance commercial goals and artistic/educational goals in accordance with the socialist context.
Adjusting to Changes: Entrepreneurship and Marketing

Given changes and challenges for operations of the performing arts sectors, there is a sense of adaptability among the four cases. Consistent with the literature (e.g., Colbert, 2003; Martin & Rich, 1998), the arts leaders interviewed emphasised that marketing is a significant tool for adjusting to the contemporary environment. Some common strategies found in both countries include cheaper ticket prices for subscribers, for group bookings, advertisements, panels, a club of audiences, and education programs.

While utilising sophisticated marketing tools has been common in Western arts organisations to investigate audiences’ needs and wants (Radbourne & Fraser, 1996), the finding offers evidence that the Vietnamese cases studied mainly focus on advertising strategies. Nonetheless, the HYT seemed to be more active and innovative in marketing and innovative ideas than other Vietnamese arts organisations. The theatre investigated and focused on favourite topics for young audiences, and quickly adjusted to meet changes in audiences’ taste (Truong, 2002). The theatre was aware of the significance of audience development and tried to shift to more popular and entertaining topics which they think the audiences like to see. Further, through providing free tickets for its potential market (tertiary students), and half-price tickets for children, the HYT proved some strategies for developing long term audiences for the theatre. These all indicate the HYT’s innovation to adapt to the new market environment.

Differently, MTC has used strong corporate colours for marketing. “… In the last couple of years … we’ve given ourselves a very strong marketing image, so [we used] the red, white and the black. So when we are out in the market place, people can say ‘that is Melbourne Theatre Company’”, explained Ms More (3 March 2004). The MTC’s memorable corporate image is repeated in their logo at the Arts Centre and on the website, MTC documents, and on billboards on the street.

MTC has also used high profile actors from film and television for their plays, resulting in increased ticket sales from 52% in 2001 to 60% of total incomes in 2002 (MTC, 2001, 2002). The theatre has also built a loyal group of over 19,000 subscribers (MTC, 2008) while the HYT has no equivalent subscriber program. The MTC is committed to its education programs for over 30,000 high school students throughout Victoria each year (MTC, 2008), which is part of their audience
development program. Further, since 1996 the MTC reduced the number of plays from 16 to 11/12 per year and cast a fewer members in a play as the General Manager and documents indicated (MTC, 2008). This yielded huge annual savings, more efficient workflow, longer seasons, and covered better production costs.

**Implications and Conclusion**

The major purposes of this paper were to draw a logical explanation for changes in PAOs in Vietnam and Australia (with the main focus on Vietnam). The findings yielded various insights into the understanding of the main forces for change and how arts managers have adapted to the changes. Ultimately, the goal has been to find causes and propose solutions for the existing limitations in arts management in Vietnam. The analysis became an important tool for assessing the extent to which arts management training based on the Australian model might be adapted for the Vietnamese arts context.

There are a number of similarities and differences between the Vietnamese and Australian case studies. In common, the selected case studies and the broader context of the subsidised performing arts sector were influenced by economic and cultural globalisation such as privatisation and decentralisation, together with rapid technological development. Cases faced challenges in terms of financial viability, audience development, a balance between commercialisation and artistic quality. Other common aspects are that, given that the major performing arts sector in both countries still received government funding (depending on the art-form), financial constraints and audience development often concerned them. Although both countries remain involved in the global economy, the impact of economic globalisation appears more significant for Vietnamese cases than Australian ones, due to the different socio-political background and a more stable Australian context. Also, Australia undertook the reform of its economy earlier and more profoundly than did Vietnam; thus it has been able to make better use of advances in high technology, supported by a longer history of development in arts management training. The main impact of globalisation for the Vietnamese cases, are a combination of more autonomy and less government funding that together yielded real need for changes in both the organisational operations and also qualities of leadership.
The cases studied managed to adjust to the changing context through marketing and entrepreneurial activities. While the Vietnamese cases seem limited to advertisements and promotions (although they are becoming more active in securing supplementary sponsorships), the Australian cases use much more diverse and sophisticated marketing strategies to attract audiences. The findings suggest that the increasing range of artistic activities in Vietnam requires arts administrators to have modern management skills to respond according to the new market sphere.

Vietnamese arts organisations should be more customer-oriented in their approach to maximise performance revenues. The skills of audience development and marketing should be emphasised in training courses within available funding, and suited to the Vietnamese context, rather than massive capital or online advertising as done in the Western context, due to the lack of resources and level of computerisation in Vietnam.

The above findings suggest that, firstly, the new economic sphere with rapid changes in society and the increased range of artistic activities in Vietnam requires arts administrators to obtain flexible, appropriate skills to respond in accordance with the current Vietnamese market. Secondly, formal education and training in arts management is required to provide arts managers with modern arts management skills, in order both to smooth the process of becoming more self-sustaining, and subsequently to take advantage of this new context.

**Contributions and Recommendations for Development of the Arts Sector and Arts Management Training in Vietnam**

The findings indicate that arts organisations in Vietnam can learn much from those in Australia since Australian PAOs have more longstanding experience in surviving in an open market economy based on the success of Australian case studies in marketing themselves in the current environment. Given the plenitude of skills now required by arts managers, strategic collaboration, facilitated by both governments, could be pursued between Australian and Vietnamese arts organisations.

While privatisation can promote funding diversity and more autonomy, it is essential for the Vietnamese government to implement this policy appropriately, depending on the art-form, and subsequently to consider appropriate funding policies/schemes. For example, more financial
support is needed for arts types that experience difficulties in audience development (e.g., Vietnamese traditional arts and the Western classical canon) as a consequence of the boom in pop culture, film and many other entertainment activities.

The need for establishing institutional training programs for arts leaders in Vietnam is vital. This training should consider factors such as the need for students to gain practical skills, and for general management qualifications. It is recommended that a flexible mode of training be developed, rather than the traditional full-time degree mode of training, which is less well adapted to arts leaders’ busy role and the demands of their jobs. For example, training packages or tertiary courses in arts management or workshops in arts marketing from Australia, suitably adapted for the Vietnamese context, are recommended for upgrading modern management skills for arts leaders, in the context of their burdensome workload.

Due to the parallel role of practical experience in successful arts careers, (together with qualifications), it is also recommended that internships and mentorship programs be offered widely in arts management training within arts organisations. This provides students or new graduates with opportunities to gain practical experience. Furthermore, the Australian experience suggests that contributions of skilled practitioners in the arts field (like successful arts managers/administrators, or experts in the field) are also valuable within the curriculum. In this way, arts managers can share their practical skills and life experience, in an effort to narrow the gap between classroom and industry.

Capacity-building in the field is significant, as Vietnam has not many academic staff in this area. Thus, by also sending students to Australian institutions for arts management training, educators may tackle the long-term lack of arts management training in Vietnam. It is hoped that such strategic collaboration can facilitate Vietnamese arts organisations to make the most of their artistic creativity, in a dynamic and competitive environment.
References


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