

Italian Museum Relation System: a real network or...

Working Paper

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The principal objectives of this paper are to present a research project to analyse the existing relations into the Italian museum sector and to define a function that aims to identify the existence and constitution conditions of a network.

If the fundamentals of network theory are that relations influence behaviours (Bott, 1957) and are a resource to exploit in order to gain benefits (Burt, 1979), our purpose is to evidence how these features are present in a no profit sector -where the logics of the management are different from that of industrial market- and in a particular no profit sector (museums) -where each organization, till five years ago, was managed with no idea of market-. So, we think that our work could be a step to enlarge the network evidences, and to adapt them, to the no profit sector.

The structure of this work is the following:

- ❖ first, we describe the principal features of IMP model, that is our analysis grid;
- ❖ in nr 2, we illustrate the principal aspects of Italian museum sector, in order: to delineate the differences between this area and that ones traditionally analysed in IMP model; to theorize some eventual adjustments of IMP model in relation to these differences;
- ❖ in nr 3 we highlight and describe these differences and adjustments; these assumptions will be the hypothesis of our research;
- ❖ in nr 4 we shortly describe, in very shortly terms, the objectives and the methodology of our research.

We are fully aware of the limits of our work: some hypothesis are not explicated and some expectations are not explained and detailed. The reasons of these weakness are connected to the novelty of such analysis (few analysis and contributes related to Italian Museum sector, scarcity of network applications in no profit sector) and to the youth of our research, that is in its initial stadium. We are sure to fill in all gaps with the other steps.

1. The network approach and its cornerstones

The network approach and various theoretical concepts related to it, have sometimes been referred to as an emerging, postmodern paradigm in interorganizational exchange and industrial marketing research (Cova, 1994). The strength of this approach is often identified in its high compatibility with the interorganizational business environment that firms actually encounter in their everyday operations (Snehota, 1990 – Tikkanen, 1996). This reality encountered in contemporary business has some special characteristics that make it different from the environment firms used to encounter in the past. Instead of pure market forces, hierarchies, or some intermediate forms, the actual interorganizational exchange is often governed by the "invisible hand" of the networking process, the linking together of various market actors and their complex activities and heterogeneous resources.

The main objectives of the network approach are to offer understanding and descriptions of industrial markets as a complex network of organizational relationships, and to awaken management at the "network thinking".

The model of industrial networks consists in three basic groups of variables: actors, activities and resources (Hakansson, Johanson, 1992).

The market is perceived as a process of networking, linking together market actors and their activities and resources. The market process is competitive, but predominantly cooperative. An

important aspect of a business enterprise is its context, however, what is perceived as relevant in a network depends on the perception and interpretation of the context by an individual actor.

Although the IMP research has evolved organically, it is possible to identify some of its important cornerstones:

- **Between buyers and sellers exist relationships.** These relationships
 - i. are a way of building together the technical resources of one company with the technical resources of the counterpart;
 - ii. are influenced by the social context
 - iii. have economic consequences and are subjected to an economic logic (a relationship is costly to develop and involves a flow of activities and resources with substantial economic impacts).
- **Business relationships are connected.** Each company in an element of a wider economic organization takes a network form
- **Relationships are a combination.** It involves both productivity and efficiency in firms; furthermore it can allow to use complementariness between activities performed by different companies and their resources
- **Relationships are a confrontation.** The existence of a network is a way to create a confrontation between two or more parties knowledge, with a relevant impact on resource development and innovativeness.

These cornerstones are the basics of the following analysis, concentrated on the Italian Museums field.

2. Principal features of Italian museum sector

Museum activity can be defined as an activity of conservation, study, research and exploitation of cultural object that, for its historical, artistic and memorial importance, can develop a message which can enhance cultural competences and spiritual nature of a person (for this reason, the message must be structured in consideration of specific characteristics of the person).

Consequently, the Museum activity can be configured as a service or the intangible activity that, with the use of cultural objects, propagates a connected cultural message and, in this way, supplies spiritual, knowledge and free time use benefits.

What we have defined before can be used to focus on some fundamental features of the museum sector. We detail them in the following points.

- ❖ The mission of the museum organization must necessarily contain elements of protection and exploitation of the cultural objects, because these aspects are the fundamental contents of the museum activity
- ❖ In relation to their content of service, the reference point of the museum activity becomes the user, and the supply must be defined in relation to his characteristics and needs
- ❖ This adaptation is the basic way, for museum, to realize its objectives and to obtain effectiveness in its management
- ❖ The efficacy of the management establishes consequential effects on efficiency: a museum is a no profit organization that employs some means in order to gain some goals; the best realization of the goals implies the best use of means too.
- ❖ The exploitation activities can present an apparent trade-off with conservation activities: the exhibition of cultural object, and its over utilization, could determine its deterioration. So, exploitation must be seen in its exact mean: on one hand, exploitation is the access to the cultural object with regard to protection and conservation limits (and, in this mean, exploitation can help to increase protection, thanks to the equation: more knowledge, more respect); on the other hand, exploitation is the basic activity and the final aim of

museum sector, because it enables the diffusion of a cultural message, the enhancement of personal knowledge and, as final level, the improvement of collective welfare.

- ❖ The repercussion on collective welfare is the principal reason of the strong state presence in the sector: the spiritual and knowledge enrichment is a basic element to assure the development of the society and it must be guaranteed at present, and for future generations; so it's necessary a *super partes* action that provides means in order to supply cultural message and permit its access to all people and guarantees the preservation of cultural property.

In order to better describe the Italian situation in the museum sector, it's required to add other considerations to that ones indicated above. 40% world cultural estate is in Italy, so, the need of protection has characterized the sector "design" in the following aspects.

- ❖ **Strong State presence in the sector.** The State presence is relative to the following terms:
 - State provides, almost entirely, financial means for the museum sector
 - Museum organizations are generally public body, which duties and assignments are defined by law
 - Cultural objects are submitted to a specific and strict discipline that circumscribes the transfer of property and limits access and possession of the cultural goods.
- ❖ **Great numbers of museum.** Italian museums are medium-small size organizations and are diffused on all Italian territory.
- ❖ **Strong relation between museum and territory.** The Museum organization are often created to preserve the cultural finds or to spread memories and cultural territory.
- ❖ **Great importance to conservation and research activities.** This importance has produced the scarce relevance of exploitation in museum activities: until a few years ago, the adaptation of message to the consumer characteristics was almost absent and this aspect caused, it is a fact, the limited access to cultural patrimony, in spite of free admissions.
- ❖ **Managers of museum organizations are conservators and specialists of cultural goods.** In Italy, the conduction and management of museum organization is run by experts that can assure, better than others, the preservation of the cultural patrimony. Sharing of values, common cultural knowledge, difficulties on works have produced very strong relations and fellowships between museum directors and employees; frequently, these relationships have been the way to climb over problems connected to resources shortage.
- ❖ **The sector was seen as a cost centre.** The high needs of means in order to preserve patrimony, and the free admissions to cultural patrimony in order to guarantee access to all people, have formed the idea museum sector couldn't produce resources.

In the last ten years, Italian museum sector is changed, some feature described above are transformed and the variations can be synthesize in the following points.

- ❖ **Less presence of State in sector:** some laws have created bases for a stronger private intervention in the sector; the centralization continues in the preservation activities only.
- ❖ **More emphasis on exploitation:** the spread of cultural message is become the focus of changes in the sectors; the attention on diffusion has produced a new consideration of the client's role; so, consumer becomes the centre of supply process and the reference point for the whole sector.
- ❖ **The sector can produce resources and means:** the enhancement of distributed value in the sector, after the adaptation of supply to the client's needs and characteristics, has supported the development of demand; so, the new idea on museum sector: an area in which is possible to create resources and to employ them for progress of the sector.

- ❖ **More rationalization in process:** the change of vision has permitted the introduction of economic logics in management of museum organizations; the great risk is a strong emphasis on efficiency as principal dimension of management, without considering effectiveness and the relation between efficiency and efficacy (defined above). Rationalization in process has also caused the development of new organizations: museum network.

Weighting the museum features defined before, the elements of network theory and the first evidences of our research, in the next paragraph we're trying to connect them in an application to the museum sector.

3. The IMP model's application to the museum organization

In the respect of IMP model's characteristics, it seemed important to verify whether and in which dimensions much the model's hypothesis could be found in the museum network. Two aspects must be worked out, as they allow to highlight the principal contextual differences.

The first matter is about the kind of relationship that can be defined in the field, which doesn't show off through buyer/seller relationships, but instead through *contacts as equals*, or among organizations that deliver services to parallel networks. So, the sector association connects only horizontal dimensions, or, better, it is related to structures which make the same activities and act in the same environment. Because of this peculiarity, the knowledge of the final consumer's needs, the orientation to the external customer, become decisive and therefore; otherwise the network retires into itself and, progressively, gets far from its primary mission.

The second aspect is about the peculiar characteristics of the field, which works according to approaches and reasons that differ from those of the industrial field, to which the most important theoretical works on the IMP model refer.

Specifically, inside the museum network the mission is to be tracked in the diffusion of the cultural message, as well as in a generic improvement of social welfare, which is less measurable, even though it is definitely present.

The management has, therefore, little to do with values linked to productivity and efficiency. Moreover the remarks of the model's effectiveness are based on the fulfilment of public scores larger and more heterogeneous than those ones traditionally considered when analysing the relationships among firms.

Last but not least, the relationships between museums and their publics are little based on rational and economical criteria, which are typical of the business evaluations.

Thus, in order to verify the applicability, or better the readability of the Italian museum system as a network (as it has been defined inside IMP), some qualitative interviews have allowed done to check:

1. the existence of relationships among the museums;
2. the possibility to build up a network;
3. the impact of such a network on structure and management;
4. the impact of this network on its commonly analysed market.

These interviews allow to formulate some first considerations about the applicability and the possible need to adapt the model to the field's peculiarities, considerations that will build the base for the forthcoming research.

The considerations that have been done are summarised in the following points.

1. **There are relationships among the museums;** nevertheless the relationships must be distinguished on the base of their formalization's level, where formalization means the degree in which the relationships among the museums are based on official relations. Essentially, this subdivision makes a distinction between non-formal and formal

relationships. While the former can be led back, only in some instances, to an embryonic stage of network, the latter can be seen as downright network, such as described in the IMP model. *Necessary and sufficient condition* for the creation of informal relations is the existence of personal relationships among the museums' managers (who are often linked by a true friendship that overcome their single institutional role). This constitutional element of relation has a great impact on solidity and force of networks formed in the analysed sector: the affecting and social elements, in effect, can increase the structural firmness and the duration of networks (Soda, 1998). So, we can assert that, in museum sector, networks could be more stable and durable than in other fields; at the same time, a formal network defined without a previous personal relationships couldn't obtain the advantages of networks, and could have serious problems of survival and existence.

2. For the **network's definition** in museum sector, personal relationships are a *necessary but not sufficient* condition. This fact must be correlated by more items, both subjective and objective. Among the subjective items (connected to subjects who manage organization), a great importance is held by the managers' awareness of the positive impact on efficiency and effectiveness created by the network. Another element is the knowledge and the skill of manager, or the different individual skills among managers, that network can assemble in a virtuous way. The objective items are related to microenvironment and economic factors like the territorial neighbourhood, the legal or typological uniformity of the institutions, the measurable efficiency and effectiveness increases in management.

From the first examines, it seems therefore possible to lead back the existence of network to the following function:

$$(1) \text{ NTW} = f(\text{cp}, \text{fs}, \text{fo})$$

NTW: network
cp: personal relationship; $\text{cp} > 0$
fs: subjective factors
fo: objective factors

The extensive phase of the research will allow to check the actual relations and the importance of every single item, as well as the refinement of the function by the addition of more items.

3. It's possible to highlight **manifest or implicit impacts of network in the single museum management**, effects that have been defined in network theory and can be individuated in museum sector too. These aspects can be summarized in the following points.
 - It's possible to evidence a differentiation of competencies, or the possibility to assembly the different capabilities of the distinct network organizations, thus creating scale and scope economies inside the network (Hakansson, 1990 – Powell, 1990).
 - The increased resources derived from the above hinted economies may lead to a better ability to understand market and its trends, and in an additional ability to satisfy demand needs, in terms of innovation too. In the same time, network could determine an innovation's shrinkage derived from a possible withdrawal on internal instances. The origin of managing input (internal or external) will be determined by the network's orientation (to the market/to the product).
 - The network's existence determines the possibility to present a both complete and differentiated offer (Haladik, 1998 – Hergert, Morris, 1988 – Powell, 1990): every single museum may specialize itself on a segment or a kind of offer, the network's complete

offer, therefore, will be both complete, as it will allow to satisfy every single market's segment, and effective, as a specific offer will be defined for every single segment (Alter, 1990). All this one leads to an improvement of the delivered value and the effectiveness of the network and of its single actors.

- The network could develop an increase in quality of products and processes, specially in case of uncertainty in environment and resources (Aldrich, 1979 - Hage, 1988 – Powell 1990).
- The impact on the decisional processes may be double: on one side, decisions may become simpler but less rational, if, in the function (1), the *cp* item becomes the main managing and decisional item; on the other side, if all the function's items have the same dignity, it may lead to more rational decisions, though less timely. Again, in case all subjective items (*fs* in the function) get near to the zero (e.g. in case of little collaboration out of fear to suffer some interferences in the management of one's own institution) all the network's potentialities may vanish.
- The network could realize a flexible employment and exploitation of the intangible resources, as knowledge and technological innovations (Soda 1998), that allows the use of these high increase value assets in a more effective and efficiency way
- Lastly, the situations characterized by strong bonds of collaboration between manager/employees may be a hindrance to the proper work of a formal system, because on the employees' side the leadership may be assigned only to the manager they refer to (the museum employees to their own manager only).

Such impacts are potentially lined up with what has been highlighted in the model, which foresees increases in productivity and efficiency, resources' sharing and "virtuous comparison" among the parts.

We must make some specifications linked to the field's particularity.

Firstly, while in the model its effectiveness is guaranteed by the buyer/seller bond and, as a consequence, productivity's effectiveness and efficiency are strongly related, in the field we are studying the bond among equals does not involve such automatisms; its effectiveness is strongly dependent on the network's orientation and its efficiency bond to its effectiveness on the base of the above hinted relations.

Secondly, in the museum field there may be some inefficiencies linked to the failed acknowledgement of the leadership of the network's other members, or to "managing collapses" derived from the failed collaboration among the managers.

4. A network's creation, lastly, **may affect the whole market**. The impacts thus produced may be divided into impacts on the market's efficiency and impacts on the field's structure.

As for the market, it is easy to perceive how the building of museums' networks represents a fruitful field for the creation of positive externalities, with reference to a better exploitation of the resources -that are already at disposal and that can be shared among the network's institutions-, to a better market orientation and to an "innovative richness" led by the orientation itself. We cannot avoid to underline that on the Italian market the diffusion of networks among the museums may assume a maculated diffusion, as it is strictly bound to the territorial borders of the area where the network act. Such structure is further reinforced by the importance of the managers' personal initiative and by the personal relationships (we hinted at when talking about the constitutional function of the museums' networks).

Still with reference to the single structures that deliver the service, the network's virtuous influence can transform the actors as a whole and true organism, building up very strong and important bonds and relations among all the network's members. Such connections affect the strategic and operative management of every single museum, but also the enhancement of economical resources, derived from a qualitative and quantitative increase in the demand of culture and of one's free time.

The impact on the demand's dimensions and characteristics is undoubtedly the item that gives the opportunity to promote the creation of a museum network, as it is the expression of a better and closer approach of the analysed field's publics. Better approach with reference to the refined skill of delivering services (this increase is referred to every single structure but to the whole market as well); closer approach because the resource's sharing may promote the creation of customers' fidelity programs, which can mean both several repeated visits with different goals and the increase of the customers' number, for the creation of services that are unthinkable of in case of a failed collaboration among the network's actors.

Impact on competition. The increase in competition, which is augmenting inside the Italian museum field as a consequence of the Ronchey¹ decree, and generally of a change in the approach to its market, will promote the building up of networks. Probably, at first the smaller structures will be the more interested and readier to collaborate because they will gain more from a resources' sharing, secondly, for the networks' success, also bigger structures (that at first may not find convenient to build up relations with other structures) may be inclined to join the network, for the logic "better having an ally than a strong competitor". An *invisible hand* can act as a mechanism of market selection and growth, able to choice, in long period, actors with no cooperation and conflict behaviours. So, organizations will works towards cooperation because this conduct is useful and because a different perform can determine a reaction from other organizations. (Contractor, Lorange, 1988)

As a consequence, competition may be enclosed in the list of the objective items having an influence on the networks' creation; at the present stage of the analysis, though, it is impossible to formalize such contribution, as it carries both positive and negative elements than may intervene with different weights.

As for the impact on the field's competitive structure, it is possible to suppose that competition will be no more, or not only, among museums, but more and more among museums networks.

4. The research: objectives and methodology

The objectives of the research can be indicate in the following points:

- description and analysis of existing relations among museum organizations, in order to define their nature, their peculiarities and the impact on organization management and on structure and characteristics of market;
- verifying the conjectures identified in nr 3 point;
- identifying of a development path to formal relations in Italian museum sector, in order to isolate the variables of the function described above, and formalize the relations among the isolated variables.

In order to obtain the aims defined above, the analysis will be focused on:

- the nature of formal and informal existing relation in Italian museum sector;
- the reasons that have determined the constitution of formal relations among museum organizations;
- the impact of these relations: on management, on supply construction, on the possibility of optimisation the organizational efforts of network actors, on the expansion of organization;

¹ Law n° 4/93

- The impact of network on market structure, efficiency and growth. In industrial market, networks change market structure (competition), and influence needs of resource, resource composition, economic valuation, access to supply channels, and so on. We can conjecture that similar effects could product in museum sector. We can identify first hypothesis. The possibility to exploit the market resources in a better way, the better capability to understand market and its needs, and to answer them in an effective way, they will increase the efficiency of market. The effectiveness could have a consequence to demand, that could enhance and segment. On structure, the competition will act among networks and it could increase, in order to obtain more resources. We think that could be possible, again, a competition among territorial districts; so, museum would become a part of a more large supply system. Suggestive implication, you see; our research could increase the knowledge on these trends.

The research will be a qualitative analysis based on interviews made to directors of the sample museum organizations; the interviews subjects can be synthesize in the following point: existence of relations, the way followed to formalize relations, the features of existing relations, the peculiarities of museums integrated in the relations (formal or informal), the impact of relations on managerial and organizational moment, the hypothesis on future impact.

The sample will be defined to obtain a territorial representativeness and integrate the following features:

1. museum organizations that haven't formal relations with other museums;
2. museum organizations that haven't formal relations with other museums, but that could define, on the base of conjectures, network, or that could be interested to create a network;
3. museum organizations that are integrated in a network.

We will end the research at the start of the next years, we hope we can answer, for that period, to the question that the title of this paper suggest

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