

Institutional transformation and managerialism in cultural heritage: Heritage Malta

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This paper builds on the literature on managerial reforms in the public and cultural heritage sectors with the aim of exploring, understanding, and reconstructing managerial change at the organizational level. It investigates the reform of the cultural sector in Malta – driven by a call for managerial innovation. The main changes in discourse and practices are analyzed; transformation processes are reconstructed on the basis of reported narratives by participants, and critically revisited through a longitudinal analysis of documents. Finally, the Maltese experience is then compared with two other cases of institutional transformation in the cultural heritage field: the British Museum and the Autonomous Superintendence of Pompeii. Common patterns and distinctive features of the three cases are discussed. The paper focuses on a crucial phenomenon in public sector reforms – institutional transformation. From a methodological point of view, the rhetorical nature of these debates is addressed, while providing a more detailed reading of individual components of change processes. The need/benefit of comparison – particularly international comparison – is underlined.

Keywords: museum management; organizational change; cultural heritage management; institutional transformation; new public management; managerialism

Background and introduction

Museums and cultural institutions are increasingly being subjected to the 'managerialism' shift that has been restructuring the public sector worldwide since the 1980s (Ferlie 2002; Gruening 2001) and that became known as new public management (NPM – Hood 1991). NPM entails organizational changes in the practices and discourses of public institutions. Such changes aim to lessen differences between the public and the private sector, decrease hierarchy, enhance competitiveness in the contract provision of public services, and create more private/public organizational forms. It also results in devolving responsibility to local autonomies and shifting the emphasis from process to output accountability (Ferlie 2002; Flynn 2007; Hood 1995). Moreover, the changes incorporate managerial issues into professional discourses, with greater stress on goals, missions, strategy making, performance, customer orientation, and so forth.

In the growing debate on public management there is general consensus that more empirical research at the organizational level is badly needed. Ferlie (2002) draws a research agenda for the assessment of NPM: field research is needed to

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investigate the convergence of managerial activities in the public and private sector; whether it is about a rhetorical rather than actual devolving of responsibility to local autonomies, and whether an alignment of managerial and professional perspectives is occurring.

Cultural organizations are subjected to public sector reform pressures too, especially in countries where the arts were traditionally supported by the State (for a reconstruction see Boorsma, van Hamel, and van der Wielen 1998; Wu 2002; for insight on the Italian debate see Zan 2000, 2002, 2006; Zan, Bonini Baraldi, and Gordon 2007). This leads to the privatization of their governance, deregulation, and changes in management styles (e.g. increased responsibility and accountability, and enhanced managerial rather than professional skills at the top level). However, the debate has mainly concerned macro-level cultural policies, and has not addressed how public management transformation is taking place in specific cultural institutions, and whether and how it is concretely shaping the practices at the organizational level (there are exceptions – Janes (1995) provides an in-depth analysis of organizational change in a major museum in Canada).

This paper builds on the debate on public and cultural sector reform to focus on management discourse and practices at the organizational level. In particular, it analyzes the establishment and recent evolution of Heritage Malta (HM), a national agency for conservation and management of Maltese cultural heritage that replaced the Government's direct administration. Given the importance of processes in shaping and understanding change (Pascale 1984; Pettigrew 1985), we attempt to reconstruct and characterize such alleged managerial change in the Maltese heritage administration by exploring its unfolding transformation processes. Moreover, we propose an international comparison with two well-researched cases of cultural sector reform: the 'managerialization' of the British Museum (BM; Zan 2000) and the transformation of the State administration of Pompeii (Zan 2002). The BM was caught up in the new wind of managerialism following a consultancy report on its management situation (the Edwards Report in 1996) that entailed radical changes toward a more private-like business model, including greater autonomy in contracting, reporting, accounting, and in commercial activities, etc.)

In the case of the public administration bureau of Pompeii becoming an 'Autonomous Superintendence' in 1997, the superintendence was emancipated from centralized, bureaucratic procedures and archaic forms of financial accountability, but personnel management (which accounts for two thirds of the budget) was retained by the central administration. What makes the comparison interesting is that these reforms share a similar discourse of managerialism but diverge in the way they are enacted. In particular, while managerialism in the English-speaking countries seems to be an internal phenomenon, in Roman Code countries it is ambiguously associated with the dynamics of existing bodies of administrative rules, giving rise to a conflict between managerialization and 'juridification' (Hood 1991; Panozzo 2000). The different outcomes of similar managerial reforms across countries (in terms of radical transformations, like in the BM, or less substantial ones, like in Pompeii) are largely attributed by many authors to underlying national differences (e.g. Gherardi and Jacobsson 2000). Therefore, the BM, Pompeii, and HM are interesting cases to compare as they reflect, respectively, a Civil Law Anglo-Saxon tradition, a Roman Code tradition, and a hybrid Maltese tradition with historical roots in both the British and the Mediterranean cultures. To what extent

can the transformation of the Maltese cultural sector be positioned into the NPM trend and, with which specificities, compared with the two other cases of transformation?

This work is relevant to the research on public sector and cultural heritage management as it provides an additional case history in a field dominated by policy debates. It also demonstrates the existence of considerable cross-cultural variations in public management reforms, despite the uses (and abuses) of the same managerial rhetoric, and confirms the relevance of field-based research, international comparisons, and longitudinal analyses at the organizational level – in order to address the complexity and understand specificities and commonalities in institutional transformation processes in different organizations and cultures. Moreover, it also has implications for practitioners, as managerialism does not determine more efficient and effective processes, better planning and enhanced performance per se. What matters in order to realize change in practice is whether conditions of autonomy and self-management are actually created or not.

The paper is structured as follows: Section 2 introduces the method employed; Section 3 provides a description of HM today according to its management; Section 4 presents our longitudinal reconstruction of the unfolding processes that characterized the institutional change; Section 5, after discussing the patterns of managerialism in the Maltese reform, compares the specificities and commonalities of the managerial changes at the BM, Pompeii, and HM. Concluding remarks are presented in Section 6.

Method

This research is centered on a single in-depth case (HM) and is followed by a comparison with secondary evidence from published works on the BM (Zan 2000) and Pompeii (Zan 2002). These two works are thought to suit the comparative purposes of the paper in that they are in-depth studies of managerialism and expressions of two different administrative cultures. The HM study is based on qualitative and quantitative information gathered during a three-week field visit (September/October 2006).¹ It is a longitudinal study covering the first 4 years of HM since its foundation (2003–2006). Data were collected from three main sources: interviews, legislative acts, and internal documents including annual reports, financial statements, strategic plans, and business plans provided by HM.

A total of 12 open-ended interviews were held with HM's top and middle management staff and other actors in the cultural heritage field, with each interview lasting about 90 minutes. Open-ended interviews were seen as appropriate to encourage participants to reconstruct the birth, growth, and current functioning of HM, and reflect on the issues they perceived important in their interpretation of the change process. It should be noted that half of the respondents had also worked under the museum's public administration before the reform process that set up HM. We traced the participants' own narratives in presenting the institution and the cultural sector reform in Malta, and we triangulated their interpretations with longitudinal documental information. A first version of the case study was then subjected to validation from participants.

Heritage Malta (HM) at present

In 2002, Malta's cultural heritage was entrusted, through the Cultural Heritage Act, to a national agency – HM. HM was established to replace the Ministry of Culture and Education's Museums Department and to take charge of the management, conservation, operation, marketing, study, and presentation of the 25 national museums, heritage sites and collections in Malta and Gozo, which employed about 250 staff. In the view of top and middle management, the establishment of HM transformed the previous public management style:

At the Museum Department there was a lack of motivation, creativity and initiative. What was lacking was a logic of productivity and of proactive income generation (CEO). The Museum Department was burdened by the State bureaucracy and was doing nothing to break those bureaucratic barriers to action. (Head Curator)

The Museums Department's style (it was said) was replaced 'by a more outward looking one' (CEO, Head Curator) open to new initiatives and focused on reaching out, instead of considering museums as elite places to be visited and enjoyed only by experts. HM embraced a proactive approach in differentiating, increasing, and improving its activities in order to better meet visitors' needs. HM also seems to have brought in a major change in the professional roles. Under the Museums Department, the top management was composed of curators (mainly archaeologists), whereas the structure of HM is now more diversified – alongside the curatorial and conservation positions are managerial, administrative, business, and marketing posts (Figure 1).

At the Museum Department the curators had a central and predominant role in the museums. Now the curatorial function is separated from the management,

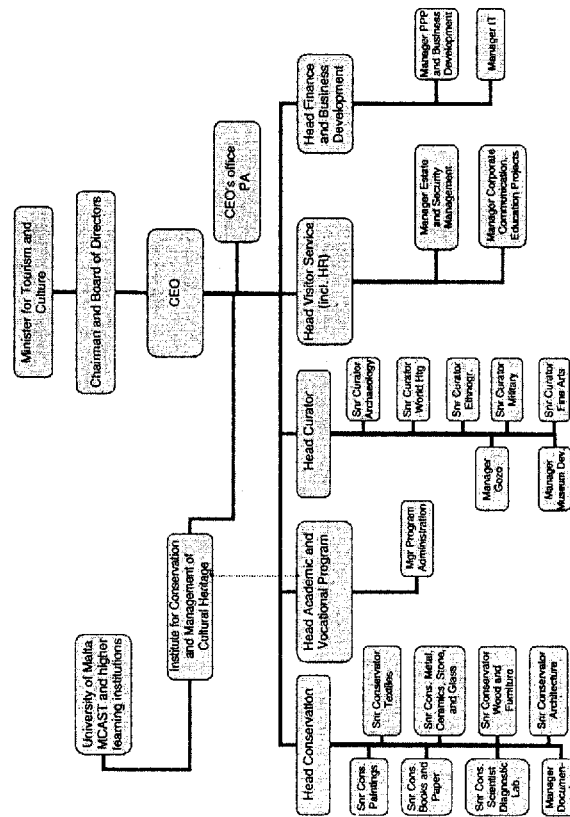


Figure 1. HM's organizational chart.

administrative and financial one. It's been a tough change for the curators – not completely accepted by all yet. (CEO)

The role of the curator has changed: it is no longer exclusively focused on the collection, but also on the public, while on the other hand, the curator drops the maintenance functions, which pass on to the Visitor Service division [...]. The changing in perception and culture is the toughest challenge: there persists some resistance among some 'old school' curators. (Head Curator)

A new conception of a modern institution with management and professionals is well expressed in one of the strengths of the SWOT (strengths, weaknesses, opportunities and threats) analysis²: 'having on board highly technical and professional curators, conservators and managers, and complementary team members specialized in different fields' (Business Plan 2006–2009, 21). Central to HM is the concept of human resources empowerment and care. Great efforts have been made to substitute the bureaucratic 'civil servant' mentality prevalent in the Museums Department with a human resources policy based on 'transparency, responsibility, delivering and empowering' (CEO). In fact, 'changing the culture of culture' has become the main challenge and the motto for HM (Chairman, CEO). When HM was founded:

the logic has been to focus on individuals, on each one's particular skills, and then on organizational needs, trying to fit people in it, on the base of their competences and, when possible, their growth wishes in the organization. (CEO)

We set up training programmes to reorient the workers' behaviour at HM – especially for the personnel that was transferred from the Government, who were used to an excessive bureaucratic and inflexible work style. For example, we do customer care training to change a too narrow mentality into a more open one, more open to the public. From an idea of 'admission of visitors' we move onto 'welcoming of our guests.' (Head of Visitor Service and HR)

Despite these efforts, being fully owned by the Government obliges HM 'to carry out a number of activities and functions which would usually not have been adopted if it had been a commercial organisation' (as stated in its SWOT analysis, Business Plan 2006–2009, 22). Finally, a formal planning orientation became central to HM, in contrast to the lack of planning that characterized the previous administration:

[under the Museum Department administration] there was no institutional support, all was 'up to me', no meetings were held, no guidelines, no discussion of goals: we just existed. (Head Curator)

The stress on formal planning is witnessed by the planning system that was put in place. The Ministry produces a general *National Strategy for Cultural Heritage* (general issues, needs, and roles of all entities) and other policy documents (*Culture Policy for 2006–2010*) which incorporate more operational objectives for each of the entities involved. Within the national policy frame, HM produces its annual *Strategic Plan for Action* (with striking titles such as 'Building the Foundations' and 'Strengthening Ourselves to Achieve Our Vision') and triennial business plans. Self-evaluation staff meetings are also the rule 'to share a common vision on what we are, where we are going to, strengths and weaknesses' (CEO). HM ended its latest financial year by the time of the analysis (30 September 2006) with a surplus of 157,366 Lm (Table 1).³ Almost half of HM's costs were covered by its earned income, including entrance fees and other revenues. Government subvention

Table 1. Income and costs accounts (2003–2006).

| | 2003 | 2003–2004 | 2004–2005 | 2005–2006 |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Earned income | 629,673 | 923,866 | 1,284,499 | 1,452,879 |
| Entrance fees | 625,050 | 909,249 | 1,230,810 | 1,370,181 |
| Publications | 416 | 676 | 12,716 | 12,015 |
| Service charges | 2314 | 712 | 4515 | 2076 |
| Donations and other | 1893 | 4759 | 2341 | 107 |
| Rentals | 0 | 8318 | 9926 | 0 |
| Filming and seminar | 0 | 152 | 575 | 1967 |
| Royalties | 0 | 0 | 2105 | 65,898 |
| Other income events | 0 | 0 | 20,785 | 635 |
| Tender fees | 0 | 0 | 726 | 1,842,863 |
| Consolidated fund (recurrent) | 857,000 | 730,500 | 1,221,493 | 3,295,742 |
| <i>Total income</i> | <i>1,486,673</i> | <i>1,654,366</i> | <i>2,505,992</i> | <i>3,295,742</i> |
| Operational costs | 1,241,269 | 1,853,461 | 1,962,415 | 2,598,337 |
| Bonuses to tour operations | | | | 3530 |
| Salaries and wages | 1,061,166 | 1,626,136 | 1,681,314 | 2,130,833 |
| Cleaning | 8943 | 15,746 | 13,211 | 40,330 |
| Repairs and maintenance | 26,404 | 41,450 | 26,411 | 44,296 |
| Police security | 58,515 | 19,727 | 36,247 | 78,107 |
| Water and electricity | 36,878 | 24,245 | 36,964 | 57,288 |
| Telecommunication | 20,343 | 36,261 | 37,438 | 38,736 |
| Ticketing expenses | 7945 | 16,943 | 22,635 | 22,125 |
| General staff costs | 1301 | 6998 | 4144 | 8157 |
| Exhibitions and events | 9875 | 10,947 | 15,001 | 20,910 |
| Medical expenses | 256 | 258 | 462 | 1601 |
| Libraries | 791 | 4269 | 1697 | 6005 |
| Acquisitions and restorations | 8852 | 34,244 | 13,230 | 73,251 |
| Exhibition costs | 0 | 10,941 | 42,019 | 66,339 |
| Publications | 0 | 5296 | 11,642 | 5438 |
| Premium paid | 0 | 0 | 20,000 | 1391 |
| Administrative costs | 149,762 | 302,396 | 285,526 | 543,014 |
| Directors fees | | | 16,260 | 16,800 |
| Transport expenses | 12,474 | 18,793 | 21,358 | 22,858 |
| Telecommunication expenses | 914 | 2358 | 3606 | 6795 |
| Printing, postages, and stationery | 3997 | 14,869 | 7780 | 11,985 |
| Rent | 74,250 | 103,805 | 110,965 | 109,092 |
| Hospitality and accommodation | 3465 | 14,188 | 14,213 | 26,807 |
| Subscription and membership fees | 672 | 3729 | 683 | 1437 |
| Professional and audit fees | 6479 | 24,669 | 18,267 | 31,299 |
| Sundry expenses | 1763 | 3373 | 2107 | 2439 |
| Depreciation | 29,107 | 76,327 | 103,918 | 246,566 |
| Bank charges | 60 | 319 | 926 | 1246 |
| Fines | 16,581 | 0 | 0 | 0 |
| Staff training | 0 | 1554 | 1863 | 10,983 |
| Hagar Qim competition expenses | 0 | 38,412 | 0 | 0 |
| Marketing costs | 0 | 0 | 2218 | 9998 |
| Gain on exchange | 0 | 0 | -2378 | -2,767 |
| EU costs | 0 | 0 | | 18,462 |
| Lecturing expenses | | | | 11,683 |
| Provision for impairment of debtors | | | | 17,331 |

Table 1 (Continued)

| | 2003 | 2003–2004 | 2004–2005 | 2005–2006 |
|---------------------------------|------------------|------------------|------------------|------------------|
| <i>Total costs</i> | <i>1,391,031</i> | <i>2,155,857</i> | <i>2,247,941</i> | <i>3,141,351</i> |
| Deficit/surplus before interest | 95,642 | -501,491 | 258,051 | 154,391 |
| Interest receivable | 514 | 514 | 1420 | 2975 |
| <i>Deficit/surplus</i> | <i>96,156</i> | <i>-500,977</i> | <i>259,471</i> | <i>157,366</i> |

Note: amounts expressed in Maltese Liri, Lm; 2003 accounts refer only to the 9 months comprised between January and September.

Source: adaptation from Heritage Malta, Annual Reports, and Consolidated Financial Statements (2003, 2003–2004, 2004–2005, 2005–2006).

was high too, reaching 1.8 million Lm in 2006 – ‘fully meeting all financial needs of every division’ – according to the CEO.

Overall, these excerpts from the interviews and from some of the institutional documents show that the narratives of the participants concerning HM are pervaded by managerial rhetoric, more or less explicitly contrasted with an outdated public administration discourse. This suggests that the reform that set up HM initiated a substitution, or at least a blurring, of public service values (increasingly perceived as outdated) with more modern managerial ones.

Unraveling the institutional transformation

In our view, this picture of HM today is not sufficient to understand the rationale and implications of the reform. Drawing on a process approach to organization studies, we claim that in order to address an understanding of the complexity and specificities of social phenomena, it is necessary to attempt a reconstruction of the unfolding processes of change. Therefore, we will contextualize the Maltese cultural sector reform to trace the main phases of the change process, and to longitudinally reconstruct the evolution of HM activities and the financial figures.

Context and antecedents

Public sector involvement in cultural heritage is a recent phenomenon in Malta. Until the 1990s, little attention was given by the Government to issues concerning preservation of cultural properties and only a simple framework for the protection of antiquities existed – the Antiquities Protection Act, 1925. By the end of the 1990s, a growing awareness of the administration of cultural heritage emerged along with the need for new legislation, including the need for a national agency specialized in cultural heritage management and for the separation between operational and regulatory functions (Superintendence of Cultural Heritage 2005, 50–51).

In 2002, the Cultural Heritage Act was promulgated. It suppressed the Museums Department and established some autonomous organizations instead, each one having a distinct legal personality: the Superintendence of Cultural Heritage, HM, the Committee of Guarantees, and the Malta Center for Restoration (MCR); already established in 1999 by the Minister for Education and the University of Malta and later amended in 2005 due to its incorporation in HM). In this analysis, we will be focusing on HM and MCR. HM would be the operating agency, ensuring ‘that those

elements of the cultural heritage entrusted to it are protected and made accessible to the public' (Cultural Heritage Act, Part III, Art. 8) by directly managing, coordinating, and administering museums and sites. The MCR was re-established as a 'centre of excellence for the teaching, training, research and practice of conservation, restoration, maintenance, management and presentation of the cultural heritage' (Cultural Heritage Act, Part III, Art. 10).

The Act only provided generic guidelines for the transformation, and was not followed by more specific ones for the implementation of the change process for the new institutions.

The reform was successful, but the change was not. And this has been the Government's big mistake: it launched the reform, but it did not set the grounds to manage the change. The law, as in the English praxis, is broad, because it involves implementation through specific policies for the organizations: this has been missing. (Vice Superintendent)

The Government should have fixed goals, responsibility and trust. (CEO)

Indeed, there has been a lack of planning. The Government was more concerned with the concept; it put in place an incomplete reform. The Cultural Heritage Act and the perspectives it opened up to have been a big step forward, but it was badly managed by the Government in its technical details. (Minister for Tourism and Culture)

The Act is vague about the reallocation process of the personnel from the former Museums Department, only stating that 'the Prime Minister may, at the request of an entity, from time to time direct that any public officer shall be detailed for duty with the entity' – i.e. no structured analyses of human resources needs within the various new agencies were conducted.

The Act is also ambiguous about the level of autonomy granted to the new institutions. First, the entities are apparently given autonomy in the appointment of personnel, but every decision about employment, remuneration, and terms and conditions has to be approved by the Minister. Second, a level of financial autonomy is formally accorded to the entities, but all estimates and accounts also have to be submitted for ministerial approval. What is worse, Article 20 is (deliberately?) ambiguous on the use of the entities' financial surplus, as it gives the Ministry the right to take over the surplus:

Any excess of revenue over expenditure shall, subject to such directives as the Minister, after consultation with the Minister responsible for finance, may from time to time give, be applied by each Entity to the formation of reserve funds to be used for its purposes, and without prejudice to the generality of the powers given to the Minister by this subarticle, any direction given by the Minister as aforesaid may order the transfer to the Government, or the application in such manner as may be specified in the direction, of any part of the fees, rates and other payments levied in accordance with subarticle 2 or any such excess as aforesaid.

Any funds of an Entity not immediately required to meet expenditure may be invested in such manner as may from time to time be approved by the Minister. (Cultural Heritage Act, Art. 20. Subarticles 4 and 5)

It is up to the Ministry to decide every year whether the excess of revenue is kept by the entity that realized it, or is transferred to the Government. This restricts the entity's effective financial autonomy and responsibility, and may undermine incentives for efficient use of resources. Even after the reform, the Government's

control is much higher than it might seem, despite the rhetoric of autonomy and decentralization of functions which had inspired the Cultural Heritage Act and pervaded the participants' discourse – as shown above.

Heritage Malta (HM) change process (2003–2006)

Within this framework, the developing process of HM can be outlined in its two main phases: the birth and preliminary steps, and the expansion and absorption of MCR.

Phase 1: birth and preliminary steps (2003–2004)

When the time came to set up HM (2002–2003), everything had to be done. No real structure for HM had been planned, no ongoing projects were taking place and no business plan of any kind had been thought of. In 2003–2004, HM started to take shape through rapid growth. In 2003, a Chairman, Board of Directors, and CEO were appointed. The institution inherited, along with cultural assets, a large portion (about 140 people out of 160) of the former Museums Department's personnel, and rapidly started recruiting for additional key actors.⁴ An initial operational structure was designed and intense planning was put in place. By mid-2004, a complete management team had been set up and the organization started to take shape.

Phase 2: expansion and absorption (2005–2006)

In 2005, while HM was still 'finding its feet,' a major change occurred. Through a government act, the MCR would no longer exist and would, instead, be incorporated by HM. With the Cultural Heritage Amendment Act, MCR was amended and the broadened 'mission' of HM was 'to ensure that those elements of cultural heritage entrusted to it are protected and made accessible to the public. *The Agency also operates a division for conservation, restoration, research and the training of conservation scientists and conservators*' (Cultural Heritage Amendment Act 2005 – emphasis in the original).

The decision was first announced by the Ministry at the end of 2004, without any discussion or negotiation process with the top management of the two organizations concerned (HM's CEO and MCR's director heard about the incorporation from the media). 'We didn't know what would happen and if it would, we were going to work without knowing who our boss would be the next day' (Head Academic and Vocational Studies, formerly MCR). The CEO recalls the absorption as 'a challenging, difficult and totally unplanned/unexpected process.' For HM, the absorption implied the creation of a new division in conservation and the expansion of the agency's areas of activity into rehabilitation and maintenance works, research and conservation, as well as exhibitions and events.

At MCR, the change scrambled the former hierarchy and redefined roles and responsibilities: 'It was like being in a new job and an old job. It was a delicate and uneasy situation' (Head of Academic and Vocational Studies). In fact, and in most cases, MCR people were offered less convenient work conditions due to the need to harmonize them with HM, which offered lower salaries, lower hierarchical positions, and more working hours. Consequently, many former MCR employees quit.

The transformation was inspired by the will to consolidate and better coordinate by merging the management and conservation of the national cultural heritage. This would entail more focused bodies, more professional people, and more efficiency. However, according to some participants, the question about which organization should have been absorbed has no obvious answer. HM was less than 1½ years old and was still in its start-up process, whereas MCR, although also young, was more solid and experienced as an organization, having had 6 years of continuous activity. The long integration process is ongoing. After 2 years of turmoil, we were told that most of the more conflicting situations – although still existing – seem to be coming to resolution. HM is striving to manage the change, particularly focusing on team building and cooperation through the training programs it provides to its management team. However, some employees point out that much less is done for the staff lower down. HM today is cooling down after its volcanic, successful, and controversial beginning. It comprises over 20 museums and sites and almost 250 employees, and some positive outcomes have been achieved. According to the management team, HM seems to have found its identity and credibility, and should now be more focused on coordinating and consolidating itself, both internally and externally.

Financial figures (2003–2006)

HM's accounting system works on an accrual basis, regularly presenting its annual reports. A qualified accountant (the present Head of the Finance and Business division) only joined the organization in mid-2004, 2 years after HM's foundation. Before that, only rough cash-based accounts had been kept, in line with the practices in force under the Government's administration. This obliged the new Head of the Finance and Business division to begin the complex process of reconstructing *ex post* the accrual accounts for the 2 years prior to his arrival, in order to have a complete and reliable report of HM's economic results.

The whole picture reflects a positive financial performance. All amounts increased over time: the increase in costs (+126%); of government funding (+115%); and of earned income (+130%) attest to HM's expansion. HM ended its first financial year with a 96,156 Lm surplus and its fourth year with a 157, Lm surplus (Table 1). Such a result is remarkable, especially considering the structural deficit typically characterizing cultural organizations. Despite the positive trends of HM's financial results, the year 2003–2004 registered a 500,000 Lm deficit (1.7 million US\$). The loss was due to the enlargement of HM's activity, as increased costs were not compensated by a parallel increase in public appropriation, but accompanied by a reduction of public funds instead.⁵

In the following year, 2004–2005, HM realized an outstanding performance and generated a surplus of almost 260 Lm (about 886 US\$). This is remarkable, considering the deficit of the previous year. However, that was due more to a big increase in public funding rather than an increase in earned income. While income did rise, it would still not have been sufficient to break even. The year 2004–2005 also saw considerable efforts in efficiency. While income rose 51%, costs rose just 4%, thanks to the establishment of a proper Finance and Business division introducing care in the use and control of resources. Data confirm that HM is effective in generating resources, but they also show that its financial performance strongly depends on government funding.

A focus on the regulation of public financial intervention for HM deserves particular attention, since it allows some reflections on the issue of HM's autonomy. Government's subvention is transferred to HM on the base of the presentation of an 'estimate' (budget and annual plan) within the framework of the wider three-year business plan, and HM's forecast has to be approved by the Ministry for Tourism and Culture together with the Ministry for Finance. As previously noted, any financial surplus can remain at HM or be absorbed by the Government, because of an ambiguous passage in the law. In this regard, it has to be noted that in the financial year 2005–2006, HM managed to keep its own surplus for the first time in order to reinvest it. However, this situation has to be negotiated every year with the Ministry. The most critical point is that such a system is everything but an incentive for efficiency at HM. If the agency is efficient, it is only thanks to the common sense of its top management.

Activities (2003–2005)

In this paragraph we intend to trace the evolution of HM's performance in organizing activities and in reaching the public. Between 2003 and 2005, HM saw a considerable increase in its activity (+116%) – there were 86 events (exhibitions, lectures, and other events) in 2003, 171 in 2003–2004 and 186 in 2004–2005 – an average of one activity every 2 days, both in the country (in all museums/sites) and abroad (Annual Reports 2003–2005). The increase was most pronounced in the number of lectures and other events, as exhibitions grew less strongly (+34%). In particular, HM increased the hospitality and participation in exhibitions held by others, organizing fewer 'in-house' exhibitions. Such performance reflects the image of a 'proactive organization' as presented by our respondents. Moreover, it marks a clear shift from the Museums Department administration. According to reports from the Museums Department, Maltese museums participated in no more than 9–10 exhibitions in 2000 and 2001, which were mainly organized or hosted by the National Museum of Archaeology and by the Fine Arts Museum (these considerations are merely conducted on a quantitative base and no judgements on the quality of HM's activities are implied).

Maltese cultural heritage attracts a large audience, welcoming every year an average of 1 million visitors. However, this should not be taken as an achievement specific to HM, as the number is in line with that registered by the Museums Department before the founding of HM (Department of Museums Report 2001). On the contrary, the Annual Reports attest to a considerable decrease in visitors' attendance during the 4 years of activity (–12% between 2003–2004 and 2005–2006). Moreover, HM is not satisfied with the composition of its audience: 'Visitors are about 1 million, but the Maltese component is negligible, except for the schools. Our national cultural heritage is taken for granted, it is not enough appreciated by the local population yet' (Head Visitor Service division). Also, in the SWOT analysis drafted in the Business Plan 2006–2009, the agency recognizes that tourists seem to have higher expectations from their visits to museums and sites. All in all, HM's operational results are not as high as it is might appear at first. HM largely increased its activity, but this did not produce (yet?) an adequate response from the visitors' side – either in terms of increased audience, its composition (still mainly tourists), or visitor satisfaction.

Discussion

The following discussion is organized in two parts: first, we will look for patterns of managerialism in the Maltese reform; second, we will reflect on specificities and similarities among different cases of managerial transformation.

From public administration to new public management (NPM)?

To what extent can the transformation of the Maltese cultural sector be ascribed to the NPM trend? With the establishment of HM, managerial autonomy was formally devolved from the State to a new operating agency, yet under a framework set by the Government and enforced through contract (Fertle 2002) – a typical form of new public organization which is 'privately run, but publicly owned' (van Hemel and van der Wielen 1997; World Bank 2005). Moreover, a shift in emphasis from process to output accountability (Hood 1995) started to occur by placing greater focus on activities and strategic planning, rather than juridical tasks or bureaucratic procedures. What pushed the reform through was a new entrepreneurial management style, which was more value-orientated and people-orientated. In addition, establishing a CEO position with an expanded and more directive role (as compared to the previous public administration model), as well as requiring managerial skills for the senior team, is all part of the NPM shift.

However, in most NPM research, the gap between the rhetoric of the transformation and how much discretion is actually delegated remains either unaddressed or unclear (Fertle 2002). In the case of HM, managerial autonomy for human resources management (HRM) and financial accountability are central to the reform. As for the former, although the real development of a culture of human resources took place (see the CEO's emphasis in empowering, involving, training, and rewarding the personnel), our processual analysis revealed that more than half of HM's employees are civil servants directly transferred from the Museums Department without assessment, selection, constraints, budget, or a plan for human resource needs. Moreover, all human resources policies concerning recruitment, upgrades, and restructuring of the organizational design are still dependent on ministerial approval.

As for financial autonomy and accountability, compared with the previous administration, HM has its own budget and its own financial and business division. The documental analysis, however, revealed an ambiguous situation – there is no rule concerning the return of savings or the covering of deficits by the Government. In this respect, HM is accountable for 100% of resources, yet the extent of its responsibility and autonomy actually depends on a continuous bargaining process with the Ministry for the amount of public funding and the use of surplus. Taken together, these observations make the reform appear more controversial (rhetorical?) than it claims to be. Put differently, the establishment of HM did entail major changes toward managerialism in the Maltese cultural sector. However, a deeper analysis showed elements of ambiguity and inconsistency – revealing a gap between the rhetoric of the reform and the actual conditions for managerial discretion.

Comparing cases

To what extent is there anything specific to the HM case history beyond the general echoing of managerialism in the cultural sector? We offer an international comparison with the BM and Pompeii, which have been the objects of previous research on cultural sector reform (for a comprehensive analysis see Zan 2000, 2002, respectively). Although we are dealing with different realities (the BM is a large museum and Pompeii is a large archaeological site, while HM is composed of smaller museums and archaeological sites), what makes the comparison interesting is that all the reforms were informed by the same general logic of managerialism in terms of rationalization of public expenditure, decentralization, and increased local autonomy. This same logic gave birth to completely different administrative solutions when the institutional design, the accountability system and the HRM were considered. Overall, the impression is left of a more radical and consistent managerial reform at the BM, an incomplete and contradictory one for Pompeii, and a blurred one for HM. Building on previous NPM research, we claim that these differences can reflect diversities of traditions (a Civil Law culture, a Roman Code culture and a hybrid one).

Our comparison is organized around three main features for which specificities and commonalities of the three cases will be highlighted (a synopsis is provided in Table 2), including institutional design and organizational structure, accountability and incentive mechanisms, and human resources and managerial discourse.

Institutional design and organizational structure

The restructuring of the institutional design is a typical feature of NPM reforms. What is interesting is to explore how the restructuring process arose differently, and what this implies in terms of legal status and governance solutions. The genesis of the reform for Pompeii and HM was law-driven, while for the BM it arose from practice and a consultancy report. Moreover, Pompeii and the BM were existing entities, while HM was created. Very different solutions in terms of legal status were endorsed. Legally, Pompeii remained a local branch of the Ministry; the BM became an autonomous 'non-departmental public body' sponsored by the Government's Department for Culture, Media and Sport, and HM was set up as a national agency (body corporate having a distinct legal personality) functioning as the operating agency of the Ministry.

Regarding the top management and governance structure, a controversial dual structure was designed at the BM (the introduction of a managing director parallel to the director, at least until 2002, when the two positions were reunified) within the board of trustees as governing body. A board of three directors was designed for Pompeii, composed of the Superintendent and another archaeologist, plus the 'City Manager' with managerial and finance skills. A Board of Directors (composed of 5–9 individuals with background in heritage management and conservation); the establishment of a non-executive Chairman, and the introduction of a CEO with managerial competences (rather than scientific ones) were established for HM.

BM and HM share a more radical view of managerialism, with relatively less power accorded to professionals at the top level, compared with Pompeii. Controversies have been pronounced at the BM, including tension within the unions,

Table 2. Managerial transformation in cultural heritage: an international comparison.

| Issues | Pompeii | British Museum | Heritage Malta |
|--|---|---|---|
| (a) Institutional design and governance structure | Law-driven Reform of pre-existing entity | Consultancy report Reform of pre-existing entity | Law-driven Brand new entity |
| Legal status | Local branch of the Ministry | Non-departmental public body | National agency |
| Governance structure | Three directors (Superintendent, Senior Archaeologist, and City Manager) | Dual structure: director + managing director (then unified) | CEO with managerial skills |
| (b) Accountability, 'business model,' and incentive mechanisms | Partial accountability: financial statement not including personnel costs | Full accountability: ordinary accounting system | Full accountability: ordinary accounting system |
| Information disclosure | No access to documents | All documents are publicly available (website) | All documents are available on request |
| Business model | 'Messy': income from tickets (used for extraordinary expenses); ministerial grant for part of current expenses; and personnel expenses accounted for and controlled by Government | 'Elegant': one-block grant | 'Traditional': yearly application for public funding + earned income from tickets and other sources |
| Incentive mechanisms | Partial responsibility (top management not accounting for 2/3 of the budget, i.e. personnel costs) | Top management fully responsible for surplus/deficit | No incentive mechanism: continuous bargaining process with the Ministry for public grant, destination of surplus, and HRM decisions |
| (c) Human resources management | Perverse mechanism: outsourcing would benefit the Ministry while charging the superintendent | Full incentive mechanism | It should be noted that with the one-block grant solution, the BM top management is totally responsible for surpluses and deficits, with total autonomy in deciding how to manage resources. Pompeii is an example of partial responsibility and the top management is not in charge of personnel costs – about 2/3 of the overall resources spent in the site. There is also a perverse mechanism in this solution, whereby any outsourcing decision aiming at increasing efficiency would benefit the Ministry budget (reducing personnel costs) and penalize Pompeii's financial statement (expenses for outsourced service would then be charged to it). HM is given a considerable, but controversial level of autonomy, due to the ambiguity of the law. Both the budget and the destination of HM's surplus are subject to negotiation |
| Human resources | Totally upon Government | Private-like | Private-like, yet ministerial control |
| Managerial rhetoric | Poor | Redundant | Redundant and partly misleading |

harsh criticism by specialists, and debate in the press. Similarly, serious criticism surrounded Pompeii, particularly in terms of the implementation of the reform, with persistent political interference (the second 'City Manager' was a retired air force General, a bizarre background for such a position). Very little controversy, on the contrary, seems to have taken place in Malta – demonstrating a more legitimate process.

Accountability and incentive mechanisms

The concept of accountability is central to a genuine NPM transformation. Through the process of change following the Edwards Report, the BM established an ordinary accounting system, producing an annual report according to accounting standards. HM also presents an ordinary financial statement, although the first 2 years had no accounting director, resulting in a delay in the development of such crucial documents. Pompeii presents a 'partial accountability,' with a financial statement that does not consider personnel costs. In all cases, the typical public sector centrally itemized budget is eliminated. In this sense, a very specific kind of administrative flexibility seems to be a common aspect in these processes of institutional transformation (i.e. getting rid of the itemized budget).

Information disclosure – also associated with NPM – presents striking differences. The BM financial statement can be easily downloaded from the museum's website, as well as the minutes of the board meetings! You get what you ask for at HM (both publicly available and internal documents), and you cannot get anything from Pompeii as documents are not publicly available.

The business model (the financial mechanism of income and costs characterizing each entity according to its institutional design) is very different in the three cases, including a highly consistent solution of a one-block grant for the BM which receives money from the Government according to a unique, long-term decision. The BM is largely funded by public resources, plus some individual commercial activities, and it is in charge of all running and development costs. The Pompeii solution is incredibly messy, where the entity earns resources from tickets to be used for extraordinary expenses (restoration), while the Ministry still covers (a bit of) current expenses, and where personnel expenses do not appear in Pompeii's budget, but are completely accounted for and controlled by the Ministry. The more traditional solution at HM has the agency applying to the Ministry for public funding through a yearly budgeting procedure, integrated by additional income earned by tickets and other initiatives.

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between HM and the Government – the public control over financial resources is still high, thus undermining any incentive mechanism.

Human resources and managerial discourse

HRM is one of the most crucial issues of managerial reforms. The differences between the three cases are great in this respect. HRM at the BM totally takes advantage of private-style rules and styles (e.g. the direct ways in which the top management was able to solve 'shoe allowances' issues). Pompeii totally lacks this opportunity, since the 'City Manager' was neither given the power to hire anyone nor to bring in his own 'team' – the personnel is fully recruited at the Ministry level, according to public competition rules. HRM has shown to be controversial at HM. On the one hand, the reform accorded autonomy to the CEO in introducing private rules, styles, and redefining numbers and skills of employees over time. On the other hand, human resources policies remain subject to ministerial control.

As for the absorption of management discourses, the HM case shows a generous production of strategic plans, business plans, and institutional reporting on the private corporate model. Although formal, redundant, and rhetorical in many parts, these documents are capable of focusing attention and setting priorities. Interestingly, this happened at HM perhaps more than at the BM, but nothing of this kind can be found in Pompeii. Management style is obviously involved, particularly at HM, where in all of the interviews we noticed a diffused and redundant rhetoric: 'to be outward looking,' 'to welcome our guests, instead of admitting visitors,' 'challenges and not weaknesses,' 'mission and statements,' 'to build teamwork versus individualism within the organisation,' and 'from object-based culture to a people-based organisation,' etc. In this regard, HM seems much closer to the BM style. See the Edwards Report (a typical example of best practices and 'general management handbook prescriptions'), where some of the same expressions were used and later criticized, such as 'strategic approach,' 'modern managerial practices,' 'outward/inward looking,' and 'flat organization,' etc. Compared to the Anglo-Saxon managerial culture in general, the Pompeii transformation is much less rhetoric-driven.

Under similar pressures, a huge variety of solutions can be found under the general label of managerial transformation. In terms of accountability, responsibility, and actual autonomy, the impression is left of a more consistent pattern for the BM, an incomplete and contradictory solution for Pompeii, and a more blurred one for HM. It can be argued that HM is closer to the BM and the Anglo-Saxon 'arm's length principle' in the NPM. Yet, HM is closer to Mediterranean/Italian culture, with a law-driven, incomplete transformation (more formal than substantial when it comes to complete responsibility), yet still centralized in practice. Furthermore, both HM and Pompeii suggest the possibility of forms of hybridization between 'new' trends and local administrative trajectories, particularly in countries with a tradition of direct involvement of the State in the administration of the arts.

Conclusions

Drawing on the NPM literature, this paper has responded to the call for field research on managerial transformation in the public sector – particularly in cultural

heritage. We presented a case history (the devolution of the Maltese cultural heritage management to an operating agency), reconstructing how organizational processes and discourse were shaped and what practices were transferred and introduced. The Maltese reform can be referred to the NPM in its intent and in the way it was interpreted by HM's top management. However, a deeper analysis showed elements of ambiguity and inconsistency, revealing some gaps between the rhetoric of the reform and the actual conditions for managerial discretion. In fact, our analysis attempted to address the issue of managerialism in a non-simplistic way, stressing its rhetorical nature. The underlying framework unpacks individual components of managerial change (institutional design and governance structure; accountability, business model, and incentive mechanisms; human resources and managerial rhetoric), while focusing on dynamics at this level.

Furthermore, the same framework helps us in the cross-country comparison, investigating common patterns and differences in the three experiences of managerial transformation. We found that HM shares some elements with the BM experience (e.g. the 'arm's length principle' and the diffusion of managerial talk) and others with the Pompeii experience (e.g. a law-driven and partial reform). Above all, the comparison showed the extreme specificity of every administrative solution. These processes share similar labels and respond to similar needs of rationalization of public expenditure and enhanced customer service but, as shown, an in-depth analysis discloses profound specificities in the meanings associated with apparently similar reforms in the processes of transformation and in the solutions they enact. In other words, evidence is provided for the argument that NPM and managerialism are a general way to label different public sector restructuring processes across contexts. One new paradigm for public administration seems not to exist *in practice*. The only new paradigm seems to exist at the *rhetorical* level – the pervasive diffusion of managerial discourse.

As an implication for museum management, what emerges is that managerialism does not determine more efficient and effective processes, better planning and enhanced performance *per se*. Behind the generic labels of autonomy and accountability may hide inconsistencies in practice. New managerial rhetoric matters and new planning tools matter, but they are just components in a much more complex process. Although they might matter in that they create shared meanings, commitment and corporate identity, what really matters in order to realize change in practice seems to lie in whether conditions of autonomy are actually created or not. It is not sufficient to claim financial autonomy, when not only the budget, but also the use of an organization's earned income is controlled by the State – as in Malta, or when only 1/3 of the budget is under an organization's control, like in Pompeii. Understanding specificities and problems is fundamental in managing change, and the obsession with 'best practices' or generic managerial 'recipes' risks misaddressing attention and driving short-lived or rhetorical solutions.

As for the research implications, several observations can be made. First, in-depth field research into processes is extremely valuable in order to address phenomena, understand specificities and the complexities of processes in the real world. Second, longitudinal studies are invaluable, as historical understanding is needed to critically revisit short-term processes and to capture constraints, pitfalls, risks and the sustainability of change. Third, systematic international comparisons, well beyond what was done in this paper and which at present are lacking, are

urgently needed. Such research would then be able to question a hidden assumption that seems to dominate much of the international debate: the alleged superiority of the Anglo-American tradition in management and in NPM in particular, including its 'end of history' status toward which all administrative traditions are thought to inevitably converge.

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Notes

1. As for methods and data sources concerning the British Museum and Pompeii, cf. Zan (2000, 2002).
2. Strengths, weaknesses, opportunities, and threats analysis (SWOT) itself is a typical strategic management tool imported from the private sector, hence interpretable as a sign of managerialism in it.
3. All amounts will be expressed in Maltese Lira (Lm). The exchange rate for 1 Lm is 2.33 € or 3.22 US\$ (July 2009 update).
4. For instance, the Head Finance and Business development was recruited in 2004 (2 years after HM being in operation!). The Finance and Business division has been long understaffed though, being composed by only one professional accountant until September 2005.
5. The Head of the Finance and Business division affirms that, in the complex process of reconstructing *ex post* economic accounts referring to the first two financial years, it is likely – due to the lack of appropriate documentation – that some expenses actually referring to 2003 were entered in the 2004 account instead, thus overstating 2004 expenses.

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