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**Museums and Funding: Practices in Malaysia and
the United Kingdom**

Samihah Khalil

**Thesis submitted for the degree of Ph.D in Social Policy to the
University of Kent at Canterbury**

September 2007

ABSTRACT

In my 1999 research project to investigate the state of public museums in Malaysia it became evident that Malaysian museums had limited autonomy and relied heavily on government subvention. In contrast, UK and USA museums, being historically different, enjoyed diverse sources of funding and a more sovereign approach to achieving their missions. Clearly, there were lessons the Malaysian museums could learn from their counterparts, particularly from the UK national museums.

This research investigates the funding profiles and practices of three national museums in the UK, and three national museums in Malaysia. The UK national museums earned at least 25 per cent of their total income independently, were highly regarded internationally and were leaders in their categories. The Malaysian museums belong to the same category as their UK counterparts—art, history and science—and were the most prominent national museums in the country. The study covers a twelve-year period between 1990 and 2002, which in the UK witnessed the inception of lottery funding, aggressive fundraising and the setting up of museum trading companies. During the same period, tax exemptions were introduced in Malaysia to raise private sector involvement in the arts and culture.

The purpose of the study is to understand the strengths and limitations of relying on contributed revenue and self-generated income by analyzing empirical data from annual reports, interviews with key personnel, funding agreements, corporate plans, bi-annual reports, and government reports among other sources. Museums' *scholar, public and social and customer orientations* were investigated via museum mission statements with the intent to understand what roles museums embrace in their pursuit of social relevance.

This study, the first to look at the funding situation of Malaysian museums, uncovered that national museums in Malaysia are government bodies prohibited from engaging in income generation, and are generally not motivated to become self-sufficient. The Malaysian museums are generally lacking in their consumer orientation, but there is one among them that is strong in its public and social orientation. In contrast, UK museums are racing towards a more sovereign state of being, while Malaysian museums are still in a formative stage. English museums are more diverse and resourceful in income generation, embracing multiple orientations and moving firmly into a consumer-orientated approach. In the comparative dimension of this study good practice models from the English museums are presented. It is evident that self-generated income must play a more prominent role in the funding formula of government-supported museums in Malaysia.

ACKNOWLEDGEMENTS

I would like to thank Universiti Utara Malaysia, for giving me the grant to conduct this study. Everyone at the School of Social Policy, Sociology and Social Research, University of Kent at Canterbury, thank you for all the assistance I received during and after my stay. I also must thank my supervisor, Dr. Mark Liddiard, for his support.

I am grateful for the tremendous support I received from Dato' Dr. Adi Taha at Jabatan Muzium dan Antikuiti, Mr. Jayanath at Pusat Sains Negara, and Mrs. Zanita Anuar at Balai Seni Lukis Negara. I also benefited immensely from the help of the staff at Jabatan Muzium dan Antikuiti, Muzium Negara, Pusat Sains Negara and Balai Seni Lukis Negara. I am also particularly indebted to Mr. John Card from the Imperial War Museum, Mr. Alex Beard from the Tate Gallery, Mr. Neil Greenwood from the Natural History Museum, Mr. Peter Field from the Northampton Museum and Mrs. Rita McLean from the Birmingham Museum and Art Gallery. Many thanks to all members of staff at all the UK museums in the study for your invaluable help, it has been greatly appreciated.

To all my friends, too many to mention here, thank you for your love and encouragement.

I am most grateful to my beloved parents, to whom I owe something un-payable and incalculable. To my daughters, Ingrid and Amanda, thanks for your understanding and love. And, to my husband Luis, you challenged me to prove myself, I hope I measured up. No one has ever supported me more than you have.

Lastly, the thesis is dedicated to museum professionals in Malaysia and other countries who hopefully would benefit in some small measure from this study.

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CHAPTER ONE

INTRODUCTION

Background

My love affair with museums started in 1999 when under my guidance my research team at Universiti Utara Malaysia won a consultation work for the Ministry of Culture, Arts and Tourism Malaysia (MOCAT) to examine the condition of museums, galleries and archives in Malaysia. The project included a benchmark study in education, marketing and information technology- to contrast the quality and level of museum provisions among selected well-known museums in Malaysia, the UK and the USA. Those selected overseas museum enjoyed the benefits of having diverse sources of income – i.e. contributed revenue and self-generated income. The British Museum, the National Gallery London and the Smithsonian Institution, for instance, were engaged in commercial activities via their trading companies, the mail order trading of the Smithsonian Institution was a successful activity in income generation, and overall the reputation of those museums was enhanced by their income generation activities. In contrast, most public museums in Malaysia were funded by annual budgets or grants from the federal or state governments and their income generation activities were very limited. We found that there were restrictions imposed on public museums to engage in business activities and there was also lack of initiative on their part to pursue income generation, as it was not seen as an important duty of public museums. This is the context in which I began my research on museum funding in Malaysian and the UK.

Purpose of the Study

This thesis attempts to study the trends in contributed revenue and self-generated income and will discuss vital funding issues found in Malaysia and UK museums. The investigation of contributed and self-generated income covers a 12-year period, from 1990 to 2001. The main task of this thesis is to construct a funding profile of national museums in the UK and Malaysia. Very little empirical data exists on the topic of contributed and self-generated income for museums in both Malaysia and the UK, therefore this study will contribute to the body of knowledge in the wider issue of museum funding diversity. The underlying central argument of this thesis is that both contributed and self-generated incomes are critical to a museum's wellbeing and that museums in Malaysia could learn from their counterparts in the UK, particularly in relationship to self-generated income.

There is some evidence that museum orientation is affected by the relationship to its funding sources. For example, in the case of government-sponsored museums, such as the national museums of Malaysia, their long tradition of relying on government subvention has inevitably caused them to pursue roles that the government sees as suitable to the national agenda and that do not necessarily spring from their mission statements—Muzium Negara being a classic example.

At the onset of the study I intended to identify what orientation museums have today as a result of changes in their funding climate. I argued that with a mixture of contributed and self-generated income, a museum depicts a certain orientation in order to suit its funder. However, time limitation made it impossible to cover this part of the research in detail. Therefore it is beyond the scope of this study to establish a

definite, quantifiable relationship between museum orientation and funding.

Nevertheless some empirical evidence is uncovered in this study which points in this direction, in particular in the examination of the mission statement of museums.

The UK national museums selected for this study are institutions well respected at the international level and have demonstrated excellence in several areas of museum work. This study intends to make a contrast between English and Malaysian museums whereby the former have demonstrable longer experience than the latter. In the comparative dimension of this study, I seek to identify good practices from the English museums and the lessons Malaysian museums could learn from them. This exercise is called “industry best practice” (see Kouzmin, Loffler, Klages and Korac-Kakabadse, 1999). In performing this aim, first I will present the funding context and profile of each set of national museums in the UK and Malaysia, and from this I will highlight best practice in the conclusion chapter.

Twelve years is an adequate period of time to investigate what changes have taken place in regards to contributed revenue and self-generated income in Malaysia and the UK. I have selected 1990/1991 as the starting point and 2001/2002 as end of the period as at the time I started my data collection it represented a reasonable window into the recent past as well as afforded me the latest and most up to date records for the study.

During this period, the lottery funding came into being in 1994 and added to the sources of contributed revenue available to museums in the UK. Also, and very significantly, the trading companies of the selected museums were officially

established during the same period. Moreover, during this time, official reports of their operations were being included in their annual reports for the first time. The pursuit of self generated income by museums was also gaining momentum thanks to the Association of Business Sponsorship for the Arts (ABSA, now known as Art & Business), according to which the amount of business sponsorships to museums grew to the highest, £80 million in 1997.

As for Malaysia, the period of 1990-2002 covers one significant event where the federal government introduced a tax exemption in 1996 for financial contributions to museums as a tool to encourage a stronger private sector role in supporting museums.

This study aims to show how vital contributed revenue is to museums' overall operations and how precarious the government money could be to their survival. It intends to find out what challenges museums face when they are dependent on government funding as well as explore their concerns regarding the contributed they receive. Weil (1995), a scholar from the Smithsonian Institution, argues that money does matter for museums as it serves as a means to survive, but he goes on to state the paradox that more does not necessarily mean better because the issue of absolute amounts should not outweigh other critical features of money, i.e. its source.

When faced by financial pressures how much it takes for museums to be forced to seek for additional income? This study also raises questions such as what other factors prompt museums to find alternative funding sources? For those museums that have shown capability in generating income, could this supplementary income help to strengthen their financial ability? What are the concerns and difficulties museums

encounter when raising money through commercial activities? When a museum finds that both contributed revenue and self-generated income are equally critical, shall this be the desirable funding mix for its well-being and for its future?

There are certain areas where the English national museums do decidedly better than the Malaysian counterparts such as in the policy area and income generation activities. With this in mind, the study hopes to be able to draw attention to areas where better practice lies and how it affects the recipient museums.

I shall now introduce museums in the study.

Museums and the National Context: The UK

In the UK, I have selected three national museums- the Natural History Museum (NHM), the Tate Gallery (Gallery) and the Imperial War Museum (IWM) each representing science, art and social history museums respectively. These three museums are also non-departmental public bodies sponsored by the Department of Media, Culture and Sport (DCMS). These three museums are of 'national' status under which they are subject to primary legislation enacted because they hold collections of national importance. I have included for the interviews two local authority regional museums- the Birmingham Art Museum and Gallery (BM&AG) and the Northampton Museum, both funded by their respective city council, representing regional museums.

The NHM was established in 1753 by the first bequeathed collections of Sir Hans Sloane, a physician. Initially, the NHM was a department of the British Museum until

it became independent under the British Museum Act of 1963. Subsequently, under the Museums and Galleries Act 1992 its statutory name was formally changed from the British Museum (Natural History) to *The Natural History Museum*. In 1987 the responsibility for the NHM was passed from the Department of Education and Science to the Office of Arts and Libraries. Subsequently it was subsumed within the Department of National Heritage (DNH). Its funding is administered as a grant-in-aid, and like the Tate, it is clearly stated in the Financial Memorandum with the DCMS. This sets out the conditions for payment of the grant-in-aid to the trustees out of monies provided by Parliament (The Natural History Museum Account 2001-2002).

NHM is a recognised charity exempted from registration under the Charities Act of 1993 and it is one of the world's foremost resources for natural science, with magnificent collections and groundbreaking research expertise (www.nhm.ac.uk/about-us/corporate/museum-governance/index.html, 12/1/2007).

The IWM, the youngest museum among them was founded in 1917 to record the Great War and the contribution of the "people of the Empire" to it (The Imperial War Museum Account 1999-2000). Its remit was extended in 1939 to include World War II and in 1953 to include all aspects of all conflicts in which the forces of Britain or the Commonwealth have been involved since August 1914. Founded on a somewhat different premise from that of the NHM, the IWM has as its goal to inculcate celebratory virtues (Weil, 1997)--just as the Tate celebrates 'acknowledged masterpieces' and the Natural History Museum celebrates humankind's place in nature.

The IWM is thus the national museum of twentieth-century conflict. It illustrates and records all aspects of modern war and of the individual's experience of war, whether allied or enemy, service or civilian, military or political, social or cultural. Its role embraces the causes, course and consequences of conflict and it has an essentially educational purpose. In addition to its conventional museum role, a major national art gallery and archive of written and audio-visual records, and a research centre are part of the IWM. Apart from its main site in Lambeth Road, the IWM has three major branches - Duxford Airfield in Cambridgeshire, HMS Belfast and the Cabinet War Rooms in Whitehall.

A Board of Trustees governs the operation of the IWM and it comprises a President (HRH the Duke of Kent) and twenty-one other Trustees of whom seven are appointed by Commonwealth Governments. Its chief executive officer is the Director General who is also the Accounting Officer. IWM is partly funded by a grant-in-aid from the DCMS and the other sources of funding are self-generated.

The Tate Gallery was founded in 1897 and initially was administered by the Board of Trustees of the National Gallery. Only in 1917 was its own board established and in 1955 the Tate was declared an independent institution when the National Gallery and Tate Gallery Act 1954 came into force. The Tate houses a national collection of pre-eminent British paintings from about 1545 until the 21st century and has a large collection of paintings and sculptures in Tate Britain, Tate Modern, Tate Liverpool and Tate St. Ives. In March 2000 the Trustees launched a new organizational identity, re-branding the Tate Gallery as 'the Tate' but for statutory purposes the corporate

body remains the Board of Trustees of the Tate Gallery (Tate Account Report 2000-01). When the Museums and Galleries Act 1992 superseded the 1954 Act, the Board of Trustees of the Tate Gallery comprised twelve members, whom are appointed either by the National Gallery Board of Trustees or by the Prime Minister. The Board elects the Chairman and at least three members of the Board must be practising artists. The Tate's director is appointed by the Board of Trustees with the approval of the Prime Minister.

Museums and the National Context: Malaysia

Anyone who wants to study core funding aspects of public museums in Malaysia has to admit that there are two museums that unavoidably must be included in his or her study - they are *Muzium Negara* (the National Museum) and *Balai Seni Lukis Negara* (the National Art Gallery). Both represent the country's most visited, receive the largest federal budget allocation and attract large private and corporate donations. They are the leading collectors and custodians of Malaysia's national heritage in their respective area. The relevance of these two institutions can not be dismissed in my study. I discuss further on the institutional background of these two museums in Chapter Six.

I have also selected *Pusat Sains Negara* (the National Science Centre) to represent a premier institution of national interest in science and technology. It functions as a science centre rather than a museum, *Pusat Sains Negara* (PSN) is the biggest and newest department museum in the country. Officially opened in 1996 under the Parliamentary Act 1992, inclusion of PSN in my study will widen the context of

public museum funding at the federal level. All of these museums are located in the capital city of Kuala Lumpur.

Unfortunately, due to time constraints I have had to exclude Malaysian state and independent museums from this case study. However the three Malaysian museums I have selected represent museums in history, art and science categories respectively, which are equivalent to what I have selected for my English museum sample.

A world of caution is needed at this point, and that is that this study does not intend to make generalisations about other museums in the two countries, particularly because they are not identical in many ways. The museums in this thesis do differ in their history, general profiles and in their specific funding circumstances. Thus, whenever is appropriate, suitable comparisons will be highlighted.

Funding – contributed revenue and its challenges

Taking funding as a key phenomenon affecting museums, Weil (2002) argues that *money* is one of a myriad of factors attributed to the revolution of western museums and in defining museum success he states:

So long as the museum is able to secure the resources (whether earned or contributed) necessary to meet its operating costs, it can be considered successful... The well-managed museum, conceived in the romantic mold, would be both externally strong in its fundraising and other development activities and internally proficient in its utilization of budgetary and controls to monitor expenses and maximize staff productivity. (p. 103)

However, museums want more, they want to grow, and as in the case of the Tate Gallery they have ambition to be self reliant and be the masters of their own destiny.

Carruthers (1994) observed that, in terms of resource dependency theory, organisations that are diverse have more autonomy. In examining the structural dependence approach of an organization he has this to say:

Insofar as an organization depends on a limited course for critical resources lacks autonomy and its action can be constrained. If numerous alternative sources exist, however, or if direct control over critical resources is established, an organization can increase its autonomy. (p. 23)

One of the distinctive features of museum funding which has evolved over the past two decades is the diverse forms in financial support they receive (Lord and Lord, 1997). Most museums in the UK, for example, received revenue from many sources such as governments, businesses, corporations, foundations, trusts and patrons who support their missions as their *raison de d'être*. National museums particularly are the best example of institutions well endowed with diverse funding sources, attracting central government, businesses, private donors, foundations, other government bodies and international founders.

Most national museums in the UK receive a portion of their revenue in the form of direct central government grants-in-aid, whilst the local authority museums are funded from local taxes collected by city councils--which in principle is money from council tax and it is the most traditional source of income.

The national museums have for ever been the largest recipients of the central government funding to museums in the UK. There were endless arguments, agreements and disagreements when government expenditure started pouring into the arts and culture, prompting some scholars to study the impact this had in the economy (Myerscough 1988). Myerscough's pioneer study of the economic impact of the arts in Britain gave rise to the view that museums and the national heritage sector make important contributions to the British economy. Seventy three million attendances were estimated by museums and galleries in 1985, with 25.1 million admissions alone at national museums and galleries, which attracted the largest share of visitors.

Apart from the regular commitment shown by today's government in supporting museums, the role of the UK government recently has been augmented by the introduction of the lottery fund, in which the government, via the Heritage Lottery Fund, plays a great part in deciding how the money shall be distributed to museums for capital and development expenditure (Resource, 2003). Having awarded £3 billion since 1994 lottery support grew into one of the most significant sources of non-government funding for museums (Heritage Lottery Fund, 2004). National museums, having a significance reputation for their collections and manpower have been identified as qualified recipients for the lottery fund (Selwood, 2001).

One of the limitations faced by museums as a result of their dependency on government funds is that the amount of money they are granted fluctuates along with the government's availability of funds. Whenever government revenue is depleted or during periods of high inflation, museums find it hard to ask for a larger budget. Instead, they are encouraged to improve their efficiency levels in utilising resources

(Wilding, 1985). In making cost savings, for instance, museums could either spend less while not lowering output or increase output at the same cost. This step provides a short-term solution only and with the myriad problems associated with public funding, museums are forced to look for other ways of strengthening their financial stability for the long term. The UK Minister for the Arts at the time (in Wilding 1985) argues that since it is in the nature of museums to be insatiable about expanding their collections, their spaces and their activities, they are under constant pressure for more funds.

We (the government) will keep up the value of the public subsidy if we can; what we cannot promise consistently with our general policy is any sizeable real increase; expansion, additions, new departures are going to be financed in other ways; it is up to the museums and galleries to decide how (Wilding, p.122).

Government support to museums in the UK comes with strings attached. Following the election of the New Labour government in 1997, social inclusion as a policy has been demanded in social policy, economic development and the cultural arena (Sandel, 1998). Museums are being asked to assume new roles and develop new ways of working as agents of social inclusion where disenfranchised and marginalised groups must be targeted. In respect of getting funding within a climate of accountability and competition for scarce resources, museums are facing pressure to present convincing cases for their role and value to society. In these conditions, recipients of government funding have to acknowledge that policy demands on them is a string that comes attached with any money they ask for.

In Malaysia on the other hand, the federal government is the biggest and the only financial supporter for museums of national and federal status. Most government-funded museums in Malaysia act primarily as revenue 'spenders', as opposed to revenue 'raisers', to borrow a term from budget specialist, Thomas Lynch—his terms are certainly useful in describing the budget reality of Malaysian museums. Similarly, Lord and Lord (1997) use the terms 'cost centres' or 'budget holders' to describe institutions, such as these museums, which depend entirely on government subvention--the Royal Customs of Malaysia would be a typical revenue raiser department. For example in 2001, Malaysia's first national museum, MN, received an allocation of RM1.43 million from the Malaysian federal government in contrast to its self generated income which was only RM0.22 million. Lynch and Lord and Lord's terminology illustrates the Malaysian situation quite well.

Perhaps one of the most extraordinary characteristics of national museums in Malaysia is that, as public entities, they are prohibited from generating their own income, unless they are granted approval from a higher authority.

The Push Towards Self-generated Income

Considering the limitations museums in the UK have experienced in relying on government funding, the need to guarantee financial stability has pushed museums to seek out income from independent sources. Many reasons have prompted museums to be in the 'business' of looking for additional resources. Some museums find it increasingly difficult to survive on government allocation especially in the era of declining government revenues. For example, the British Museum receives 30 per cent less government funding than it did a decade ago and the Great Court project,

which has now been completed, adds to the need for additional funding as there is no government provision for the costs of running the Court (BBC, 21/7/2002).

Many museum practitioners believe that, besides having a right to public money, museums have a duty to supplement their contributed revenue with other resources to fulfil the policies and missions of their institutions (Fishel, 1993). The pulling factor, seen as desire to diversify their income sources, is perpetuated by claims that self generated income will immensely strengthen their financial independence (Weber, 1998) and autonomy (Alexander, 1996), which cannot be enjoyed when they are dependent on contributed revenue.

For the English national museums, the idea of generating their own income was coined by the Conservative governments in late 1980s under plural funding, which wanted to contain public expenditure on the arts (Shaw, 1993). Many museums have been allowed to seek additional income from other commercial and market-based initiatives as long as these efforts do not conflict with their mission (Hewinson, 1995).

To assist museums in generating income through business sponsorship, museums were suggested to build professional relationship, for instance, with the Association for Business Sponsorship of the Arts (ABSA) which was established in 1976 to marry business with the arts. The ABSA provides professional advice and services geared toward developing private/public funding mix and creating partnerships to increase benefits received by museums. Shaw (1993) claims that with the new government initiative on plural funding and the contribution made by the ABSA the funding mosaic has changed. The mixture of public and private monies has continued to grow

up to the present and by now it is an established feature in the museum funding landscape.

Lottery funds provided impetus for the fundraising activities of museums, requiring them to gather matching sums on their own in order to qualify for the fund. This has turned some museums into partners with the private sector, thus increasing business sponsorship activities. Thus, the lottery funding has motivated some museums to increase self-generated income activity.

Following the era of business sponsorship, more attention has recently been paid to museums' capacity for generating funds from their own operations and 'untapped' wealth. Large museums have responded by setting up trading companies to manage trading activities professionally.

There are many creative ways in which museums can garner income, ranging from charging entrance fees for temporary exhibitions (as they traditionally have done) and sales from souvenir shops and cafés to e-commerce and sales of merchandise on-line. With increased entrepreneurial spirit, many museums have started launching membership schemes, renting their space for corporate hire, raising money for temporary exhibition, charging licensing fees for their collections and engaging staff in consultation work (Lord and Lord, 1997). Absolutely, there are plenty of self-earning activities waiting to be tapped and this view is increasingly being embraced by museums.

However, generating income is not an easy task. In getting sponsorships, the problem is two-fold. First, as observed by the director of ABSA, “*there was a surprisingly degree of business naiveté. Few firms could make a distinction between a donation and a sponsorship deal*” (in Shaw 1993, p.12). This problem comes from a lack of business experience and places higher demands on the professional staff at the museum side as it implies a need to educate the potential business partner.

Second, since sponsorships are funded for the purpose of business marketing and promotional goals, a conflict of interests is unavoidable, leaving discomfort or at least a sense of submission in one of the parties involved. Alexander (1996) argues that corporations for instance are interested in sponsoring art that has a wide public appeal and is capable of reaching middle-and-upper class audiences, thus their taste and preference has led to conflicts with curators.

Drawing from her research on 30 large American art museums from 1960 to 1986, Alexander (1996) brings to our attention the struggle faced by government-dependent museums which were not allowed to set their own goals but had to conform to the goals of the United States government agencies:

As seen by museum personnel, the operational goals of the NEA are somewhat ambiguous. The written goals of the agency are quite clear: to disseminate art to the people of the United States. The professional, curatorial goals of the individuals who distribute endowment funds may be at odds with these written goals; peer-review panellists may be more interested in esoteric and minutiae than in broadness and massification. (p. 32)

In the US, where business sponsorships in the museum sector flourished in terms of volume and scale, Weber (1998) in his discussion on funding disparities, says that

only large and established museums can enjoy considerable support from private contributions. He further notes that the problem exists because, traditionally, smaller museums and other ethnic-arts organisations have been far more dependent on government grants than larger institutions precisely because the latter receive so much more private support.

This picture is quite similar to that in the UK. A survey by the Arts Council of England in 1997/1998 found only 14 per cent of recipients received £63.8 million or 83 per cent of total sponsorship. The number of arts organisations receiving sponsorships fell whilst there was an overall increase in the value of sponsorship received. Arts & Business reported that the UK private investment in the arts had dropped more than 17 per cent from £43 million in 2004/2005 to £35.6 million in 2005/2006 (Museums Journal, January 2007). This was due to reductions in individual giving, corporate donations, and contributions from trusts and foundations.

In the case of Malaysia, the implicit rigidity in income generation has led many museums in Malaysia to miss opportunities and has rendered them dependent on operating revenue provided by their pay master. Notwithstanding the desire of some of the museum managers in Malaysia for greater involvement in self-generated activities, the current situation has not stimulated the creativity and entrepreneurial spirit of their staff (Ministry of Culture Arts and Tourism, 2000).

Museum Orientation

Museums are built for many purposes. Some are used as community centres for perpetuating a nation's cultural identity (Ardouin and Arinze, 2000), some are established for economic purposes, such as tourism centres (Frey, 1998), yet others are set up to achieve a country's socio-cultural objectives (Bennett, 2004). There are as well various roles played by museums.

In this study I use the term *museum orientation* to describe an institution's choice of role for itself and its ways of achieving its aims and goals as an organisation. These museum orientations are partly the result of having synthesised existing literature on issues related to the museum's mission and purposes in academic disciplines such as marketing (see Kotler & Kotler, 1998 and McLean, 1995); cultural economics (see Frey, 2000 and Hutter, 1998); economics (see Johnson and Thomas, 1991 and 1992); sociology (DiMaggio, 1996 and Alexander, 1996); and museum management (see Weil, 2002, Davies, 1994 and Kawashima, 1997). These authors have already formulated arguments on the subject for which I have coined the term museum orientation. The idea of a museum orientation is also the result of my personal empirical observations of museums and their multiple roles as community centres, autonomous or semi autonomous organizations and cultural points of reference. Principally centred on the museological imperatives underlying museums' work, there are three distinctive museum orientations which receive attention in this study: *the scholar; the public and social; and the consumer orientations*.

A scholar-orientated museum is one which strives to achieve goals and perform functions in activities related to their pursuit of subject-specific mastery and technical

expertise. Based on the historical mission of modern museums, largely founded in pursuit of human knowledge, this traditional role seems to be their inevitable *raison d'être*. We see some museums put scholarship as a primary goal and their organisational functions are designed to ensure that museum resources are spent on outputs and outcomes connected to their curatorial and scholarship concerns. The national museums have been looked upon by the government as institutions primarily having authority in their own area of expertise.

Public and social-orientated museums are those which play a significant role in rendering a service to the public and the community. Hooper-Greenhill (1991) argues that this orientation, has been forced on to museums by government and other purse-holders who have become impatient, demanding social relevance from what they otherwise see as little more than scholarly expertise--which has sometimes been rather tenuously related to the functions of the museum. Weil, one of the scholars who advocates this essential role views the relationship between museums and the public as a revolution in process, taking museums a full 180 degrees, and in doing so museums have transformed their status from one of mastery to one of service (1997, p. 257). In the UK, as public funds become scarcer and therefore museums are more liable to be called to account, museums will become more and more dependent on their services being of real and demonstrable value (Hooper-Greenhill, 1993).

The central focus of public and social orientated museums seems to fit into the social democratic ideology which requires museums to make a commitment to public service by providing educational value for the public. Historically, the UK Education Act of 1918 had permitted Local Education Authorities to provide grant-in-aid to a

museum that supported school visits for instructional purposes (Lewis, 1989). The British Association for the Advancement of Science was a strong advocate of the educational function of museums at the time. Since then, the educational role of the museum has been widely accepted and is expanding as an essential function with many museums providing a wide range of education programme and educational resources designed to support, for instance, primary school curriculum or projects.

Museums that embraced a public and social orientation are encouraged to increase their efforts to understand their visitors by carrying out visitor surveys, audience research, market research- all aimed at shifting their current weight (e.g curatorial-inclined or collection-focused) in line with the idea of service to public as their main priority. The terms 'post-museum' coined by Hooper-Greenhill (2000) which refers to museums that are keen to concentrate more on the use of their collections rather than accumulation of collection is part of the fabric of public and social orientated museum. Hudson (in Kotler and Kotler 2000, p.31) asserts that "*the most fundamental change that has affected museums is that they exist in order to serve the public, against the old-style museum who felt that its responsibility was to its collections, not to its visitors.*"

I propose that once a museum is proficient at both scholar and social and public orientations it takes the next step and is able to embrace a consumer orientation, which places emphasis on meeting the preferences and interests of different segments of museum- audiences, consumers, and clients. Lawley (2003) asserts that the primacy of the market ideology during the 1980s and 1990s brought a shift in focus in museums towards income generation, customer orientation and increased efficiency.

It is true to say that the emphasis of consumer orientated museum is now on the customers, improving processes in order to ensure audiences are benefited and will return to visit, and extending quality offerings. This approach is about giving the best results to the museum's audience.

Another aim of a customer orientation is to provide new ambience and quality facilities. These needs have been a driving force behind facelift projects among major museums in the world such as the Museum of Modern Art (MoMA) in New York and the Art Walker Centre in Minneapolis. Reaching this level, big name museums are definitely making rigorous business-like efforts to maintain their superiority over others. The focus on serving their audiences, customers and clients is a recent phenomenon compared with the traditional scholar and public and social orientations which together contribute significantly to the current financial state of the museums. Kotler and Kotler (2000) are unambiguous in the response to the emphasis on marketing:

Having realistic goals, relating them to the mission and the desired audience, knowing how to lead it, and finding the strategies and tools most effective in reaching the goals, is the best recipe to put forward for museums grappling with issues of change, innovation, and preserving integrity. (p. 272)

A revolution took place in the last decade in the area of museum orientation. The shift in their missions, due to intellectual, ideological and philosophical forces in the middle of which Western museums and societies found themselves, resulted in the development of new orientations. A pronounced shift has occurred in the past few decades when the core of museum operations has shifted from collections to a focus

on public service. In turn this has directed museum energies to offer more public programming in addition to collections and curatorial research and as Weil (2002) notes, museums are forced to do more with less in regard to the resources museums have at hand. Not to mention that another new development has followed in which the process of commodification and commercialisation has been added to their other tasks (Liddiard, 1999).

It is obvious that factors other than income generation are also affecting museum's orientation. The leadership of a museum's directors (see Griffin and Abraham, 2000) and personnel (see Kawashima, 1997; Herrera, 2001) have been discussed by other researchers. I do not aim to sideline other potential elements, such as leadership and human resources, which may be equally capable of explaining the link, but I intend to restrict this research to the funding element only.

Another critical factor affecting museums, specially in Malaysia, is their heavy reliance on a single sources of income i.e. the government. In Wyszomirski's model of cultural financial support, a mixture of organisation-supported income, competitive funding and resources coming from outside donors was seen as a powerful funding formula. Sources other than grant-in-aids are highly precious in supplementing museum income. Museums in the UK are now more reliant on a mix source and it seems that this arrangement shall be a key feature of these museums in the future. The same however, remains to be seen in the Malaysian case as these museums do not yet have the drive nor the infrastructure to pursue such funding mix—this is particularly true of Muzium Negara.

Best Practice

This study does not aim to become a benchmarking exercise, it does however intend to find best practice models, aimed at strengthening the Malaysian museums. In order to understand best practice models we will first review some of the concepts and principles offered in the literature.

The concepts and principles of benchmarking in the public sector have received limited attention (Magd and Curry, 2003). Much of the literature and practice of benchmarking has been developed in the private sector with limited evidence of successful benchmarking exercises in the public sector (Magd and Curry, 2003; Yasin, 2002). In benchmarking, organisations that demonstrate significant elements of best practice in their areas of work will be benchmarked by their competitors or similar institutions. The advantages of benchmarking are that one can compare its performance to that of other museums and can monitor how one's performance has changed over time. It is then that a relatively high standard performance of one museum can become a model for another. For example, some national museums have demonstrated improved corporate governance and have provided incentives for others to raise their standards.

I do believe that benchmarking has a central role to play within public sector although competition is not a practice among similar service providers. In public sector it makes sense for an organisation to look for leaders in the sector in order to improve methods and processes. In the UK museum sector, the Group for Large Local Authority Museums (GLLAM), an advocate group for the large urban services,

had encouraged among its members to do benchmarking and according to its manifesto:

GLLAM provides a framework for benchmarking so that we may learn from each other, and so that we are able to promote our immensely valuable work in areas such as combating social exclusion, and in economic regeneration. We will share best practice across the sector, and share expertise to maximum advantage (Lawley, 2003 p. 81).

According to Lawley, benchmarking provides meaningful qualitative forms of performance which are essential for reviewing museum services. As a consequence of these efforts, other benchmarking exercises started to rise among museums with some seeking to compare size of the museums, nature of collections, services and funding. For instance, the Tyne and Wear Museums and the Bristol's Museums, Galleries and Archives had made a benchmarking study on social impact of museum services and the result of the study was the development of the 'logic model' intended to broaden and strengthen the audience policy for museums and galleries by giving importance to the social inclusion issue (Dodd and Sandell, 1998). The benchmarking study uses visitor's profile, an indicator of museum's performance.

An important fact to keep in mind when looking at selecting benchmark museum in the UK is to choose museums that demonstrate quality in performing tasks in their core areas such as acquisition, conservation, curatorial, exhibition and public programming. Museums especially national are expected to set a performance targets upon receiving government funding. No money is given in the dark without knowing where it goes.

Performance is very much related to the principle of accountability in resources used. Accountability is a pre-eminent requisite for government bodies, so performance targets have been introduced to national museums to strengthen the accountability principle, which is one of the key considerations in a public sector benchmarking exercise. Government in the UK and Malaysia use accountability as a tool to demand museums to adhere good governance in using public money.

Having explained the purpose and themes of the study; the diversity of museum funding, the museum orientations and the intent to identify best practice models, I now turn to the research methodology.

CHAPTER TWO

METHODOLOGY

Introduction

The study addresses three specific issues in the context of funding among the selected museums in Malaysia and in the UK. First, it examines the different forms of revenue and income that museums receive from various sources which are crucial for their survival and enable them to fulfil their mission and purpose. Second, it seeks to provide an understanding of the variety of museum orientations and whenever possible examines the relationship of these orientations to funding practices. Thirdly, the study intends to draw attention to best practices in the area of funding for the benefit of the Malaysian museums.

Having discussed my research questions in the previous chapter, this chapter discusses the terminology used as well as the research design and methodology of the study.

Terms and Concepts

It is necessary to define several terms used in this study. First, the term 'revenue' in this study is used interchangeably with 'income', a practice which is widely used by other researchers. The Concise Oxford Dictionary defines 'revenue' as *permanent money especially in large amounts from any public source in which expenses are met* whilst 'income' refers to *money or other assets received periodically from one's business, work and investment*. Specifically, in my study, museum revenue and

income are used to refer to two types of financial resources- *contributed revenue* and *self-generated income*. *Contributed revenue* refers to *all money received by museums from the government, lottery funds and other public funds which are given out of the duty to support the museums without any direct benefits being expected by the givers*. In forms of grant-in-aid or any other public grants, contributed revenue is given by the government either annually or periodically largely to support operation costs of sponsored museums. Technically, contributed revenue comes from taxes. On the other hand, *self-generated income* is *all money which museums earn from their own initiatives, whether commercially-based or non-commercially-based*. Income from commercially-based activities, for example are net profit from trading and catering, business sponsorships, fundraising, membership and corporate-hire fees. Income from non-business activities such as service fees are charged as token for services. The National Audit Office of the UK (2004) defines self-generated income as *incomes from all sources except from the government grant-in-aid and lottery money*. Therefore, the terms ‘revenue’ and ‘income’ are used for different purposes where ‘revenue’ is to refer to money contributed by public sources and ‘income’ comes from business sources. For convenience, *income* is used when both revenue and income are referred to.

The word ‘source’ (e.g., funding source) refers to where the money originates and flows in from, which most museums can straightforwardly identify and trace. For instance, a source can be a government grant, the heritage lottery fund, the trading income made by a museum’s trading company and admission fees. Other researchers prefer to use *funding* and not *financial support* (see Pick and Anderton, 1980). The term *funding* is then used, generally, to cover both revenue and income.

Research Design

Generally, qualitative design is particularly useful in generating grounded theory where the existing knowledge is limited, while quantitative methods are useful in the confirmation of theory (Glaser and Strauss, 1967). Exploratory in nature, this study uses both qualitative and quantitative approaches in examining its research topics. A judicious mix of qualitative and quantitative analysis is needed to understand the scope of issues this study is trying to examine. With this in mind in this research I apply a systematic form of enquiry (Walliman, 2001) using a reasonable methodology to analyse financial reports to tabulate financial profiles and interviews to uncover themes surrounding funding issues. I shall now explain in greater detail the methodology used in this study.

Data Sources

This research relies on two sources of data: museum annual reports and other official documents. From the museums' annual reports, I use revenue and income data, performance targets and museum missions. I also use data from other official documents such as funding agreements and corporate plans. These documents provide information on museum finance, museum orientation and museum performance. This primary data is important as it helps to describe the funding profile of each museum studied.

Second, the research relies on interviews with museum personnel who are knowledgeable and experienced in regard to the area of investigation. The interviews provide insight into the vitality of the current funding situation from the perspective

of museums. Alexander (1996) used interviews and the annual reports of approximately thirty art museums spanning almost three decades since 1960 to analyse changing patterns in exhibitions. She conducted twelve interviews with museum personnel whom she knew through personal contacts. The integration of both sources, provides sufficient data to support a robust analysis.

In the Malaysian context however there is a drawback in relying on official data. While there are acknowledged variations in revenue and income reporting format in the UK and Malaysia, I find that the financial data for museums in Malaysia is lacking and come in scattered forms. Financial data in official documents is minimal and the presentation of information is in a format less applicable for the study. Other researchers who had tried to study the financial aspect of the arts and culture sector in Malaysia will agree with me that the information available is scant (Herrera, 2001). There are many reasons for this problem. There is little support from the relevant public and independent bodies to make systematic efforts to improve the systems by which data on museums and other arts organisations are gathered and reported, unlike the effort given to other aspects of Malaysian social and economic life. However, Malaysia is not the only case since other researchers have had to face a similar situation in other countries, as Kaple and Rivkin-Fish (1998) point out in their US study:

The arts field is especially poor in data on service-providing organisations. Researchers and policymakers in the cultural field must piece together information from a dozen sources to make even crude estimates of the dimensions of the non profit cultural sector - its aggregate revenues and expenditures. Reliable information on how these have changed over time is even scarce. (p 41)

Selection of Museums

An accurate number of museums in Malaysia is unknown. According to the consultation report submitted to the Ministry of Culture, Art and Tourism (Ministry of Culture, Arts and Tourism, 2000), there are approximately 100 museums (public and independent) in the country but today the number is perhaps higher. The main reason for the lack of proper statistics on museums is the absence of an active mechanism to record the entry and exit of museums to and from public life. There was an effort made by the Department of Museums and Antiquities (from hereon referred to as JMA) to publish a Directory of Museums in the mid nineties, however the directory was published once and has never been up dated. The coverage of this directory was limited to public museums with the exclusion of independent museums. JMA could do a lot more in providing reliable and comprehensive data on museums since they are the main authority figure in Malaysia in charge of all enquiries and applications for new museums. Since there is no other public institutions or voluntary body with the interest of guiding the museum sector, JMA should take the lead to updated the existing museum statistics.

Data on the numbers and types of museums in the UK is much widely available to researchers. There are about 2,500 museums in the UK (Selwood, 1999). For more details on the staff directory, the Museums Association's yearbook is an excellent source. The 1999 Yearbook had around 2,800 entries by regions. Another good source is the Digest of Museum Statistics (DOMUS) and *Sightseeing in the UK* in which they reported close to 1,389 registered museums throughout the United Kingdom (Selwood, 2001). Selwood provides a breakdown of museums in the UK for

1998. She calculates that national museums form 3 per cent (37) of the museum population, whilst local authority museums made up to 41 per cent (563). In England only, there are seventeen national museums where beside DCMS, funding is received from the Ministry of Defence and the Department for Education and Employment.

Selection of museums in the UK is made purposively. According to Devers and Frankel (2000) purposive sampling strategies are designed to enhance the understanding of selected individuals' experience by selecting "information rich" cases, that is individuals, groups, organisations, or behaviours that provide the greatest insight into the research question. Therefore, it was central for me to identify museums that were the most suitable for the study.

The NHM, the Tate and the IWM were selected by using a pre-determined condition. Each museum in my study had to have at least a 75:25 ratio of contributed revenue to self-generated income (see Table 1). Using the projected annual income and expenses plan of sixteen national museums for 2001-02 produced by DCMS (2001) to draw which museums could be selected based on a combination of contributed and earned income. These three museums, notwithstanding their total income, have a signification ratio of contributed income to earned income, an important criterion to meet the purpose of examining the aspect of diverse funding.

Table 1: Percentage of Projected Contributed Revenue and Earned Income to Total Income of 16 National Museums in England Ranked by Highest to Lowest Earned Income.

Museums	C (%)	E (%)	Total Income in £ million
Imperial War Museum	30	70	35.7
Museum Of London	33	67	18.5
Horniman Museum and Garden	34	66	9.5
Wallace Collection	43	57	4.8
Museum Of Science and Industry in Manchester	52	48	5.9
National Portrait Gallery	58	42	9.5
Victoria and Albert Museum	60	40	51.5
Tate Gallery	63	37	51.1
National Museum Of Science and Industry Bradford	66	34	37.7
National Gallery	68	32	28.4
British Museum	72	28	103.2
Natural History Museum	74	26	42.1
Geffrye Museum	75	25	1.5
Sir John Soane's Museum	86	14	0.7
National Maritime Museum	82	18	15.0
Royal Armories	77	23	n.a

Source: DCMS, 2001. Notes: C=contributed revenue, E =earned income,

From Table 1, all the sixteen national museums generate a mixture of contributed and earned income with different ratios with an average of 39 per cent earned income out of their total income. From this, I select museums by type- history, art and science that achieved at least 25 per cent earned income.

The Imperial War Museum positioned itself as the highest income earner among all and led the history museum category, therefore it became a sample in my study.

Likewise I chose the Natural History Museum as it had a ratio of 74 per cent of contributed revenue to 26 per cent of self-generated income. Although it is not the leader in its category, its location in London helps the Natural History Museum to

bring more insights to the study as it is a well known fact that museums in London tend to attract more visitors than those in other cities within the UK. The Tate Gallery on the other hand was selected due to the fact that they have attracted much lottery funding within the period of this study. The Tate Gallery's earned income for 2001 was planned to account for 37 per cent of total revenue.

I also selected two regional museums in England, the Birmingham Museums and Art Gallery (BMA&G) and the Northampton Museum (NM) funded by a city council and a borough council respectively. The purpose is to provide a broader perspective on the funding issues affecting English museums--which are much more diverse in their income funding profile than the Malaysian museums.

No ranking could be made for the Malaysian museums because all three national museums selected are the only ones in their categories.

Classification of Museums

Despite the fact that museums vary enormously, they can be grouped according to several classifications. There are two classifications of type of museums. The first, made by Goode in 1888 used the sum of knowledge which each could display as well as the ideas which it embodied to classify museums into six categories of knowledge: museums of art, historical museums, anthropological museums, natural history museums, technological museums and commercial museums (Conn,1998). Even though this classification was made in reference to the development of museums in the United States, the types can be generalised to other countries. In the second of Goode's classifications, museums could be placed into three broader groups: art

museums, science museums and history museums. This classification is broader and for the purpose of the study I will classify national museums according to this latter type. Therefore, this study has chosen a sample of three museums in England and three museums Malaysia using Goode's second classification.

Ambrose and Paine (1993) classify museums governance according to who runs them. A government-run museum is defined as a museum operated on any funds either through annual budgets, grants and subsidies from any level of government. In the case of my sample, the museums selected are of 'national' status. The majority of national status museums enjoy high government support and this is true for the English and Malaysian museums in this study.

Fieldwork

My fieldwork took place in England and Malaysia and it aimed to accomplish three tasks. First, to gather annual reports and related financial documents; second, to refine the semi-structured questionnaires, and third, to conduct the interviews. I also made visits to and observations at the museums selected in the study. I allocated approximately three months for each country. I started with the English museums because of the location and gathering the annual report is definitely much more accessible. Moreover, I thought of learning from the nearest, the English museums would allow me to anticipate and prepare for my field work in Malaysia as I could only afford to be there once. The strategy worked fine except that data gathering in Malaysia was more difficult than I had anticipated, more of which will be discussed later in this chapter.

Annual Reports

The annual reports of the English museums were gathered mainly from the libraries (under the Parliamentary Hansard documents title) and for the most recent years I downloaded them from the museums' web sites. For all of the English museums their account reports are prepared by the museum's Trustees and presented to the House of Commons in accordance with requirements made under Section 9(4) and (5) of the 1992 Museum and Galleries Act. The reporting must observe the Charities Act 1960 regulations and accounting directives issued by the Treasury and the Secretary of State for DCMS.

In general, the annual report consists of foreword pages, financial statement and accounting notes. Prior to 1996-97, the account emphasised only the *Statement of Income and Expenditure* (I&E) and report on self-generated income was not highlighted. Following the requirements made by the Charity Commissioners in 1996, starting with the 1996-97 financial year account and onwards, museums are required to disclose their actual and accrual revenue and expenditure in a *Statement of Financial Activities* (SoFA).

Several financial-related documents are an important source for the study. Also referred in the study are published materials by DCMS such as funding agreements--a legal document of grants-in-aid between DCMS and national museums--policy papers and official reports. Reports from the National Audit Office, the Policy Studies

Institute, Resource, the Arts Council, the Heritage Lottery Funds and the Museums Association's journals are also used for the study.

Table 2 summarises the annual reports and related documents used to tabulate the funding profile of the UK museums.

Table 2: Financial Documents Used for Tabulating Funding Profile

Museum	Annual report	Other documents
NHM	From 1991/1992 to 2001/2002	Funding Agreement 2003 to 2006, Funding Agreement 1999 to 2002
IWM	From 1991/1992 to 2001/2002	Funding Agreement 1999 to 2002 and 2001 to 2004, Corporate Plan 2002/2006
The Tate	From 1991/1992 to 2001/2002	Funding Agreement 2003 to 2006, Funding Agreement 1999 to 2002, Biennial report 1992-1994, 1994-1996, 1996-1998.

I have selected annual reports beginning in 1990/1991 and ending in 2001/2002 as those where the years more accessible at the time I started my data collection. This twelve year period is adequate to examine the changing funding climate in which museums find themselves. In this period, the lottery funding came into existence in 1994, the IWM's trading company was founded in 1999, the NHM's museum trading company was registered in 1994, and the new millennium celebrations had resulted in more fundraising activities for museums redevelopment projects. The ABSA reports that the amount of business sponsorship grew to the highest, £80 million in 1997. In other words, the pursuit of self generated income by museums is definitely significant during this period of time. In terms of trends in grant-in-aid, the study would benefit more if the funding profile could be made for prior to 1990 where it would map the trends that took place under the Conservative party. However, it is not to my intention to examine how politics influences museum funding, although it is obvious that the relationship does exist.

In Malaysia, data gathering was tedious and time consuming. Prior to my arrival in Kuala Lumpur, I had to obtain a letter of consent from the Primer Minister's office in order to start my research in the country. Letters were also sent to MN, PSN and the Balai Seni Lukis Negara (BSLN) after which confirmation for participation in my thesis was given by telephone. I started data collection for MN followed by PSN and BSLN. Thanks to the Director of the JMA, I was able to base my field work in Kuala Lumpur at MN and was allowed to use their office facilities during office hours. I was introduced as a guest researcher and was welcome to join all events organised by MN or JMA during my field work. This afforded me ample opportunities to observe how staff worked. I helped a curator to translate some exhibition interpretation from Bahasa Melayu to English and contributed with an introduction to a brochure MN had prepared for the *Gold and Our Tradition* exhibition. At the same time, while researching MN, I started my data collection on PSN and BSLN and scheduled interviews with staff at all three museums.

In practice MN and JMA have an undifferentiated co-existence which makes it difficult to know which income and expenses belong to MN and which belong to JMA. In order to be more accurate in my analysis and to reflect MN only in the case of Malaysia, MN's revenue and income must be extracted out from JMA's. The functions of JMA are wider and to include its budget may not reflect revenue used by MN. I could use the estimated budget made by MN as listed in *Buku Belanjawan Program dan Prestasi*, which is an official record of a budget that must be approved by Parliament. Under the current requirements of Malaysia's Modified Budgeting System (MBS)--implemented since 1995--MN via JMA has to submit an estimate of

how much money it needs for its operating budget with a clear explanation of the outcome expected from every Ringgit used (Xavier, 1998). I had the option of using the actual budget of MN as reported in the Public Account Report using end-of-year figures or the projected budget submitted to JMA. In the end I decided using the actual budget as it reflected more accurately the amount they received and used. The actual amount used by MN and published in the Public Account Report discloses operating, development and self-generated income and they all are audited by the Auditor General.

The *Buku Belanjawan Program dan Prestasi* does not provide estimates for self-generated income but it contains the performance targets of each programme and project undertaken by MN. The latest Public Account Report available during the time I was gathering materials for Malaysia is for the year 2001. These reports are not the same as the account and annual reports of the English museums. The information found in the Public Account Report however is for reported financial figures only and they are limited in coverage.

Table 3: Museum Personnel Interviewed in England and Malaysia

Type of museum	Country	Person Interviewed
Science	England	Head of Finance
	Malaysia	Director, Educationist, Finance Officer
History	England	Director of Finance, Development Head, Exhibitions Officer, Collection Manager, Educationist
	Malaysia	Director, Exhibition Officer, Deputy Director, Accountant, Marketing Officer, Registrar, Librarian, Assistant Curator
Art	England	Deputy Director/Head of Planning & Business Development, Development Director
	Malaysia	Curator/Exhibition Officer, Finance Officer, Librarian
Others	England	Head of Community Museums, Curator, Museum Support Officer, Commercial Operations Manager, Borough Museum Manager.

The Semi-Structured Questionnaire

In keeping with the spirit of grounded theory, I did not develop a formal questionnaire. As recommended by Devers and Frankel (2000) the degree to which interviews are structured depends on interview protocol, or when using a general topic guide, eight to 12 broad questions and probes are adequate. In order to elicit the importance of different forms of museum funding, I have prepared broad and specific questions on their financial status. Unfortunately, there was not enough time to ask questions on museum orientation.

The questions were semi-structured and open-ended to allow for the exploration of issues and respondents freedom in answering. I focused on current issues and occasionally relied on respondents' recall of the past and present situation. Holstein and Gubrium (1995) state that the aim of the interviewer in prospecting for true facts and feelings is accomplished when the interviewer asks the right questions and the reality of the interviewee will be available to be elicited by the interviewer. The questions were individually tailored to the position and experience of the respondents and generally it was not a requisite to observe confidentiality. Opposite to what is recommended by Holstein and Gubrium in maximising the flow of reliable and valid information, my interviewees' lack of request for confidentiality and anonymity did not seem to preclude their being forthcoming. The nature of the questions asked seemed to direct the interviewees to provide facts and professional opinions rather than personal views.

The questions were organised into two sections. The first one was on funding issues and the second was on orientation. Due to time constraint, only questions on funding

could be addressed in the interviews. The general key questions used for the UK are to be found in *Appendix A*. The questions were set slightly different for Malaysia to suit their funding background and practices. The interviewees gave permission for me to use a tape recorder. I also keep field notes of the conversations and observations with museum staff and relevant persons.

Getting the Interview

At first, I wrote to the National Gallery London for their participation but they declined explaining that their personnel were tight with their schedule and were unable to accommodate any academic interviews. I then wrote to the Tate Gallery and they agreed to participate and allowed only two members of the staff to be interviewed, with only 30 minutes allowed for each interview. The IWM and the NHM took me on board but they also expressed similar concerns on the time staff could allocate per session. The BMA&G was selected due to close proximity to where I lived and I decided to select the NM as I had recently discussed my Ph.D research with the museum director during a seminar organised by the Museums Association in London.

I sent a follow-up letter to the Directors of the museums who agreed to be in the study and I submitted the names of staff who I thought were relevant and informed them of the objectives of the interviews. I found this step was helpful in getting approval from the museums as Goode and Hatt (1952) stress that the benefit of building an initial rapport is that the process in obtaining information could be eased. For the NHM, Tate, and IWM I choose to interview the head of the finance department and for the smaller BM&AG and the Northampton Museum I interviewed

the director and the deputy director. The higher ranked the staff, the wider the scope of answers I could obtain.

Beside the staff from the finance department, I also interviewed staff from the Development, Trading, Marketing, Collection, Curatorial, Education and Human Resources Departments. The problem I commonly encountered was not 'who' to interview but rather 'how many' and 'when'. On one occasion, I was given a choice of either interviewing a small number of staff for a longer time or a larger number of staff for a shorter time. In the interests of the research, I resorted to the second option. I believed that with structured and tailored questions, the 30 to 40 minutes given would be sufficient to obtain the range of information that I needed from the respondents.

In Malaysia, all three museums I wrote agreed to be in the study. The interviews were conducted mainly with top and middle management staff. With the opportunity and access given to me during my research period at MN, I was able to communicate with MN and JMA staff, informally and formally. Although there are drawbacks in relying on a relatively small number of respondents, the selected respondents in my case represented the staff in the organisation with the most up-to-date information and thus helped gain the required details for the study.

There were occasions when I found that the staff tended to be more open when an informal discussion took place. When I did not have a paper and pen with me or when I turned off my recorder they seemed more open and at ease. Also I found that when they were away from their desk, they also tended to be more relaxed and expressive.

This situation was quite apparent when dealing with museum staff in Malaysia. My interview sessions in Malaysia took an average of no more than one hour without a break. The shortest interview took half an hour, the longest, about two hours—with some interruptions.

I interviewed thirteen people from five museums in England and fourteen people from three museums in Malaysia (see Table 3). The lists of personnel were obtained from the UK Museums and Galleries Yearbook 2003. In England, I interviewed one deputy director who is also the head of planning and business, two finance directors, two development directors, one director of exhibitions, one head of education, one head of collections, one marketing director, one head of a community museum, one curator, one commercial operations manager and one manager of a borough museum. In Malaysia, I interviewed one department head, two museum directors, one deputy director, three accountants, one marketing and public relations officer, one finance clerk, one educationist, one librarian, one deputy registrar and two curators.

Most of my interviews took place in the office of the interviewees. The setting of the interviewee's office allowed me to get a glimpse into what he or she work on a daily basis. For instance, the offices of finance directors were demure with books, stack of files and papers being the main items in the room, giving an 'air' of formality. The office ambience of a curator and marketing director were generally more clutter with objects, merchandising materials, and other items related to their work spread around in their rooms. Before or after the interview session, I took the liberty to visit the museum and made observations about their exhibition, resource room/library, gift shop, café, toilet and other facilities. Except for the NM, I visited

more than twice all the other museums in my study, once at least during the fieldwork. Others were made before and after the fieldwork. I believe that repeat visits are an essential experience to avoid holding on to first time observations made during previous visits which could easily become biased. In addition, this factor is critical to my research since it deals with two different sets of museums - England and Malaysia. In 'benchmarking' museums, could it not be better if the researcher could see, first hand, what 'best practice' looks like?

Analysis of Data

Research analysis is a very complex and time-consuming process since it involves the retrieval and ordering of material gathered during the study; how data is coded and assessed in order to identify patterns and discrepancies; and what improvements and alterations could be made to the research (Burgess, 1982). In this study a significant amount of reordering, assessing and evaluating of the secondary data was needed in order to move the research beyond simply presenting and describing data. I wanted to interpret and evaluate it in order to develop reasonable interpretations and reach conclusions where possible. In most cases, the material was first analysed with a focus on the individual museum before it was considered in a larger context. This analysis was dominant in the later phase when the individual analysis had been completed. This can be labelled as the period of concerted analysis when all the material gathered is combined and assessed as a whole (Pearne, 2000). It is at this stage of analysis that data evaluation and interpretation can be completed and final conclusions can be drawn (Loftland, 1971).

I analysed annual reports and other financial information manually. Information from the annual reports were organised around contributed revenue- grant-in-aid and lottery funding; and self-generated income- trading, admission and private contributions and business sponsorship. For the UK, I retrieved income reported in SoFA where the sum combines operating and capital income. I also cross-checked the figures taken from SoFA with income and expenditure and the accounting notes attached to each report to ensure they are tallied. Using the FAME database on UK companies (accessed from the Birmingham Central Library's Business Centre) I also compiled museums' trading company gross profit, turnover and not profit reported and the figures were tallied with their annual reports. FAME data provided extra information on size of the trading companies and number of employees.

For Malaysia, data was analysed in four categories – *emolument, supply, other charges* and *fixed charges*. These were taken from an itemised expenditure code titled '*Pengurusan Muzium*' for MN's revenue. Given that the code used for tracking MN's operating expenditure in the C2 Statement of Current Expenditure section in the Public Accounts Report kept changing throughout the period covering 1990 to 2001, I was guided by MN's accountant as to which codes should be used. Changing the code is a practice normally requested by the General Accountant for the purpose of improving accounting matters. Starting in 2001, code 020300 *Muzium Negara* was created to reflect expenditure for MN but before this, for instance from 1996 to 2000, the figures for MN were taken from code 020200 *Pameran* (Exhibition); for 1994 and 1995 from code 030000 *Pengurusan Muzium* (Museum Management); and for 1990-1993, from code 040000 *Pendidikan dan Pameran* (Education and Exhibition). It should be borne in mind that the figures from this expenditure code, as presented in

this study, do not represent the total expenditure of MN as other expenditure figures fell within other JMA expenses. Thus the total expenditure is assumed to be bigger.

Capital expenditure data for MN was taken from the Statement of Development Expenditure in the Public Accounts Report, under the JMA code 00100 *Muzium Negara/Bangunan Tambahan*. Unlike the operating expenditure code, the code for the development budget for MN remained unchanged between 1990 and 2001. Information on self-generated income was taken from the Public Trust Consolidated Fund.

In the UK the analysis of annual reports took place as an ongoing process overlapping with interview sessions. Lofland (1971) states that concurrent activities of research analysis and observational activity may help the research to be more practical than if the evaluation and interpretation are left until the data have been gathered. In Malaysia, data collection on funding and interviews were done simultaneously. However, this did not affect the interviews since the preliminary data on funding initially have shown that my sample museums relied heavily on government funding. Having a relatively small number of interviews, I preferred to consolidate and analyse my 27 interviews by hand. I found it is more efficient and less protracted than using any qualitative computer packages available on the market.

Limitations of the Study

Regrettably, in both countries I was not allowed to interview members of the boards of trustees. It might have been useful to include respondents from this group as they

would have added another dimension to the research. Time restrictions faced in interviews with national museum staff also limited the amount of data collection. As a result I had to rely on annual reports, funding agreement documents and corporate plans to gather an account for how funding has affected the orientation museums takes.

Interpreting data over a twelve –year period is an intricate task. I faced problems when data for some years were in a different format from more current data. The presentation of accounts had changed, which meant that it was impossible to produce standardised data files when revenue and income headings in the annual reports had changed over the years as a result of being either aggregated or disaggregated. Another problem I found involved changed accounting practices. While figures may appear under the same headings, they may not refer to the same things. Although this should be shown somewhere in notes to the accounts, on some occasions these failed to be appended.

Sometimes it is impossible to attempt year-on-year and museum-to-museum comparisons. Examining the format of various organisations' accounts, and how they present these accounts showed that the data between organisations, may appear similar, when in fact are very unlike. Similar income sources or the expenditure of two museums may come under different headings. For example, the Tate placed staff costs under 'other' expenditure whilst the NHM included the same costs under the 'grant expenditure' heading.

There are some difficulties in counting revenue contributed especially by public bodies. While the most easily accessible data refer to the value of awards or allocations, these may not be the same as the amounts drawn down or received. Funding may not be attributable to specific years, and there may be time-lags between announcements and grant allocations, and between allocations and actual spending. It has been reported that post-completion audits may be delayed for a year or more.

Having explained the measures and cautions necessary to establish an effective and achievable strategy for the research, I now turn to the chapter on the development of Malaysian museums.

CHAPTER THREE

MUSEUM DEVELOPMENT IN MALAYSIA

Introduction

This chapter has one purpose- to present some facts on the historical development of museums in Malaysia. This apparent detour to the history of public museums is essential because it will help to ascertain the unique circumstances in which Malaysian museums have evolved and will serve as a reference for our discussion on funding. A look at the historical evolution of Malaysian museums is also critical to the study as it sets up the basis for a better understanding of the current state of museum affairs today.

To contribute to the scant literature on the history of Malaysian museums, I will sketch the development of the sector using type of museum governance parameters (see Ambrose and Paine, 1993). I will focus particularly on MN, BSLN and PSN emphasising their establishment and roles.

I will begin with a brief introduction to the history of Malaysia's art and culture, followed by the first setting up of museums by the British colonial authorities, moving to the birth of national status museums and gallery, the state and departmental museums and the growth of the independent museums.

The limited sources of information available make a historical reconstruction of museum development very challenging to write. The literature on Malaysian

museums is scant and scattered. Thus the materials for this chapter were mainly gathered during my fieldwork. Most of the documents used for this study were retrieved from the library at MN, BSLN, *Muzium Taiping*, the National Library and the library of the National Institute of Public Administration Malaysia, and Universiti Utara Malaysia. The materials come in various forms - books, magazines, department's bulletin, museums' special publications, articles for seminars--some of which were not published as seminar proceedings--and graduate theses. Many history books written during the British rule in Malaya by foreign and local scholars mention almost nothing about museums. This limited my ability to trace how colonial museums were established. There were however a number of important articles and books on Malay history and culture published by colonial administrators who were scholars in their own right, which are now found in archives and private collections.

Malaysia - History and Culture

Malaysia is located in South-eastern Asia. It borders Thailand in the north and the island of Borneo, Indonesia and Brunei, and the South China Sea, south of Vietnam. It measures 328,550 sq km, making it bigger than Great Britain and slightly smaller than Germany (www.cia.com, 20/3/2003). Its strategic location along the Strait of Malacca and the southern South China Sea, one of the main navigational routes in the world, has brought the Malay people into contact with other civilizations since its earliest history (see Andaya and Andaya, 2001; Kennedy, 1993). These maritime links with other nations have played a pivotal role in the development of its cultural heritage.

In its early history, before 1400 AD, Malaysia, which was then called the Malay Peninsula existed in the form of un-integrated smaller states under the control of

neighbouring Thai and Javanese empires– this has been called the ‘pre-Melakan period’ (Andaya and Andaya, 2001). As a result, the Siamese cultural influence is now very strong in the north-east states of Malaysia and the Javanese in south-east Malaysia.

Other cultural influences during this period included the assimilation of eastern religions such as Buddhism and Hinduism which spread through political and economic ties with neighbouring empires (Harris and Zainuddin, 1990). Islam, which came through economic contact with religious scholars from India and Arabia in the fifteenth century, added its cultural impact. Many mixed marriages between locals and foreigners took place, creating a heterogeneous mix of cultures. Marriages between Indians, Chinese, Arabs, Portuguese and local Malays resulted in ethnic categories known as *Mamak*, *Baba Nyonya*, *Sayid*, *Peranakan*, and *Eurasian* respectively. Historiographically, as Andaya and Andaya claim, Malay culture spread throughout the archipelago and the concept of ‘Malay’ incorporates variations of natives residing in Southern Thailand, the Malay Peninsula, Sumatra, Singapore and Borneo. Artefacts from some of these cultures are preserved in museums including MN.

The Western influences began in the sixteenth century through the colonial missions of the Portuguese and the Dutch, which left many cultural traces as well, mainly in the conquered state of Malacca. The ruins of the A Famosa Fort and the St. Xavier church in Malacca are part of the historical legacy left by the Portuguese and are the now one of the state’s main tourist attractions. Then in the eighteenth century came the British,

who successfully ruled some Malay states until Independence was granted to the Federation of Malaya in August 1957.

The British occupation contributed to the creation of a modern administrative systems and the building of a western culture (Gullick, 1994). Munshi Abdullah, a Peranakan teacher who lived and worked for Sir Stamford Raffles in Singapore, described in his autobiography *Hikayat Abdullah* (The Story of Abdullah) how the way of life started to change when Malays changed their customs and language, their clothing and habits to English ways of life (Andaya and Andaya, 2001).

Modern Malaysia

Today Malaysia is headed symbolically by the Malay ruler, *Yang DiPertuan Agong*, and executively by a bicameral Parliament consisting of politically elected members of Parliament and non-elected representatives. Each of the Peninsular Malaysian states has a hereditary ruler except for Melaka, Penang, Sabah and Sarawak in East Malaysia, which have governors appointed by the Malaysian Government. Sabah and Sarawak retain certain constitutional prerogatives (e.g., the right to maintain their own immigration controls).

When the Federation of Malaysia was founded in July 1963, Sabah, Sarawak and Singapore joined in. Eventually Singapore left the Federation in August 1965. Today, Malaysia has 13 states and 3 federal territories. The capital city is Kuala Lumpur, located within the Federal Territory of Wilayah Persekutuan, and Putra Jaya is now the new administrative centre of the Malaysian government.

In terms of the country's ethnic composition, the now predominantly multiracial society of Malaysia has been the result of trade and the economic exploitation of natural resources. The most important ethnic minorities, Chinese and Indians, initially arrived in the country as cheap labour or economic migrants. Eventually tin mining activities were commercially monopolised by Chinese settlers themselves in the Malay states of Perak, Selangor and Negeri Sembilan, for which more immigrants were brought in from China (Heussler, 1981). Later, in early 1910, when rubber was much in demand as an export commodity thousands of Indians were brought in as cheap labour to work in the rubber plantations. These export-based economic activities provided substantial revenue to the British government in the Federated Malay States. Local taxes and licences were also a source of income. Chinese and Indian migrants were permitted to remain in Malaysia after the country achieved Independence in 1957.

The composition of today's population is Malay and other indigenous peoples 58 per cent, Chinese 24 per cent, Indian 8 per cent, others 10 per cent (Malaysia Census, 2000). Islam has the most followers, followed by Buddhism, Daoism, Hinduism, Christianity, Sikhism and Shamanism-- practised in East Malaysia. Diverse languages and dialects are spoken. Bahasa Melayu has been made the official language, but Chinese dialects (such as Cantonese, Mandarin, Hokkien, Hakka, Hainan and Foochow) and Indian dialects (such as Tamil, Telugu, Malayalam, Punjabi) add up to the large number of indigenous languages spoken in East Malaysia (such as the Iban, Kadazan, Dayak and Bajau dialects). The richness of Malaysian culture plays an important role in the nation's development as articulated in today's *Wawasan 2020* (Vision 2020), in which the role of each race is considered vital to the harmonious

advance of the nation towards achieving *full development status*—as opposed to underdevelopment or third world status—by the year 2020.

Museums are cultural institutions responsible for preserving the shared cultural heritage of a nation (Harris and Zainuddin, 1990). The multiracial, multiethnic and diverse cultural heritage of Malaysia is acknowledged in a variety of museum collections and exhibitions. Thus many museum collections, especially MN, are mainly ethnographic—which happens to be its main attraction.

Much of this cultural heritage is preserved in the form of manuscripts, artefacts, sculptures, traditional motifs and designs for textiles and jewellery. There are also traditional songs and music, poems and rhymes, legends and oral traditions, as well as traditional medicinal practices. Natural history specimens, ceramic, weaponry and objects pertaining to the social history of Malaysia are also part of the overall museum collections in the country.

Colonial Museums

The earliest Museums in Malaysia followed a course somewhat different from other museums in the world, particularly in that they were set up by foreigners, specifically by British officials residing in the Malay Peninsula during colonial times.

The establishment of museums started in the late nineteenth century, as a colonial project by British officials in Perak, which was at the time the most influential state in Peninsular Malaysia. Located strategically near Penang Island, the state of Perak was a key entry point for the British to Malaya.

The Perak Museum (a.k.a *Muzium Taiping*) was the first one to be set up in 1883 in Taiping, the administrative capital of the state. Tin-mining, rubber plantations and other economic and trading activities made Taiping a bustling colonial town, home to the British Resident, the highest appointed officer in the region.

Malaya had neither great wars, nor an ancient history, nor a valuable literature to European tastes, nor barbaric splendours, but it was a large tropical peninsula, with the most remarkable and abundant flora and fauna and much of its forest-covered interior inhabited by exotic animals and native peoples (aborigines) who have lived in the Malayan jungle until the present day.

The richness and beauty of Malaya, attracted many British officials to the study of local natural history. Two of these British officials, Sir Hugh Low and John Leonard Wray, later became the founders of the Perak Museum. The idea for a museum came from Sir Hugh Low who was a trained botanist and prior to his posting in Perak had worked for Sir Charles Brooke in Borneo for 28 years (Othman, 1992). When he was the British Resident in Perak, Low was keen to set up a museum and had appointed John Leonard Wray, also a botanist and geologist with interest in archaeology and anthropology, to lead the task. Despite financial constraints to materialise a proper building for the museum, Wray was able to use two rooms in the British office building for the specimens and artefacts he collected. Finally in 1886, fully funded by the British Colonial government in Malaya, the building for the Perak Museum was erected in Taiping. This is the earliest known reference to government funding in Malaysia.

Othman (1992) explains that later in 1903, to raise funds for the museum, some animal specimens such as crocodiles were sold to museums in Manchester and Leicester. In the *Journal of Federated Malay States Museum* 1905 Othman also reports that Museum Perak earned income from selling rubber seeds to rubber plantations and charging laboratory fees to companies for mineral testing--all of these activities are now the earliest known forms of self generated income among Malaysian museums.

There were four galleries opened in the Perak Museum – zoology, herbarium, archaeology and ethnology. The Perak Museum under Wray had a close working relationship with Kew Botanical Garden in London and the Royal Botanical Garden in Calcutta. Flora and fauna specimens from Malaya were sent to England for further curatorial research (Othman, 1992).

After the Perak Museum, the second museum to be established in Malaysia was the Selangor Museum, which was planned in 1904 and was located, as its name suggest, in the state of Selangor. Founded by the founder of the Perak Museum, Mr John Leonard Wray (Jedi, 1981), the collections of the Selangor Museum were composed mainly of natural history specimens, eventually divided into zoology, entomology and botany galleries. Sieveking (in Jedi, 1981) said this gallery division was the result of an agreement among Federated Malay States and British officials that the specialisation of the Selangor Museum was essential in order to improve the operation of the museum.

However, the life of the Selangor Museum was short-lived as it was closed down during the Japanese occupation (1941-1945) and subsequently the building was destroyed by a bomb dropped by American military aircraft on March 1945. The Selangor Museum lost almost all of its collection.

Since then Selangor had had no museum until 1960, when the building of a new museum was announced. However at the last minute the building of the museum was shifted to another location, Shah Alam, and the original Selangor Museum site was given to the federal government to house *Muzium Negara*. So *Muzium Negara* is now located in what would have been the Selangor Museum and for administrative reasons its present location was gazetted as being within the Federal Territory of Kuala Lumpur.

There were several state museums which were opened toward the end of the British administration. The Penang Museum was opened in 1941 and the Negeri Sembilan Museum and Malacca Museum were both opened in 1954.

Unlike the rest of the states in the Peninsula, the State of North Borneo--now Sabah, which with Sarawak is part of East Malaysia--was not created under the auspices of the British colonial administration but by an independent British protectorate company called The British North Borneo Chartered Company. In 1881 the British North Borneo Chartered Company was a logging company and an active contributor to a formal administration system in North Borneo, where they also founded a museum in 1886. This first museum was located in a small room in Sandakan which main purpose was to exhibit samples of the products of North Borneo (Gelet, 1996).

According to Conway and Gordon (in Gelet, 1996), a museum was seen as a venue to display the richness of the land, and the collection was hoped to entice bankers and financiers to invest in the British North Borneo Chartered Company. No information was given why the museum was discontinued in 1905 and its collection was reported as lost. The museum was reopened in 1923 but again it was closed during the outbreak of World War II (Gelet, 1996) and it was never reopened.

The current Sabah Museum however was not an offshoot of this aforementioned museum. The Sabah Museum was created from a proposal made by a member of the Sabah Society after Malaysia had won its independence from Great Britain in 1957. Apparently this move was part of post Independence initiatives of the federal and state governments aimed at contributing to the establishment of a new national government and supporting the cultural policy according to which each state was encouraged to set up its own museum. This is when the name 'Sabah Museum' came about and it was eventually opened in 1965 in a rented building in Kota Kinabalu. Only later in 1984 it was moved to its permanent location where it exists until today. The focus of its collections is ethnography, archaeology and natural history.

Another museum whose establishment took place during colonial times is the Sarawak Museum, founded in 1891 by Sir Charles Brooke, the Second White Rajah of Sarawak. Brooke, an "English adventurer" landed in Sarawak, a remote, largely undiscovered land as far as the colonials and traders were concerned. In his personal correspondence, Templer (1853) describes that Brooke was amazed by the abundance of natural resources in Sarawak and he said:

Borneo, a country so little known, and only known by being so rich-with an aboriginal population free from prejudice, who, to the missionary, offers a field for his vocation not found elsewhere-with produce, of which not one-thousandth part is gathered, and which, when trade is introduced, would be exchanged for British manufacture. (Templer, p. 95)

Sarawak was historically associated with roving pirates, unique wildlife and indigenous peoples of rather dangerous habits and shamanic practices. Brooke sailed up the Sarawak River in 1841 at a moment when there was a rebellion against the repressive regime of the Sultan of Brunei's local representative. Brooke was offered land in exchange for using his private gunboat to quell the rebels and from this point forward, he and his heirs set about taking control of the whole of Borneo, west of the mountain range which is now the border with Indonesia.

Sarawak is a rich source for the oil, mining and logging industries. The wealth accumulated by the Brooke family created the Sarawak Museum which was built in 1891 originally to display Brooke's collections. Brooke and his heirs ruled Sarawak for more than a century, from circa 1841 to 1941 (Tate in www.sabrizain.demon.co.uk/malaya, 14/08/2004). Today, the Sarawak Museum is administered by the Sarawak government. When the formation of the Federation of Malaysia, comprising the Malay Federated States, Singapore, Sabah, Sarawak and Brunei, was proposed in 1961, Sarawak leaders agreed to join in, as officially announced in 1963. Sarawak was only slightly smaller than Peninsular Malaysia. The Sarawak Museum is regarded as one of the finest museums in Southeast Asia. It houses extensive collections of Borneo's archaeological materials and artefacts. It has an international reputation, particularly for its ethnographic section, which has now been supplemented by its Cultural Village.

The formation period of museums in the Peninsula and Borneo took place parallel to the formative period of European museums, resulting from the impetus of the production of knowledge during the reign of Queen Victoria. Museums founded during Malaysia's colonial period, such as the Perak Museum, were already carrying out the functions of a museum in a real sense, being committed to research and investigation of the natural world. The publication of 19 volumes of the academic *Journal of the Federated Malay States Museums* starting in 1905 is evidence of the scholarly work carried out by colonial museums. This journal was in circulation until 1939, just before the war. Another 32 volumes of the *Federated Museums Journal* were published from 1954 to 1991 before publication was finally discontinued (Department of Museums and Antiquities, 1997). In the *Federation of Malaya Annual Reports*, the activities of colonial museums were mentioned under the Social Service section. For example in 1955, activities under the Perak Museum were mentioned, such as preservation work of silverware and pottery, and also plans for modernising the front gallery of the museum and the provision of exhibitions to be changed periodically. Whereas in the 1956 report, two curatorial investigations were carried out in Slim River (Perak) probing an ancient settlement found therein.

The Perak Museum was allocated financial assistance from the British colonial government, as evidenced by expenses given for its operating found under the heading of Social services. The only other financial information reported then was on the two types of expenditure allocated at the time – *recurrent expenditure* and *special or extra-ordinary expenditure* (as used by Middlebrook and Pinnick, 1940). In general, information on visitors, management and funding was limited. The orientation of colonial museums was basically to carry out research, publication on

the findings of curatorial work and exhibitions on the specimens collected by curators. This is very much what most other museums did during this period.

After World War II Britain regained control of Malaya and the operation of museums continued, but museums did not make any progress in terms of quantity or quality. The people of Malaya were moving towards gaining independence from Great Britain which clearly affected the work of museums. Independence was finally declared in August 31 1957 and the museum scene was destined to change dramatically.

National Museums

Independence as a state impelled Malaysia to promote the flourishing of national, and other post-independence museums. Other countries in the world also followed a similar path but with different impetus. For example, Mordaunt-Crook (in Nick Priori, 2002) referring to the French national museums such as the *Louvre* notes that “*it required the Revolution to turn the idea of a museum into one of the basic institutions of the modern state.*” The French Revolution of 1789 is regarded as a revolution of the ‘people’ where private and aristocratic order was replaced with new ideas of public and democratic conception (Macdonald, 2003). As a result of this social transformation, the princely Louvre collections were made public and opened up to the enjoyment and scrutiny of the common people.

In Malaysia, if the colonial period succeeded in founding the earliest museums, the post- independence period in the mid-twentieth century, witnessed the birth of a nationalistic spirit which played a large part in the country’s effort to create cultural

institutions of national status. This drive to create Malaysian cultural institutions coincides with Boylan (1995) observations that there was around that time an unparalleled explosive growth of museums in almost every part of the world, and probably well over 90 per cent of the world's museums post-date the creation of UNESCO and the International Council on Museums (ICOM) in 1946. Furthermore, he states that the largest single category of newer museums created were those primarily focused on the cultural heritage in the narrow sense: museums of local, regional and national history, and social and industrial history museums including museums based on newly preserved historic houses, sites and monuments, including industrial history sites. Boyland's observation rings true in the Malaysian case as like any government after achieving independence, national museums were regarded as cultural tools contributing to the sovereignty of the nation as well as giving an identity to the people. Arora (2000), in her observation of India, firmly articulates the important role of a new government in promoting cultural policy after a country's independence:

After the independence, the task of protecting the art, culture and heritage directly fell on the "state". Institutions of pre-independence like temples, monasteries and churches took a back seat [...] since our national leaders were aware of the artistic creativity and, also the damage inflicted through colonial policies, they wanted the "state" to assume a greater role in removing cultural "discontinuity" and creating national identity while strengthening "unity in diversity." All that required active "state" support. As a result, major policy interventions were sought in order to build up cultural institutions, and promote cultural events and encourage creative people and art creation. (p. 5)

After 1957, the task of nurturing museums as part of the country's national heritage was assumed officially by the Malaysian government. A call to the nation was made

by the first Prime Minister to establish a national museum to house the nation's spirit. No specific act was passed by the government to establish MN – but it happened rather by government decree. MN and BSLN thus became the first museum and art gallery respectively to be given that honour. The plan to establish MN was made in 1956 but it was officially opened on the sixth anniversary of Independence, on August 31, 1963. The building of MN was erected on the ruins of the Selangor Museum site, and up until today it exhibits collections of ethnography, natural history and archaeology.

In terms of timeline, BSLN was rather unofficially an earlier establishment than MN. It was opened in 1958 as an off-shoot of the 1952 Federation Arts Council, which was made up of a group of British officials and local art enthusiasts that included the premier Prime Minister and who were concerned about improving the local cultural scene and fostering the country's artistic development. Mubin Shepard, the Director of the Federated Malay Museums Department was among the founding fathers of the Federation Arts Council in 1952.

BSLN was officially founded under the National Art Gallery Act 1959 (Act 516). Interestingly, BSLN was not given the status of a full governmental body when it was approved by the new government, apparently reflecting the priorities and institutional concerns of the government of the day, even though it was the brainchild of the top British civil servants in Malaysia.

Today, BSLN is the oldest and the largest art gallery in Malaysia and, like in its early days, it is still regarded by its critics as an elitist establishment which caters

mainly to art-lovers, artists, and not surprisingly it seems to attract more foreign tourists than locals.

Having been born in what was perceived as an institutional era, national museums were profoundly affected by the struggle for independence and by colonial discourse. It is therefore natural that MN, as the first national museum, and BSLN, as the first National Art Gallery had to reflect nationalist sentiments. Thus MN and BSLN were given the responsibility to guard the national heritage and became the country's official repositories of art works, ethnological materials, natural history specimens and historical and archaeological artefacts, becoming what Hein (2000) terms 'fiduciary agents' which hold objects in trust for the benefit of the public. Over time MN and BSLN became important landmarks for the museum sector as well as for the tourism industry in Malaysia, and today, as national status institutions, both are full government bodies.

There are also other national status institutions of similar importance which were incorporated at about the same time. One of them is *Dewan Bahasa dan Pustaka* (The National Language Centre) which was opened in 1956 with the intent to promote Malay language and literature. Another is The National Archive or *Arkib Negara Malaysia* which was established in 1957 as the Records Office and which later was upgraded to that status of a national archive in 1966. *Arkib Negara Malaysia* houses several important memorials dedicated to honouring the nation's leaders and prominent public figures. Also part of *Arkib Negara Malaysia* is an Independence Memorial dedicated to remembering the struggle and attainment of the country's independence from Great Britain.

Perceived as 'national institutions', these government bodies were created as part of a concerted nation building programme by a newly independent state and their focus was, and still is, to deliver services to the public. The government effort, particularly in a developing country, to promote the preservation of the national heritage and support the art and culture sector, is not uncommon. In fact, some governments believe that it is one of the public services which a good government should provide (Arora, 2002).

To catch up with its new state responsibilities, the JMA was set up by the government to replace the colonial Federated State Museums Department. The JMA was responsible for the execution of the 1957 Antiquities and Treasure Trove Ordinance, gazetted a few months before Independence was proclaimed in August 31, 1957 and became the first law ever introduced to strengthen the antiquities laws

Headed by Mubin Sheppard and established around the same time as MN, the JMA was created to oversee the operations of government-run museums. JMA, as an autonomous department, was given the authority to assist and improve conditions of museums by providing technical assistance in conservation, exhibition and training. JMA has been moved many times from one ministry to another, probably a sign of the changes in political prerogatives in government administration. JMA was initially answerable to the Prime Minister's Office then for some reason was transferred to the Ministry of Local Government and Environment, next to the Ministry of Culture, Youth and Sport, the Ministry of Culture, Arts and Tourism, and eventually to the Ministry of Arts, Culture and Heritage. In 2006, the Ministry of Arts, Culture and

Heritage passed the National Heritage Act 2006, to replaced the 1957 Antiquities and Treasure Trove Ordinance, creating a new department, the Heritage Department which took over the enforcement of the antiquity law from JMA—effectively reducing JMA's role to only overseeing the museum sector.

The work of JMA has continued to increase as more national status museums are being set up and the Perak Museum is placed under its jurisdiction. JMA also founded several museums such as the Lembah Bujang Archaeological Museum (1976), the National History Museum (1996), Museum of Arts and Craft of *Orang Asli*, the *Malay World Ethnological Museum* (2003), Maritime Archaeological Museum (first exhibition in 2002) and the most recently National Automobile Museum (2004).

There are sixteen museums altogether including MN under JMA administration. As of today these fifteen museums' status as 'national museums' is not clear. Most these sixteen museums are small and are still waiting for their sites to be officially opened. All in all they are perceived to have great potential for expansion in the future and they are expected to become prominent national museums. In terms of funding, these museums must submit their annual budget to JMA for consideration prior to be approved by the Treasury. Since they are small and their annual budget is restricted, administratively, this sort of funding arrangement is practical but later in the future, the governance and funding issues should be reviewed by the government in order to allow these museums more room to develop. As it is today, I was informed that the JMA is drafting a Museums Bill and the mandate, functions and funding of these museums hopefully shall be made more comprehensible. For instance, for the sake of future growth, the National Automobile Museum which was established to honour the

achievements of the country's motoring industry could potentially grow faster than its other counterparts if the museum were associated with the PROTON Company, Malaysia's first national car company (Malaysia's equivalent to the Ford Motor Company in the USA). This move would allow the shifting of JMA's financial responsibility--from taxpayer money--to a government-linked corporation, leaving that pie of the annual budget to be shared by other museums under JMA that do not enjoy such potential prerogative.

The State Museums

Beside the museums that were established during the post-independence period, more state museums were created after gaining independence and particularly as a result of the 1971 Cultural Policy. The Cultural Policy was created after the May 13, 1969 ethnic riots – an event triggered by regional poverty and ethnic polarisation.

Andaya and Andaya (2001) endorse the commonly held view that 1969 was a watershed year marking the beginning of a new era in the country's political, economic and social development. The government believed that culture could strengthen cultural understanding among the ethnic groups, therefore, museums were seen as tools for achieving this objective. A National Advisory Council on Culture was formed in 1970 to implement the National Cultural Policy.

The Cultural Policy consisted of three important elements, i.e. Malaysia gave greater emphasis to cultural programmes that enhanced national identity, promoted national integration and unity as well as maintained racial harmony. The base national culture was (and still is today) the Malay culture, however the cultures of other different ethnic groups were expressed in their own unique life styles. This was at a time when

all levels of governments were called to play an active role to help achieve national objectives. The policy inevitably brought a revolution to the museum sector. Most of the infrastructural development supported by the federal and state levels was aimed at taking Malaysia's multicultural reality seriously and bringing it into the lives of the public.

Recognising the social significance of what a museum could do, state governments were encouraged to set up their own museums and act as the custodians of the state's heritage. Since the Federal Constitution of Malaysia separates the powers of Federal and State authorities, setting up a museum or an art gallery was and still is a prerogative of the state. In most state enactment on museum, state must have a Museum Board, headed by a state appointee, whom is responsible for overall planning, administration, maintenance, and funding of state museums. State museums must represent state history, culture and heritage (Jedi, 1981). A representative from JMA must be allocated a seat in the Museum Board to thus act as a liaison officer. Grants by federal government are provided to states mainly to support the capital development projects of such museums. State museums work with JMA and the State Culture and Art offices to strengthen cultural networking between federal and state governments especially in organising and managing cultural development programmes at state level.

Some states are ahead of others in planning for more state museums and are actively improving current infrastructure, which is part of their strategy to attract increasing numbers of local and international tourists. This is a result of some states having more financial resources than others, as well as more marketable cultural

products, which is the case for the state government of Malacca. The number of museums in each state varies and most states have at least one museum. Malacca has the largest number of them, above a dozen, but they are all relatively small in size and their collections tend to be specialised.

The condition of state museums varies greatly. Quite many museums are under-resourced and in overall terms many have no curators, are inadequately staffed and are poorly maintained. Furthermore, some do not provide public programmes at all (MOCAT 2000). Most museums are managed by non-curatorial experts, except for large and well-endowed museums such as MN and BSLN. Indeed, curators are still scarce in the local scene, especially now that British curators, who used to be the motivating force behind museological work, are no longer appointed. Periodically, however, some museums such as the Sarawak Museum and the Sabah Museum, attract a foreign curator or independent researcher who co-ordinates his/her skills and knowledge with the local staff (Sabah Museum Annals, 1980).

Thus far art appreciation has not been given adequate attention by state governments. For a number of reasons, many states have been unable to envisage a public art gallery and sometimes the state's art collection is under the same roof as the state museum.

Having recognised that culture and the arts are important at restoring racial harmony and unity, state museums, MN and BSLN have been asked to actively mount exhibitions aimed, above all, to strengthen the awareness of national identity among the multi-cultural populace. Until today, galleries of MN have reflected the

multicultural identity of the Malaysian population. For instance, the ethnology gallery represents all the ethnic groups living in Malaysia and the refurbishing of this gallery that took place recently still maintains the same theme. Success has been achieved by exhibitions mounted in MN, organised by or co-sponsored between MN and other government bodies, private companies and public bodies from abroad. In 1970, for the first time, MN succeeded in drawing one million visitors and in 1971 alone, 5.1 million people visited MN, the highest figure ever recorded in its history (see Table 15 in Chapter Seven).

The growth of cultural administration both at national and state levels has been given adequate prominence. In this era, it would be mistaken to assume that the political imperative has not been the main push for greater development in the museum sector. Either directly or indirectly, most policy decisions in arts and culture have been taken by high-ranking administrators within ministries. Thus, it seems that much of the development of the museum sector in Malaysia more recently has become a governmental affair rather than something influenced by the museums themselves or by external forces.

Departmental Museums

A departmental museum is a museum created under the auspices of a federal department to advance its research and educational mission and to provide cultural services to the public. Some departmental museums, came into being much earlier due to their important roles during British Malaya. For instance the prominent mining activities in Perak had prompted the Geology Museum to be one of the earliest museums to be set up under this category. The museum was established to

acknowledge the uniqueness of Malaysia's geological structure and landscape. The Forestry Research Institute's Museum was set up in Selangor in 1925 and it was administered by the Forestry Department, which worked closely with the Selangor Museum during the Japanese occupation to oversee its botanical collections (Jedi, 1981).

Departmental museums came into being and expanded largely in the 1980s and there is a diversity of departmental museums at present (see *Appendix B* for a list of public museums). The Ministry of Science, Technology and Environment founded the Planetarium and PSN to emphasise the role it plays in the country's science and technology sector. The Ministry of Home Affairs has set up its Police Museum. The Royal Armed Forces, the Royal Air force and the Royal Navy also contribute to the scene. All university museums are created under an academic department; for example, the Asian Arts Museum, supervised by the Department of Malay Studies at University Malaya, is the oldest university museum in the country. However, only two universities in Malaysia have an art gallery.

Financially, departmental museums receive an annual budget allocation by their respective ministries or government bodies. They do not have other income and very few of them impose admission fees. Relying on ministry staff to help with their operations, it is not a surprise to find that the officer in charge of these museums is usually not a curator by training nor a museum professional. In fact he or she is usually a regular member of staff with little to no experience in museum work.

Independent Museums

Another important segment of museums in Malaysia is that comprised by independent museums--created by corporations, semi-autonomous government corporations and private sector. The involvement of the private sector in museum activities, began in the 1970s as a result of the government's encouragement to enrich the arts and to revive the national heritage. Many businesses and corporations have since shown support to museums and art galleries by sponsoring temporary exhibitions, and eventually some of them went even further, setting up their own museum or gallery.

Private organisations such as banks were among the earliest to set up their own art galleries while Telekom and MISC (a semi-government shipping company) were among the first governmental corporate bodies to set up museums related to their industries. The latest to set up a museum was the PETRONAS Company, the only government-owned petroleum company in Malaysia. The Petrosience Museum – one of the most well-endowed, modern museums with rather innovative and creative exhibitions is a testament to the financial prowess of the country and its corporations. Another independent museum recently established was the RM40 million Islamic Art Museum. Opened in 1998, with a huge overseas element in its funding, it has added its name to the list of exclusive, well funded independent museums such as the PETRONAS Petrosience Museum. The PETRONAS Company also owns an art gallery which promotes local and international contemporary art. There are also museums and art galleries privately owned by individuals. The Pucuk Rebung Royal Gallery was founded and run by the royal family. The Art Gallery, Penang is owned by a famous art collector, Tan Chee Kuan. Almost all of these independent museums

have congregated in Kuala Lumpur, the capital city and receive little or no government aid.

After 1991, the impetus behind the development of independent museums could be attributed to the government's *Vision 2020* – introduced by the then Prime Minister Dr. Mahathir bin Mohamed in the Sixth Malaysian Plan. The vision of the policy calls for a self-sufficient, industrial, fully developed nation, complete with an economy that will be eightfold stronger by the year 2020. One of the nine challenges in *Vision 2020* deals with the need for the community to contribute to the science and technology of the future civilization. Thus, museum infrastructure such as the Petrosience Museum could be seen as integrating step towards the development of a progressive scientific minded society.

In most developed countries, tax mechanisms have been used as fiscal tools to promote private donations (Shuster, 1995) or to encourage cultural products such as the creation of museums under a corporation. This indirect form of government support for the museum sector is also present in Malaysia where the government forgoes taxes as an incentive for corporate giving.

Knowing that the Malaysian business community should play their role to support the culture and art sector, the government has encouraged donations to be made directly to the institutions and subsequently those business donors apply for tax exemptions. Tax exemptions were introduced by the Malaysian government in 1996 and there was no limit as to the amount of contributions a business could make. Thus PETRONAS and other companies that use this kind of socially responsible

contributions benefit from the tax system. Malaysia has also been using tax exemptions for many other charitable contributions to religious, charitable and non governmental organisations.

To conclude, it is true to say that as a new democracy, the reasons for the government to support museums are more widely reflected in its post-independence cultural policies which are closely integrated into the wider spectrum of its economic, political and social policies. The impact of this effort has resulted in the creation of state, departmental, independent and national status museums, which despite of their shortcomings, should contribute to strengthen Malaysia's cultural vitality.

CHAPTER FOUR

MUSEUM DEVELOPMENT IN ENGLAND

Introduction

Most museums in the UK are located in England, with 39 museums per every one million population. Two out of every three museums did not exist forty years ago. A significant number of them were established after WWII, a period of remarkable growth that did not rise accidentally but rather coincided with developments in the economy (Hudson,1990).

Museums are hugely important in many ways - helping education, tourism, local communities, creativity, research and the economy as a whole. The museum sector generates £3 billion for the economy and employs 40,000 people; while members of the public make 100 million museum visits per year – more than the total number of attendants to all of the UK's live sporting events put together (BBC News Online, 9/3/2004). In terms of size, a typical museum in England is not as large as the British Museum in London, but it is rather small, with a staff of no more than twenty and a small group of dedicated volunteers.

The Government's Role

The first formal form of financial support to museums in the UK was the £2,000 grant given to the British Museum in 1762 by Parliamentary decree— the British Museum had already been established for 10 years before this grant was given. This grant marks the earliest government subvention to museums (Spalding, 1998). The

purpose of the grant was to help with the maintenance, acquisition costs and physical expansion of the British Museum--which were the primary expenses the government agreed to provide for to national status museums (Selwood, 1995).

This type of financial support continued and grants were given to many more national museums opened after the British Museum. The National Gallery (established in 1824), the Victoria and Albert Museum (1852) the Tate Britain (1897), were among the earliest recipients of government grants. Later, in 1931 the Museums and Galleries Commission (MGC), an advisory body to the government, was established to promote and safeguard the interests of museums and galleries in the UK. However the government's role as a policy maker and institutional patron at that time was not yet matured as it did not yet have formal subvention mechanisms.

This was to change in the interwar period (1939) when through a grant from the American-based Pilgrim Trust, the Council for Encouragement of Music and the Arts (CEMA) was established. The Council's initial aim was to bring the arts to the public. Lord Keynes, who took over the chairmanship of CEMA in 1945, changed its name to The Arts Council of Great Britain and shifted its early focus from a popular-based establishment to an elite organisation. Under his chairmanship, the Arts Council attracted government and private funding to support programmes for film, museum and performing arts.

In 1945, by government decree, the Arts Council officially replaced CEMA under the auspices of the Department of Education. The Council started out with £175,000 in 1945 and a few decades later its budget grew to £60 million. Its aim was to support

professional and amateur work by giving adequate interest to both and was clearly stated in its policy document *The First Ten Years 1946-56*:

Both are supremely important, but for different reasons. The amateur practice of music or play-production or painting confers a variety of benefits. On such grounds as these the amateur performance of the arts is a vital and significant element in the national provision. But very rarely is it possible for the amateur to attain professional proficiency: not through any lack of talent, but through lack of time. The achievement and preservation of standards in the arts is, primarily, then, the role of the professional, just as the task of diffusing the arts outside the cities is largely the business of the amateur. (The First Ten Years 1946-56 in Pick, 1980)

Since then, the government grants became a fixture of government expenditure in support of the arts and culture. Eventually the grants increased in tandem with the government's sense of responsibility towards funding national museums. The expansion of British art and the emergence of high culture--where museums represented one of the highest forms of civilised culture--were among the reasons for the government's financial commitment to museum during this era (Macdonald, 2003). In this regard, money provided for supporting museums was justified as one of the nation-state's obligations. Thus, the role of the government in supporting the sector was evidently more active after WWII.

In 1980 the Department of Education took over the responsibility of administering funding to national museums from the Arts Council. Eventually this responsibility was transferred to the Office of Arts and Library and then in 1992 to the Department of National Heritage. In July 1997 the Department of National Heritage became the Department of Culture, Media and Sport (DCMS), which is at present responsible for

overseeing 17 national museums in England—in addition to being in charge of the UK's media and sports landscape.

Other government departments which sustain the cultural sector are the Department of Education and Employment, through which university museums and galleries are supported; the Foreign and Commonwealth Office, which funds the British Council and the BBC World Service; and the Ministry of Defence which funds the armed services' museums.

Local authorities in the UK are also involved in setting up and supporting local museums. The 1854 Museums of Art in Corporate Towns Act gave permission to local authorities to use revenue from local taxes to support museums and other cultural activities. In 1995/1996, the total local authorities' net revenue spending on the arts and museums in the UK was around £407 million and contributed to 8 per cent of total expenditure for county councils and 58 per cent for lower-tier district councils (Selwood 1995). In recent years, the central government has extended its financial support to regional museums with the introduction of the *Renaissance in the Regions* project—which is really the first time the financial commitment to expand the central government's role in supporting museums in the UK has taken this form.

The government's support to museums however has not been argument free. While there has been a general consensus in support of the government's role in funding museums, some have questioned and criticised the reasons for government support for arts and culture. Brooks (2001) reports two important predictors of opposition: political views and income level. The view that ideology is a prime predictor of

attitudes is consistent with much existing theory on public opinion, in which opposition to financial support to arts funding stems either from a specific political viewpoint or proletarian ignorance. Brooks also finds that those in the highest income bracket are most likely to support public arts funding, and concludes that the benefits of public arts funding accrue more to people at this income level than to people in other income groups. This adds to the opposition to government arts funding, which is then seen primarily as a public subsidy to the rich.

Cognizant of these criticisms inclusion is now an intrinsic policy element of every one of the museums in this sample. The recognition that disenfranchised groups deserve special attention is driving museums to mount popular exhibitions and launch educational programmes to address this concern.

Nevertheless, government funding for national museums is now an intrinsic part of public expenditure and under the watchful eye of DCMS the sector is recognized as being of critical importance to the cultural life of the nation. Thus the growth in the museum sector is dependent on the continuing support of the government, just as the government's provision of public access to the arts and culture is dependent on the ability of museums to discharge this critical duty. This interrelationship between government funding and museum performing a cultural service to the nation is essential to the survival and expansion of the sector, which in its latest incarnation has forced both to look at alternative ways of funding, as competition from other government sectors has increased. Thus museums are now prompted to look outside of government subvention to satisfy their needs.

The Role of the Private Sector

Private patronage of the arts dates back to 1768 when the Royal Academy of Arts was established and enjoyed financial contributions from King George III. Unlike the British Museum, which retained a link to the government through financial support from the Parliament, the Royal Academy of Arts was largely privately supported (Alexander and Rueschemeyer, 2005). This fact is significant because it constitutes the earliest form of private patronage to the cultural sector.

Later, in the 19th century, private donations lead to the establishment of two pre-eminent cultural institutions in the UK; The National Gallery in London and the Tate Gallery. The former opened to the public in Trafalgar Square in 1824 with the support of a group of private donors that included Sir Charles Lock Eastlake (http://en.wikipedia.org/wiki/National_Gallery_in_London, 10 December 2006). The Tate Gallery on the other hand was conceived by industrialist Henry Tate and opened its doors on July 21 1897 on the site of the old Millbank Prison under the name of The National Gallery of British Art. Since then both galleries and other like them which sprang in the 20th century have been supported largely by the contributions of their wealthy patrons and dedicated trustees.

Margaret Thatcher, during her tenure as Prime Minister (1979 – 1990) promoted the active participation of private enterprise in sustaining a viable partnership with the government sector to support the arts—and consequently museums. According to Alexander and Rueschemeyer (2005), Thatcher was responsible for instituting privatisation in the arts and reversed a trend toward increased state involvement that had been built over the previous 200 years. For example, Norman St John-Stevas, Thatcher's first Arts Minister, prompted art organisations to seek alternative sources

of funding, delivering funding cuts to the sector. These budget cuts were meant to spur an entrepreneurial culture in the sector in the name of 'value for money.' This economic rationale implied that cultural institutions had to use resources more efficiently as well as assume responsibility for creating their own income.

Thatcher's policies of arts funding significantly encouraged 'partnerships' between museums and the business sector. This is the context in which the Association for Business Sponsorship of the Arts (ABSA) was established to oversee the Business Sponsorship Incentive Scheme introduced in 1984 to garner arts funding from non-governmental sources (Shaw 1993). The scheme resulted in a changed funding environment for the museums sector.

In 1988, the Arts Council published its first three-year plan which promoted private partnerships to help arts organisation improve business planning and enhance self-generated income. Skills in the area of fundraising and marketing were apparently much sought after. Business sponsorships increased but were concentrated in the London area, mostly in the form of corporate membership income and 'sponsorship in kind'. According to Alexander and Rueschemeyer (2005), Thatcher's government also changed the governance body of museums to reflect her agenda towards more enterprising museums. The National Heritage Act of 1983 was introduced to support her ideology. Terms of appointment of museum trustees which had been managed within the government were no longer practised. The Victoria and Albert Museum, for instance, became an independent public body governed by trustees. As for the Tate, which was already governed by a Board of Trustees, changes took place in the composition of trusteeship (Wu in Alexander and Rueschemeyer, 2005).

However, the museum sector faced major difficulties with Thatcher's policies, especially in getting money for capital projects. Declined financial support from the government remained an issue until 1994 when John Major's government introduced the lottery funding scheme, a further step to increase private partnership with museums.

The lottery-funded scheme works on the principle of matching funds where museums have to raise half the funding needed from private sources before the remaining half can be granted from lottery funding. Overseen by DCMS, the distribution of lottery grants to the arts is made via the four UK Arts Councils – Art Council of England, Scottish Arts Council, Arts Council of Wales and the Arts Council of Northern Ireland. Beside the Arts Councils, the Heritage Lottery Fund (HLF) also distributes lottery grants to the heritage sector, benefiting museums the most. Lottery funding provides a huge capital boost to the museums sector in the UK and in its first year of operations, lottery funds already exceeded government funds for all four Arts Councils. Importantly, while government grants remain static or shrink in real terms, lottery funds continue to increase. However, some approved lottery projects do not take off simply because commitment by the private sector could not materialise.

Encouraging individuals and private bodies to financially support art and culture is the desire of many governments of today. One of the most common ways to encourage such support is through the introduction of tax incentives given to those who contribute financially to museums. This form of support comes at a cost as the government sacrifices revenue that may otherwise be used for other areas such as

health and education--illustrating to potential museum donors how highly the government values the wellbeing of the sector.

Reaching museums through cash donations and donations in kind, private contributions which benefit from tax incentives come from individuals or corporations. Young and Burlingame (1996) categorize corporate giving into two kinds: corporate philanthropy and corporate sponsorship. Corporate philanthropy is the money given by businesses to their preferred recipients such as museums, often with no direct connection between the contribution and any activity of the company. Corporate sponsorship, however, is an explicit promotion of the company or its products, as there is usually a quid pro quo in sponsorships. Andreoni (1990) argues that giving is driven by the potentially conflicting motives of altruism and the desire to win public praise and acclaim. However the motivations and decisions underlying these two modes of support are different and in practice many countries provide different legal incentives for the two (Schuster, 1996).

Thus there are differences in the motivation which underlies public and private funding. Policy on government funding to museums is likely to have more than one objective; among those frequently debated are the expression of national or regional cultural identity, the expanded role of public service and education, the expansion of access to the arts, the promotion of excellence, the encouragement of regional growth, and so on. No matter how unpredictable the nature of private giving may be, as noted by Throsby (1994), either directly facilitated by the government or genuinely taking place out of their own initiative, it is the second most significant source of revenue to museums after public funding. In the United States, as Schuster (1995a)

observes, private giving to the arts and humanities is greater than the level of direct provision from the government.

Both the UK and Malaysian governments have implemented tax measures to encourage private involvement in the sector. Like in the U.S., among the private patrons of the arts and culture are corporations, businesses, foundations and individuals. It is clear that the sector benefits from both government and private financial support and there is no indication that this paradigm will change any time soon. Like Shuster says, despite those who advocate the notion that private giving can somehow supplant grants-in-aid and subsidies, corporate giving should not be conceived as a true replacement for government support nor vice versa (Schuster, 1998). What we may see in the future however, is a trend towards greater financial autonomy which will result from the UK's museum sector drive to express more genuinely its *raison de tre*.

Models of Art Support in the UK

An aid to understanding how support for the arts in the UK takes place is Hillman-Chartrand and McCaughey's (1989) *four types of art support model*. To develop their model they observed the production of arts, process of creativity, mechanisms of funding, and various policy goals in the UK, France, Netherlands, Germany, the Soviet Union, the US and Canada, resulting in the view that each national government expresses predominantly one of the four modes of support to the arts -- *the facilitator state* (the US), *the patron state* (the UK), *the architect state* (France) and *the engineer state* (the Soviet Union). These models depict contemporary distinctions one country has over another as a result of the political environment developed before the World

Wars and until the 1980s. Obviously a government can play more than one role and may seek to achieve more than one objective, either to support the process of creativity or/and to support the production of specific types of art.

In the *facilitator* and *patron* state models the financial support mechanisms are geared towards enhancing the process of creativity. The difference between the two in this respect is that the *facilitator* state promotes diversity of activities whilst the *patron* state aims to promote standards of professional artistic excellence. This could be further explained as an expression of the preferences and tastes of private donors in the countries such as the US (who is the primary exponent of the *facilitator* model) that influence the policy dynamics of this state. In contrast, in a *patron* state like the UK, the policy tends to be evolutionary, responding more to the standards expressed by the artistic community rather than the donors. Thus, as representatives of the arts community, the Arts Councils in the UK have influenced the standards of arts in the sector for 200 years, maintaining an “arm’s length” relationship with donors in order to preserve the autonomy of the sector.

The *architect* and the *engineer* states, on the other hand, represent a bureaucratic model. Both assume a larger role in determining the objectives for supporting the arts and for setting the appropriate mechanism to achieve such objectives. The government of the architect and the engineer states provide annual budget for arts and culture which provide financial stability for the sector while private donors play a negligible role. The difference between the two is that the *engineer* state is more extreme, asserting itself in its involvement to the extent that the government of the day dictates what art is worthy of political support and what is not. Therefore, there is

an ownership issue of the artistic production in the engineer state where most of the artistic means of production are state-owned. For instance, socialist states such as the former Soviet Union and China displayed characteristics of engineer state where art produced in these two countries had to conform to political ideology and those which did not, were forbidden (Hillman-Chartrand and McCaughey, 1989). France, due to its historical legacy of high culture displays the characteristics of an *architect* state in a more or less centralised state-bureaucracy. Today, France's Ministry of Culture is an example of a dedicated centralised ministry, financing public cultural entities with public monies. By the same token, the French cultural policy and the government funding of the arts and culture have served as a sophisticated tool to express the grandeur of France's cultural wealth and it touches every aspect of public life (Zimmer and Toepler, 1999).

Hillman-Chartrand and McCaughey argue that today many states have moved towards embracing new and positive changes to suit the new needs of the government. This is evident in the UK's slow convergence between the patron and the architect roles embodied by the arm's length relationship between the arts council and the ministry of culture, which can be construed as part of a universal trend that reflects, among other factors, the changing state of the economy, declining real resources available to the public sector and the rapid growth and importance of the arts industry.

CHAPTER FIVE

THE FINANCIAL PROFILE OF THE ENGLISH MUSEUMS

Introduction

This chapter provides a twelve-year analysis of self generated income and contributed revenue of three English national museums – the Natural History Museum, the Tate and the Imperial War Museum. The discussion on self-generated income analyzes income from trading, admissions, private contributions and business sponsorships. The section on contributed revenue on the other hand looks at government grant-in-aid and lottery funds which are available for museums via annual funding agreements and matching funds respectively.

Second, the chapter offers a ranking of each museum's source of income for a period of seven years--1995/1996 to 2001/2002. In the final section I offer an analysis of self-generated income and contributed revenue for the sixteen national museums sponsored by DCMS for the year 2000/2001, placing my sample museums in their wider context.

The overall analysis is based on the examination of financial records covering twelve years. Its purpose is to trace changes in the funding profile of my English museums and to reveal their level of dependency on government grants and self-generated income. The study also allows us to find indicators of whether or not these sources are reliable and sufficient to maintain the operation of the museum in the long run. Further, by analysing their income patterns, self reliance can be assessed in

relationship to public funding and other forms of public subvention such as the Lottery funding.

Self-generated Income

The main sources of self-generated income for the three English national museums are income from trading/commercial activities, admissions and membership fees, private contributions and business sponsorships. Trading income is earned from commercial activities such as retailing, catering, brand management, publishing, corporate space rental and licensing fees. For this study I use 'commercial income' interchangeably with 'trading income'. This income is normally reported by the museums' trading companies. Admission fees comprise income collected from admissions to permanent collections and special and touring exhibitions. This category also includes income received from membership schemes offered by museums as part of their audience development initiatives.

Prior to the financial year 1995/1996, reports of income from other self-generated activities were not a priority. Perhaps due to the scale of operations and accounting requirements, most earnings from other self-generated income were grouped under one heading; *Other operating income*. Each museum provided accounting notes for this study summarising in detail their income under this category.

I shall now present the profile and trends of the self-generated income made by NHM, the Tate and IWM from 1990/1991 to 2001/2002.

Table 4a: Trading Income, Admission Fees and PC&BS Income Received for NHM, the Tate and IWM from 1990/1991 to 2001/2002, in £ millions

		90/ 91	91 /92	92/ 93	93/ 94	94/ 95	95/ 96	96/ 97	97/ 98	98/ 99	99/ 00	00/ 01	01/ 02	Total £
NHM (1)	<i>trading</i>	-	3.4	4.2	4.6	4.0	4.2	4.5	5.2	5.4	6.3	6.4	7.6	55.8
	<i>admission</i>	2.1	2.0	3.0	3.5	3.4	3.3	4.2*	4.4*	4.8*	4.3*	4.3*	3.6*	42.9
	<i>PC&BS</i>	1.2	2.0	2.0	1.9	2.7	3.0	3.7	4.0	4.1	5.5	5.1	3.9	39.1
	<i>Total</i>	3.3	7.4	9.2	10.0	10.1	10.5	12.4	13.6	14.3	16.1	15.8	15.1	137.8
The Tate (2)	<i>trading</i>	-	-	3.3	4.6	5.6	6.4	6.4	7.9	9.7	8.2	20.3	20.2	92.6
	<i>admission</i>	0.3	0.7	0.3	1.0	1.3	1.9	0.9*	1.7*	2.2*	1.9*	2.3*	3.9*	18.4
	<i>PC&BS</i>	1.3	1.8	1.6	1.8	1.9	1.6	3.7	12.0	10.0	15.0	17.0	14.8	82.5
	<i>Total</i>	1.6	2.5	5.2	7.4	8.8	9.9	11.0	21.6	21.9	25.1	39.6	38.9	193.5
IWM (3)	<i>trading</i>	1.7	1.8	2.0	2.3	3.3	3.4	2.8	3.7	3.1	5.0	6.0	6.2	41.3
	<i>admission</i>	1.7	1.6	1.8	2.0	3.3	3.3	3.4	3.7	3.9	3.5	3.9	3.5	35.6
	<i>PC&BS</i>	-	-	0.4	0.6	0.5	1.1	4.9	4.3	3.8	4.2	15.0	17.1	51.9
	<i>Total</i>	3.4	3.4	4.2	4.9	7.1	7.8	11.1	11.7	10.8	12.7	24.9	26.8	128.8

Note: (1) From 96/97 to 01/02, figures for *Trading income* are taken from SoFA. From 91/92 to 95/96, figures are turnover value. (2) From 96/97 to 01/02, figures for *Trading income* are taken from SoFA. From 93/94 to 95/96 figures are turnover value. (3) Income represents a combination of commercial activities including trading. Figures before 95/96 were taken from SoFA; whilst those of other years were taken from accounting notes. * include membership fees

Table 4b: Real Terms Value of Trading Income, Admission Fees and PC&BS Income Received for NHM, the Tate and IWM from 1990/1991 to 2001/2002, in £ millions

		90/ 91	91 /92	92/ 93	93/ 94	94/ 95	95/ 96	96/ 97	97/ 98	98/ 99	99/ 00	00/ 01	01/ 02	Total £
NHM (1)	<i>trading</i>	-	3.3	4.1	4.5	3.9	4.1	4.4	5.1	5.3	6.3	6.3	7.5	54.8
	<i>admission</i>	1.9	1.8	2.9	3.4	3.3	3.2	4.1*	4.3*	4.7*	4.3*	4.2*	3.5*	41.7
	<i>PC&BS</i>	1.1	1.9	1.9	1.8	2.6	2.9	3.6	3.9	4.0	5.4	5.4	3.8	38.3
	<i>Total</i>	3.0	7.1	8.9	9.7	9.8	10.2	12.1	13.3	14.0	16.0	15.9	14.8	134.8
The Tate (2)	<i>trading</i>	-	-	3.2	4.5	5.4	6.2	6.3	7.8	9.6	8.1	20.0	20.3	91.4
	<i>admission</i>	0.3	0.7	0.3	1.0	1.3	1.9	0.9	1.7	2.1	1.9	2.2	3.9	18.2
	<i>PC&BS</i>	1.2	1.7	1.6	1.8	1.9	1.6	3.6	11.8	9.9	14.9	16.8	14.7	81.5
	<i>Total</i>	1.5	2.4	5.1	7.3	8.6	9.7	10.8	21.3	21.6	24.9	39.0	38.9	191.1
IWM (3)	<i>trading</i>	1.5	1.7	2.0	2.3	3.2	3.3	2.7	3.6	3.0	5.0	5.9	6.1	40.3
	<i>admission</i>	1.6	1.5	1.8	2.0	3.2	3.2	3.3	3.6	3.8	3.5	3.8	3.4	34.7
	<i>PC&BS</i>	-	-	0.4	0.6	0.5	1.1	4.8	4.2	3.8	4.2	14.8	16.9	51.3
	<i>Total</i>	3.1	3.2	4.2	4.9	6.9	7.6	10.8	11.4	10.6	12.7	24.5	26.4	126.3

Note: (1) From 96/97 to 01/02, figures are *Trading income* taken from SoFA. From 91/92 to 95/96, figures are turnover value. (2) From 96/97 to 01/02, figures are *Trading income* taken from SoFA. From 93/94 to 95/96 figures are turnover value. (3) Income represents a combination of commercial activities including trading. Figures before 95/96 were taken from SoFA; whilst those of other years were taken from accounting notes. * Include membership fees

Trading

I found considerable variation in the amounts of trading income made by individual museums, as shown in Table 4a and 4b, which present trading income in nominal and real terms values respectively. Nominal values of trading income represent the value of money museums made whilst the real values adjusted for differences in consumer price levels each year. The UK economy was rather stable during the period covered by this study with inflation never reaching more 1.7 percent. Therefore there were no significant differences in value changes between nominal and real figures throughout the twelve years of the study, thus I chose to use the nominal figures for the discussion on all financial data unless significant differences require it otherwise.

According to the FAME database on UK companies, the Tate Enterprises Limited and the Natural History Museum Trading Company Limited are considered *very large* trading companies whereas The Imperial War Museum Trading Company Limited is listed as a *large company*, based on their employment figures, i.e. in 2002/2003, Tate Enterprises Ltd employed 450 people--however, there was no specific information on the number of employees for the other two museum trading companies.

Being a *very large* trading company, in 2000/2001 Tate Enterprises Limited generated £20.3 million around the opening of its Tate Modern, surpassing their previous year income by £12.1 million. Opening the Tate Modern, which is now considered one of the largest contemporary art museums in Europe, made this significant jump in trading income possible. In contrast, the NHM, which is in the same *very large* category with the Tate, earned only £6.4 million in the same year. Both trading companies deal with retail activities such as functions, catering, brand

management, licensing, and touring exhibitions and have approximately the same amount of employees. Also in the same year, the IWM earned £6.0, nearly as much as the NHM--despite being regarded as a *large* trading company by FAME, in other words smaller than both the Tate and the NHM. These inequalities in income demonstrate that income-generating capabilities vary among museums, regardless of the size of their trading companies.

The disparity in income levels for this year does show that a major event such as the opening of a new branch, in this case the well publicised opening of a new art museum, can make a significant and lasting impact on the amount of self-generated income garnered by a museum. The year following the opening of the Tate Modern, its trading income remained at the £20 million level, an all time high.

Unlike any other business entity, a museum trading company operates in a complex context that forces it to act as a semi-normal business, subjecting itself to gross and net profit measurements-- two indicators of business proficiency--while at the same time upholding a charitable practice in which profit can not be its main driver. Museums are primarily charitable institutions which service objectives related to access, outreach and education.

As a business their profit is calculated by deducting the cost of sales from gross turnover. Any other income, such as interest receivable on the trading account is added up to estimate their final net profit. Table 6 presents some essential figures related to trading, such as turnover value, the costs of sales, the gross profit, administrative expenses, other income and the net profit the gross and net profit made

by these three national museums. Also, like a normal business, their net profit is covenanted to the museum's trustees, who ultimately are the ones who decide how it shall be used. However, unlike a normal business, their profit is not subjected to dividend distribution as all the funds are allocated for the various museum needs.

Table 6 shows that the Tate had the highest trading turnover of all in the 2001/2002 fiscal year, bringing in £21 million, almost triple the amount generated in 1999/2000. Comparatively, the trading income by the NHM and IWM did not experience any significant change, leading to conclude that the volume of goods sold by the Tate's trading company was the largest, making the Tate the biggest retailer in my sample and one of the top retailers among museums in the UK.

The expansion of a trading company depends on the number of visitors and on their level of consumption. Therefore, the more visitors spend money at the museum's souvenir shop and restaurant, the more income they get. So to attract more spending, more popular exhibitions may be mounted. According to Andrea Nixon from the Tate, a contemporary art museum like the Tate Modern attracts large and diverse groups of visitors, mostly appealing to upper and middle class visitors age 18 and above, contemporary art enthusiasts, and quite importantly international visitors.

Despite being a major source of income for museums, there always are potential conflicts of interest around trading, one of the most common being that museum staff are concerned that their overall identity is contested when they venture into commercial efforts. Another potential conflict of interests is likely to be present in their work setting, as two separate cultures, the traditional museum-task oriented and

the business development staff aim to advance the museum's mission using their particular skills sets, which at times can enter into conflict. Nevertheless, museums must acknowledge that, as long as the self-earning activities do not conflict with their public service objectives, income generation certainly is a way forward.

Indeed, the trend shown in the data indicates that national museums are now aggressively generating income on their own, despite the fact that in overall terms contributed revenue still remains their largest source of income. Nonetheless, income from trading is increasing every year for my three sampled museums and it promises to continue to grow in the near future.

As with any business, cost of sales is one of the important factors in determining how much profit a trading company could make. Unnecessary costs can be limited to reduce loss as it is only when costs are reduced that profit can rise. Table 6 shows that the IWM's turnover value in 2001/2002 did not increase from the previous year, yet administrative expenses rose by £1.3 million (60 per cent), resulting in a drop in net profit. Likewise, the Tate managed to keep administrative costs down to the same level as the previous year in 2001/2002, but the cost of sales increased £1.7 million from £9.6 million in 2001/00 to £11.3 in 2001/2002 (18 per cent) resulting also in drop in income.

Trading expenses are one of the factors to which museums have to pay considerable attention in the long run, for as it is obvious, their profit margin can increase if they control such expenses better. The skills of the trading company staff will be critical to their commercial success in the near and long term.

Admissions

It should be noted that there are inherent differences between the NHM, The Tate and IWM such as size, the nature of the collection, location and visitor numbers which affect their income generating potential. A report by the Comptroller and Auditor General (2003) acknowledge that national museums have more success with initiatives to increase visitor numbers --and that this contributes to increased visitor spending on-site.

In Table 4a and 4b present figures for income from admissions and membership fees from 1991/1992 to 2001/2002 by NHM, the Tate and IWM in nominal and real terms value. Note that the national museums started eliminating their admission charges gradually beginning in 1999, and by 2001 admission fees were completely abolished in the whole of the UK—in 1999 admission was free for school children, in 2000 free for senior citizens and in 2001 was free for everyone. However, admission for Temporary and Special Exhibitions (T&SE) were still charged around £7 to £11 per visitor depending on the exhibition and museum. As a result, NHM experienced revenue drops in 1999/2000 to £4.3 million from £4.8 million in 1998/1999 and continue to drop further to £3.3 million in 2001/2002 (see Table 4a). Similarly, the admission revenue fell from £3.9 million immediately in 1998/1999 to £3.5 million 1999/2000 for IWM, however, the revenue raised the following year and dropped again the later year. The Tate's admission revenue dropped in 1999/2000 from £2.2 million to £1.9 million but increased again the following year. In 2001/2002, the revenue rose to its highest point since 1990/1991, amounting to £3.9 million, a 41 per cent increment. Given that the Tate only imposed fees to their T&SE, the drop was not attributed directly to the new policy. It seems that with free admission visitor's

decision to visit museums have been affected, with some taking advantage to attend other national museums that were previously charged rather than visiting paid exhibitions (Penny Ritches – IWM). From 1990/1991 to 2001/2002, revenue grew 70 per cent for NHM, 1000 per cent for the Tate and 100 per cent for IWM, showing that the elimination of admission charges was a good business decision.

As presented in Table 4a, as a result of free admission, 1999/2000 admissions income fell for all three museums. The figures are not self-explanatory and there are many reasons for the rise and fall of the admissions figures. The free admission policy, major exhibitions mounted by the museums themselves and other several major London exhibitions, the events of September 11 and general economic conditions are among the factors affecting visitor profiles. After September 11 2001, most museums in London had fewer visitors from overseas. For instance, Americans, who form the biggest group of overseas visitors to London, were deterred from travelling abroad and the British Tourist Authority estimated that the UK, whose tourism industry is largely dependent on US tourists, could lose £2.5 billion in revenue from overseas visitors in 2002 (BBC News, 23/10/01).

Leaving aside IWM, NHM and the Tate reported income from membership fees under their *Admissions* heading. IWM launched its membership scheme only recently, in 2003, and therefore the figures in Table 4a and 4b reflect only its admission fees.

NHM had collected a total of £42.9 million for 12 years, the highest admission revenue among the three, followed by IWM with £35.6 million and the Tate with

£18.4 million. Again, it was due to admission charged prior to full free admission in 2001. It is understandable that science and social history museums would attract more family crowds and this also contributed to their admission revenue. It will be interesting to examine the admission revenue to the T&SE of these museums in the post free-admission period in order to get another view on the income generation from the admission.

IWM and NHM experienced an overnight loss of a significant portion of their income (due to the lifting of the admission charge) and had to develop other strategies to recoup the shortfall. The Tate increased admissions to T&SE and developed membership programmes not only as a source of revenue but as a means of strengthening support from regular visitors and donors (Andrea Nixon – The Tate). Membership programmes were set up to gain financial support by offering tangible benefits such as discounts for T&SE charges, discounts at the museum shop, regular newsletters and priority access to museum activities and programmes. Unfortunately, data was not available separately to show how much income has been generated under T&SE and membership programmes by any of the three museums which have earned income from this source.

Although the government has compensated sponsored museums for the loss of admission income and for a measure of wear and tear and the extra staff needed to cope with a third more visitors, it is not then surprising for some museums to introduce “stealth charges”, collection boxes with a ‘suggested donation’ of some fixed amount from visitors, including asking for donations at the cloakroom and

promoting visitors to use audio guides for some fees--these is now a common practice at all other museums.

Since admission revenue is a reliable stream of income for some national museums, how will its abolition affect the amount of government grant given to them? By examining the four-year period (1998/1999 to 2001/2002) during which free admission was implemented, the study finds that there is a relationship between admission revenue and grant-in-aid. In this regard, IWM and NHM received more grant-in-aid as their admission revenue dropped. In 1999/2000, IWM lost £0.4 million in admissions revenue while its grant-in-aid increased from £10.6 million in 1998/1999 to £12.1 million in 1999/2000. As the sponsoring body to national museums, DCMS in funding agreement documents (see the Funding Agreement between NHM and DCMS for 1999-2000 to 2001-2002, paragraph 5.2) agreed to provide additional funds to compensate for the loss in admission for its sponsored museums. NHM was given an addition of £2.7 million in 1999/2000 and IWM received an additional £1.5 million for the same year. Additional funds allocated to museums following the free admissions policy set by the government was defended by the Secretary of State of the DCMS who claims that:

Sponsored museums must receive sufficient funding to avoid the situation which gave rise to the imposition of admission charges in the first place. This is absolutely crucial. With the abolition of entry charges this funding should, at least in part, be sensitive to a number of variables such as the actual number of visitors to each museum- partly to reward success, partly to recognise wear and tear. If additional costs accrue to museums as a result of the free admission initiative, the government must accept responsibility for these consequences of its own policy.
(Culture, Media and Sport Committee, House of Commons, 03/2/2003)

However, an inverse relationship between admissions income and grant-in-aid appeared when the IWM grant-in-aid for 2000/2001 dropped as admission revenue increased, again evidence of a relationship between the one and the other. This relationship holds, however, for only two museums and therefore I cannot extend the same finding to other charging national museums.

The future of admission and membership revenue is promising, despite the running costs of its administrative affairs being high, as explained by the development officer of one national museum. In the future, with a better marketing strategy on the part of museums, this source promises to bring significant income. As for membership schemes, they could be extended to reflect the social, economic and cultural diversity of the community in which museums operate. Audience development is an area worthy of investment for the long term as there is evidence that turning non-regular visitors into regular ones can generate additional income via retail and catering. With adequate promotional activities, more people will be attracted to visit museums and even the loss of admission fees will be compensated by visitors' expenditure at the cafés and gift shops. This could be inferred from the Tate's trading income which rose more than 200 per cent from 1999/2000 to 2000/2001 in tandem with a growth in their reported number of visitors from 2.5 million in 1999/2000 to 6.7 million in 2000/2001.

Private Contributions and Business Sponsorships

Private contributors to museums such as benefactors and donors tend to give money for educational activities, research work and specific additions to collections through

which sometimes they can maintain a close relationship with their beneficiaries. Their financial contribution however, is usually made without the donors seeking any form of returns. In contrast, business sponsorship is money given by businesses and corporations for a specific deal agreed by both sides. Sponsorships are agreed for designated purposes, largely for general business support, corporate membership, capital projects and support in kind (Dunlop and Selwood, 2001). Whilst private donations, considered 'philanthropic gifts', are eligible for tax relief, sponsorships are regarded by the Inland Revenue as a form of advertising and sponsors' expenditure on it must be set off against a company's tax liability because the money spent is 'wholly and exclusively for the purpose of trade' (Shaw, 1993).

Most money earned from private contributions is raised through fundraising activities and some business sponsorships' deals are made through a concerted effort either initiated by the business organisation or the museum. Hence, in most instances private contributions and business sponsorships (PC&BS) are accounted as income from fundraising. However, identifying the sources of PC&BS from the museums' account reports is not straightforward due to differences in their accounting practices and changes in the reporting formats within our twelve-year period.

Table 4a and 4b also present the amount of PC&BS received by NHM, the Tate and IWM from 1990/1991 to 2001/2002 in nominal and real terms value. The most interesting finding under this self-generated income category is that the IWM generated substantial PC&BS in 2000/2001 and 2001/2002, surpassing their income from trading and admissions in five years within that six-year period. Over those six years 1996/1997 to 2001/2002, PC&BS has been by far the largest source of self-

generated income for IWM, receiving a total of £51.9 million at an average rate of £5 million a year (see Table 4a). The Tate on the other hand earned £82.5 million in PC&BS at an average rate of £7 million per year. The NHM's PC&BS however grew moderately from 1990/1991 to 2001/2002, receiving a total of £39.1 million at an average rate of £3.2 million a year.

This huge stream of PC&BS was due to the start of several major expansion and building programmes, such as the construction of IWM North at Trafford, Manchester and the American Air Museum at Duxford. IWM has been successful at raising money in support of capital projects, with around £32 million in 1999/2000 and 2000/2001. On the other hand, for the Tate and NHM, total PC&BS has declined since 2001/2002 because their most recent periods of expansion and building (the completion of the Tate Modern and Darwin Centre for NHM) have come to an end. These developments are in line with what National Audit Office (2004) reported; that 80 per cent of the income from fundraising is used for capital projects, mainly buildings, and another 10 per cent is used for purposes specified by the donor, for example, for educational activities and additions to collections.

Analysing the relationship between PC&BS and lottery funding we found that increases in PC&BS for the Tate and IWM took place after a substantial amount of lottery money had been awarded to both museums. This means that lottery money had significantly encouraged museums to seek private contribution to match the grants given by the lottery. The Tate received its highest PC&BS in 2000/2001 totalling £17 million right after it was successfully awarded a £16.7 million on lottery funding in 1999/2000. IWM received its highest PC&BS in 2001/2002 for the amount

of £17.1 million after it was awarded £4.3 million of lottery funding in 1999/2000. 'Matching pair' schemes required for lottery funding by certain lottery distributors has made it possible for PC&BS to rise.

All three museums show a series of rises and falls in PC&BS, but IWM and the Tate generated a substantial stream of income in recent years. While IWM and the Tate started to attract more financial support from their external funders, NHM received less contribution from the private sector. Arts & Business, which provides data on business sponsorships given to the arts and heritage organisations and museums, reported that £83 million of sponsorship was given in 1998/1999 compared to £39.2 million in 1993/1994, with an increased level of sponsorship geared towards capital projects and general business support. In terms of the spread of business sponsorship across a range of cultural and heritage areas, the museums have consistently received the largest share of business sponsorship capital funding since 1993 and up to 1998/1999. In 1994/1995 a total business sponsorship of £82.82 million was received by the museum sector, including £7 million of 'sponsorship in kind'. From this amount 148 museums and galleries surveyed had raised £15.8 million, becoming the sector to obtain the largest share of business sponsorship. Second and third places were taken by the opera and music respectively (Feist, Fisher, Gordon, Morgon and O'Brien, 1998). The important role of Arts & Business as a broker must be stressed, for it encouraged sponsorships and put commercial organisations in touch with museums to produce ventures.



Nevertheless, fundraising campaigns require considerable effort and not all are instantly successful. It takes time to develop relationships with potential donors. For

example, as pointed out by the NAO's report, fundraising in support of core activities is usually more difficult than fundraising for capital projects. Nevertheless, fundraising is generally a highly cost-effective form of income generation.

The role of private contributions and business sponsorship in the wellbeing of museums cannot be overlooked. It is safe to assume that the role of these sources of funds will become increasingly more important as museums continue to assert their views in a competitive world. As Paul Channon, the Arts Minister at the time said about the private sector's value to the arts and heritage bodies:

I believe in a mixed economy. In the arts for the foreseeable future, the public sector is likely to pay the lion's share. But the private sector [i.e., business] has a crucial role to play. How dangerous it would be, how impossible for the rebel, how wrong if the state were ever to become the sole supporter of the arts.

(Shaw, 1993, p. 28)

Table 7a: Grant-in-aid, Lottery and Total Income* Received for NHM, the Tate and IWM from 1990/1991 to 2001/2002, in £ millions

	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	Total £
NHM													
Grant-in-aid	22.7	21.0	25.2	21.7	25.0	23.9	27.4	27.7	26.9	29.6	30.4	32.4	314
Lottery	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.1	0.6	1.9	-	-	0.1	6.7
Total Income	32.2	30.9	37.6	35.9	36.4	35.7	47.8	45.3	47.0	48.9	49.2	50.7	498
The Tate													
Grant-in-aid	11.2	12.0	13.2	16.6	18.3	17.6	17.2	18.7	17.6	19.7	24.9	26.8	214
Lottery	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12.8	19.9	31.2	16.7	3.9	1.8	86.3
Total Income	15.8	17.5	17.9	20.8	24.8	23.9	55.5	68.4	86.6	78.4	85.7	81.4	577
IWM													
Grant-in-aid	8.2	9.1	10.8	10.4	13.2	13.4	10.7	10.9	10.6	12.1	11.7	13.1	134
Lottery	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	3.5	4.6	4.3	0.2	0.2	12.8
Total Income	13.7	14.5	16.7	18.1	21.5	22.4	23.4	27.5	28.4	29.9	37.5	41.1	295

*total income = include self generated income

Table 7b: Real Terms Value of Grant-in-aid, Lottery and Total Income* Received for NHM, the Tate and IWM from 1990/1991 to 2001/2002, in £ millions

	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	Total £
NHM													
Grant-in-aid	21.0	20.2	24.6	21.2	24.3	23.3	26.9	27.3	26.6	29.4	30.0	32.0	306
Lottery	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.02	0.59	1.87	-	-	0.09	6.5
Total Income	32.0	29.6	36.7	35.2	35.4	34.8	46.9	44.6	46.4	48.5	48.6	50.0	488.7
The Tate													
Grant-in-aid	10.4	11.5	12.9	16.3	17.9	17.2	16.9	18.4	17.4	19.6	24.6	26.5	209
Lottery	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12.57	19.60	30.79	16.57	3.85	1.78	85.1
Total Income	14.6	16.7	17.5	20.4	24.1	23.3	55.5	67.3	85.5	77.8	84.6	80.3	567.5
IWM													
Grant-in-aid	7.6	8.7	10.5	10.2	12.9	13.1	10.5	10.7	10.5	12.0	11.5	12.9	131
Lottery	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-	3.45	4.54	4.27	0.19	0.19	12.6
Total Income	12.7	13.9	16.3	17.7	20.9	21.9	23.0	27.0	28.0	29.7	37.0	40.6	288

*total income = include self generated income

Table 8a: Grant-in-aid – Nominal Values, Net Changes and Percentage Change for NHM, The Tate and IWM, 1990/1991 to 2001/2002

Year	NHM			The Tate			IWM		
	nominal value £millions	Net change £millions	% change	nominal value £millions	Net change £millions	% change	nominal value £millions	Net change £millions	% change
1990-1991	22.7	n.a	n.a	11.2	n.a	n.a	8.2	n.a	n.a
1991-1992	21.0	(1.7)	(7.5)	12.0	0.8	7.1	9.1	0.9	11.0
1992-1993	25.2	4.2	20.0	13.2	1.2	10.0	10.8	1.7	18.7
1993-1994	21.7	(3.5)	(13.9)	16.6	3.4	25.8	10.4	(0.4)	(3.7)
1994-1995	25.0	3.3	15.2	18.3	1.7	10.2	13.2	2.8	26.9
1995-1996	23.9	(1.1)	(4.4)	17.6	(0.7)	(3.8)	13.4	0.2	1.5
1996-1997	27.4	3.5	14.6	17.2	(0.4)	(2.3)	10.7	(2.7)	(20.1)
1997-1998	27.7	0.3	1.1	18.7	1.5	8.7	10.9	0.2	1.9
1998-1999	26.9	(0.8)	(2.9)	17.6	(1.1)	(5.9)	10.6	(0.3)	(2.8)
1999-2000	29.6	2.7	3.7	19.7	2.1	11.9	12.1	1.5	14.2
2000-2001	30.4	0.8	2.7	24.9	5.2	26.4	11.7	(0.4)	(3.3)
2001-2002	32.4	2.0	6.6	26.8	1.9	7.6	13.1	1.4	12.0
	Total net changes = £ 9.7 millions			Total net changes = £ 15.6 millions			Total net changes = £ 4.9 millions		

Table 8b: Grant-in-aid – Real Terms, Net Changes and Real Terms Percentage Change for NHM, The Tate and IWM, 1990/1991 to 2001/2002

Year	NHM			The Tate			IWM		
	Real terms £millions	Net change £millions	Real terms % change	Real terms £millions	Net change £millions	Real terms % change	Real terms £millions	Net change £millions	Real terms % change
1990-1991	21.0	-	-	10.4	-	-	7.6	-	-
1991-1992	20.2	(0.8)	(3.8)	11.5	1.1	10.5	8.7	1.1	14.5
1992-1993	24.6	4.4	21.8	12.9	1.4	12.2	10.5	1.8	20.7
1993-1994	21.2	(3.4)	(13.8)	16.3	4.8	37.2	10.2	(0.3)	(2.9)
1994-1995	24.3	3.1	14.6	17.9	1.6	9.8	12.9	2.7	26.5
1995-1996	23.3	(1.0)	(4.1)	17.2	(0.7)	(3.9)	13.1	0.2	1.6
1996-1997	26.9	3.6	15.4	16.9	(0.3)	(1.7)	10.5	(2.6)	(19.8)
1997-1998	27.3	0.4	1.5	18.4	1.5	8.9	10.7	0.2	1.9
1998-1999	26.6	(0.7)	(2.6)	17.4	(1.0)	(5.4)	10.5	(0.2)	(1.9)
1999-2000	29.4	2.8	10.5	19.6	2.2	12.6	12.0	1.5	14.3
2000-2001	30.0	0.6	2.0	24.6	5.0	25.5	11.5	(0.5)	(4.2)
2001-2002	32.2	2.0	6.7	26.5	1.9	7.7	12.9	1.4	12.2
	Total net changes = £ 11.0 millions			Total net changes = £ 17.5 millions			Total net changes = £5.3 millions		

Contributed Revenue

Grant-in-aid

The amount of grant-in-aid received by the three national museums from the central government is presented in Table 7a and 7b in nominal and real terms value respectively. From 1990/1991 to 2001/2002 both nominal and real values of grant-in-aid fluctuated. For example in 1990/1991 NHM received almost £23 million from the central government, which subsequently declined to £21 million the following year. A similar scenario took place in the following years.

In terms of growth rate, the Tate recorded the highest grant-in-aid among the three museums, 139 per cent, followed by the IWM, 59 per cent, while the NHM had a grant-in-aid growth rate of 43 per cent--calculated using 2001/2002 figures against 1990/1991. It is interesting to notice that despite having experienced the lowest growth in grant-in-aid, the NHM is, in terms of the size of its collections, operating costs and number of personnel larger than both the Tate and the IWM.

Some museum directors expressed their concern that the amount of grant-in-aid was insufficient and in some cases both nominal and real values were decreasing. Case in point one of my interviewees, Mr. Neil Greenwood, the Head of Finance at the NHM felt that the real value of grant-in-aid was decreasing:

The problem of government funding is that, over a period, somehow real terms value would have gone down. If we inflated the figure with the retail and market

prices, what we've got is declining in value even though government continues to bring in money. It is not totally satisfactory.

Mr. Jon Card, the Director of Finance of the IWM expressed a similar concern:

We know in reality government funding will decrease in real terms. History proves that. All museums and galleries grants are now worth 20—25 per cent less than it was 10 years ago. It will go down and we have to face it.

However, the analysis of grant-in-aid of the past 10 years tells a slightly different story. My data indicates that his statement is somewhat exaggerated, as the difference between nominal and real term value of grant-in-aid received by the IWM during the last ten years was never more than 7.3 per cent. Personal statements like this however are a reflection that for some museum personnel grant-in-aid is perceived to be inadequate.

Lottery Funding

During the twelve-year period observed in this study, there has been one big addition to contributed revenue - lottery funding. Museums and galleries, being an intrinsic part of the cultural heritage sector, have been one of the beneficiaries of the Heritage Lottery Fund (HLF) and Millennium Commission (one of the lottery distributors). National museums, especially those in the London area, have been since the beginning regular lottery funding recipients.

During 1994/1995 to 2001/2002, all three museums in the study sought lottery funds and were awarded money as a one-off contribution as shown in Table 7a and 7b. Lottery funds awarded following a successful application appeared in the annual

report only for the years in which the grant was distributed to museums. Funding levels for all museums fluctuated from one year to another and in some cases surpassed grant-in-aid. For example the Tate received a significant amount of lottery money in four consecutive years from 1996/1997 to 1999/2000 amounting to £80.6 million with the biggest recipient year being 1998/1999 with £31.2 million - awarded for conversion of Bank side Power Station to house the Tate Modern. The contributions made by the lottery money for 1998/1999 and 1999/2000 were bigger than the contributions made by grant-in-aid in the same years. As illustrated on Table 7a, upon the completion of the Tate Modern in May 2001 the lottery funding declined to £3.9 million in 200/01 with a further reduction in 2001/2002 to £1.8 million.

During the early years of lottery distribution, the funds have been mainly concentrated on building projects and restoring important buildings for the nation-- where many agree that capital money is difficult to obtain. Currently, the use of lottery funding has been extended to non-capital projects, a scenario very much welcomed for some museums including the NHM. IWM received a total of £12.8 million from lottery funding where the money was awarded for physical redevelopment, exhibition purposes and the educational programmes.

In most cases the lottery money was not a replacement to grant-in-aid and the government made a guarantee that the sector would continue to receive a 16 per cent share of the income from the National Lottery (Museums Association, <http://www.infosite.co.uk>, 22/01/02). It is extremely important that a continuing stream of income is made available and the lottery money awarded encourages

museums to seek out further matching grants, either from the private sector or from their own self-generated income.

The lottery distribution's policy has widened in scope and museums which apply for funding are not guaranteed to receive lottery funds every year – making it difficult for instance for the Tate to receive lottery money after the Tate Modern project was completed. The thinking seems to be that 'good causes' money must be available to others who apply and deserve to receive it. However, the Museums Association claims that the funding so far has not been evenly distributed across the UK and suggests that funding distribution should be responsive to the current situation of museums. Nonetheless, the association considers that equitable distribution of funding to museums is neither achievable nor desirable, but there is scope for improving the system of allocations across the UK for the sake of greater public benefit.

Table 9: Ranking of Source of Income from Highest (top) to Lowest (bottom) by Ratio of Each Source to Total Income

	95/96	96/97	97/98	98/99	99/00	00/01	01/02
NHM	G-I-A						
	admission	Trading	Trading	Trading	Trading	Trading	Trading
	PC&BS	LOG	Admission	Admission	PC&BS	PC&BS	PC&BS
	Trading	Admission	PC&BS	PC&BS	Admission	Admission	Admission
	Others	PC&BS	Others	Others	Others	Others	Others
	Invest	Others	Invest	LOG	Invest	Invest	Invest
	-	Invest	LOG	Invest	-	-	LOG
The Tate	G-I-A						
	admission	Trading	Trading	Trading	Trading	Trading	Trading
	PC&BS	LOG	Admission	Admission	PC&BS	PC&BS	PC&BS
	Trading	Admission	PC&BS	PC&BS	Admission	Admission	Admission
	Others	PC&BS	Others	Others	Others	Others	Others
	Invest	Others	Invest	LOG	Invest	Invest	Invest
	-	Invest	LOG	Invest	-	-	LOG
IWM	G-I-A	G-I-A	G-I-A	G-I-A	G-I-A	PC&BS	G-I-A
	Trading	PC&BS	PC&BS	LOG	Trading	G-I-A	PC&BS
	Admission	Admission	LOG	Admission	LOG	Trading	Trading
	PC&BS	Trading	Trading	PC&BS	PC&BS	Admission	Admission
	Others	Others	Admission	Trading	Admission	Invest	Others
	Invest	Invest	Others	Others	Invest	Others	Invest
	-	LOG	Invest	invest	others	LOG	LOG

Notes: G-I-A=grant-in-aid, PC&BS-Private contribution and business sponsorship, LOG=Lottery and other grants, Others= other income, Invest=income from investment.

Table 10: All National Museums - Share of Contributed Revenue and Self-generated Income

MUSEUM	C %	SG %	RATIO C:SG
Sir John Soane's Museum	86	14	9:1
National Maritime Museum	82	18	8:2
Royal Armories	77	23	8:2
Geffrye Museum	75	25	7:3
Natural History Museum	74	26	7:3
British Museum	72	28	7:3
National Gallery	68	32	7:3
National Museum Of Science And Industry Bradford	66	34	7:3
The Tate Gallery	63	37	6:4
Victoria And Albert Museum	61	39	6:4
National Portrait Gallery	58	42	6:4
Museum Of Science And Industry in Manchester	52	48	5:5
Wallace Collection	43	57	4:6
Horniman Museum and Garden	34	66	3:7
Museum Of London	33	67	3:7
Imperial War Museum	30	70	3:7

C- Contributed Revenue SG – Self generated income

Adapted from DCMS, *Creative Industries Mapping Document, 2001*

Table 11: All National Museums--Contributed and Self-generated Income Band Income, and Expenditure Plan for 2000-01, in £ million

MUSEUM	CONTRIBUTED	BAND
British Museum, National Gallery Natural History Museum, National Museum Of Science and Industry Bradford, The Tate Gallery, Victoria And Albert	More > £15 m	HIGH BAND
Imperial War Museum National Maritime Museum National Portrait Gallery, Royal Armouries	£5 -£15m	MEDIUM BAND
Geffrye Museum, Horniman Museum and Garden Museum Of London, Museum Of Science And Industry in Manchester Sir John Soane's Museum Wallace Collection	Less < £5 m	LOW BAND
Museum	Self-generated	Band
Imperial War Museum Victoria And Albert Museum	More > £15m	HIGH BAND
British Museum, Horniman Museum and Garden Museum Of London, National Gallery Natural History Museum National Museum Of Science and Industry Bradford The Tate Gallery	£5 -£15m	MEDIUM BAND
Geffrye Museum, Museum Of Science And Industry in Manchester, National Maritime Museum, National Portrait Gallery Royal Armouries Sir John Soane's Museum, Wallace Collection	Less < £5 m	LOW BAND

Adapted from: DCMS, *Creative Industries Mapping Document, 2001*

The Ranking of Income Sources

In order to understand the relevance of each source of income to individual museums, Table 9 ranks them from the highest to the lowest ratio of source to total income. The ratio was calculated directly from income reported in the SoFA and was made for the period of 1995/1996 to 2001/2002 to include the lottery funding for museums.

The data clearly indicates that all three national museums have a mixture of contributed and self-generated income sources. Grant-in-aid seemed to be a dominant source of contributed revenue to all the three national museums. After grant-in-aid, trading income ranked second for the Tate and NHM from 1996/1997 to 2001/2002. Admission revenue was also rather prominent, ranking number two in 1995/1996, subsequently dropping to third and fourth place in the. Looking at these trends among the three museums, it seems that income from trading will be a dominant source in the future.

Mounting sensational T&SE and providing greater value in their membership programmes allowed museums to attract some admission revenue, offsetting the loss of admission revenue resulting from the abolition of admission fees.

PC&BS figured prominently in the ranking, especially for the IWM, for which it was placed at the top of its income sources in 2000/2001. The potential of PC&BS is high but nevertheless, like trading, its strength lies in the diversity of creative exchanges that can take place between businesses and museums. PC&BS requires human investment, particularly leadership, which plays a key role in attracting substantial donors locally and from abroad.

The category *Other Income* accounted for donations-in-kind, domestic utility-sharing and income from other small sources—all contributing quite importantly to museums. Another category that contributed to the rankings was Investment Income, coming from bank interests, interests on endowment funds and gains or losses from investment portfolios at today's market. *Other Income* and *Income from Investment*

are the least important sources for museums. However, with increased investments and better management of investment portfolios, museums can, whenever they are allowed to, hire professional experts such as Investment Fund Managers to manage their risky ventures--where it is the marketplace and not the museum's power that determines profit. Lottery funding and other public grants were the lowest revenue contributors.

This analysis of revenue and income source ranking was made in general to depict the positioning of the sources according to the amount museums received. Of course, each source is valued differently by every museum:

There is no one source that is more important than another. They all are significant depending on what we are doing. At the time when we are running a campaign for building, private sources like corporate funding are so important. When we are on the lookout for works of art, individual donors are our source of reliance. To help with the operation costs, corporate membership income is important. (Verena Cornwall, Development Head - IWM)

Contributed Revenue and Self-generated Income: The Wider Context

In an attempt to place the share of contributed revenue and self-generated income of the three museums in this study in a wider context, the following Tables 10 and 11 offer an overview of contributed revenue and self-generated income estimates among sixteen national museums. Taken from the Income and Expenditure Budget Plan of 2001/2002, published by DCMS, the data shows that there were three distinctive groups among the national museums, large, medium and small, which I grouped using expenditure to estimate their size. As reference, the British Museum and the Victoria

and Albert Museum were the two largest museums which projected expenditure was above £50m. The NHM, the Tate and IWM fell into the group of medium sized museums with planned expenditure between £10m-£50m. Expenditure of the smallest museums was less than £10 million.

Table 11 shows that the ratio of contributed revenue to self-generated income for the NHM was 7:3, the same as the British Museum which is the largest in that expenditure category. Both were highly dependent on central government grants. This means that for every £1 received, 70 pence came as contributed revenue and 30 pence as self-earned. The Tate earns 60 pence and 40 pence respectively. In contrast, the ratio of contributed revenue to self-generated income for the IWM was 3:7, which makes it the most self-reliant museum among the three.

For each contributed and self-generated income group these ratios were constructed further into three bands; high, medium and low, as illustrated in Table 11. Among the medium-sized museums, IWM was at par with the biggest museum, the Victoria and Albert. The IWM's capacity to generate this level of income exceeded those in the same category.

It is clear that in the future the magnitude of income generation is to be higher and perhaps more diverse sources will come into being from existing ones. There is certainly potential for a more creative outlook in regards to self-generated income. Hughes and Luksetich (1999) claim that private funding is the best alternative revenue and market-driven funding which focuses more on the various high-profile secondary activities of museums should be given priority. It is up to each individual museum to

reach out and pursue independent sources of funding as they have clearly the power to achieve what they set out to do.

I shall now turn to Chapter Six where more issues surrounding income generation will be discussed.

CHAPTER SIX

FUNDING ISSUES: THE ENGLISH MUSEUMS

Government Grants and Under-funding

The government perceives museums as noble institutions which responsibilities of preserving the nation's heritage and educating the public about their collections are essential to society (Lewis, 1989). Moreover, some museums act as catalysts for urban regeneration (Resource, 2001), contribute to the nation's tourism industry (Hewinson, 1995), and have highly regarded professional staff:

[This is a moment in which] government could recognise the extraordinary strength and diversity of the museums sector. It might acknowledge the place that galleries and museums now hold in our national life and in the educational provision for future generations. In particular, it is a moment at which the wider role of the national museums and galleries within the community, as places of shared civic and educational enjoyment, could be properly recognised. (Tate Gallery Biennial Report, 1994-1996, pp. 9-10)

However, in order to carry out their social remit and continue to grow, museums need money. Indeed, museums find themselves in a constant need for money to enable them to deliver their various missions:

A museum has an infinite need for money. There are always ambitions to fulfil, areas of our operation and invest more resources. Any not-for-profit organisation, if it has a mission and ambition will never have enough money - by definition. (Alex Beard, Deputy Director - the Tate)

Many museums in the UK are largely characterised by tight-fisted operating grants, frugal building and improvement provision and unmet obligations to renovate and put in new facilities (Hendon, 1979). This need for money is even more pronounced in progressive museums that strive to realise a particular vision and are driven by very specific goals:

First, it is our ambition. We wanted to do more, change displays, create merchandising, create a new gallery and develop more programmes. Our ambition exceeded government's ability to support us. So, if the money doesn't come from the government, we have to look somewhere else. This is only part of the reasons that influence or change our economic model. Second, the wider public sector trend. Over the last 15-20 years, across the public sector, there is more expectation from the users of services (who pay for the services). The government funded-bodies sought to diversify their sources of income. And we are part of that general community and have always been influenced by that. Thirdly, we want to control our destiny as far as possible. If we're still relying on government funding, we can't do more. So, these three reasons are very powerful drivers. (Alex, Beard, Deputy Director- the Tate)

The money received from the government is used primarily to cover operating and development costs. As this study shows, this money is never enough, it is difficult to get, and in order to obtain it museums must sacrifice some of their autonomy as there are conditions they must meet in order to enjoy the privilege:

Government grants cover core running costs and costs of our statutory purposes such as conservation, collection and education. Since we never get several strands of income, so we have to count on government funding and the amount of funding is very important to us. (Jon Card, Director of Finance – the IWM)

Indeed, the general feeling among museum staff is that funding provided by the government is not only insufficient but it is decreasing. For example, in the area of exhibitions, given the high cost of mounting them, especially when bringing in collections from abroad, the government's grant-in-aid is perceived as inadequate to cover the ever rising costs of mounting such exhibitions:

Government funding is never enough. The main problem is the cost of providing special exhibitions - it goes up quite dramatically. All sorts of new requirements are coming to a much higher level, like conservation and specification for showcases. Per square meter area of exhibition cost £200 many years ago and it now costs £2000 per square meter for a top quality one. A very expensive business. We have to work around it by recycling equipment for one exhibition to another. Sometime it works, sometimes not. Would be great to have more money!
(Penny Ritcher-Calden, Exhibition Officer – the IWM)

Furthermore, some grants given by the central government such as purchase grants are no longer available today:

Ten years ago we had grants but they were not very big, called the purchase grant to buy works of art. That does not exist now. The art market goes very high now. We rely more on donors. Obviously, nothing we can do about it but you must be aware of what is around you and be anticipated on the worldwide stock market. If someone is feeling jumpy and apprehensive in the US and Japan, it really does affect what we could do here. (Andrea Nixon, Development Head- the Tate)

The cessation of purchase grants has been a significant setback for museums which have traditionally relied on direct government funding to acquire collections and mount exhibitions, and it is now an intrinsic part of the struggle which museums experience. In 2001 this struggle was described by the Chief Executive of the Arts

Council of England as a result of their being hugely ‘under-resourced’ in overall terms (BBC News, 19/03/01).

During the course of my study it was reported that about 30 large museums across the UK wanted an extra £50m per year, and local museums, through the Museums, Archives and Libraries Council, were asking for another £35m per year. These included famous London institutions such as the Tate and the Natural History Museum, other national museums in England, Scotland, Wales and Northern Ireland, the three national libraries and the National Archives (BBC News Online, 09/3/2004). This need for funding prompted more than 2,000 museums and galleries across the UK to join forces and produce *A Manifesto for Museums*, asking the government for an extra £115 million per year to maintain some services and extend others.

There are many reasons behind their being under-funded. One of them is the over extension of government expenditure underlying the competitive nature of securing state funds in an environment dominated by highly prioritised public sector spending:

Government funds now go more on health, transportation, education and funding the Gulf War. Museums and galleries are not the first priority. And with so many government initiatives such as access and education, we don't get the funding we need to do our programmes. (Neil Greenwood, Head of Finance - the NHM)

When museums do get government support, it comes with strings attached.

Notwithstanding the historical and long-standing relationship between the government

and its sponsored museums, the participants in this study reveal some of the implications that come along with their reliance on government support between 1990 and 2001. One of the immediate effects of relying on government funding is that the money provided by their paymaster comes with diminished museum autonomy and uncertainty:

The government dictates a lot more on what we do. They have more influence and control. We prefer to be less controlled and less influenced but we like the money. If we are self-sufficient, it's fantastic, but we are not. Like the university model, universities get government funding through the Higher Education Funding Council but they are not directly controlled by the government. We like that model and we want to be more in control in what we do rather than having to respond to government initiatives. (Neil Greenwood, Head of Finance - the NHM)

Furthermore, the museum sector seems to be constrained by some degree of governmental politics. In the financial provision to national museums, the funding policy is now largely driven by government objectives, which all the sponsored bodies are required to further. For example, partially driven by political motives, the central government demanded that all their sponsored museums should waive their admission charges completely by the end of 2001 in order to promote public access and inclusion.

Despite the implicit support on the part of museums to greater access and inclusion via free admissions, concerns were raised by at least one director of finance claiming that free admission had resulted in a significant loss of revenue for his museum. He argues that the directive has made his museum one degree less self-reliant, even though DCMS agreed to compensate museums for the loss, in the mind of this

Director of Finance his museum has become rather more dependent on government subvention.

We get compensation from the government to make our museums free but the balance has gone slightly back and we have probably 50 per cent government funding and 50 per cent self-generated income. A couple of years ago we were 70 per cent self-generated and 30 per cent government funded. (Jon Card, Director of Finance - the IWM)

Overall, respondents clearly acknowledged that grant-in-aid comes at a price, in this case being the control and influence exercised by the government through the free admission policy. At the same time, however, they embrace the implicit financial responsibility the government has towards them:

To be honest, when we have free admission, government gives us more money in order to facilitate free admission. However, this means that in the last two to three years we moved to be much more dependent on government funding. Because of free admission, we don't have any more a £4-5 million revenue, leaving only half a million for special exhibitions. The government say 'This is what we want you to do'. We do not agree in the way they approached it. (Neil Greenwood, Head of Finance - the NHM)

We wholeheartedly support the principle of free admission to the nation's key artistic, cultural and scientific storehouse but more specific work needs to be done to achieve the objective of broadened access. Since the government has called the tune, it must keep paying the piper. (Jon Card, Director of Finance - the IWM)

Despite the constraints that come with government provision, the government's financial support is well appreciated. This is after all a time far removed from the

philistine outlook typical of the beginning of the post-war era when the government's support to the sector was far from evident. The central government of today is definitely a strong financial supporter of national museums:

I don't think that we could satisfy our mission without one-third revenue from public sources because we would not be able to be free and offer wide educational programmes as we are expected to provide by having this support.

(Alex Beard, Deputy Director – the Tate)

Regardless of the inherent control and influence, the relationship between the government and national museums has been strengthened in positive ways and brought improvements to the sector. One of those improvements is a new practice (starting in 1999/2002), whereby DCMS and trustees from national museums carry out a three-year funding agreement, symbolising a profound commitment between government and museums to deliver a targeted output to benefit the public.

To arrive at a funding agreement involves a series of meetings between the grant-receiving institutions and government officials. Beyond the baseline, extra money is negotiated subject to the museum's meeting its performance targets. As expected, not all national museums agree with this bureaucratic process. However, one of the aims of the Funding Agreement is to challenge the recipient to deliver their best result:

Alongside the three-year funding allocations made possible by the Comprehensive Spending Review (CSR), we have put in place new three-year funding agreements with the bodies we sponsor. These agreements are at the heart of the relationship between DCMS and its sponsored bodies; they are designed both to set challenging targets for the individual organisations and to

ensure that DCMS can meet the target set for it in the Public Service Agreement.
(DCMS, [http:// www.culture.gov.uk/heritage/funding](http://www.culture.gov.uk/heritage/funding), 04/3/2003)

All in all, seldom do museums get the upper hand by obtaining and maintaining without effort the level of provision received from the government. For some, this is cause for a near rebellious attitude, which is a testament to the need for museums to set the terms of their own existence. Museums like the Tate, for example, are aggressively pursuing strategic plans in which they envision a reduced governmental role in the value of the funding they receive. Their institution's long term vision speaks of a desire to enjoy greater sovereignty, echoing what seems to be an ambition at the heart of all the UK national museums' in this study:

The Gallery views that what it wants to do is lead by Gallery ambition rather than government ambition. We take a long view in what to do...We are going to access funding or get funding with ambition. We are a strategic institution led by ambition rather than government. (Andrea Nixon, Development Head – the Tate)

Regional Museums and Funding

In the same fashion the central government is the paymaster for national museums, most city councils financially support their regional museums. Many of them, built as an expression of civic pride under powers established by Act of Parliament in 1845, are deemed deserving of government support, although, as Lawley (2003) points out, local museums are not and never have been a statutory service. Nevertheless, when a local council agrees to provide a museum service, certain amount of money must be allocated to support its operating costs.

Local taxes provide 100 per cent of our running cost and have been the main source since the museum was built in 1865. Additional income [comes] from a

one-off grant-in-aid for a special project, the lottery fund and Resource Designated Grant for capital project. (Peter Field, Manager – the NM)

However, the level of revenue allocated to them is seldom determined by any singular formula, leaving the council to decide the best way to support them. One of the crucial issues for council-sponsored museums is that the services they provide are sensitive to the level of local tax revenue, which, as this study shows, in most cases is their main source of income for local museums:

It is increasingly difficult to ask for more money from our council. Our museum is a non-statutory body and no law says we must run a museum. But the law says we have to have a housing department. So, if the money is short, by law they have to put money into what the law says must come first. (Peter Field, Manager- the NM)

The amount provided by the council has been reduced due to the cut in wage costs following the staff restructuring. It has been more difficult since a performance review has been counted. If we are losing visitors, it will affect the way the museum is given funding. (Peter Field, Manager – the NM)

We had a cut in our core funding allocation. It's been more difficult to keep the level of resources needed. (Rita McLean, Head of Community Museums- the BM&AG)

Every year, uncertainty about the amount of revenue granted to them is anticipated. Since the future of the museum lies in the hands of the council, managers at local museums are inevitably concerned with the unpredictability of revenue increments or cuts for future years:

Most local authority museums are under pressure where money is becoming less available and more competitive. A move to set up the museum as an independent body was circulated a year ago when the restructuring of the museum was in process but it didn't take off because they found there was not enough benefit to the authority. The council is now looking to it as they are now pressured by the money issue. (Peter Field, Manager- the NM)

Generally, almost all local authority museums have received a cut in funding within the last ten years. Since we are among the largest local authority museums, services are largely affected by budget cuts. (Peter Field, Manager- the NM)

This level of uncertainty is also a result of other developments in the sector which in some cases inevitably contribute to the difficulties museum managers are already facing in articulating viable long term plans:

It is useful if the money we receive from the council is relatively stable even though not increased. It helps us to know where we stand and we can plan for a year ahead knowing that X amount of money will be there [...] However, getting local money is unpredictable [...] If the present government stays as it is after the election, then the system will continue. No problem. But the problem is when the government changes, there will be different views on the way local government should be run. The museum capital scheme, for example, must fit into various council's schemes [...] it's political but nothing wacky. (Peter Field, Manager - the NM)

In 2001 the central government extended its direct financial support to regional museums via the *Renaissance in the Regions* initiative, resulting in the biggest ever sustained funding from the central government to local museums. The scheme was recommended by Resources (which new name is Museums, Libraries and Archives

Council, MLA) under the chairmanship of Lord Evans (Museums Association, October 2001):

Renaissance in the Regions offers new sources of funding from central government to which we never have access directly. Having recognised by the government our under funding situation, we will receive for the first time major funding and this is introducing a new way of working in the region. It is an encouraging working partnership that adds value to us. We are still negotiating with Resource on what sort of activities we will deliver in return for the money. (Rita McLean, Head of Community Museums- the BM&AG)

On the other hand, there is more external funding than ten years ago. You still need revenue funding from the council to support capital projects and to support core operating costs. The more you expand the more costly and [greater] the tension on the revenue. Some of our external funders are aware of these difficulties and a bit flexible about sorting revenue. It's quite a complex situation. As far as our services go, Renaissance funding is very significant to us. (Rita McLean, Head of Community Museums- the BM&AG)

Under the *Renaissance in the Regions* project, the government has committed a sum of £250 million over five years since 2002 and an additional £70 million is allocated by its advisory body, DCMS, to support a new strategic framework for regional museums. This is a sign that the government is indeed seriously committed to funding the sector:

The Renaissance project provides money that we can match with other funding sources; besides, we have to provide it ourselves. On one level it provides greater stability and ability to plan for long-term projects. Definitely, it introduces stability over a period of time. It has been difficult to find funding within our revenue budget to upgrade our permanent exhibition, refresh displays and extend the range of services to the public. (Peter Field, Manager - the NM)

In the years ahead it would be interesting to know how effective the Renaissance in the Regions project has been in the wellbeing of regional museums. This is an area where more research will certainly be needed.

The Lottery Funding and Its Intricacies

In the long run museums are in need of capital money for the purpose of development. The quality of museum services would be jeopardised if money were inadequate to refurbish old galleries, preserve artefacts and maintain public facilities. However, it is difficult for the government to facilitate funding for all museums' capital projects. Museums have to look outside government provision and one of the important contributed revenues available for museums today is the lottery money:

Since government's grant-in-aid cannot cover all costs and it's not enough any more, capital funding generated through other means like lottery funds and trading is essential. (Jon Card, Director of Finance - the IWM)

Lottery funding is not entirely new to the UK. When the British Museum was founded in 1753, the £300,000 it needed to fund and house its collections did not come from state funds but was raised by public lottery (Spalding, 1998). In its new incarnation, the UK Lottery is a mature institution with a clear funding mandate. The National Lottery Act 1993 stipulates that lottery proceeds would go to five "good causes": arts, sports, heritage, charities, and projects to mark the Millennium. Its fund affords more opportunities for museums to access capital money. Indeed, by 2004 £1.16 billion lottery money had been allocated to museums from the Heritage Lottery Fund, a key lottery distributor, representing a third of its total grants (Museum

Journal, April 2005, p.12). It appears that a substantial proposal gives applicants a substantial opportunity to get their project funded:

In the first place, having a good project is vital to the application. Good project, good public relations and a good business plan are essential to be in place. (Jon Card, Director of Finance- the IWM)

Nonetheless, my respondents were ambivalent about getting funds from the lottery. Most respondents agreed that lottery funding has given them an additional sense of financial security, has enhanced their capacity to reach targets and has allowed them to expand in ways which would have been impossible otherwise. On the other hand, it is clear to them that lottery funds are not something they can rely on as a regular source of revenue:

External funding becomes more important nowadays. We apply for Heritage Lottery Funding and European funding for capital money, development projects and the acquisition of collections. There are more sources of funding now than before. We target other major sources depending on the project. We are increasingly reliant on these external. (Rita McLean, Head of Community Museums- the BM&AG)

Lottery funding is for viable and good projects. Every now and again we have to apply. Sometime we succeed, sometime we don't. Once we have been awarded, we have to wait for some years. We have to spend the grant awarded wisely and with a good record we can apply in the future. (Neil Greenwood, Head of Finance - the NHM)

Our research suggests that national museums are more confident than regional museums when applying for lottery funding. Larger national museums like those in my study have more resourceful staff, sometimes highly experienced in pitching ideas

and handling major grants. Museums like the IWM for instance have an appointed development officer, who is usually an expert solely dedicated to fundraising. In contrast, as our data indicates, for regional museums, which do not have personnel specialised in managing funding requisitions, the application requirements tend to be more time consuming and challenging:

Getting money from the lottery is difficult due to paperwork, a lot of research to be done, with other details and evaluation. The museum has to apply in advance to the council and if the capital expenditure is approved then the application for lottery funding will be put forward. It involves the whole organisation - the manager and his team from the council like engineers and accountants. The chief executive of the council has to sign the application. So, council-approved capital money acts as input for capital bids. It's not a straightforward process. (Peter Field, Manager - the NM)

Another concern regarding lottery funding is the changes in policy implemented by the lottery operators--which function independently from each other but are all answerable to DCMS (DCMS, 2003a). Initially, the funding had been awarded to 'bricks and mortar' and centred in the London area. Recently, however, an approach toward people and activity-based projects has been adapted by the lottery distributors. The 2002-2003 Annual Report of HLF informs that the funding can be given to projects directed to increasing public understanding and enjoyment of the heritage with further grants given to other fields such as archaeology, townscapes, information technology and education. The "investor" model has been introduced in which the lottery distributor and the recipient organisation take an active interest in the wider outcomes and impacts of funded projects to ensure their success (McKinney and Kahn, 2004). This, however, places difficulties for museums that have specific needs which are no longer a priority in the distributor's policy.

There is also expectation from lottery distributors that museums will generate more earned income through lottery-funded projects. They expect 'additionality' value to lottery money, turning it into something like an investment to generate earned income. Not all museums however are able to meet this expectation and only museums with existing self generating capability seem to be able to uphold the requirements of this policy:

A lot of investment is needed to increase visibility and hence to compete in the leisure market. We have just been granted lottery funding of £15 million. This capital money will help to attract more family visitors. More visitors mean more income to us. (Neil Greenwood, Head of Finance - the NHM)

In the impact study of fifty four lottery-funded voluntary organisations by McKinney and Kahn (2004), recipients of lottery funds spoke of difficulties in bringing in extra funding to maintain core activities funded by the lottery. Failing to recognise that a lottery grant is dedicated to a single project, funders tend to think that museums which have been awarded a generous lottery grant no longer need to be helped and believe that their contributions should be directed somewhere else. With the arrival of lottery funding, some museums lose existing and potential donors. NHM and the Victoria and Albert Museum have argued that previous alternative sources of funding for major projects disappeared after the inception of lottery funding (Museums Association, <http://www.infosite.co.uk>, 22/1/2002). Lottery grants normally do not include operating costs. For example HLF awarded £15.7 million to partially fund the British Museum's Great Court, however such award did not include such items as staff overheads, thus, relying upon one single source of funding could potentially spell the failure of a lottery funded-project.

The size of awards is generally considered to be an issue as well. In early 1990, when Hudson (1992) observed the under-funding problem facing large, medium and small museums, he found that there were “too many museums chasing too little money.” Resentment was expressed by smaller museums that certain museums were seen to be benefiting disproportionately from the lottery. Selwood (2001) claims that funding from HLF and Arts Council of England in particular was gravitating towards London and the South East, rather than being equally spread throughout the UK and England respectively. She further claims that the earliest and largest ACE grants went to London-based institution, with over 50 per cent of ACE’s funding and 43 per cent of HFL going to the London area. The reason for inequities in lottery funding may be exacerbated by the difficulties faced by small museums and those located in deprived areas when attempting to secure matching grants (some lottery distributors such as HLF and ACE impose a matching scheme or partnership funding). Despite its good intentions--to encourage wider community support for lottery projects--this imposed matching scheme, as reported by the National Audit Office (1999) has caused award-winners to struggle to find sufficient additional funding. As a result, some good projects failed before they could start.

Thus, there is evidence that lottery funding has eased the burden on museums for capital money, while at the same time pressuring them to strengthen their ability to generate additional income. All in all, the future remains uncertain. In September 2005, DCMS issued a statement saying that the national lottery will only continue in its current form until 2009. It is anticipated that lottery distributors such as HLF could

be disbanded thus re-creating a hole in capital funding for the museum sector in the UK.

Vision and Income Generation Strategy

Data from Chapter Five shows that the share of government provision to total income for the three UK national museums in the study has slowly declined. Certainly, with this gradual shift to self-generated income in the past twelve years, the funding equation has changed:

Over the last fifteen years, we have been less reliant on government funding and we have learned to generate more resources ourselves. We've grown to identify new potential and new sources of income. (Alex Beard, Deputy Director – the Tate)

One major pushing factor to this funding shift is an internal drive to be self-reliant.

In many ways we would prefer to be master of our own destiny, to be more self-sufficient than relying on government. That is really how we have been doing for the last 15-20 years, by developing our own strengths of developing income. (Jon Card, Director of Finance - the IWM)

When the subject of raising self-generated income was brought up during my interviews, I found that my participants were rather enthusiastic about sharing what their museums were doing in this regard. For personnel to demonstrate such positive inclination, the organisation is assumed to have embraced a clear vision for income generation. Certainly in today's competitive financial environment, museums are aware of the need to set a wider museum strategy, including financial planning, in order to garner revenue and income independently.

My study found that after 1996, like the British Museum, the IWM started to produce corporate plans which strategically placed income generation as their revenue target. The 2002-2006 Corporate Plan of the Imperial War Museum provides clear guidelines for its long-term strategic planning for fundraising, which includes the establishment of a development division as a core museum department dedicated to raising money:

With the climate for development becoming increasingly competitive, the Trustees identified the need to establish a core-funding function [...] A Fund-Raising strategy has now been developed, which will lead to the creation of an internal development division to serve all sections of the group[...] At the core of the strategy, will be the need to work globally to maximise contacts, share knowledge and data [...] Funding priorities will be linked to current and planned activities. The department will also develop new funding opportunities. (The IWM Corporate Plan, p. 43)

Inevitably, the culture of generating income has brought changes to some museum functions. For example, professional staff has been recruited to handle business, commercial activities and fundraising from outside the country:

Probably there is more international funding. Our museum runs a big capital funding campaign and attracts so much more private sources, foundations and rich individuals. In 1999, we opened an office in New York for fundraising. We are ever increasingly on the look out for reaching individual foundations. (Andrea Nixon, Development Head – the Tate)

We are well placed to generate extra income. We have different opportunities for different branches with different products to attract a wider audience. We raise a lot of money from the United States. We still net over a million a year from that source alone. (Jon Card, Director of Finance - the IWM)

Due to the persistent need to raise funds, the development function of a museum becomes more significant to their survival:

Our department (Development) existed ten years ago and since then we generate so much of the gallery income. Our position is much more central and is perceived as a core part of the museum. Ten years ago we had a purchase grant from the government to buy works of art but now it doesn't exist any more. Broadly speaking, more activities take place now that before wouldn't be without the income we generate on our own. (Andrea Nixon, Development Head – the Tate)

National Museums and Income Generation

The business of generating income independently is now a necessity and as such all the activities that surround it will continue to grow. It is very unlikely that it will be abandoned in the near future. Indeed, our data suggests that the reliance on this type of income will be even more significant in the future:

The Museum will pursue these goals within the limited funding that is available to it, seeking to generate further income from all current sources and to develop new ones. (The IWM 2001-2002 Annual Report, p14)

Raising self-generated income, however, is far from straightforward. For instance, when addressing the flow of self-generated income from Temporary and Special Exhibitions and overseas fundraising campaigns, many museums expressed their concern that the revenue was sensitive to the wider socioeconomic environment:

The biggest earning where our museum generates money is from the visitors. The numbers of visitors has increased since we went free. But, since the war

and the SARS, numbers have started to drop. This has affected our income generation. (Neil Greenwood, Head of Finance – NHM)

The plan is terrible at the moment. The economy is not being good for business sponsorships. Overseas American funding is difficult to get hold of. We have been affected by the war, the world economy, the economy in the UK as well. It's been difficult in the last few years. (Neil Greenwood, Head of Finance- NHM)

Museums see themselves as being in the leisure market and as such are subject to the competitive pressures presented by the ever increasing availability of recreational opportunities for locals and tourists alike. One national museum employee sees the museum's competitiveness in terms of its investment capacity:

Pressure on expenditure is considerable when you are competing in the leisure market. How competitive your institution is largely dependent on how much investment you made. People are expected to see things comparatively. Legoland, for example, invests more than us. We don't have money. A lot of investment is needed in order to compete in the leisure market. (Neil Greenwood, Head of Finance - NHM)

Yet, when a museum assumes what some may see as a competitive posture not only do they attract more funds but they also attract more complications. Some respondents argued that their drive to generate income could potentially be construed differently by people outside their organisation, including the central government. Often museum staff feels penalised for their efforts to be more self reliant:

The absolute necessity of maintaining all the core functions of the Gallery (care of the Collection, acquisitions, research, display, education and interpretation) to at least the essential minimum level both for the huge numbers of present

visitors and for future generations, is paramount. And when the Tate has won outstanding private sector support, the Gallery is faced with few options. While accepting that all sectors of public expenditure have been kept within tight limits, we may argue that the Tate's very success seems to cause it to be penalised in terms of public funding. (Tate Gallery Biennial Report, 1994-1996, p. 9)

To address this concern the government made promises that museums that generate income on their own would not be penalised via funding cuts, however, respondents at the Tate feel the government is not delivering on its promises:

Repeated promises that success in programme and in private sector funding will not be rewarded by cuts in public funding seem to have been forgotten in the face of lottery success. And since our museum has won outstanding private sector support, our museum is faced with few options. (Trustees' Foreword in the Tate Gallery Biennial Report, 1994-96)

For the museums in the study, income generation has become a core function and their other responsibilities are now intricately linked to the way they search for, obtain and use money. Evidence of the ever increasing interdependence between funding and museum programmes is a sense of having to become proficient at managing growth in tandem with income generation activities:

With more to offer, huge money has to be raised to support our exhibition and education programmes. There is no one source more important than another. They all are significant depending on what we are doing. At the time when we are running a campaign for building, private sources like corporate funding are so important. When we are on the lookout for works of art, individual donors are our source of reliance. To help with the operation costs, corporate

membership income is important. (Verena Cornwall, Development Head - IWM)

My interviews with key museum personnel left me with a sense that in the midst of this drive to become increasingly more self-reliant museums recognize the need to be faithful to themselves first and to their funders second—a task which will require diplomatic finesse and careful strategic planning. The respondents were clear that their drive to generate income has to be in line with their museum’s mission and specific objectives:

Our mission is to optimise the level of self-generated income and to raise money as much as we can, while being faithful to our objectives. (Alex Beard, Deputy Director – the Tate)

Moving forward in the business-like pursuit of funds requires knowledge and expertise to present ideas and attract potential funders, a task which requires museums to rely not only on the expertise and leadership of specialised personnel, fully dedicated to fund raising, but also on the time and efforts of their directors:

We have an enormous sense of responsibility. We can't do very high level and big fundraising without having our top people involved. If you're asking for very big money you need to do it at the top level. The top level of our organisation should be asking the top people at the company we are asking for funds. Since the leader has only a few hours of the day, senior directors are brought to the team. Even though it is not yet a problem, but it is something we need to think about. We have to think long-term and think for the whole institution. (Verena Cornwall, Development Head – IWM)

Once the development department and the top people are successful at attracting income, the next challenge is how to manage the relationship with funders so that it becomes a long and lasting one, versus a one off donation:

Having accepted a bequest, relationships become an issue. We have to put all the mechanism to take care of the day-to-day relationships. A relationship that will go to the next generation of family legacy requires a great deal of personal connection. (Andrea Nixon, Development Head – the Tate)

The museums also have to take the long view in other areas of their fund raising activities. In the context of raising funds via a membership scheme, for example, the museum has to look at it as a long-term investment in spite of the high running costs of such schemes:

In terms of profitability, it is low but you have to do it as a way of engaging people and hope later they become a big donor. The cost of raising money must be lower than what we expect to generate. However, we have to think of life-time opportunity. If we don't do it, we will lose potential income in the future. Fundraising is completely driven by programmes. So, things may change in the future. (Andrea Nixon, Development Head – the Tate).

Regional Museums and Income Generation

Nevertheless, not all museums profess a vision to strategically seek more income. Institutional ambition did not appear to be the main impetus for fund raising among regional museums. Their efforts were rather more externally driven:

We are required by law, standard procedure and, government guidelines for registration and have to comply with those standards and certain criteria, not only by the city council but also by the Museums and Galleries Council. Everything comes under a policy and we have to comply with other grant providers. Also, we have to comply with performance indicators under the local authority; indicators are needed across the organisation. It changed completely the whole thing. The budget changed. The funding we got for exhibitions

changed. We see local government has changed as well. Funding is quite difficult because we are a small, small part of city council services. The priority is not museums but health, education, housing, etc. (Yvette Brenchon, Museum Support Officer – the BMA&G)

Size and location seem to be key reasons behind the particular attitude towards income generation for regional museums, an attitude that in some cases could be described as lackadaisical. Comparing themselves with their counterparts in London, some regional museum personnel feel that they do not have the advantages enjoyed by museums in the capital:

London museums have more profile and a lot of advantages. They have far more international tourists. Lots of Americans could spend money on their products. Trading income relies on visitors. So, they (museums) can offer expensive lines of merchandise. Birmingham is not a tourist city, hardly anybody being a tourist here. (Jill Fenwick, Commercial Operations Manager- the BM&AG)

Our data suggests that the long-term plans of regional museums do not seem to be driven by a desire for greater autonomy, but rather by the need to accommodate external opportunities. In the draft of the Service Plan 2003-2004 provided by a large local museum, strategic planning was evidently influenced by the *Renaissance in the Regions* initiative. The Plan restates one of the museum's aim:

The challenge that lie ahead are to ensure that through Renaissance in the Regions we make a difference and deliver the objectives, that we manage the changes required by the City's localisation and devolution agenda. (Service Plan 2003-2004 draft, Department of Leisure & Culture, Birmingham City Council)

Nonetheless, like museums anywhere in the world, regional museums in the UK recognise the need for rigorous planning and view income generation as an intrinsic part of their strategy:

In order to get continued access to capital money in order to provide improvements to the museum, we need to have more strategic planning. A long-term business plan is necessary, especially for applying for external grants like lottery money. We need to think where we are going in the future.
(Peter Field, Manager - the NM)

Liddiard (1999, p. 25) notes that sheer ubiquity of commercial pressures on the work of some regional museums results in their experiencing more struggle than joy in their pursuit of self-generated income. At least one regional museum manager in our sample felt that their efforts to offer affordable restaurant and shop services are not necessarily rewarding activities:

Even though we make high turnover in the shop per year but our net profit after minus staffing costs and costs of the goods is very little. So marginal, and its not profitable. Trading income relies on visitors. There is still an old-fashioned style. Everybody who visits a museum expects to have a cup of tea and buy mementoes. So the museum has to run a commercial enterprise. We have to offer a café and gift shop because society expects that kind of experience when visiting a museum. A lot of museums received 'additionality' in terms of 'visitor experience' rather than 'profitability', particularly for small museums. (Jill Fenwick, Commercial Operations Manager- the BM&AG)

Similar to museums in the capital, regional museums face the consequences of being part of an increasingly globalised economy:

We are also affected by world affairs. The tourist trend is affected by world affairs like September 11 and the SARS epidemic. These affected our Corporate Hire function. Three to four big events are cancelled because Japanese

companies stop coming over. Stuff like these are our real concerns also. (Jill Fenwick, Commercial Operations Manager- the BM&AG)

Like museums elsewhere, regional museums have to compete with other attractions for individual leisure-time. The 2001 MORI survey found that the cinema remains the one “comparable” leisure activity more popular than museums and galleries.

Although there are no clear reasons for a decrease in the proportion of people visiting museums, the survey listed an increased competition in the leisure market as the one of several factors:

Society is now geared to spend its leisure time in a way they never were before. A huge boost resulted from Millennium funding. Many venues were set up but then forced to be closed down within 12 months due to low sales. Competition for the museum! So, if we open more museums or attractions, it may have an effect on visitors' displacement. Visitors are dispersed more widely. With rising electronics entertainment and music industry and every home has a PC, these bring far more competition than there was. Ironically, museums are expected to be self-financing. It is a bit of a dilemma for museums, really popular. (Jill Fenwick, Commercial Operations Manager- the BM&AG)

Indeed for regional museums, the pressures of raising funds for operations and capital requirements could be summarised in that significant juxtaposition of points of view: what larger, more successful museums see as self-generated income is seen by their less successful counterparts as *self-financing*, a term which in this context carries policy criticisms and nostalgic echoes to a past when government was the de facto funder of museums. The selection of terms by the Commercial Manager at the BM&AG certainly offers a glimpse into how different the drive towards self-generation may be perceived across museums.

The issue of mounting popular exhibitions is another source of concern for museums, particularly when it comes to balancing out internal policy, the need to generate funds and the interests of sponsors. In some cases, potential sponsors are more attracted to mount popular or blockbuster exhibitions because of the potential it offers to enhance their reputation. Often however this enters into conflict with other museum's aims. Thus, museums have to weight carefully their need to produce successful exhibitions--to increase their overall revenue--with other important goals such as promoting educational programmes or mounting exhibitions by less well known artists:

We need more popular exhibitions or by popular artists. When we had a popular exhibition we made £10,000 a day. Phenomenal. We were watched by 500,000 visitors. There is an understandable conflict, a dilemma between curatorial staff who want to place more exhibitions by less popular artists and our department. We only have blockbuster exhibitions once every five years. Also, since our interactive area for families has been stripped off and replaced by human history, our family visitors' profile went down and our general visitor figures came down. That needs to be changed. This is a very middle class, middle-aged museum. We have limited events for children and they are not very popular. (Jill Fenwick, Commercial Operations Manager- the BM&AG)

Another equally significant problem for the regional museums in this study is that they are confronted by human resource shortfalls, which further constrain their potential for income generation.

Staffing is the main preoccupation and the expenditure costs of goods. We are launching on-line sales but I haven't got staff ready. My computer programmer left recently. I am afraid we do not have enough staff to handle demand when the time comes. Biggest internal problem. (Jill Fenwick, Commercial Operations Manager- the BM&AG)

Museums Mission and Orientation

At the onset of this study I intended to ask questions about museum orientation in my interview schedule. However, time limitations made it impossible to complete that part of the interviews. Every interview covered much ground and by the time we reached the last part—the one dealing with museum orientations—time had run out. As a result a complete analysis on museum orientation will not be possible in this thesis. However, a look at these museums' mission statements is still very important as any discussion on museum funding would be incomplete if we did not understand what museums aim to do in the first place.

In Chapter One I discussed some of the premises underlying museum orientations. I theorised that there were three types of orientations a museum could exhibit as a more or less dominant trait. Museums were thought to be either scholar orientated, public and social orientated or customer orientated.

Even though I was not able to ask questions about their orientation, it became clear in the course of this study that the three national museums in the UK exhibit multiple orientations, that is they are scholar, public and social and consumer orientated. As we could infer from previous chapters, these multiple orientations are often times in tension with one another. The extent of that tension however could not be ascertained in greater detail as the existing data does not support a more comprehensive analysis. Nevertheless, an examination of their mission statements provide a glimpse into their orientations.

With a mission statement, museums identify their direction and stipulate parameters for growth and deployment of financial and non financial resources. A sound mission statement enables an institution to guide its decision making, as Jean Vogt in Anderson (1999) states, “without a single, concise mission statement, the numerous and varied parts of your organisation do not function cohesively.” In a book published by the American Association of Museum, Anderson further states:

The mission statement is without a doubt the engine that drives the museum, the compass that guides institutional decision making, and the identifying characteristic that identifies a museum’s unique role. Every museum needs a relevant, concise mission statement that communicates why it exists, who it serves, and what it does for many its constituents. (p. 127)

The mission of the NHM is, as reported in its 1991-1992 account report, *to promote the understanding and enjoyment of the variety of our natural world through high quality exhibitions, education and science.* Nevertheless, in the 2001-2002 annual report the mission was stated differently; *to maintain and develop its collections and use them to promote the discovery, understanding, responsible use and enjoyment of the natural world.* This latest mission statement implies a repositioning of their orientation. The first part of the new mission statement—*to maintain and develop its collections and use them...* -- it refers clearly to its core scholar orientation and a desire to utilise their assets more strategically in order to maximise their benefits to the body of knowledge and to the public that they serve. The second part—*to promote the discovery, understanding, responsible use and enjoyment of the natural world*—clearly has a public and social dimension, bringing the NHM’s mission more in tune with the contemporary world, a world beset by climate change, global warming, deforestation, and increased desertification. Evidently, its new mission statement

emphasises a dynamism not found in the previous one as well as a greater sense of social responsibility. This repositioning of the NHM's mission distinctly expresses three key traits that fit neatly into our multiple orientations concept.

The latest mission statement of IWM is *to augment, care for and provide public access to the collections and to use them to promote understanding of conflict and society as well as to provide levels of services which meet or exceed users' expectation* (IWM Corporate Plan 2002-2006). This well crafted mission also describes a multiple orientation with a focus on scholar work, which is ultimately aimed at benefiting museum users. One could argue that this mission is public and social orientated as it emphasises the user as the ultimate beneficiary of the IWM's work. The phrase *use them (collections) to promote* undoubtedly address not only the outreach and educational dimensions of their work but also what I would call a customer orientation, as it implies an effort to meet the interests or preferences of their audience.

The Tate's principal aims are underpinned by the institution's guiding mission *to increase knowledge, understanding and appreciation of British art from the sixteen century to the present day and of international modern and contemporary art* (the Tate Account Report 2002-2003). Being an art museum with multiple orientations, the Tate's commitment to scholar work is addressed in the first part of its mission statement; *to increase knowledge*. Further, the next part of the mission; *understanding and appreciation* clearly refers to providing access to its programmes and collections to non-specialised audiences, each of which will require a particular approach with a particular set of investments, strategies and levels of expertise, a public and social

orientation. At the core of the Tate's multiple orientations is a collections-based approach to serving their customers under the banner of continued growth. Their key word is *to increase*, a multilayered concept with an obvious consumer orientation.

By examining the latest missions of the NHM, the Tate and IWM, it was clear that they have more than one orientation. Some of these orientations have been maintained throughout a long period of time. The scholar orientation for example has been at the heart of the NHM's funding efforts to develop its collections, which is a key museum's mandate aimed at providing a legacy for future generations and advancing the body of knowledge. Being the guardian of 70 million natural history specimens, the NHM has made continuous improvements and investments on the maintenance and conservation of its collections. The Darwin Centre is the result of engaging in strong scholarly work, providing support for research and curatorial activities.

All museums engaged financially in developing offerings to serve their audiences in terms of meeting the various demands made by a museum's audience, consumers, and clients. Increased efforts towards income generation and customer satisfaction were given more attention, incorporating museum strategies to improve their facilities for the public. All the three museums carefully stated their objectives to reflect certain agreed values such as maximising the use of resources and making the most of their assets. As Hooper-Greenhill (1991) argues this public and social orientation could be strengthened by museums' vowing to use their collections more effectively. Visitors' satisfaction is one of the main drives for museums' continuous efforts in improving the quality of their services:

For most people, a visit to Museum is a leisure time activity undertaken as a matter of choice. In order to encourage as many visits as possible and to satisfy the high expectations of visitors the aim is to provide the best possible facilities for the public, such as shops, a restaurant, an information service and well maintained buildings, galleries and exhibitions. (The NHM Annual Report 1991-1992, p 2)

The visitor offer will be developed during this period, to be better aligned to the needs of the larger audiences that we now receive due to free admission. This will include refreshing our retail and catering functions so that they are able to service the immense variation in visitor demand that free admission has created. We will also work to provide areas in the Museum for specific sectors of the audience (e.g. adults) to enjoy. Specifically we will also work to become a focus for informed public debate around relevant issues of the day, and work to increase the level of revenue generated from our visitors. (Three Year Funding Agreement between DCMS and NHM, p 3)

Being consumer orientated, others museums may learn from the Tate and the Victoria and Albert Museum for which branding has added significant value to their corporate identity in their continued efforts to increased their revenue. This trend to brand the organisation has considerable benefits, especially in markets whose product differentiation is strong and often the major basis for competition (Baker & Hart, 1999). Museums can use their reputable name and fame as their major source of sustainable differential advantage to increase their market share, turning regular users into loyal consumers. For the Tate, future development lies on developing programmes to make their assets more accessible to the public via exhibitions, facilities, public programmes and IT (see Tate Gallery Account 2000-2001).

Analysing the content of their mission statements, it became abundantly clear that the NHM, the Tate and the IWM were in pursuit of mixed orientations. In the future as they continue to be actively engaged in income generation by adhering to existing sources of income and developing new ones, their customer orientation will be even more prominent. Generating new sources of income efficiently will enable these museums to increase access to their collections while at the same time expanding their outreach programmes and increasing overall the quality of services they offer to their users--which is at the core of their mission. Most of the national museums see this as a key endeavour for the future:

In the immediate future it will further increase access to the collections with the opening of the branch in the North and the expansion of the Cabinet War Rooms. It will extend the range and volume of education activities, and to seek to reach a greater and wider audience, both physically and virtually. It will strive constantly to improve as an organisation, to be more efficient and effective, and provide opportunities for the staff who work for it. It has further plans for key developments at IWM Duxford to digitise and improve the environment for the collections and to replace and replenish the current range of exhibitions. (The IWM Annual Report 2001-2002, p.13)

The Natural History Museum will develop greater levels of remote access to the collections. In collaboration with European partners the Museum will enhance the levels of collections databasing. These elements will both serve to modernise the delivery of this key area of our work. (Three Year Funding Agreement between DCMS and NHM, p 3)

CHAPTER SEVEN
THE FINANCIAL PROFILES OF THE MALAYSIAN MUSEUMS

Introduction

This chapter provides an in-depth profile of the funding situation of our three Malaysian museums--MN, PSN and BSLN--between 1990 and 2001. The pattern of funding illustrates their distinct individual characteristics as well as the governmental processes that influence the capability of these museums to generate income.

During the period covered by this study, MN and BSLN were given an annual budget via the Ministry of Culture Arts and Tourism (MOCAT) whilst PSN budget came from the Ministry of Science, Technology and Environment. Under current Modified Budgeting System (MBS) practices, a detailed budget estimates must be made according to programmes and activities (Gnaneswari, 1994) outlining the use of the money according to their mission. Once it has passed the budget review process, the budget is presented by the Finance Minister, as the Head of the Treasury, for Parliament's approval. Then, the allocations are disbursed to museums. At the end of each fiscal year, an account must be prepared and submitted to the Treasury who will produce a Public Accounts Report and this is tabled in Parliament after being audited by the Auditor General.

A development grant was also given to MN, PSN and BSLN for capital projects in every five-year Malaysia Plan.

The budgets given to MN, PSN and BSLN during the study were of two types. The first was called the operating budget which covers remunerations, maintenance costs, office supplies and other charges. The second one was the development budget which was for refurbishing galleries, acquisitions, new buildings and extensions.

Development money with which most museums capital-based projects were financed were planned by the Economic Planning Unit and placed under the five-year Malaysia Plans.

Throughout the study, I may use the term 'museums' to refer to any of the three in my case study - MN, BSLN and PSN - rather than referring to them separately as museum, gallery and science centre, or I may refer to them individually by name; and I will use the term 'public museums' to refer to all museums receiving grants from the government. Nominal and real figures for Malaysian chapters are presented in Ringgit Malaysia. In early 2007 the exchange rate was RM 6.70 for GBP 1.00.

I turn next to the funding profile of MN, PSN and BSLN.

Table 12: Muzium Negara: Revenue and Income from 1990 to 2001, in RM

million

	90	91	92	93	94	95	96	97	98	99	00	01	Total
Operating Budget	0.69	0.76	1.06	0.81	0.87	1.23	1.75	1.75	1.48	1.67	1.68	1.43	15.18
Development Budget	1.89	3.20	2.50	3.57	7.04	3.46	0.51	0.29	0.47	1.10	1.02	1.24	26.29
Self generated income	0.08	0.07	0.002	0.52	0.71	0.65	0.65	0.76	2.16	0.55	0.62	0.22	6.992
Total	2.66	4.03	3.562	4.90	8.62	5.34	2.91	2.80	4.11	3.32	3.32	2.89	48.462

Source: Public Accounts from 1990 to 2001, Government of Malaysia.

Table 13: Muzium Negara: Real Terms Value of Revenue and Income from 1990 to 2001, in RM million

	90	91	92	93	94	95	96	97	98	99	00	01	Total
Operating Budget	0.63	0.75	1.009	0.78	0.83	1.18	1.68	1.70	1.40	1.62	1.65	1.41	14.639
Development Budget	1.75	3.07	2.38	3.44	6.78	3.33	0.49	0.28	0.44	1.06	1.00	1.22	25.24
Self generated income	0.07	0.06	*<0.001	0.50	0.68	0.62	0.62	0.74	2.0	0.53	0.61	0.21	6.641
Total	2.45	3.88	*± 3.39	4.72	8.29	5.13	2.79	2.72	3.84	3.21	3.26	2.84	46.52

* value listed is used towards the calculation of the total figure

Table 14: Numbers of Private and Foreign Sponsors to MN from 1964 to 1999

Year	Private	Foreign	Total
1965-1969	-	8	8
1970-1974	2	4	6
1975-1979	6	8	14
1985-1989	7	8	15
1990-1994	7	8	15
1995-1999	2	4	6
Total	24	40	64

Source: Unpublished report, Muzium Negara

Table 15: Visiting Figures for Muzium Negara between 1963 and 2003

Year	in million	Year	in million	Year	in million	Year	in million
1963	0.323	1974	3.175	1985	1.454	1996	0.694
1964	0.663	1975	3.095	1986	2.174	1997	0.704
1965	0.831	1976	2.607	1987	3.339	1998	0.541
1966	0.780	1977	3.519	1988	2.029	1999	0.544
1967	1.111	1978	2.590	1989	2.919	2000	0.556
1968	0.768	1979	2.770	1990	2.552	2001	0.445
1969	0.745	1980	1.913	1991	2.987	2002	0.737
1970	1.610	1981	2.119	1992	0.954	2003*	0.041
1971	5.166	1982	2.457	1993	0.687		
1972	2.482	1983	2.203	1994	0.759		
1973	3.533	1984	3.081	1995	0.552		

Source: Muzium Negara, Visitors Book of Records, unpublished.

* as at July 2003

Muzium Negara

MN's revenue and income was derived from the total amount of operating expenditure, development expenditure and self-generated income, presented in nominal and real terms value as shown in Table 12 and 13. In 1990, the operating budget received was under RM1 million both in nominal and real terms value. The operating budget increased to RM1 million in 1992 but was cut to RM800,000 in 1993 and 1994 before the level of funding rose again to one million in 1995 and onwards. By 2001 the operating budget had grown 200 per cent from 1990 for both nominal and real terms value.

Beside the operating budget, MN received a development budget which provided funds for acquisitions, refurbishments, and major maintenance work and it is allocated as part of every five-year Malaysian Plan. The development budget from 1990 to

2001 therefore represents the amount of money MN received under several Malaysia Plans. 1990 was the final year of the Fifth Malaysia Plan; 1991 to 1995 was the period of the Sixth Malaysia Plan and the Seventh Malaysia Plan began in 1996 and ended in 2000. 2001 was the first year of the Eighth Malaysia Plan.

During the Sixth Malaysia Plan, MN had utilised RM19 million for development projects and the amount dropped to a total of only RM3 million in the Seventh Malaysia Plan as illustrated in Table 12. The highest amount received in any year was RM7 million in 1994, the penultimate year of the Sixth Malaysia Plan. The development funds seemed to have been heavily utilised toward the third and fourth years of the Sixth and Seventh Malaysia Plans, indicating that the last years of every Malaysia Plan were the years when most expenditures took place. Any leftover funds at the end of the five-year cycle cannot be brought forward which seems to have contributed to the trend.

Overall, MN is a heavily subsidised museum. In 1990, for every one Ringgit Malaysia that MN received (refer to operating and development money), 98 per cent came from the government and only 2 per cent was earned from other sources. Eleven years later, its reliance on government funding dropped to 92 per cent from 98 per cent. Though its self-generated income had increased perhaps it was only attributed to the value of outsourced income generating activities that were now much higher than eleven years ago.

During this period MN generated some income from three main sources - admission fees, outsourcing revenue of parking facilities, the gift shop, café, toilets, and the sales of publications. MN charged RM1 admission fee to all visitors (but free

for uniformed school children 12 year and below) to its permanent collection and charged more for certain T&SE. The charging policy to the permanent collection was imposed by the federal government and MN acted as the collector. Every day the amount of admissions collected must be deposited in a bank account and sent to the Treasury. Admissions revenue cannot be used except with special approval from the Treasury where MN could use a portion of the income for *designated* purposes. So far it has been allowed only to defray the expenses of publications.

As shown in Tables 12 and 13, the self-generated income raised by MN shows no consistent trend throughout the period observed. The income received is highly varied, perhaps reflecting the absence of any strategy to keep earnings at a specific level. The highest income was generated in 1998 when RM 2 million were collected, and the lowest being in 1992 when only RM 2,000 were raised. This raised a query about whether or not the reported amount had taken away the portion granted to MN to use for *designated* purposes.

In Malaysia most government bodies, including MN, are restricted from engaging in any direct business or profit-orientated activities. Unlike the autonomous bodies that benefit from provisions which allow them to create subsidiaries to engage in business, MN is only treated as 'cost centre' not as a 'revenue raiser'. Therefore, technically neither MN nor its parent, JMA, have the power to do business. The reason for this is understandable. From the point of view of the government, openly allowing museums to engage in revenue generating activities may involve legal implication and it may be seen as deviating the interest of civil servants from serving the public in general.

Despite the obvious weakness of this one-rule-fits-all policy, there are no signs of it changing anytime soon.

While a museum such as MN is restricted from pursuing income generating activities, its employees have the opportunity to form cooperatives and thus benefit from commercial activities such as trading. This is only possible through cooperative-type business arrangements where trading could take place in a manner that loss and profit are shared among cooperative members. Like cooperatives anywhere in the world, a cooperative is meant to support the well being of its members rather than to support the museum's mission. Most well-to-do public cooperatives in Malaysia are part of large scale organisations such as the Teachers' Cooperative (with a membership of more than 5,000 school teachers). With the present number of staff at MN however, it would be difficult to create a cooperative.

There is evidence that this restriction to generate income has affected the morale and motivation of some museum staff. During my interviews and during the rest of the time I spent at MN, I did not find the term self-generated income to be an inviting topic of conversation among the museum staff. I found that the Director General at JMA and the Director at MN, being aware of the trends among overseas museums that are actively using their assets to be more self sufficient, felt that the existing laws and regulations imposed on MN limited their creative potential. There was an understanding among several heads of organisations, including museums, to start promoting the idea of museum merchandising several years back but the effort did not produce any results (Ministry Of Culture, Arts and Tourism, 2000). It seems that the collective efforts among museum leaders bear less impact unless they are supported

by those at higher level. Only at the ministerial level the current situation could be changed, resulting in a possible directive from the cabinet—which will then have to be endorsed by the Treasury before it could be implemented. A task which is long and bureaucratic that most my respondents are unmotivated to pursue.

In terms of private contributions and business sponsorships, during my attachment to MN a financial clerk said they did not keep information regarding this type of income and therefore there were no published records available. Nonetheless they did have an informal record, as presented on Table 14, of how many sponsors donated and they further stated that some smaller donors were no part of this count. Most of these contributions were donations in kind but I was only able to obtain the names of a few of the sponsors to some exhibitions. Museum officials argued that it would be time consuming and labour intensive to get detailed sponsorship information since files have been kept away in storage or otherwise sent off to the national archives. Despite repeated attempts at getting this information, in the end it did not materialise.

Table 14 displays statistics of exhibitions made possible by private and foreign sponsors. The data shows that from its opening in 1969 up until 1999 foreign bodies were the principal supporters of MN. The nature of this sponsorship was not available for scrutiny but there is evidence that one of these sponsors was the British Museum. Knowing that one of the early directors of the Department of Museums was Mubin Shepard, a British civil servant, this must have been relatively easy to arrange.

Sponsorships from abroad seem to have helped to attract donations from the local private sector to support MN programmes and exhibitions. Between 1970 and 1974,

two local sponsorships were reported and this number increased to six in 1985-1989. Among the principal local supporters were leading newspapers such as *Berita Harian*, which sponsored two major exhibitions – ‘Islamic Civilisation’ (1994) and ‘Islam in China’ (1984) -- and *The Sunday Mail*.

The ability to attract private donations, business sponsorships and personal bequests lies in the museum’s leadership. Overall sponsorships at MN went from six in 1970-1974 to fourteen between 1975 and 1979. Director Shahrom Yub brought MN to its golden years and became a celebrity. Until today, when the name of MN is mentioned his name comes to the minds of those who remember the block buster exhibitions the museum mounted under his leadership. He became a curator in 1968 and later was appointed as the Director to replace Mubin Shepard. Shahrum Yub retired in 1991, having been the longest serving director in the history of MN. Among museum staff he was regarded as a unique person with a passion for sensational and popular exhibitions. It was only during his tenure that visitor figures reached into the millions (see Table 15 for visiting figures), a feat he was able to maintain for many years. The popularity of MN and its support from donors could also be thought of as a result of the implementation of the 1971 Cultural Policy.

However, between 1995 and 1999 MN started to lose some of the financial support it had enjoyed earlier when the numbers of local and foreign sponsorships dropped. Visiting figures also dropped substantially from 2.9 million in 1991 to only 900,000 in 1992.

From Table 12 we can see that an extraordinary situation took place in 1998 when the amount received under self-generated income reached RM2.16 million, higher than what MN received for its operating and development budget combined. This was the result of a tax exemption policy the government introduced in 1996. Three major private organisations agreed to make tax deductible contributions in the form of RM7.2 million and an Art Exhibition Fund was set up to channel this money in 1996. However, no information could be found regarding the identity of the donors. The Fund with was set up for the acquisition of paintings, artworks, museum artefacts and archival materials and had to be shared among public museums, galleries and archives. The federal government added another RM 5 million into the fund. These contributions from the private sector represent an endorsement of the government's initiative to support the arts and culture. Hughes and Lukestich (1999) state that when governments provide money to museums, private donors are likely to increase their contributions. However, this relationship is not always true as the private sector does not always follow the lead set by the government when it comes to supporting the arts. Evidence of this is that, according to a museum official, the RM7.2 million raised for the Art Exhibition Fund was the only money the fund ever got. The government was expecting more to follow the steps of those three major companies in taking advantage of the tax exemptions to support the arts and culture, but the affair was short lived.

The federal government is committed to financially supporting MN giving it the prerogative of requesting additional funds in the event it overruns its operating budget before the end of the fiscal year. This provision is directly supported by Section 7, Article 103 of the Malaysian Constitution and is intended to cover unexpected or

emergency needs of public bodies. On one side, this privilege seems to be a helping hand but it may create unwanted consequences such as incompetent budget estimates on the management side and an attitude of complacency as they are not required to make any efforts to cover the insufficiency on their own. This aspect does not seem to be a practice for the museums in the UK.

Table 16: Balai Seni Lukis Negara -- Revenue and Income from 1990 to 2001, in RM million

	90	91	92	93	94	95	96	97	98	99	00	01	Total
Government Grants *a	0.55	0.85	0.95	0.80	0.80	n.a	1.47	2.22	1.77	2.44	2.81	4.60	19.26
Private & Other Contributions	0.70	2.34	0.18	0.70	2.43 *c	n.a	0.12	0.09	1.77*b	0.38	0.98	4.74	13.81
Commercial Income	0.18	0.36	0.60	0.54	0.40	n.a	1.22	1.46	1.76	0.16	0.17	0.18	7.03
Other income	0.06	0.03	0.04	0.03	0.05	n.a	0.02	0.01	0.03	0.04	0.006	0.05	0.354
<i>Total</i>	1.49	3.58	1.77	2.07	3.68	-	2.83	3.78	5.33	3.02	3.97	9.57	40.454

Source: Adapted from the Annual Reports of BSLN from 1990 to 2001

*a includes operating and development budget *b includes donations from government bodies

*c includes endowment fund of RM 1.75m in 1994 and RM 2.0 in 1991

Table 17: Balai Seni Lukis Negara -- Real Terms Value of Revenue and Income from 1990 to 2001, in RM million

	90	91	92	93	94	95	96	97	98	99	00	01	Total
Government Grants	0.50	0.81	0.90	0.77	0.77	n.a	1.41	2.16	1.67	2.37	2.76	4.53	18.65
Private & Other Contributions	0.64	2.24	0.17	0.67	2.34	n.a	0.11	0.08	1.67	0.36	0.96	4.67	13.91
Commercial Income	0.16	0.34	0.57	0.52	0.38	n.a	1.17	1.42	1.66	0.15	0.16	0.17	6.7
Other Income	0.05	0.02	0.03	0.02	0.04	n.a	0.01	0.009	0.02	0.03	0.005	0.04	0.274
<i>Total</i>	1.35	3.41	1.67	1.98	3.53	-	2.70	3.669	5.02	2.91	3.885	9.41	39.534

Table 18: List of Performance Indicators* of BSLN

Indicators	1990	1991	1992	1993	1994	1995
Total visitors (in thousand)	75	76	86	74	51	49
No. exhibitions	28	38	29	35	18	n.a
No. acquisitions per year	-	54	19	11	10	-
No. of accumulated collections	1,952	-not available-				
Acquisition cost (RM in thousand)	168	145	138	67	60	n.a
No. of publications	n.a	n.a	n.a	n.a	n.a	n.a
No. of museological works	n.a	n.a	n.a	n.a	n.a	n.a
No. of conservation/preservation projects	n.a	n.a	n.a	n.a	n.a	n.a
No. of public programmes:						
-workshops	n.a	n.a	n.a	5	4	n.a
-discussions /forums/art seminars	n.a	n.a	n.a	5	4	n.a
-aided tours	n.a	n.a	n.a	-	-	n.a
-art competitions	n.a	n.a	n.a	7	-	n.a
No. of training/no. of staff	n.a/21	n.a/21	n.a/19	n.a/20	5/32	n.a
Indicators	1996	1997	1998	1999	2000	2001
Total visitors (in thousand)	51	54	50	55	70	100
No. exhibitions	36	40	33	33	33	32
No. acquisitions per year	9	131	44	139	47	92
No. of accumulated collections	-not available-					
Acquisition cost (in RM thousand)	42	1,276	284	839	983	415
No. of publications	7	7	9	16	28	27
No. of museological works	n.a	n.a	n.a	n.a	n.a	5
No. of conservation/preservation projects	n.a	n.a	1	120	22	39
No. of public programmes:						
-workshops	2	n.a	4	10	23	23
-discussions /forums/art seminars	6	n.a	6	1	10	22
-aided tours	-	n.a	13	50	n.a	59
-art competitions	2	n.a	5	5	4	11
No. of training/no. of staff	25/35	21/32	52/33	44/33	56/35	100/35

* these indicators are directly the terms used at BSLN. Items are taken from each annual report of BSLN

Balai Seni Lukis Negara

Revenue and income for BSLN came in as contributed and self-generated, shown in Table 16 and 17 in nominal and real figures respectively. Data on income received was taken from annual reports published by BSLN except for that of 1995 which was not made public for undisclosed reasons. The uniqueness of BSLN is that it started as

a private entity before the Independence years and later was upgraded to a statutory government body. This mixed background seems to help BSLN enjoy government grants while maintaining its status quo.

One of the earliest forms of government support to BSLN was the Prime Minister Tunku Abdul Rahman's allocation of RM25,000 to the first Board of Trustees as a gesture to enable BSLN '*to get off to a good start*' (Malayan Times, 12/6/1963 Balai Seni Lukis Negara, 1988). This grant was given to cover the maintenance of its temporary site but yet it was only a one-off contribution. The subsequent lack of financial support from the government apparently caused BSLN to fall into a deplorable state—as some of its trustees claimed. In 1982 BSLN trustees declared that the state of the gallery was a far cry from the days it was inaugurated (Malay Mail, 21/7/1982). Members of the Board of Trustees, concerned with the lack of government support, worked together to secure a more reasonable government annual grant for BSLN. An effort was made under the directorship of Syed Ahmad Jamal to upgrade BSLN's status from a 'gallery' to a 'museum' in an effort to make the gallery more prominent. Unfortunately the initiative was not approved by the government (BSLN, 1988). Nevertheless, in 1972, the Treasury agreed to provide an annual grant of RM80,000 – RM100,000 via the Ministry of Culture, Youth and Sports to BSLN in the ratio of 3:1 of its self-generated income for the expansion of BSLN (see Accounts Report BSLN, 1972) However, unlike other government bodies, BSLN was not entitled to apply for additional funds once its yearly grant was exhausted. Apart from this government provision, sources of income to support BSLN were left to the Board to find on their own. In 1994, the federal government announced that they will review this amount in view of their rising operating costs (Annual Report BSLN 1994).

Later on another improvement was made in their financial landscape when BSLN was upgraded to a statutory body entitling it to an operating and development budget. The increased government support came with the good intention to increase appreciation for the arts which was perceived as being very low among the public.

Professor Ungku Aziz A. Hamid (1982), the first Chairman of the BSLN Board of Trustees, observed the competing priorities affecting BSLN, *'there was a general impression among government officials during the eighties who see the culture sector as a luxury deserving low priority'*. He also sensed that the government had overlooked the financial needs of BSLN due to the greater focus placed on the economic development of the country. This struggle to increase arts appreciation in Malaysia continued to be addressed by the following Chairman of BSLN Board of Trustees.

Malaysians are too obsessed with social and economic development and have failed to revive our heritage of art, music and literature. The public is not supporting the gallery in its efforts to expand and achieve greater prominence.
(Malay Mail, 12/7/1982)

Government grants to BSLN show an overall increase throughout 1990 to 2001, except for 1998 and 1993. Grants given reached RM1.4 million in 1996. The grant increased to RM2.2 million the following year, reached RM4.6 million in 2001, five times more than the grant given for 1991. The permanent site of BSLN was completed fully in 1999 but the movement had taken place in 1998. The increment was due to accommodate the cost of running a larger premise.

In securing its annual grants, the officials at BSLN always have to argue strongly to justify the increment, making the budgetary process a painful experience, especially when Budget Officers have the same general attitude as the public, who are mostly philistine:

Poor response is frustrating to the Gallery officials and the others who are involved. Not only do they have a hard time justifying the existing budget level but to say the least they are at a disadvantage in 'explaining' the rationale to the bureaucrats at the Treasury's review meeting. Therefore, the strategy is to operate within the budgetary constraints. To make people more visually literate is easier said than done. Obviously from a strategic point of view, a society is better off having sufficient number of people literate than illiterate, because usually the former is the best guarantor of a museum's well being, a defence against real or perceived threats which may be felt from time to time. (Ali, undated, p. 2)

Before the government provision poured into the organisation, BSLN relied mostly on the goodwill of art patrons and private companies. Occasionally BSLN received contributions from regular patrons, multinational and local companies. These contributions are recorded as a total in *Private and Other Public Contributions* in Tables 16 and 17. Income received from private contributions swung between high and low throughout 1990-2001- the highest contribution was RM4.7 million in 2001 and the lowest was of RM90,000 in 1997. This erratic stream of money may be attributed to the fact that BSLN was not staffed with any fundraising officer nor equipped with a proper sponsorship strategy. Therefore, most private donations were sought after on an *ad hoc* basis whenever BSLN felt they needed financial support for a one-off project. Thus, the amount of private contributions was unpredictable at best.

Among the regular donors to BSLN were Petronas, Esso, Shell, Phillip Morris, Mobil, Magnum, Public Finance, Nokia, Nestlé and the Japan Foundation. Donations came in the form of cash and donations in-kind to support exhibitions, exhibition-related activities and art competitions.

BSLN also received grants along with directives from federal government agencies, such the Prime Minister's Department and the Ministry of Education to organise art activities in conjunction with national celebrations (Zanita Anuar – BSLN). This exemplifies the typical subordinate relationship national museums such as BSLN have with the federal government. To use an analogy, whoever pays the *Tok Dalang* (a traditional shadow puppeteer) gets to request the story.

Both government grants and private contributions were high in 1994 and 2001 with RM2.34 million and RM4.67 million respectively. In 1994, an endowment fund was created by government initiative with an injection of RM2 million from the government and PETRONAS to encourage private sector support to the arts. One of the specific aims of the fund was to contribute towards the new building of BSLN, which was eventually completed in 1998 (Annual Report BSLN 1994, p. 31).

In 2001, the high levels of revenue contributed by the public and private sector made it possible for BSLN to increase its public programmes, as evidenced by the number of programmes recorded in that year. As Table 18 shows, the number of art competitions in that year increased to 11 from 4 the previous year. As one museum curator put it, art competitions in Malaysia tend to attract sponsorships from both the private sector and the government (Zanita Anuar - BSLN).

The role of the Board of Trustees is inevitably important in increasing private sector donations. During the early years, the members of trustees of BSLN were quite prominent individuals who brought BSLN under the limelight. The trustees managed to attract significant donations, both in-cash and in-kinds. For instance, in 1982 BSLN received a donation of \$250,000 from the cinema magnate, Run-Run Shaw, who was also a member of the Board of Trustees (*Malay Mail* 21/7/1982). The fund was given towards the construction of a permanent building of BSLN.

BSLN, having a Board of Trustees gives it an edge that MN does not have. The sixteen trustees are appointed by the Minister of Arts, Culture and Tourism and come from the government, arts, academic and business sectors. The diverse backgrounds and reputation of its Board of Trustees smooth the progress of BSLN's efforts to position itself as an arts organisation in need of funding. A study by Weber (1998) reveals that board composition is the key to increasing funding. Indeed, having a history of support from major companies, BSLN should start recruiting a development officer to be in charge of marketing and fund raising, a step that has recently been taken by the IWM in the UK. For museums like BSLN a more systematic approach to fundraising will also require a sponsorship policy and strategy to be in place.

On the part of *Commercial Income*, BSLN earned some from publication sales, commission from the sale of paintings, small trading activities, rentals, interest on fixed, current and endowment funds, dividends and profits from investment. As shown from Table 16 and 17, income from commercial activities shows some resemblance to private contributions in that the amounts received from 1990 to 2001

fluctuated. The highest income in this category was recorded in 1998 with over RM800,000 resulting from increased earnings gained at the new premise. The lowest earning year was 1999, with only RM80,000 a ten-fold reduction. This was caused by depleting funds in its bank accounts, as both interests from the fixed and current accounts were used for the new permanent building (Annual Report of BSLN 1999).

On the trading side, BSLN seemed to retain little of what it had earned, reflecting its *un-entrepreneurial* attitude towards retailing. Despite their privileged position which exempts them from government restrictions to generate their own income thus far haven been unable to become more self sufficient. Retailing for example has never been a major concern of BSLN. It has always been a small-scale activity, where sales would take place during the launch of an exhibition. Shortly after opening their new building BSLN made an attempt to operate a café on its premise but I was informed that the operation did not last long, due to the lukewarm response from visitors and staff to its Western menu. Since its closing, the space has been vacant. It is unimaginable how BSLN could have had a successful exhibition such as *Li Zi Jian World Travelling Exhibition* in 2001 with 74,000 visitors attending without providing a restaurant service! In that year, a total of 100,000 people visited BSLN - the largest number of visitors ever recorded in its history (Annual Report BSLN 2001)--which begs the question of how incomplete these visitors experience may have been. They seem to have missed opportunities to generate income while cultivating repeat visitors. BSLN could learn from the experience of the trading companies of UK art museums such as the Tate Trading Company, and one certainly hopes they will.

BSLN should also increase and expand its auxiliary services to bring in supplementary income, as suggested by Zakaria Ali, another museum director. While the principal duty of BSLN should be to continue to exhibit its collections, it should take steps to expand its auxiliary services which should include activities such as art classes and lectures to supplement its income. Table 18 shows that number of workshops increased to twenty three and forums/arts seminars increased to ten in 2000, two years after the new building of BSLN was in full operation. The beautiful BSLN building, with ample parking space and a location is very close to Kuala Lumpur Convention Centre, should benefit from corporate hire, a potential income generator in the near future.

Other Income for BSLN was rather small and it came from the sales of assets and other non-profit orientated transactions. From 1990 to 2001, the amount received under this category was only RM0.35 million, indicating that such activities took place only in response to need (see Table 16).

In respect of commercial activities, BSLN is able to take full advantage of the search for private support and can get involved in subsidiary business activities. For instance, BSLN is allowed to use interest from its savings accounts where government grants and endowment money are deposited. On the downside, BSLN has to pay income tax for the profit from investment transaction due to the Corporation Act. BSLN should apply for charitable status so that it could convert profits from investments into a gift-of-aid, as practiced in the UK. More discussion on best practice will be presented in the conclusion chapter.

Table 19: Pusat Sains Negara -- Revenue and Income from 1996 to 2003, in RM millions

	1996	1997	1998	1999	2000	2001	2002	2003*	Total
Operating Budget	5.47	9.52	5.75	5.00	5.02	5.17	6.45	6.0	48.38
Development Budget	9.76	5.50	0.40	0.45	2.46	1.71	16.35	8.8	45.38
Admissions	0.22	0.81	0.41	0.36	0.40	0.40	0.56	0.24	3.4
Gift shop	-	-	0.03	0.05	0.08	0.08	0.006	0.001	0.247
Other income	-	-	0.03	-	0.02	0.006	0.01	-	0.31
Total	15.45	15.83	6.62	5.86	7.98	7.37	23.38	15.04	97.432

Source: PSN Note: * some figures are up to July 2003

Table 20: Pusat Sains Negara -- Real Terms Value of Revenue and Income from 1996 to 2003, in RM millions

	1996	1997	1998	1999	2000	2001	2002	2003*	Total
Operating Budget	5.27	9.27	5.45	4.86	4.94	5.09	6.30	5.93	47.11
Development Budget	9.41	5.35	0.37	0.43	2.42	1.68	16.05	8.70	44.41
Admissions	0.21	0.78	0.38	0.35	0.39	0.39	0.39	0.55	3.28
Gift shop	-	-	0.02	0.04	0.07	0.07	0.005	0.0009	0.2059
Other income	-	-	0.02	-	0.01	0.005	0.009	-	0.044
Total	14.89	15.40	6.24	5.68	7.83	7.235	22.914	14.8609	95.0499

Source: PSN Note: * some figures are up to July 2003

Table 21: PSN Expenditures by 'Customised' Categories, in RM millions

Area of Expenditure	1996	1997	1998	1999	2000	2001	2002	2003*
Exhibition	0.19	0.12	0.58	0.40	0.38	0.39	0.33	0.26
Education	-	-	0.45	0.60	0.60	0.60	0.75	0.45
Libraries & information	-	-	-	-	-	0.07	0.10	0.05
Purchase of collections	0.29	-	-	-	-	-	0.25	-
Staff costs	1.22	1.11	1.11	1.24	1.60	1.54	1.93	1.19
Building & maintenance	2.27	1.77	1.94	2.10	1.88	2.51	2.13	1.38
Publicity	-	-	-	-	0.06	0.25	0.15	0.15
Administration	0.51	0.33	0.54	0.47	0.49	0.49	0.56	0.37

Note: *some figures are up to July 2003

Table 22: List of Performance Indicators of PSN

Indicators	1996	1997	1998	1999	2000	2001	2002	2003*
<u>Visitors:</u>								
School children	-	202,205	118,406	111,475	138,396	165,806	205,688	146,413
Adult	-	22,468	6,267	9,693	12,034	29,260	36,298	25,837
Official visits	-	-	-	-	-	6	7	10
Total visitors	-	224,673	124,673	121,168	150,430	195,066	241,986	172,250
<u>Exhibition:</u>								
No of permanent exhibitions	-	-	1	-	-	6	9	9
No of temporary exhibitions	-	-	-	-	-	3	5	6
<u>Research/Publication</u>								
No of published articles	-	-	-	-	-	1	1	-
Other publication (Sahabat Sains, Jendela Sains)	-	2	-	3	-	1	1	-
<u>Public Programme:</u>								
a. Touring exhibition	-	-	1	4	5	6	6	7
b. School competition	-	-	-	-	-	2	3	3
d. No. website visitors	-	-	-	-	1,058	12,219	16,620	18,120
e. No. public events	-	-	-	-	-	2	4	6

Note: * figure is for January until August 2003.

Pusat Sains Negara

PSN was opened to the public in 1996. It receives an annual operating and development budget from the federal government via the Ministry of Science, Technology and Environment at the beginning of every year, which is how fiscal years run in Malaysia. Data on revenue and income from 1996 to 2003 was provided by its Director, who also agreed to provide additional details on expenditure by category - exhibitions, education, libraries and information science, visitor services, and the purchase of collections. Table 19 and 20 display budget allocations received by PSN in nominal and real terms value respectively; and Table 21 illustrates the category of expenditure in nominal value.

In 1996, PSN received RM5.4 million in operating budget, increased to RM9.5 million (70 per cent) in its second year of operation. The budget went down to RM5.7 million in 1998, continued to remain around RM5 million level for the following years -1999, 2000 and 2001, and started to increase again to RM6.5 in 2002 and onwards. According to its current Director, the level of funding given to PSN is still below a 'desired level'.

A big chunk of operating budget went to building and maintenance costs, as shown in Table 21. In comparison to MN, operating expenses were three times more than MN for 1996. PSN is twice as large as MN and BSLN with a total of 6,717 square metres of exhibition floor, laboratories, workshops, auditoriums, halls, office space and library. It was not a surprise that PSN's maintenance bills were expensive. PSN is famous for its upright truncated cone capped by a geodesic dome with a spaceship-like building. This impressive look represents a problem when maintenance and repair works are needed as they tend to be complicated and very technical. I was informed that PSN have to foot a large bill for the repair of the roof which was designed and made involving foreign consultants (A. Jayanath, Director – PSN)

Another factor contributing to its large maintenance bills came from its galleries. Two main galleries– the *Basic Sciences* and the *Technology* offer visitors interactive science exhibits using high non-recyclable materials. Besides the building and indoor exhibits, PSN has an aquarium and botanical gardens which contribute to its daily high cost maintenance. The landscaped grounds of PSN contain an eco-pond, a herb garden and a children's playground. The cost of utilities to operate this type of centre

for the physical and biological sciences is generally higher than that of ordinary museums. PSN is also equipped with an integrated building management system.

The idea of a national science centre was advocated by the National Council for Scientific Research and Development in the late 1980s with the Ministry of Science, Technology and the Environment being the propeller behind the setting up of PSN. Its mission is “*nurturing a life-long learning of science and technology among Malaysians*” (Jayanath, 2002). PSN received a massive development budget in two Malaysia Plans – RM18.5 million under the Seventh Malaysia Plan (1996-2000) and the Eighth Malaysia Plan (2001-2005). The funds were heavily consumed in the first and second year, after its building was completed, with RM9.7 million and RM5 million respectively.

Overall, the share of government contributions to PSN ranged from 93-98 per cent of its operating budget between 1996 and 2003, indicating how heavily the institution relied on the federal government.

PSN charges an admission fee of RM6 to adult visitors, and RM2 for any child age 2 and above. From Table 19, it can be seen that the total revenue from admissions since the day it opened had mounted to RM3.4 million by July 2003. As Table 22 shows, the admission revenue was the highest in 1997, when a total of 224,673 visitors contributed RM0.8 million to its revenue.

PSN did not operate any gift shop when it started operation, but later in 1998 a small shop was opened selling a limited range of souvenir items with the PSN logo,

which I think were beyond the affordability of ordinary school children. From Table 19, we see that the first year's income (1998) from its small shop was RM30,000, steadily increasing to RM80,000 in 2001; dropping to RM60,000 in 2002.

PSN rents a space to a private operator, who also sells souvenirs in a small stall, sharing the same floor with the gift shop--as the Director saw it as providing additional choice to visitors. Through my causal meeting with the private operator and observations I made on his merchandise, which obviously did not carry any formal logo of PSN, I could see that he offered more variety in products related to science and technology. According to him, he and his partner would go around the country looking for appealing products. His efforts seem to pay off as his stall attracts many school children due to its large range of toys and its generally more affordable merchandise. I bought my seven year old daughter a simple DIY wooden helicopter which read 'made in China.'

Many times, when PSN organised touring exhibitions, this gentleman was invited by the Director to sell his merchandise alongside the exhibition. Since PSN is not allowed by law to have their own trading company they rely on the resourcefulness of this particular operator. Being popular among school children, as seen in Table 22, PSN has the potential to engage in trading to suit the needs of children and families, which are the main component of its visitors' profile. From 1997 to 2000, more than 90 percent of visitors to PSN were school children (A. Jayanath, Director – PSN):

It was expected that there would be more families making trips to PSN, once a child had visited the place. Word of mouth is an effective tool of publicity for school children visiting PSN. (A. Jayanath, Director - PSN)

Space was also available for family events, though according to the Director, he hoped PSN could attract large corporations to hire its premises for their events. PSN is located in the west side of the City of Kuala Lumpur in a well developed, low density district, which is also one of the most expensive areas in the city. It is better accessed by private cars and has limited access to public transportation. During data collection I observed that most visitors to PSN came by rented buses, private cars or taxis. Four of my visits to PSN were by taxi. On my way out I had to either wait or call for a taxi service to pick me up. Otherwise, I would have had to walk down the hill to catch a bus or, if lucky, a taxi. Visitors to PSN are encouraged to arrange their transportation in advance.

Several times the Director mentioned that the publicity budget was very important to PSN but the government has yet to allow such items to be an item of regular expenditure for government bodies. In his opinion the publicity expenditure given to PSN was inadequate, ranked second lowest before libraries and information. The Director was active and dedicated to getting sponsorships from big corporations and he personally approached various institutions for sponsorships.

Many science centres in other countries contribute to the local economy. For instance, in the US, 141 science centres contributed US\$836 million in 2002 (www.astc.org/funding/index.htm, 27/7/2003). For every operating dollar that science centres and museums took in, only 34 cents came from public funds, another 19 cents came from private donors, and the rest was “earned income” from ticket sales, programme fees, gift shops, and other sources.

Overall, the funding of museums in Malaysia is at the hand of the federal government. However the responsibility for their financial wellbeing should be shared by the private sector as their participation in the cultural life of the nation is also paramount. On their part, the museum sector should strive to remove the limitations posed by government policy in regards to self-generated income and achieve greater sovereignty. The role of the government however should not be diminished, as it will certainly continue to play a key role. As Arora (2002) says '*the government must act as a regulator, promoter, facilitator, supplier and also a protector to the art and culture sector.*'

Table 23: Federal Government Development Expenditure on Culture as Percentage of Total Expenditure

Malaysia Plan	Starting Year	Total expenditure, in RM million	Expenditure on culture in RM million	Share (%)
First	1966	4,242	4.6	0.11
Second	1971	7,250	7.2	0.10
Third	1976	18,554	32.5	0.18
Fourth	1981	49,025	133	0.27
Fifth	1986	74,063	129	0.17
Sixth	1991	55,000	341	0.62
Seventh	1996	67,500	946	1.4
Eighth	2001	110,000	964	0.87
	Total	385,634	2,557	3.72

Note: the exchange rate is more less at GBP 1 = RM 7 at the time of the study

The Wider Context of Federal Support to Museums

There is a continuous financial support from the federal government to museums, which is reflected in development grants. Under the Seventh Malaysia Plan, the government acknowledged the importance of cultural programmes to achieve socio economic objectives. Several plans were laid out across the country to express the government's vision:

Cultural programmes, as an instrument to improve the quality of life, enhance national identity, promote national integration and unity as well as maintain racial harmony [...] Efforts were also undertaken to strengthen cultural networking among various cultural institutions and voluntary organisations through activities such as music and arts performances, cultural shows, creative writing [...] Cultural and art offices were established in all states to organise and manage cultural development programmes, maintain cultural networking and initiate cultural activities with cultural associations. (Seventh Malaysia Plan, 1996-2000, p. 566)

Table 23 shows the estimates of total expenditure and culture expenditure from 1966 to 2001. These data was taken from five-year national development plans known as Malaysia Plans. The percentage of culture expenditure to total national expenditure hardly reached one per cent except under the Seventh Malaysia Plan.

This low expenditure level on the arts and culture is not unusual. In the Arts Council of England study of 10 OECD countries, the government arts spending as a percentage of Gross Domestic Product in 1993/1994 was 0.14 for Australia, 0.36 for Germany and 0.26 for France. For the UK it was 0.14 in 1995/1996 and in 1995 it was 0.02 for the US (NEA, 2000). In Malaysia the GDP for 1996 was RM183 billion,

from there 0.001 percent was allocated by the government for public expenditure on culture, well below the average of other countries.

In other terms, as shown in Table 23, of the total government expenditure in 1991 and 1996, 0.62 percent and 1.4 percent, respectively, were allocated to the arts and culture sector. The government of Malaysia however started to increase its expenditure on the arts at the beginning of the 1990s when the country launched its Sixth Malaysia Plan. The expenditure in the Seventh Malaysia Plan grew more than doubled from the Sixth Malaysia Plan.

In the case of Malaysia, the relatively low level of expenditure in the arts and culture is a reflection of the low consumption among the general public as well as the low rank assigned to the arts in overall government priorities. In addressing why some countries have higher public arts spending than others, Shuster, warns:

In the final analysis, the differences between countries may reflect differences in the relative importance of the public sector more than differences in the relative importance placed on the arts and culture. Per capita comparisons for other areas of government support would likely to show similar differences. (NEA, 2000, p. 5)

Measuring cultural expenditure by country is technically difficult, due to differences in the definitions and classifications used by various countries for spending on the arts, as well as varying economic and political systems between countries (Schuster, 1995). In Malaysia, from 1966 to 2001 the actual value of total government expenditure on culture was higher than RM2.5 billion if we take into account

operating expenditure, the expenses on cultural activities among other government bodies, and the expenditure by all states combined.

CHAPTER EIGHT

FUNDING ISSUE: THE MALAYSIAN MUSEUMS

Introduction

Having already presented financial data on Malaysia in previous chapters, this chapter seeks to discuss findings from interviews which I conducted with museum personnel in Malaysia. I interviewed the Director of JMA, both directors of MN and PSN, curators, accountants, marketing and public relations officers, finance clerks, educationists, librarians, and a deputy registrar. As a guest researcher at MN for three months I managed to catch the 'behind the scenes' atmosphere which allowed me to better understand the thinking of the staff regarding their institution. Besides the interview data, the analysis for this chapter is supported by other sources such as published and unpublished articles, seminar papers, official museum websites, and on-site personal observations.

The Pay Master

As we have seen, the core financial support to national museums is provided by the federal government. Data presented in Chapter Seven clearly showed that the three museums in the study were heavily subsidised by the state and given the legal constrains for them to generate their own income (Ibrahim Ismail, 13/8/2003), they are now in a situation which is both comfortable for some and unsettling for others:

Now, JMA has several museums under its management. However, they (the museums) cannot be self-sustaining. They must be helped via direct government

grant. It is government duty to do so for as long as it takes. (Adi Taha, Director General - JMA)

At the comfort level, the privilege of being able to request ‘additional funds,’ if they so require, is an advantage of government-funded museum which gives the impression that they are not constrained by their initial budget allocation. However, some argue that the government has not spent enough money to bring museums up to a desirable standard. As Professor Ungku Aziz comments:

It seems difficult to get culture firmly locked into the national scene as an item deserving adequate financial support simply because it is culture and because national unity depends in some degree upon a popular realization of the national cultural base. (in Sweating, 1982, p. 74)

Those who have been directly involved in the museum sector may agree with Professor Ungku Aziz and the ex-Director of JMA was one of them:

Many strongly believe that museums play an important role but because of the nature of its intangible benefits, curatorship for instance is often regarded by public as unimportant. Hence, museums are neither given the requisite attention nor financial resources to get their activities off the ground. (Buyong, 2003)

Even though overall expenditure on culture in every Malaysia Plan never reached two per cent of total government expenditure, it does not necessarily indicates that the government has not place culture as priority area. However, any further deduction on cultural expenditure would have had serious implications for the cultural sector including museums.

Government-funded museums however are not free from financial problems.

Despite having a guaranteed financial allocation every year and ‘additional funds’, the budgeting process was hard. As one museum’s director put it:

We have a very tight budget and to make our vision possible is not easy. We are given a small allocation by the government via JMA and we have to bear with whatever is given to us. To obtain extra allocations we constantly have to confront our master and keep justifying our needs. Otherwise, our programmes run very slow. I think the allocation is insufficient in comparison to our vision but I am positive in believing that the allocation will increase in the future.

(Wan Jamaluddin Yusof, Director - JMA)

For the 2003 and 2004 budget years, we asked for RM20 million but we were told that we could get RM8 million. We were asked to resubmit our budget, and we were given only RM9 million. In the mid-term review budget meeting, we have to fight with MOCAT. They don’t want to see numbers. My colleague is under pressure to ensure they get the number approved. (Zanita Anuar, Curator - BSLN)

As in other countries, in Malaysia when federal revenue is negatively affected, museums are subject to budget cuts. Newton’s Law does apply here, every thing is subject to an action which stimulates or prompts a reaction. Therefore, when government earns less, museums also get less. Consequently, museums have to readjust their expenses or withdraw certain activities of lower priority.

Tapping Income Generation

Self-generated income is a term still underdeveloped and not given adequate attention among the staff of public museums in Malaysia. The term itself is not highly

appreciated by some and when I raised the topic, it seldom produced inspiring discussions among museum staff:

*Why should we be self-sustained when government can give us the money?
There is no concept of self-sustaining for government departments. Getting money for enhancing exhibition is different* (Adi Taha, Director General - JMA)

However, for some the prospect of being more independent from the government is a happy proposition. At least the Director of PSN was enthusiastic about it. He believes that PSN has to be more autonomous:

PSN can't be a fully-fledged government department. We must have corporate identity. Very frankly, I am in the process of looking up at the proposal for the government to corporatise PSN as an agency. The benefits is that PSN will have the flexibility of hiring staff whereas now recruitment is done centrally by the Ministry of Science and Technology. (A. Jayanath, Director – PSN)

Under the Fees Act 1951, the federal government in mid 1980s introduced a nationwide policy to all full government bodies to charge a nominal fee for certain public services such as forms and registration. I was informed that JMA rejected this proposal but the directive had to be followed eventually due to the 'pressure of uniformity' of conduct among government departments. BSLN did not charge their visitors. The government believes that the fees are only a 'token' the public pays for the services they receive rather than to cover the costs involved. Though revenue collected from admission fees went to the Treasury, MN is allowed to retain some portion of it for limited purposes. I believe that by returning a portion of revenue to museums is a necessary act to motivate museums to raise their awareness about the importance of generating income on their own. This 'blessing in disguise' situation

explains that self-generated income which was not treated as necessary eventually could become increasingly significant to the survival of museums. With this in mind also JMA has raised the admission from RM 1 to RM 2 (see Fees Acts 1951, Fees National Museum Order 1999):

When the government imposed RM 1 entrance fees for visitors to museums in the mid-1980s, we disagreed but since the policy applied to all relevant government departments, we could not be exempted. We got about RM50 000 a month in total. The collection from admission goes to a Trust Fund Account and the money (some percentage) goes back to MN. Though it is not sufficient to pay for, e.g., publication costs, in a way, this is a way to top up our revenue. This year we suggested that the fees be increased to RM2. (Wan Jamaluddin Yusof, Director - JMA)

Asked if the charge was a burden on the public, PSN which charges admission to schoolchildren, believed that paying for the entrance was an act needed to acknowledge value for the money spent and to ensure that the individual would be more receptive to what PSN provided for the visit:

The Fees Act sets a minimum charge for the entrance to PSN. If they pay for it they tend to value what we offer. Admission fees are not an obstacle for people who come to PSN. (A. Jayanath, Director - PSN)

In contrast, BSLN under its Corporation Act has a provision for admission charges that they could use but has never imposed any charges for its permanent exhibition. So far BSLN remains silent on the issue and has no plans to break the tradition they have maintained since 1958. Since BSLN is a semi government body, it is up to the Board of Trustees to decide on the issue of charging their visitors.

As we have seen in other chapters, another source of income that proved to be important for museums was private sponsorships. In line with government's policy to encourage the contribution from private sector, BSLN has maintained its efforts made to attract more private contributions:

We have been very lucky that Phillip Morris has been our regular donor and our relationship is very stable. (Zanita Anuar, Curator - BSLN)

For MN and PSN, despite the fact that sponsorships deals were not always available, private monies still carry substantial weight:

In the past we have had several sponsorships but now we are not that fortunate. The numbers declined. The sponsor put down some money for exhibition costs and some helped us to raise money from overseas. We also use an events manager to help with our promotion and it turned out to help bring us some sponsorship deals. (Wan Jamaluddin Yusof, Director - JMA)

With more resources we can promote our centre which is close to world class facilities and standards. If more multi-national companies and local corporations come to support us, we can boost PSN. (A. Jayanath, Director - PSN)

Sponsorships never come easy. Prior to the introduction of tax incentives to boost private donations, most museums experienced hardships getting this money. Social responsibility was not high and the government had to do something to fork the money out:

However small the grants are, the concern is that they come on a regular basis and are democratic in the basis of giving. The social support we have now is sporadically given and does not ensure effectiveness in the long term.

Somehow, an element of nepotism exists in the process. A thorough and wise plan should be initiated by government. (Zaini in BSLN, 1991, p.117)

There is a problem when it comes to accepting sponsorship from a sponsor who is politically motivated. The attraction of gaining the ubiquitous 'mileage' from donations and sponsorships was there for the donor. Some museums have to go through a ritual of personally receiving a yard-long facsimile of a cheque from a corporate V.V.I.P with full media coverage (Zaini in BSLN, 1991). Museums have to select their sponsors carefully, make them happy and at the same time must ensure that they do not come into conflict with government policy:

We can accommodate what sponsor wants as long as it does not go against government department policy. Many sponsors want endorsement from a high-ranking political appointee and sometimes if we cannot guarantee or accommodate this need, they turn us down. Politically, they want something in return. It's difficult for us. We also have to be selective in accepting sponsors. Alcohol, cigarette and lottery providers are no longer politically correct as sponsors any more. Some organisations of our choice are invited to participate in our exhibition programmes, but unfortunately they don't show enthusiasm. Instead, others in the 'B' list did. Very hard. (Wan Jamaluddin Yusof, Director - JMA)

We have to work together with the sponsor. We understand that our sponsor wants to get mileage out of the sponsorship deal. So, when we do a press conference for the exhibition, the Public Relations staff bring them in. It is important to get them (potential sponsors) interested in what we are doing. Sometime we strike gold and sometime we have been turned down because the company doesn't have the allocation. (Wan Jamaluddin Yusof, Director - JMA)

The interviews uncover evidence that the lack of good planning and qualified fundraising personnel were also problems faced by museums:

There are lots of money-making opportunities and they require a great deal of planning. We are not sure which one should we go for in this immediate future. Our previous café operator went out of business not long after they started, though they were very excited at the beginning and paid their rent in advance. The gift shop with merchandising and the restaurant are potential ventures.
(Zanaita Anuar, Curator - BSLN)

We do not have the adequate and right staff to go out and seek out sponsorship. It has been done on a rather irregular basis. I do not have adequate time. JMA [the Department of Museums and Antiquities] should be proactive to assist us in dealing with licensing and contract issues but they also lack staff. (Wan Jamaluddin Yusof, Director - MN)

Competition to attract private donors was felt by most cultural institutions either public or private ones, large or small. There are plenty of private galleries in Malaysia which are privately funded. The plight of private museums is rather an individual fight to survive because they are not supported by the state and rely exclusively on financial institutions to help them fulfil their mission. Many art enthusiasts have to struggle independently to set up their own private galleries. One prominent art enthusiast, also a painter, Dr. Tan Chee Kuan, faced financial hardship when setting up his well-known Asas Centre Art Gallery in Penang in 1989. Dr. Tan deemed that a gallery needed to project an image of quality and prestige, regardless of how much one had to compromise financially. Though art is seen as a luxury as it seemingly was the case when he began, he was determined to set up a proper art gallery for his community:

I had a friendly banker who was also an art-lover who gave me a loan and overdraft facilities. I got carried away and dumped a lot of expensive renovations in together with air conditioning [...] The result was a classy gallery all right but the exercise was costly and nearly brought me to the brink of financial disaster. I had to mortgage the house, refinance my car, sold off my wife's car and replaced it with a Proton Saga on hire purchase and I finally sold off my Bukit Jambul membership at a big discount. I wanted to mortgage my wife as well, but my banker said to hold on a while until he had installed air-conditioning in the bank vault, so that she could keep company with my Salvador Dalis. (Tan, 1999, p.12)

As I discussed earlier, another factor which hinders museums from embracing self generated income is the rules and regulations of the government, which as institutions under the public sector, expressly forbid them from engaging in revenue generating activities. This poses problems for museums wanting to engage in business ventures. The system where they operate does not support income generation through business activities and to do so the Director of MN says that *“We need money to get money but the whole system and mindset need to be changed.”*

National Tourism Agenda and its Impact on Museums

Another significant development that affected the role of museums came in the nineties when the federal government was promoting the tourism industry on a big scale. The government's pursuit of tourism strategies was reflected in the Sixth Malaysia Plan (1991-95). The expenditure on culture increased two-fold from the Fifth Malaysia Plan (see Table 23 in Chapter Seven) and the tourism industry has grown since then and various new and improved tourism products were targeted to attract local and international tourists:

Culture and the arts will be developed as integral components of tourism as tourist interests are increasingly moving towards vacations involving cultural manifestations, heritage and entertainment. In this regard, the development of cultural heritage tourism such as museums and art galleries as well as cultural and arts centres will be given more focus, thus leading to a more diversified and vibrant cultural and entertainment services industry. (Sixth Malaysia Plan, 1991-95, p.503)

Museums, among the country's 'products' were promoted as part of tourism strategies. With this government prerogative, the role played by national institutions, especially MN, for the second time was touched:

Lately, new and increasingly popular tourism products have emerged. These include theme parks, television networks with global audiences and those which cater to a multitude of human interests. There is a seemingly endless variety of places and approaches to entertainment and recreation which are both attractive and of commercial value. All these represent an aggressive yet creative approach to attracting Malaysians to experience this new form of entertainment while increasing consumption, both directly and indirectly. Such development is unavoidable and represents a huge challenge to museum enthusiasts. (Buyong, 2003)

As a result, MN had mounted a number of sensational and popular exhibitions, starting with *Treasures from the Graves*, to accommodate the first world-wide *Visit Malaysia Year 1990* campaign (Taha, 2003). This campaign was well regarded by MN as more money had been directed to improve its operations:

The most significant development came in the 1980s when the government decided to give serious attention to tourism as an industry which can make a significant

contribution to national revenue. The rise in tourism has given an impetus to the National Museum to upgrade its exhibitions. (Buyong, 1997)

Considerable amounts of money for preservation of historic monuments and archaeological sites were allocated to turn them into tourist venues, and JMA was the main player to carry this duty. Few would dispute the importance of museums as tourist attractions. The Ministry of Culture, Arts and Tourism, responsible for tourism believed that the majority of museums had by no means reached their full potential until the tourism and leisure industry was promoted.

Through my interactions with staff at MN, I learned that tourism campaigns had brought the largest number of international visitors that MN had ever received. Most of the time tour operators were promoting MN to overseas tourists as a “must see” tourist destination and a visit could not have been missed. Like the Louvre to Paris, the Vatican Museum to Rome, the National Gallery to London, the Hermitage to Leningrad, El Prado to Madrid, MN was the “superstar” museum to Kuala Lumpur-- borrowing a term used by Frey (1998) which refers to the special status that sets one museum apart from others and which received benefits from developments in tourism in one country.

Despite caution over the impact of the tourism agenda on museums, the truth was that it was unavoidable. Not many museum staff I met discounted tourism as part of the agenda for museums:

Museums should not compromise their traditional role despite this (tourism), allowances must be made in order to accommodate the needs of tourism.

Heritage kept in isolation is no real testimony to the achievement of a civilisation. Our task is to walk this tightrope in a constructive and creative fashion. (Taha, 2003)

Even though museums may disagree with the tourism agenda, accommodating the government's agenda is unavoidable and somewhat beneficial to them as evidence suggests tourism has increased their visitor numbers and revenue collection.

Museum Mission and Orientation

Created as part of the celebrations to mark the achievement of independence from Britain in 1957, MN never articulated a mission statement, which was perhaps due to the fact that a legal statute was never created to formalise its establishment. MN's role during its early years became that of an agent to advance the government's national identity agenda. Later with the advent of the country's first Cultural Policy in the 1970's, its mandate became to reflect the multiracial multicultural identity of Malaysian society. MN's lack of a mission statement has been a reflection of its limited autonomy, as articulating a mission statement is the prerogative of more independent institutions.

On the other hand, for their own definition of what a museum is they have relied on ICOM's definition which says that a museum is "*a non-profit permanent institution, in the service of society and open to public, which acquires, conserves, communicates and exhibits, for the purpose of study, education and enjoyment, material evidences of nature, man and culture* (taken from Article 2 Constitution of Association of Malaysian Museums).

Having no mission statement, no statute and no unique working definition of what a museum is, MN staff lives by an understanding that their purpose is to advance government directives. Some museum staff perceives themselves as government employees while others see themselves as museum employees, a distinction which highlights the ambiguity of their situation. The museum Director however is clear as to what MN's role is:

The National Museum is an institution created by the government for the purpose of storing and preserving its historical legacy and national culture as tools to enable future generations to develop and enhance their national identity.

(Buyong, 2003, p. 3)

Driven primarily by government decree, exhibits displayed in the main galleries of MN reflect the ethnographic aspects of Malaysia as a multi-racial country. Temporary exhibitions were mounted to rather fulfil the objectives of the pay master and its curatorial choices.

The galleries at MN are a portrait of a multi-ethnic nation set in a natural history background. Its exhibit choices come from the intention to advance the country's national identity. However, the manner in which this pursuit of a national identity is expressed no longer suits the country's new *Vision 2020*, which is the nation's new master plan which calls for the creation of a developed nation. Muzium Negara must identify society's new needs and articulate them in a clear, viable mission statement. Western museums in the nineteenth century, according to Hopper-Greenhill (2000), were capable of solving internal problems of social unrest, had been used to bind the lower class into the main body of society as well as to embrace on a broader stage-

that of the nation itself. At the national level, museums were signs of the secular religion of nationalism, indices of a general maturity of taste and level of civilisation, as well as markers of the responsibility of the state towards those for whom it was gradually becoming more responsible (Hooper-Greenhill, 2000). MN's efforts towards advancing government cultural policy are justifiable, however they need to be reviewed in light of the country's current situation.

During the course of this study I came to see MN as a near-manifestation of the public and socially-orientated museum concept, only lacking in its commitment to education. Indeed, educational was not adequately addressed, as demonstrated by MN's lack of programmes for school children and the general public. MN had no permanent educationist and this was evident in the sporadic way in which educational programmes were being offered. There was no consistent effort made to formulate an educational policy and whatever educational programmes took place were done on an *ad hoc* basis. MN and JMA were aware of their inadequate public programmes for schools, but their attempts to make an enduring impact were not successful. Today, MN has still produced no distinct education policy and the situation did not improve. There was an Educational Services Unit, which was initiated in the '70s to promote mobile exhibitions to schools in rural areas but was stopped, due to staff and internal problems.

During my fieldwork in MN, I personally encountered confusion over who was in charge of educational matters, as a consequence of an internal conflict involving staff allocation during the major human resource restructuring of JMA in 2001. The educational unit was temporarily closed down and its responsibilities were transferred

to the audio-visual officer, while the previous Head of Education Unit was transferred to the Public Relations Unit.

Also during my fieldwork I found that school visits were entirely left to the initiative of the teachers without any educational pack or guidelines made available to them - teachers were left to their own wisdom to guide their students. Thus, schoolchildren wandering around the corridors of the gallery seemed happier making a few trips to the cafeteria than following their teachers through the exhibition galleries. However, JMA director made the following statement when discussing educational programmes at MN:

An exhibition by the National Museum receives little response from the school sector. They come here because they have nowhere to go. The whole system is not working right. The museum sector abroad is valued by society more than by our people. So, the new director's task of changing this attitude is crucial. The mind-set of the director also needs to be changed. (Adi Taha, Director General – JMA)

While teachers struggled to educate their students about the content of the exhibits and the director of JMA pointed to the need for a greater response from schools and a change of attitude on the part of staff, Muzium Negara's director had this to say:

We want to make MN a popular place to visit and bring crowds to our exhibitions. I want museum Negara to be family orientated and to have an entertainment complex or what is called a culture-leisure park. A one stop visit offering a food venue and shopping amenities. This set up will bring more crowds to our premise. I fell strongly about this. (Wan Jamaluddin Yusof, Director - MN).

These incongruent points of views demonstrate how urgent it is for MN to have a consistent mission statement that can bring staff in line to pursue common objectives. It is evident that in terms of fulfilling a public and social orientation they still have a long, arduous road ahead. Not to mention yet their pursuing a customer orientation, this is only possible after mastering their responsibilities towards society.

The main role of BSLN when it was first established was more about collecting and exhibiting local artwork—an emphasis that remains up to this day. In the foreword to the First National Loan Exhibition Catalogue, August-November, 1958, come these phrases:

The foundations of Independence have been well laid, and it is the responsibility of the present generation of Malaysians to build on them a nation which will gain some of its inspiration from a fine collection of works of art, worthily housed and accessible to all. Art expresses and reflects the spirit and personality of the peoples who make a nation ... Malaya has many artists of whom she may be justly proud, but it is only in an Art Gallery that the public can see and enjoy their work, and unless the best works of our artists are purchased for a National Collection, they can rarely be exhibited. (In BSLN 30th Anniversary Catalogue, 1988)

During the course of this study, their first mission statement appeared in their 1997 Annual Report (in Malay language) under the corporate information page. Translated from the Bahasa Melayu, the mission statement said *'to be an agent of the art, professional and excellent, based on the aspirations set forth in the country's Cultural Policy. Secondly, our mission is to encourage art activities, integrated and continuously, through various exhibition programmes at the national and international level.'*

Later on in 2000, in the corporate information page of their annual report, the mission statement was no longer there. Instead they had a *vision* (as opposed to a mission statement) that said *'to create a prosperous art society, producing high quality art work at par with international artists'*.

It is obvious that they had a technical confusion as to how to formulate the objectives of the institution. They appeared to have difficulties distinguishing the difference between a mission statement and a vision statement. As Jean Vogt says, a sound mission statement enables an institution to guide its decision making. Without a single, concise, mission statement the numerous and varied parts of your organisation do not function cohesively (Jean Vogt in Anderson, 1999). Anderson further states that the mission statement drives the museum and its decision making process as well as establishing its identifying characteristics. It is clear that BSLN needs to define its mission statement before it could be more effective in fulfilling the role that seems rather obvious but which up to this point had not been properly articulated.

In 2004, the mission statement changed to *"to collect, to conserve, to preserve, to exhibit, to promote, to cultivate awareness, understanding and encouraging art appreciation among all levels of society"* (Annual Report BSLN 2004). Technically, this mission statement was more clear and seemed to offer better guidance to their organisation. However, Archibald (in Anderson 1998) would say that the choice of words of BSLN's mission though define legitimate strategies for their institution, they do not yet constitute a mission statement appropriate for the present and certainly not for the future. He states that:

Such words do not respond to the most important questions, those critical questions which include, how will we benefit the communities we serve? If we do not answer these questions in compelling ways, we will be marginalised. Museums will exist precariously at the periphery of community as attractive but unnecessary adornments, existing on the leftovers after the really important work is done, if we do not change, we will forfeit our claims to support, for we will contributing little of substantive value to the communities whose support we claim. (p. 3)

BSLN fulfils its de facto mission of collecting paintings and looking after the well being of a selected group of professional and amateur artists. After all these years, BSLN has not been able to step outside its core, self-appointed, role of mentor of artists and collector of works of art-- which have been placed above other possible museum roles. I wonder whether art appreciation being as low as it is in Malaysia is the cause of this attitude or whether they are simply lacking in competence to embrace more contemporary museum activities. The role of museums is not just to keep objects and display them to the public but also and above all to promote direct exchanges with their community—through education, outreach and increased access which it is obviously lacking at BSLN.

It became obvious during the period of this study that BSLN despite of its latest mission statement, in practice they did not yet exhibit any of the orientations I outlined in the Introduction Chapter of this thesis. They are clearly still an elitist organisation which fortunately is beginning to realise the importance of striving to become relevant. Much work is due in that direction though.

In the case of PSN, its mission statement has been guiding them since their inception in 1996, and it says “*nurturing interest in life-long learning of science and*

understanding of science and technology” (<http://www.psn.gov.my/en/community/default.htm>, 03/2/2004). The mandate given to them made PSN a science centre and an informal learning place for school children and I observed that they were very dedicated to bring educational value to its audience:

The mandate of PSN is to popularise SNT among students and public. We see ourselves as an informal learning institution to nurture SNT. Our aim is to build a linkage between the formal and informal aspects of learning SNT. We try to complement the formal education children have in their classroom. (A. Jayanath Director - PSN)

In the area of education, I found that only PSN was able to produce an education policy document with a thorough public programme clearly linked to its mission statement. Perhaps the nature of a science centre itself has helped PSN to put education at the heart of its purpose. Based on its principal mission to educate the public in science and technology, PSN laid out its educational programmes targeting certain age groups and has attracted primarily young people (Jayanath, 2002). The programmes were produced to suit the inquisitive nature of such visitors. For instance learning programme for the age-group 2-24 year-olds was tailored to discovery and play. Whilst PSN received other groups of visitors, such as educators and scientists, programmes based on info-education, research-education and information-recreation were constantly provided for the general public.

PSN followed international standards in providing its programmes, as evidenced by details of its in-reach and out-reach educational programmes for the public:

Before one programme is made, the concept must be identified and who the target

group are. Then, details of the content and funding of the programme are laid out. Our 'Foster Children' programme is our unique programme dedicated to bringing children as an underrepresented category from the whole of Malaysia to our centre and educating and entertaining them without charge for a week. (Zaharah Ahmad, Educationist – PSN).

Thematic and structured exhibitions with plenty of hands-on experience made visits more stimulating and children were more engaged. PSN has recently introduced a 'familiarisation' programme for which they invited science teachers to a workshop at PSN and exposed them to the educational aspects of their thematic exhibitions. At the end of this workshop, the teachers collaborate with the educationists at PSN to produce a teacher's learning pack which would then be made available to the public through PSN's web site. In supporting the role of PSN, the Ministry of Education has shown its support for this programme and tried to accommodate some of the teachers' financial requirements in connection with this groundbreaking workshop, thus involving the ministry, schools and museums—a fabulous combination (Zaharah Ahmad, Educationist – PSN). In this regard, PSN was able to demonstrate that educational value was at the core of its mission.

There was evidence that none of the three Malaysian museums had a customer orientation. However, the public and social orientations were not contested for PSN, but the same cannot be said for MN and BSLN, these two museums are clearly lacking in those orientations. MN has had plenty curatorial research and had disseminated research findings in their journal but this effort was stopped after Independence in 1957.

Changes need to take place at the institutional level to bring these museums at par with their English counterparts so they may embrace fully a multiple orientation. Meanwhile, efforts are being made to train personnel to prepare them for a change in museum culture:

We need to change the attitude of the staff. They have to be more extroverted, have a corporate image, think business, be entrepreneur. We have to be inquisitive enough. Staff need to convince the sponsors of our exhibitions. We are gearing our staff to embrace the new spirit, though they need more time to do so.
(Adi Taha Director General – JMA)

CHAPTER NINE

CONCLUSION

Summary

This thesis set out to examine the funding profile and practices of two sets of museums in Malaysia and in the UK-- three national museums in the UK, and three national museums in Malaysia. The study also intended to analyse what orientations museums exhibited throughout the period of the study, i.e. scholar, public and social or customer orientations. Further the study aimed to uncover best practice models for Malaysian museum—which will be discussed later in this chapter.

In the UK, I selected The Natural History Museum, the Tate Gallery and The Imperial War Museum. The regional museums-- the Birmingham Museum and Art Gallery and the Northampton Museum--on the other hand, were purposely selected due to location and personal connection to the researcher with the intention of adding a comparative dimension within the UK. The three national museums were chosen because they self-generated at least 25 per cent of their total income and each represented one of three major museum categories--history, science and art.

In Malaysia, there was no basis for a similar ranking as museums were fully dependent on government subvention and self-generated income contributed minimally towards their total income. Furthermore, the three national museums selected—*Muzium Negara*,

Balai Seni Lukis Negara and *Pusat Sains Negara*-- were the leading national museums in their respective category—history, science and art.

In terms of the financial profiling of these museums, the study added to the literature by developing a 12-year outline of their contributed and self-generated income. The profile of each museum was made relying on numerous sources, among them annual reports, in the case of the English national museums, and public account reports and annual reports for the Malaysia museums.

Funding Diversity

Trading

In their pursuit of earned income, museums in the UK have inevitably put themselves in a marketing mode. Although government grants still remain their largest source of income, trading income among them has increased every year. The English national museums in this study have done exceptionally well in trading, specially the Tate Trading Company, and there are no signs that they will retract from this type of income generating activities. In planning special exhibitions, for example, the Tate has capitalised on the strength of its brand identity, appealing to funders, business sponsors, business partners and the public, as it became evident in their successful 2002 *Matisse Picasso* exhibition which generated the largest trading and admission revenue in the period of the study (see Table 4a). There was evidence that this form of income will continue to gain prominence for these museums well into the future.

However for the UK regional museums in our study, trading is an expression of additionality—having a coffee or a gift shop was aimed at fulfilling visitor expectations rather than to make a profit. Unlike the large London museums in the study, regional museums saw themselves at a disadvantage as their cities, particularly the city of Birmingham for the BM&AG, were not prime tourist destinations and did not benefit from a large number of visitors. Their perception towards self-generated income in general came close to the perception of MN in Malaysia as they saw self-generation as ‘self-financing,’ a near-arbitrary imposition.

In Malaysia, Pusat Sains Negara and Muzium Negara, given their status as government bodies, were restricted from engaging directly in any profit orientated activities. In many instances they had to rely on outsourcing services to third parties in order to offer a service to the public and generate some minimal income. For example, in order for PSN to offer additional choice for its visitors, they rent a space to a private operator who sells a variety of science and technology related gifts and merchandise, at affordable prices. Interestingly, the PSN director was the only museum director to express an interest in obtaining more financial autonomy. He valued the idea of having a board of trustees and shared openly his desire for PSN to be corporatised in order to be more self-reliant.

On the other hand, MN seemed comfortable operating within the current paradigm and its Director General went as far as questioning the mere idea of being self-sustaining—for them is rather undesirable. This corroborates the assumption that to hold a consumer orientation a museum must first be proficient in the scholar and public and social

orientations, which are at the core of museological work. In other words, their limited interest in pursuing income generation is consistent with their current level of development in terms of the other two orientations.

On their part, BSLN has been corporatised and as such is legally able to undertake business-like activities. During the course of this study, they made attempts to pursue small scale business activities but without much success. It is possible that they may benefit setting up a trading company, establishing a marketing department or hiring a development officer. However, they may not be ready for such an endeavour given that at present BSLN has not yet matured into a scholar or public and social orientated institution. Its present role is rather that of a mentor of artists and a collector and exhibitor of works of art.

Admissions

During the course of this study, the UK government abolished admission fees to all UK national museums, causing admission revenue to drop for all three national museums. Although the government compensated them for the loss by offering more grant-in-aid, this resulted in greater actual and perceived dependency on government subvention. Admission numbers rose as a result of the new policy but the revenue it generated was sensitive to wider socioeconomic factors, such as the SARS epidemic and the events of September 11 2001 in the USA, which resulted in a decrease in the number of international visitor to UK museums, particularly to those based in London. For these museums there was a direct relationship between admissions and income generated from

trading, the higher the number of visitors the larger their trading income (see Table 4a). Admission charges remained in place for Temporary and Special Exhibitions and this revenue continued to be an important source for museums.

In contrast to the UK, the Malaysian government has encouraged museums to charge for entrance to national museums. In 1986 when the government implemented admission charges, MN was initially against it, but eventually applied for the Treasury to increase the fee from RM1 to RM2. Income from admissions is sent to the Malaysian Treasury so technically the money does not belong to museums. However museums can request a portion of that revenue to be used for *designated purposes*, which explains why MN desired to raise its admission fee.

PSN also imposes an admission charge to general visitors and school children, which is more expensive than that of MN. Their philosophy is that the public will appreciate their museum more if they are required to pay for their visit. In contrast, BSLN which by virtue of their being under the Corporation Act is allowed to charge admission fees refuses to do so and has never imposed entrance charges to its visitors. There is no evidence that these museums will seek to change the status quo any time soon.

Private Contributions and Business Sponsorships

During the course of this study private contributions and business sponsorships were lumped together in the museums' annual reports, making it difficult to estimate which brought more money to them, private donors, foundations or corporations. Our data

showed that this form of income increased steadily during the 12 years of the study and it is reasonable to assume that it will continue to increase in volume and significance for these museums. For museums such as the IWM, this source of income represented their largest share of self-generated income, surpassing their income from trading and admissions in 2001/2002. The requirements set by Lottery distributors to raise matching funds influenced positively the volume of PC&BS gained by museums (see Table 4a and Table 7a). Another factor behind the success of PC&BS was the skills of development managers available to UK national museums, whose efforts to generate income tend to be well articulated and profitable. The development unit at NHM, IWM and the Tate, perform now a core function for their museums in support of their pursuit of sponsorships and matching grants--required to obtain lottery funding. The IWM even had a fundraising officer in the United States, fully dedicated to gathering donations and sponsorships for the museum. The same however can not be said for the UK regional museums in the study as they do not enjoy the benefit of having an in-house development officer nor an overseas fundraiser. For them fundraising is still a daunting task--an issue that remains critical as they struggle to narrow the funding gap with their London counterparts. Certainly having a development officer will give museums like the BM&AG some competitive advantage.

In Malaysia, MN was able to attract large amounts of foreign and private sponsorship between 1975 and 1994, which happened to be its golden years due to the leadership of Shahrum Yub--who subsequently became a national icon. Under his supervision MN attracted the largest crowds in its history, generated the largest amount of PC&BS ever

and made the museum a household name in Malaysia—demonstrating along the way how critical leadership is to the success of Malaysian museums.

Within the period of the study, BSLN was the most successful among the three in attracting regular donors and corporations as well as government bodies. Being the only art gallery with direct government support has certainly helped build a track record with multinational companies based in Malaysia such as the Philip-Morris, Shell and the Japan Foundation. Donations and sponsorships from these companies however were not driven by a high degree of art appreciation among them but rather by political and commercial interests (Zanita Anuar - BSLN). BSLN is also the only museum in our Malaysian sample that has a Board of Trustees, which as with any other board is expected to bring in more donations and resources. However, having observed and studied BSLN's record for the past 12 years we can conclude that its Board of Trustees is still in a formative stage as the museum has yet to demonstrate competence in its scholar, public and social and consumer orientations.

Having a Board of Trustees is a major asset for museums, not only for the policy and executive prowess that they are capable of but also for their fundraising role. For PSN, being the newest among the three museums, its desire to bring in more international and local business sponsorships, without the benefit of a board or a fundraising department, has turn its Director into a sort of one-man orchestra. He makes the phone calls, the leg work and is the ultimate policy maker—within the scope of his mandate. The Malaysian government should empower PSN to have their own Board of Trustees and a

development department dedicated to fundraising, without withdrawing its financial support. Having this freedom will surely help PSN come out of the bottom of the league in income generation, as in our study they were the least successful in this endeavour.

Museum Development in Malaysia

One of the original contributions of this thesis to the body of knowledge is a historical overview of museums in Malaysia, which until now has not been part of the museum literature. It is critical for anyone interested in the study of museums in Malaysia to understand how they came about and how they operate, their privileges and constraints. Museums in Malaysia are still in a formative stage, the sector is still small and the government allocates to them a mere 0.001 percent of GDP (1996). At the time this study was completed, JMA, together with the Ministry of Culture Arts and Heritage were drafting a Museums and Galleries Bill to be tabled in Parliament that is certain to change the landscape of the sector, as if it becomes law, clear policies and resources are likely to galvanize museums out of their limitations.

Towards a Multiple Orientation Theory

Theoretical Contribution

One of the contributions of this thesis is the proposition that a museum's choice of role for itself and its way of achieving its aims and goals as an organisation can be conceptualised as an orientation or a set of orientations. At the core of what I call museum orientations is an effort to assist museums, particularly those in a formative stage, to evaluate their purpose and their relevance to society. When a museum is not yet

competent in one or more areas of museological work, a museum orientation theory could offer a simple yet effective gauge to assess the breath and depth of a museum's work.

The UK museums in this study, particularly the national museums, exhibit multiple orientations. First they are masters in their particular areas and this mastery is expressed in the form of scholar orientated work such as research, publication, collection, conservation and other curatorial activities. Second, from this curatorial work springs their public and social orientations as they are compelled to share with the general public the outcome of their work. Third, when they have mastered both the scholar and public and social orientations, they enter into a marketing mode or what I call a customer orientation. Arriving at a customer orientation--that is utilising all the tools of modern marketing, branding and advertising to compete in a highly saturated leisure market--is in my view a sign that they are moving towards an increasingly sovereign state of being, while remaining truthful to their mission and to their audiences.

I argue that a scholar orientation is at the heart of a museum's work, and for museums that have not yet mastered it, their social and public orientation will lack substance. In a situation like this, any efforts towards customer orientation could hardly be articulated. A museum's relevance springs from their expertise and their truthful desire to share their knowledge and collections with the public in a manner consistent with a sound mission statement.

In the absence of a mission statement, however, as in the case of MN, such conviction to share with the public can find a limited expression and in some cases it can turn against the organisation in the long term, as it became evident after Shahrum Yub left office. MN's private support and admission figures dropped significantly. The strength of MN during his tenure was a reflection of his leadership more than the result of a solid institutional framework. For how can a museum guide itself without a mission statement? Therefore, it is paramount that MN creates a relevant mission declaration to shape its vision, planning, development as well as the policies that will guide its work and future direction.

Best practice

All of the UK national museums in the study have demonstrated competence in all areas of museum work, and thus far, at this moment in their history, the Malaysian museums have not. Therefore it is only natural for Malaysian museums to learn from their UK counterparts by adopting relevant and appropriate best practice models. The following are some of the lesson that may be embraced by the Malaysian museums.

Strengthening the Institution

Funding Agreements and Performance Indicators

Both the government of the UK and Malaysia made funding agreements with their national museums. The *Funding Agreement* document made between recipient museum and the sponsoring body practiced in the UK is practically similar to the *Programme Agreement* document in Malaysia. It is widely known that an effective funding

agreement for allocating resources must emphasize outcomes and results for the benefit of the public. Whilst the national museums in the UK are responsive to this parameter via performance targets, in Malaysia the use of Modified Budgeting System (MBS) in allocating funding lacks the monitoring aspect of performance, an issue that has been acknowledged but has not been adequately addressed nationally in Malaysia (see Khalil, 2000). In Malaysia, periodical budget spending reviews should place more importance on the outcome rather than input or itemised spending progress. This will ensure the money is spent directly on the end users such as visitors, taking what Weil (1995) says '*putting the money where its mouth was*'. Any budget request from museums must include performance aspect such as number of visitors. In fact, the national museums in the UK are required to submit visitors' target as part of the request for funding. Visitors' target is a universal accepted output indicator to reflect how well they are doing with the public. This and other performance indicators from the UK could be used widely among museums in Malaysia.

Commercial Activities and Trading Company

Museums are unique institutions and would certainly do better if some latitude were given to them to select what commercial activity suits them better. Malaysian museums should be allowed to invest in producing merchandise suitable for their markets. To do this, collaboration with commercial organizations could be one of many possible arrangements. In the UK, this practice had been encouraged by the government. In 1998 the Museums and Galleries Commission issued a report regarding the commercial collaboration between UK museums and the private sector:

Probably the area with greatest potential for the future museum collaborations lies outside the sector. Relationships for every type of museum with non-museum organizations and institutions are increasingly important. We believe this will become a significant feature of the culture of collaboration for museums in the future. (Arnold-Foster and Davies, in MGC 1997)

The Arts & Business is a non-governmental body specializing in providing several models of possible 'partnerships' in the arts and culture sector and the role of this institution could be looked at by the Malaysian government in order to find best practices in the area. The NHM for example has developed a business collaboration with a Japanese robotics company and one of the outcomes from this 'partnership' was a travelling exhibition to European countries, providing income generation and also prestige to the Japanese company that comes from being associated with NHM.

Yet another, perhaps more effective activity—if more risky—would be for museums in Malaysia to follow the steps of similar museums in the UK in setting up a bona fide trading company. A trading company with an arm's length relationship to the museum's management and board of trustees could help increase self-generated income, boost the museum's prestige as well as promote the museum's agenda. The status of a museum trading company must be that of a charitable, not-for-profit organisation eligible for corporation tax exemption. Any profits made must be tax exempted and covenanted as gift-aids to museum. However, the trading company should not have as its primary aim to profit, as this would go against their charitable nature. They should strive to generate revenue while advancing the museum's central purpose.

In most cases, for a trading company to be in place a museum needs to have a constitution, a museum director who will be responsible for the management of both the museum and the trading company, and the advise and oversight of a board of trustees. Museums must also be prepared to deal with the vicissitudes of a business entity which in some cases can place the museum director, the board of trustees and the trading company in a conflict of interest, particularly if the trading company falls in financial difficulty. A confident yet careful approach will be required by the Malaysian museums to embrace this practice.

The Museum Trustees

Museums in Malaysia would benefit from having a Board of Trustees to galvanize trading, fundraising, collection acquisitions and community support. The Tate Gallery's trading company for example, was made possible thanks to the power of its Board of Trustees who are given the authority to receive, hold and administer funds or other assets entrusted to them by grant, gift or bequest for purposes appropriate to the functions of the Trust. The Tate with its corporate status has a successful track record in trading income and the Board of Trustees have supported it well while taking risks in doing business. At the end of the fiscal year, all net profit made by the trading company will be turned over to the museum, via the board of trustees, as gift-of-aid, subject to tax exemption. Some of the benefits a board of trustees bring to a museums lie in its ability to streamline management, facilitate museum governance, finalise the content of funding agreements,

increasing awareness of the museum and generate increasing media interest—while keeping an arm's length relationship to management and the trading company.

Cultural Tax Credit

Cultural tax credit is a provision in a country's tax system that reduces the amount of tax an individual owes to the tax collector by virtue of having made a donation, in this case a donation towards the arts and culture. The objective of such tax credit according to Simon in Schuster (1999), should be well defined in order to avoid any undesirable negative effect. Simon in Schuster (1999) identifies four ancillary functions served by the tax treatment of the non-profit sector: a financial support function, an equity function, a police function, and a border patrol function. There are various roles of tax law in arts and culture, the primary function of which is to raise revenue for public purposes. The government of Malaysia should be looking into the practice of the UK Inland Revenue in regard to cultural tax credits given that, according to an officer at the Malaysian Treasury, the take up of similar tax incentives in Malaysia has a very low take up among corporations and individuals. The experience of the UK government and the English museums in this area is particularly vast and is worth learning from. Existing tax incentives should be continued for individuals and corporations to channel their donations to the cultural sector in Malaysia.

The Accreditation Scheme

An accreditation scheme is a process to assess a museum in various areas of its operation against a minimum standard which is generally set by a museum council. The areas for

assessment cover almost all aspects of museum's work such collection care, visitor facilities, cataloguing, and acquisition. An accredited museum better reflects its purpose and achievements by meeting the standards sets out for them. The articulation of museum policy, mission and administration in Malaysia could be strengthened by an accreditation scheme similar to the UK Museums Libraries and Archives Council. In the UK the scheme is regarded as one of the most innovative and effective developments in the museum sector in recent years (www.mla.gov.uk/webdav.01/02/2007). The scheme has led the way in raising museum standards in the UK and has been used as a model and source of inspiration for museums overseas. The Registration Scheme, particularly, has been described as 'the envy of many in Europe' but there has been no formal strategy for implementing it overseas except for few cooperation agreements that have been made between MGC and the Netherlands, Latvia and Poland to use a version of the scheme in those countries (MGC, 1999).

Suggestions for Future Study

Further empirical data is needed to establish the relationship between funding and museum orientation. The role of performance should also be studied to understand its correlation to funding and orientation. Unfortunately, due to time limitations, it became impossible to cover those areas in greater detail in this study. A future study should attempt to link quantitatively the relationship between museum orientation and museum funding which I was only able to discuss minimally. Establishing such relationship will contribute to the emerging theory of multiple museum orientations as introduced in this study. Whilst this research could not cover the link between funding and performance, a

study to examine the effectiveness of having performance indicators could be beneficial for the UK and Malaysia.

There is evidence that most museum professionals in Malaysia and in the UK feel that more research is needed in the area of self-generated income. Since museums are receptive to the idea of income generation but face many problems to take up the opportunities presented to them, this needs to be examined in detail. Researching how museums, government and private bodies could mutually benefit from increasing museum income generation should be encouraged. Perhaps, it is in the other fields such as economy, business and marketing that such research should be extended.

This study finds that seeking private money is rewarding but requires proper mechanism to support the pursuit. Though in Malaysia, the majority of private funders are multinational companies, the fact that local businesses are uninterested in making financial contributions despite the provision of tax exemptions, offers an area of further study. Such a study should be geared to ascertain the social perception towards museums as well as to assess how competition from the leisure industry in particular affects museums in their efforts to become more socially relevant and garner funds.

Another area of study is the relationship between museum leadership and resource gathering and deployment. Empirical data suggests that leadership, particularly on fundraising or business sponsorships depends largely on the credibility and the ability of the museum director to rally community support to advance museum goals. Countless

examples in the world of museums show us that a museum is ultimately as effective as its leader in meeting its mission—which was evident in the case of MN, as presented in this study.

For those who wish to trace the history of colonial museums in Malaysia, retrospective interviews could be carried out in Malaysia and the UK to rescue oral accounts of key individuals involved directly or indirectly with the setting up of museums. This would be a rewarding exercise for a researcher with a historical bent. For example, individual recollections of the history of the colonial museums should be given attention by scholars or otherwise valuable information will be allowed to slip away. Additional information to support this line of inquiry can also be found in the minutes of Council meetings (which contain records of the British administration before the Federation of Malaya was formed), in the Federation of Malaya's Annual Reports (the available reports from the National Archive of Malaysia date from 1951 onward). The Perak Museum, being the oldest museum in Malaysia, has a small but rich collection of British colonial writings. Among its rare treasures I found the diary of Sir Charles Brooke, the founder of the Sarawak Museum in Borneo. Accounts such as his are certainly of historical value and would be interesting to rescue these stories for the next generation.

Lastly, a study should be conducted to analyse the social and cultural implications of the drive of contemporary UK museums towards self sufficiency. The efforts of national museums in the UK towards financial sovereignty warrant it to be chartered and understood as they contain lessons for museums the world over.

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INTERVIEW SCHEDULE

The purpose of this survey is to gather information concerning:

- A. four sources of museum funding: *contributed revenue, business sponsorship, self-generated income and other private income.*
- B. Museum's orientation

Respondents for this survey will be museum staff directly responsible for museum finance and others who are available to provide with considerable facts. At least one person per museum is needed.

Notes to interviewer and interviewee:

Do you give consent to the interviewer to tape this interview? Yes [] No []
For the record, identify your name and position. Thank you.

SECTION 1: SOURCES OF FUNDING

a. Grant-in-aid

To begin this interview, I would like to ask you some questions about the main source of funding your museum received.

1. How important are existing funding sources to the overall operation of your museum?
2. In your opinion how does your grant-in-aid affect the role your museum wants to play?
3. How does this source of funding affects museum's performance?
4. What would you like to see happen in the future about the financial provision of this source of income? And why?

Thank you. Now, I would like to ask you about funding for capital expenditure.

b. Capital expenditure

1. What have been the main concerns in raising capital money?
2. In view of your current funding situation, what prospects of capital funding are there for your museum?

3. In your opinion how does this income affect the role that the museum wants to play?
4. How does this source of funding affect the museum's performance?
5. What would you like to see happen in the future about this source of income? And why?

Thank you. Next, let's proceed to another source of funding, business sponsorship.

c. Business sponsorship

1. To what extent has business sponsorship fulfilled your museum purpose(s)?
2. What have been the main concerns in raising capital?
3. In your opinion how does this income affect the performance of your museum in general?

Thank you. Now I would like to ask you about the income your museum earns through commercial or market-based activities.

d. Commercial or market-based activities

1. Government-sponsored museums in general have been encouraged to adopt commercial or business practices which are claimed to lead to more efficient use of public funds. Is this the reason why your museum decided to get involved in self-generated income? If not, explain the reasons?
2. Can you comment on how this income affect financial goals of museum?
3. What are the difficulties has your museum had in generating income from commercial activities?
4. In lieu of your current funding situation what is the future of self-income generation in your museum?
5. In your opinion how does this income affect the performance of your museum?

Thank you. How about other source of funding your museum finds important as well.

e. Financial health

1. Compare to the last five years ago, is your museum today is financially more stable?

2. What would be your museum's ideal funding situation? Viewing the broad array of funding sources, what is the right model of income mix?

f. Different source, different motive

1. Do different sources of funding impact on a museum's activities differently?
2. Could you tell by sources of income, which one could be potentially most helpful in improving the quality of services to users? Improve museum's image? Enrich existing programmes that would not otherwise be possible? Finance non-key activities/projects?

g. Funding the activities

1. Is there any area of your museum work and activities that are presently under funded? Why?
2. What is the core challenge in allocating resources to your museum's activities?
3. In general, do you think that any specific activity should be funded by a particular source? Why?

SECTION 2: MUSEUM ORIENTATION

a. Purpose/roles

1. What role does your museum play today?
2. How does this focus come about?
3. What evidence could you raise to validate your museum's commitment to attain this role? *Or*
How do you describe the prominent features of your museum resulting from this role?

b. Orientation

1. Museums should maintain curatorial and scholarship role above all as their primary goal. How does your museum respond to that notion?
2. Museums are considered by many to be principally committed to the educational paradigm. How does your museum respond to that notion?
3. Museums should make higher commitment to public service and community activities. How does your museum respond to that notion?
4. Museums should place rigorous effort in entrepreneurship activities. How does your museum respond to that notion?

5. From the choices above, could you describe which of those reflect your museum's passion today?
6. Are there any shifts in how your museum plays its roles?
7. What are the pushing factors toward the shift? [philosophical shift? political, economic?]
8. Which areas do you want people to notice in your museum in the future?

Thank you for your time.-----

Appendix B

List of Public and Independent Museums in Malaysia

State museum	National museum
<p>State Museum Shah Alam Tin Museum Gedung Raja Abdullah Art Gallery Sultan Abdul Aziz Royal Gallery Perak State Museum Perak Royal Museum Kompleks Sejarah Kota Ngah Ibrahim Penang Museum and Art Gallery Kedah Royal Museum Kedah State Museum Kedah State Art Gallery Padi Museum, Gunung Keriang Perlis State Museum Kelantan State Museum Royal Museum, Istana Batu Islamic Museum Kota Bharu War Museum Terengganu State Museum Sultan Abu Bakar Museum, Pahang Abu Bakar Royal Museum Johor Art Gallery, Johor Bahru Islamic Museum Malacca Muzium Adat-istiadat Youth Museum Culture Museum Kite Museum Aborigines Museum Agriculture Museum Muzium Rakyat Muzium Samudera Literature Museum History and Ethnography Museum TLDM Museum Art Gallery Gallery Yang DiPertua Negeri Melaka Baba Nyonya Heritage Museum Historical site: St John's Fort Cultural Complex, Seremban Palace/Royal Museum, Sri Menanti Lukut Fort/Museum, Port Dickson Art Gallery, Kota Kinabalu State Museum, Kota Kinabalu Mat Salleh Memorial, Tambunan Agnes Keith's Residence (to become a museum) State Museum, Kuching Police Museum, Kuching Islamic Museum Chinese History Museum) Baram District (Fort Hose) Museum Sibu Museum Niah Archaeological Museum</p>	<p>National Museum National National Art Gallery Museum of National History Malay Ethnographic Museum Lembah Bujang Archaeological Museum Orang Asli Museum Lenggong Museum</p> <p style="text-align: center;">Department museum</p> <p>National Science Centre Planetarium International Handicraft Museum Textile Museum Kuala Lumpur Memorial Royal Malaysian Air Force Royal Royal Malaysian Navy Museum Malaysian Police Museum Malaysian Armed Forces Museum Biomedical Museum Bank Negara Money Museum FRIM Museum, National Handicraft Museum Geological Museum Forestry Museum Galeria Perdana, Langkawi</p> <p style="text-align: center;">University museum</p> <p>Asian Arts Museum Museum and Art Gallery, UiTM Museum and Gallery, USM</p> <p style="text-align: center;">Independent</p> <p>Petroscience Museum Petronas Art Gallery Islamic Arts Museum Telekom Museum MISC Maritime Museum Maybank Numismatic Museum Riyadh Fannil Islam Gallery Pucuk Rebung Royal Gallery Ibrahim Hussein Foundation Museum Mahsuri: The Legend Islamic Arts Museum Telekom Museum MISC Maritime Museum Maybank Numismatic Museum Riyadh Fannil Islamic Gallery</p>

<p>Limbang Regional Museum Textile Museum Cat Museum Timber Museum</p> <p>Memorial Archive</p> <p>Tunku Abdul Rahman Memorial Tun Abdul Razak Memorial P. Ramlee Memorial Public Service Memorial Proclamation of Independence Memorial</p>	<p>Pucuk Rebung Royal Gallery Ibrahim Hussein Foundation Museum Mahsuri: The Legend Galeriwan Art Gallery Pulau Tikus</p>
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Appendix C

List of Circulars Pertaining to Performance Indicators in Malaysia

Name, number and date of issue	Title
Treasury Circular No.2 Year 1985	Guidelines of form and standard of financial report of government agencies.
Treasury Circular No.4 Year 1988	Guidelines for submission of annual report of government agencies.
Treasury Circular No.4, Year 1998	Guidelines for Preparing the Annual Report of Statutory Bodies.
Treasury Circular, No.11, Year 1988	Preparation of the Annual Budget Proposal, 1990 for the Ministry of Health, Ministry of Public Works and Ministry of Social Welfare According to the Modified Budgeting System.
Development Administration Circular No.6, Year 1991	Guidelines for Improving Productivity in the Civil Service.
Service circular No.9, Year 1991	Implementation of the New Remuneration System Based on the Report of the Special Cabinet Committee on Salaries in the Public Sector, 1991.
Development Administration Circular No.1 Year 1992	Guidelines on Total Quality Management (TQM) for the Civil Service.
Development Administration Circular No.3 Year 1992	Guidelines on the Micro Accounting System.
Treasury Circular Letter No.1, Year 1993	Guidelines for Preparing the Annual Budget Proposal for Year 1994.
Development Administration Circular 1992	Guidelines for Establishing Performance Indicators in Government Agencies.

Appendix D

The 14th Board of Trustees of BSLN
[Appointment : April 2000 until March 2004]

Chairman:

Y.Bhg. Tan Sri Kamarul Ariffin, *Chairman of Utusan Melayu (Malaysia) Berhad.*

Members:

Y.M. Raja Datuk Arshad bin Raja Tun Uda, *Chairman of Price Waterhouse Coopers.*

Y.Bhg. Datuk Baharuddin Zainal, Pustaka Cipta.

Mr. Yong Ming Sang

Prof. Dr. Krishna Gopal Rampal, *UKM General Hospital.*

Y.M. Tunku Dato' Sri Iskandar Tunku Abdullah, *Director of Melewar Group Berhad.*

Mr. Foong Yee Tuck, *FT Arkitek.*

Mr. Joseph Tan Chan Jin

Ms. Rohana Tan Sri Mahmood, *Director of Paramount Corporation Berhad.*

Mrs. Shireen Naziree

Tuan Haji Zakaria Ahmad, *representative of the Ministry of Culture, Arts and Tourism.*

Mrs. Hazanah Abu Bakar, *representative of Ministry of Finance, Treasury.*

Mrs. Hajjah Halijah bte Othman, *Kuala Lumpur City Hall.*

Mrs. Hajjah Wairah Marzuki, *Director of BSLN & the Secretary.*

Committees under the BOT :

Administration & Finance

Building & Property

Planning & Acquisition

Endowment Fund

Source: BSLN Annual Report 2001

Appendix E

PUSAT SAINS NEGARA
Information checklist

Income Indicators	2003	2002	2001	2000	1999	1998	1997	1996
<i>Government and other public sector contribution:</i> a. Expenditure budget b. Development budget c. Total grants from other agencies d. No. other grants (scientific grants and contracts)								
<i>Private contributions:</i> a. Nos. of contributions b. Total contributions c. Maximum contributions d. Minimum contributions								
<i>Self-generated income:</i> a. Rental b. Publications c. Café/Restaurant d. Exhibitions e. Gift Shops f. Interest And Investments g. Other Income –Please specify								
Total								

