

“Passion by the culture. An investigation on the management, the financing and the problem of cultural organizations in Uruguay”

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## Introduction

The non profit cultural organizations play a fundamental role in latinamericans life, feed their social net work and their proposals fom part of the collective memory and of the identity of the communities.

The cultural services and products of these cultural organizations are diverse and heterogeneous. In this sense these organizations group musicians, titiriteros, groups of dance ( the ballet, the modern dance, the folk one), artisans, theatrical groups, groups dedicated to the audiovisual, to the literature, to the visual arts and to the patrimony, among others.

These organizations articulate all the phases in the cycle of the life of the goods and cultural services: creation, production, distribution and consumption. Likewise they contribute to the democratization therefore utilize diverse mechanisms of distribution and of production, where for example been present the cooperative production of books and the recording of CD's in collective form.

In spite of their social importance, these institutions scarcely had been studied. Due to this, it's been developed in Uruguay a investigation program on the management, the financing and the problematics of Cultural Organizations. The main researches that have been made are: "Passion by the culture. An investigation on the management, the financing and the problematic one of the cultural organizations of Montevideo" (Rapetti 2001), "Management and Private financing of Museums of the Uruguay" (Rapetti 2001) and "Seeking roads. Management, financing and problematic of uruguayan's cultural organizations, investigation carried out in Salto, Colonia and Maldonado" (Rapetti, 2002).

## Objectives

### General Objective:

The objective of this investigation is to identify the basic characteristics of the management, financing and problems of the cultural nonprofits organizations in Montevideo, Salto, Colonia and Maldonado.

### Specifics Objectives:

The objectives of the investigation are to study:

- 1- The management of the Cultural Organizations: its administrative functions (planning, evaluation, coordinating), fundamentals functions (research, education) and support functions (marketing, fundraising), its human resources and its needs of training.
- 2- The financing: its sources of revenues and the paper of public funds and sponsorship in the financing.
- 3- Services offers to the audiences: main characteristic of the services and its audiences, application of audience research.
- 4- Institutional Relations: ownership to national and international networks, characteristic of the relations with other private and public organizations and relations with the community.
- 5- Cultural Organization's main problems.

The main questions that this research tries to answer are:

- How are cultural organizations being managed?
- Who does manage cultural organizations?
- How the cultural organizations are supported?
- What services do cultural organizations offer? And Which are its audiences?
- Whom cultural organizations are linked with? And How?
- Which are cultural organizations main problems?

## Research Methodology

This is a descriptive investigation about nonprofits Cultural Organizations in four Uruguayan's cities: Montevideo (Uruguay's capital city), Salto (the second country's city), Maldonado (a summering tourist town) and Colonia del Sacramento (UNESCO's World's Heritage Site).

The information was carried out during the 2001 and 2002 by means of personal interviews with the application of a questionnaire to 170 organizations selected in that opportunity. Upon treating of a descriptive study, the statistical analysis was carried out by means of the descriptive techniques univariate and multivariate.

The organizations interviewed presented the following characteristics:

- The organizations develop cultural activities in the following areas: literature, music, visual arts, performing arts, crafts, audiovisuals, and patrimony.
- The organizations develop its activities in any of these cities: Montevideo, Salto, Maldonado y Colonia.
- Institutional Environment:
  - *Organizations*, i.e., they have an institutional presence and structure;

- *Private*, i.e., they are institutionally separate from the state;
- *Not profit distributing*, i.e., they do not return profits to their managers or to a set of “owners”;
- *Self-governing*, i.e., they are fundamentally in control of their own affairs;
- *Voluntary*, i.e., membership in them is not legally required and they attract some level of voluntary contribution of time or money.

## Characterization of the cultural organizations interviewed

The geographical distribution of the cultural organizations interviewed is the following one:

- 103 organizations developed its activities in Montevideo, what represents almost the half of the organizations of this city;
- 32 organizations are of Salto, representing the 72% of those of this city;
- 18 are of Maldonado, being the 62% of the organizations of the city;
- 17 are of Colonia, what represents to the 75% of the organizations of the city.

### Cultural organizations interviewed

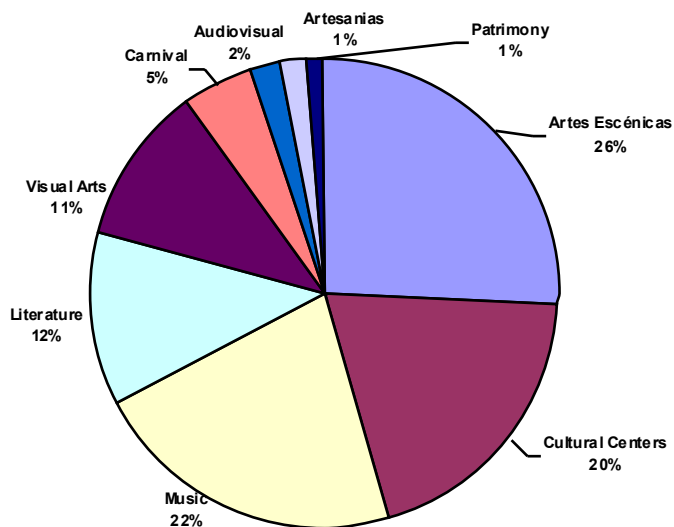
	City			
	Montevideo	Salto	Colonia	Maldonado
Number of interviewed organizations	<b>103</b>	<b>32</b>	<b>17</b>	<b>18</b>
Number of interviewed organizations and the number of organizations in the	<b>48%</b>	<b>72%</b>	<b>74%</b>	<b>62%</b>

The foundation of the organizations interviewed concentrates on the last twenty years, in this sense the half of the cultural organizations interviewed is originated in the decade of the 80' and 90'.

The organizations interviewed are distributed, according to their cultural main action area , in eight areas

The 25% of the organizations interviewed develops activities linked with the scenic arts, the 22% corresponds to institutions dedicated to the musical activities; the 20% are cultural centers, continues the organizations dedicated to the literature and with the 11% those to the Visual Arts. The remaining institutions count on lower levels to the 6%, these are institutions linked to the carnival, to the audiovisual, to the crafts and to the restoration of the historic patrimony.

## Organizations classified by main thematic area (in% of organizations)



## Legal status

The organizations interviewed are non profit. Nevertheless the situation is heterogeneous with respect to the possession or not of legal status, in this sense the third part of the organizations of Salto, Colonia and Maldonado counts on this status. This situation is clearly different to the observed on the 103 Montevideo's cultural organizations, where the 85% of the organizations interviewed has legal status.

## How cultural organizations are managed?

The purpose of the Cultural Management is to facilitate the decisions that conduct to the attainment of the mission and objectives of the cultural organizations. Upon considering the mission and the objectives is important to analyze the functions developed on cultural organizations.

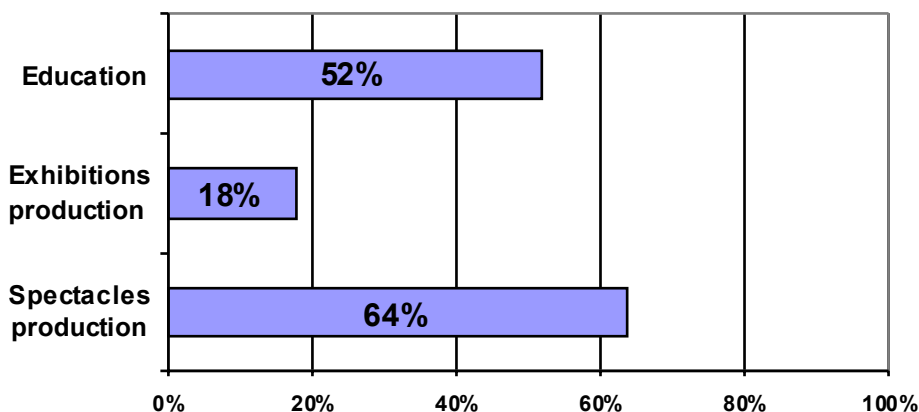
According to the role that comply in the cultural organizations, the functions can be classified in:

**Fundamental Functions:** These functions are related with the area of action of each institution. As an example, in the Museums these are: conservation, exposition, investigation and education. In other institutions will be the production of a spectacle, the edition of books, the execution of courses, among others.

**Administrative Functions:** are the functions carried out by all the organizations in smaller or greater degree, independently of their area of activity. It is included: control, evaluation, planning, to organize and to coordinate.

**Supportive Functions:** these functions facilitate the fulfillment of the remaining functions, these are: accounting, security, marketing and fund development.

Fundamental Functions (% of cultural organizations)



## **Education**

52% of the interviewed organizations developed the educational function, in general these organizations offer workshops, courses, contests and conferences. Most of these organizations (60%) offers courses and workshops, the remainder is divided among the ones that offer conferences (25%) and contests (15%).

## **Artistic production:**

The artistic production comprise in this study the production of spectacles and exhibitions. It is understood for spectacles production: "The process of production of a work is born with the first idea of the assembly, the selection of a content, the selection of artists, the planning of the trials, the construction of the necessary elements to carry out the spectacle (wardrobe, scenography, lighting), until arriving at the premiere. ...." (F. Casadesus, 2001).

The 64% of the organizations carries out spectacles, being especially important among those organizations dedicated to the theater, the dance, the music and the carnival.

In turn the 18% of the institutions carries out exhibitions. The production of an exhibition understands the development of the process of the exposition in all its phases: idea, design, assembly, inauguration, maintenance, dismantling and evaluation. (Casadesus, 2001).



## **Administrative functions**

### **Planning**

The planning determines the best procedure to reach the goals of the organization. Likewise it permits to the organization to obtain and destine the necessary resources to reach the objectives. More than the 90% of the organizations declares to plan. In this sense, almost half of the organizations “always” plans, the 45% “sometimes” and the 6% never does it.

Whats does planning include?

- 60% of the organizations includes objectives,
- 76% utilizes calendar activities,
- 25% includes budgets.

In some cases planning is reduced to build a calendar with the annual activities, most of the organizations does not include a budget neither the mechanisms to obtain the necessary resources to execute its planning. Only a quarter of the organizations interviewed includes the three aspects.

### **Evaluation and control**

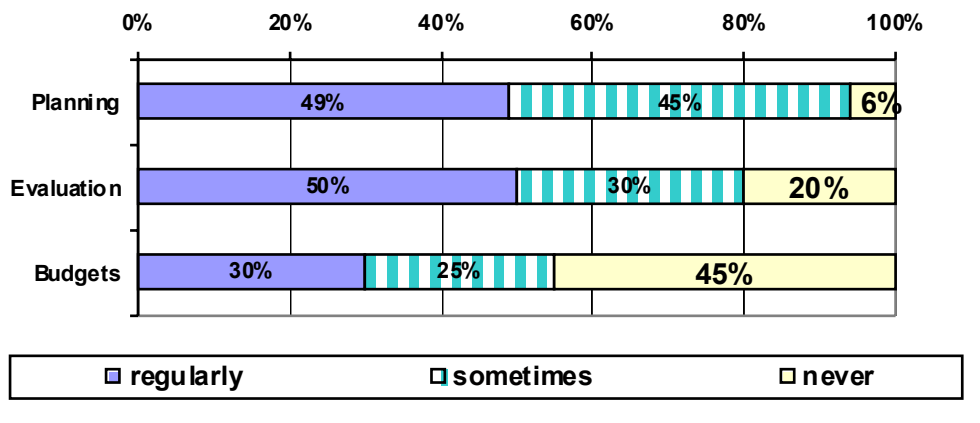
Very connected with the planning are found the evaluation and control of the plans and activities, like a way to compare the expected results with the real ones.

Almost half of the organizations carries out processes of evaluation in regular fom, a 30% “sometimes” does it and the 20% never evaluates.

This evaluation is generally done after carried out the activities or once a year, in this sense only one third of the organizations carries out a written report of the evaluation, in general these process consists of meetings of the working party where the situation is analyzed.

The analysis is complemented with the study of the elaboration of budgets. The budget implies to anticipate organizations and projects´s incomes and expenses in order to show their viability. The budget integrates the control´s process, and it permits to establish the real performance with the project one, facilitating the detection of deviations. The data collected indicate that almost the third part of these organizations devises budgets in regular form, the 25% sometimes does it and the 45% never does it. In Salto , Colony and Maldonado more than 60% of the organizations does not carry out budgets.

**Gráfico 1 Planning, evaluation and budgets**



## Supporting Functions

### Marketing

Marketing is a process to analyze the environment and the users, and tries to anticipate consumer's needs and innovate in order to satisfy them. This process implies to know the needs of the potential and present users and to study the satisfaction degree with the services that the organizations offer.

In this sense, it was asked if they carried out some study to know the users, observing that most of the organizations do not develop consumer studies. In the other hand, 25% of the organizations developed some consumer analysis. In general, these analyses are not systematic, are generated from "people comments".

This percentage is reduced to the half if it is asked on the execution of studies to know the opinions or expectations of the users.

## Human resources: ¿Who manages cultural organizations?

The Cultural Organizations are managed and directed by persons. Persons that dedicate their work, talent and creativity to the institution.

Most of these persons are voluntary, in this sense the 70% of the personnel is volunteer and the 30% remainder is rented. In Salto, Colonia and Maldonado's organizations almost all the personnel is volunteer, while in the Montevideo's ones 60% of the personnel is in this situation.

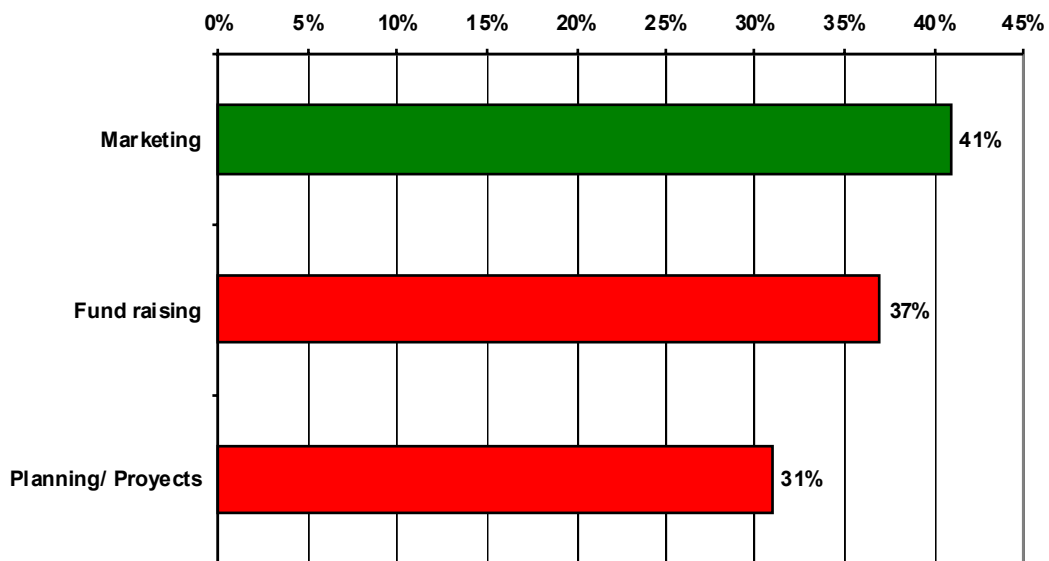
### The needs of training:

To the extent that the organizations develop, the specific activities that are carried out in the institution are technically more complex and specialized. In this framework, the training is transformed into an instrument of importance to satisfy the greater technical demands that the activities determine. According to the information obtained more than half of the institutions declares needs of training.



It was requested to the Cultural Organizations to specify the areas in which need training. The results obtained are shown in the following graphic.

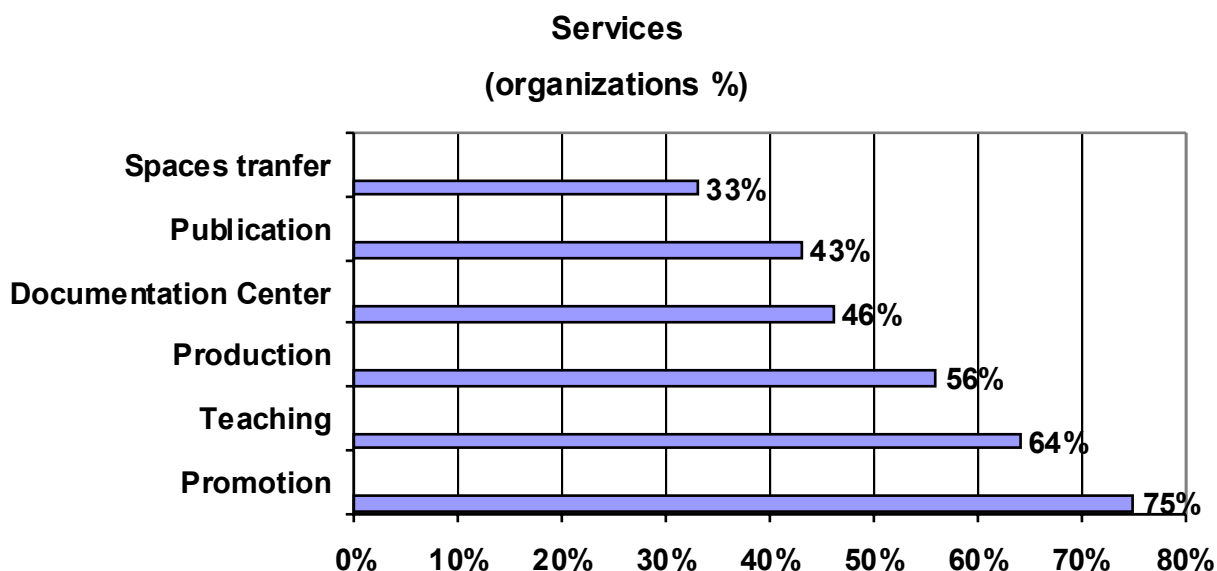
### Training needs (in% of organizations)



It exists, therefore, a tendency of the cultural organizations to recognize the lacks that were detected in the previous section, due to the fact that they indicate needs of formation in them. Perhaps the investment in training is one of the possible roads to improve organizations management.

**¿Which are the services offered by the cultural institutions and which is their public?**

The principal services developed by cultural organizations are: promotion, teaching and production, offered by the 75%, 64% and 56% respectively. Continues in importance the services as center of documentation (46%) and the transfer of spaces (33%).



The public of the institutions surpasses the million in a year. This cuadruplica the theater's public for 1999, duplicates the assistants to Carnival's spectacles in 1999 and represents the 70% of the soccer's spectators for the same year. The public's age profile predominant is adult (mentioned by the 83% of the organizations) and young (with the 75% of the mentions). The geographical cover extends, since the point of view of the users, mainly to all the country.

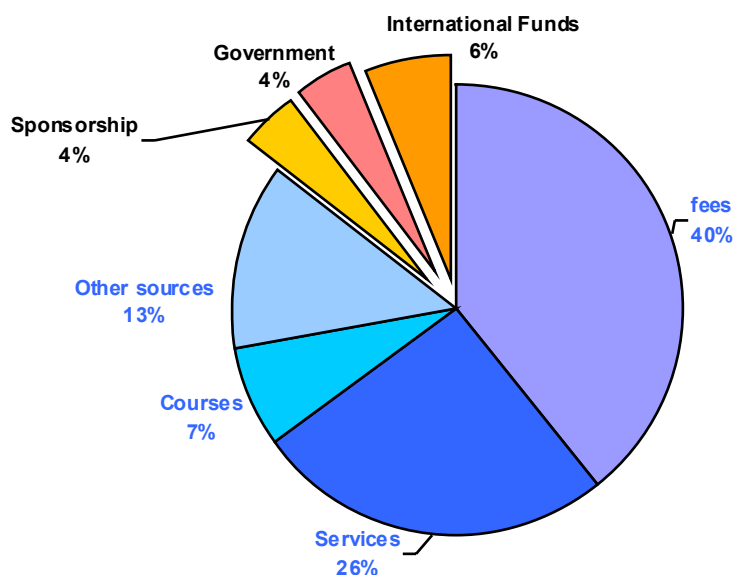
## How are the cultural organizations supported?

The organizations interviewed handle generally scarce resources. In this sense, the third part of the institutions counts on annual incomes lower to five thousand dollars, the 45% arranges of incomes among 5.000 to 10.000 dollars, the remainder counts on upper budgets. The total of resources handled by the institutions elevates to seven million dollars. This number is undervaluated therefore organizations do not value neither the voluntary work, neither the supports obtained in **species** or the loan of spaces to carry out activities, among others.

To evaluate the distribution of the incomes through the curve of Lorenz, a high concentration of the incomes is observed, in this sense 80% of the cultural organizations with smaller resources receives only the 25% of the incomes.

The 80% of the incomes are earning incomes, these are funds originating from fees and others commercial incomes, while public support represents 4% and the sponsorship 4%. The sponsorship presents similar levels to them contribute state.

Sources of Funds of Cultural Organizations (in% of the total of incomes)



The organizations generally present a low level of diversification of its sources of incomes. The average is two sources of financing by institution. The low diversification would be

able to be explained, to a certain extent, by the weaknesses of the organizations to generate resources development programs.

The pattern of the revenues sources is similar to the cultural institutions of Brazil and Argentina. In this sense the funds originating from the government and the sponsorship do not surpass individually the 5%, being the remainder financed by fees and charges. It clearly differentiates of the financing structure observed in countries like the United States, where the incomes originating from sponsorship and donations outstand, or France where the weight of the state in the culture financing clearly surpasses the Latin America one.

	Government	Philanthropy and private giving	Fees and charges
ESTADOS UNIDOS	7%	50%	43%
FRANCIA	41%	4%	55%
MÉXICO	12%	1%	87%
BRASIL	5%	5%	90%
PERÚ	0	7%	93%
URUGUAY	4%	4%+12% (del exterior)	80%
ARGENTINA	2%	1%	97%

Source: The Johns Hopkins Comparative Nonprofit Sector Project

- Sponsorship management

More than the 80% of the organizations interviewed has received in some opportunity the corporate support. The 62% has received it “few times”, the 17% “frequently” and a 7% “always”. The level of professionalization impacts positively in the success of the fund raising, in this sense the incident that has the presentation of a project in the final result, as well as the human existence of resources dedicated to this activity show this tendency. Likewise the importance of the profesionalización of these practices is detected for the organizations therefore indicate the need of formation in fund raising.

In opinion of the cultural organizations the factors that the businesses take into account to sponsor are:

- Related to the needs of diffusion of the businesses: are considered the benefits of image (49%) and the implicit publicity (45%), as well as the coincidence of the public of the cultural activity with that of the businesses.

- The personal linkings, indicated by almost the half of the organizations.
- The specific interest in the proposal and the organization experience (indicated by the quarter of the organizations).

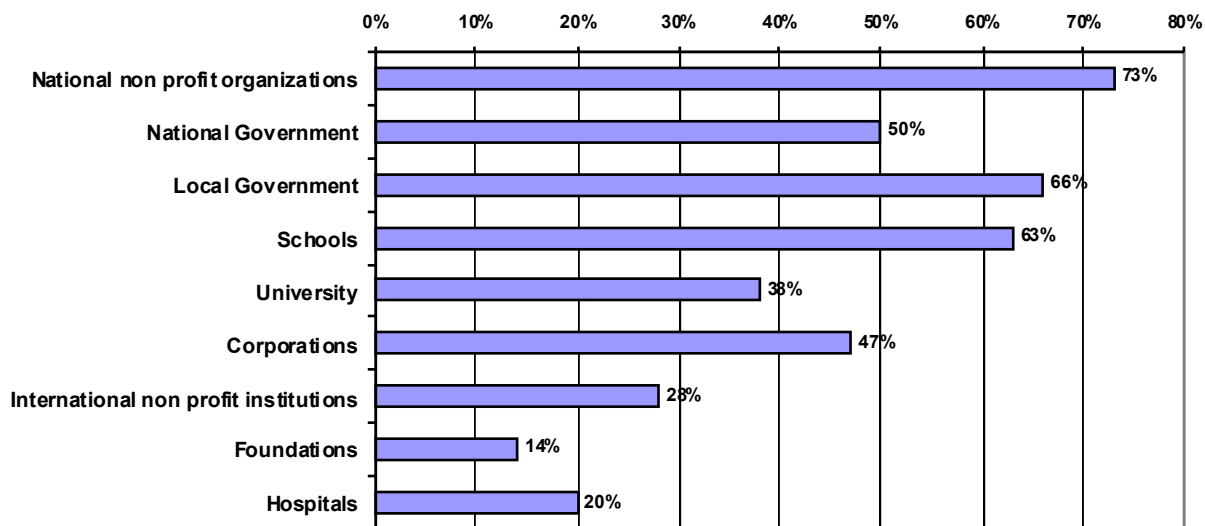
With regard to the mechanisms to promote the sponsorship, most interviewers indicates greater comprehension on the part of the businesses of the cultural marketing, continues greater returns for the businesses, to count on personnel dedicated to the search of sponsors. The fifth part of the institutions indicates fiscal incentives.



## With who do cultural organizations link with?

Cultural institutions are insert in the community, almost always forming part of a private and public network of organizations. In this sense, more than the 70% of the organizations develops relations with non profit cultural institutions. The linkings with the local government (66%), and with the educational organizations (schools and lyceums) are in a second place. The bonds with Foreign Agencies of Cooperation, with Foundations and hospitals occupy the last places.

### Categories of institutions with the ones that the OC develop relations (in% of OC)



The predominant tendency is oriented to the joint execution of programs and the coordination of activities. Most of the cultural organizations establishes bonds that permit it to enrich and to complement its activity jointly with other institutions, in this sense in the 73% of the cases these relations are with similar organizations. The results of these bonds have not been undertaken in this work, but the generation of relations among the organizations and the results of this process can be theme of study in the future.

The third type of relation is the reception of funds of diverse sources: support of corporations, public sector, etc.

It is asked also to the organizations if they belong to formal networks, understanding for the same "groups of organizations with a similar purpose or common objective". In this sense, it is observed that the 46% of the organizations belongs to some formal network. Most of the

institutions participates with the condition of member, and generally do not participate in the direction. It would seem that the relation that establish the organizations is very primary, maybe this is caused by a scarce network development process or to the scarce development of the cultural organizations to establish more complex relations with other institutions.

This research also tried to detect the benefits that obtain the cultural organizations in the network, the single benefit was "participation". Only a few organizations indicate other benefits as the possibility to participate in seminars and conferences, the contacts obtained and the prestige generated at a national environment. Probably the scarce returns received by a great part of the organizations obey to the short development of the networks.

## ¿Which are the cultural organizations problems ?

The identification of the cultural organizations principal problems would be able to be useful in the search of solutions. In this sense, in the problems identification process are frequently detected opportunities.

To such effects was presented to the organizations an extensive range of possible problems linked to a series of organizations's dimensions. These dimensions include the own management of the organizations and its linking with diverse agents of the community: the state, the businesses, the media and the remainder cultural institutions.

<b>Cultural Institutions main problems</b>	
<b>Problems</b>	<b>Percentage of organizations</b>
<b>Lack of clear cultural politics</b>	<b>71%</b>
<b>Lack of support from the government</b>	<b>70%</b>
<b>Lack of coordination between cultural organizations</b>	<b>66%</b>
<b>Lack of sectorial organization</b>	<b>59%</b>
<b>Limited knowledge on the part of the population of the existence and services that offer the organizations</b>	<b>59%</b>
<b>Lack of sponsorship</b>	<b>53%</b>
<b>Lack of information with respect to potential sources of incomes</b>	<b>52%</b>
<b>Lack of tax exemptions that would facilitate sponsorship and donations</b>	<b>50%</b>

The main problems can meet in four groups:

- **Problems associated to the cultural politics:** lack of clarity in the politics, scarce participation in their definition and the non-existence of fiscal incentives are the problems indicated.
- **The lack of coordination among the institutions and their lack of organization for**

acting like a sector are problems for more than the half of the organizations. This situation seems to contradict the high degree of linking that maintain with other organizations, perhaps a reference to the mature and deepest need to build ties is being done, that would contribute to the formation of a sector.

- **The economic problems:** the scarce contribution of the local sources of financing, in this sense the governmental lack of support occupies the first place, followed by the lack of support by corporations and foundations. The lack of information with respect to potential sources of incomes and the lack of experience in the development of funds are also taken into account.
  
- The fourth level of problems alludes to the **results of the efforts of communication** carried out by the institutions, is so is linked al limited knowledge on the part of the community of the activities of the cultural organizations.

## Reflections

The final reflections are linked mainly with the problems, lacks and finds detected in the investigation. It tries thus to offer some suggestions that the investigator presents for the purpose of contribute in the necessary processes of reflection on the sector.

In this sense, and like a synthesis, the organizations interviewed present:

- Serious lacks in the management: important percentages of organizations do not count on accounting, do not utilize the marketing and lack resources development programs. Likewise, most of the organizations do not plan its activities in a regular form, a similar situations is observed in the use of budgets and in the evaluation of their activities.
- Difficulties related to the diffusion of the organizations
- Needs of formation in several areas.
- Scarce diversification of its sources of financing.
- Lack of coordination and organization as a sector
- Scarce capacity of negotiation.
- Scarce participation in the definition of cultural politics.
- Scarce public financing.
- Lack of information about sources of financing.

### **Likewise, the cultural organizations :**

- Offer services to a million assistants.
- Their direct economic impact is more than seven million dollars
- Develop bonds with other organizations in a joint plan of execution of programs and in the coordination of activities.
- Identify its problems and lacks.

A common series of has been presented, this initial diagnosis permits to know the reality of the organizations. It is necessary to generate processes of reflection of the own agents involved, on the identifying common problems and the possible solutions and opportunities detected. In this sense, the participation of the organizations, with its experience of management and its knowledge of the reality, returns important in the solutions search process. The literature on the theme indicates that in these processes, systems of alliances and associations have been generated, where the motto of the “union does the

force”, himself is not denied, in general applies to “the sectors where the individuals have scarce economic and political power” as is the situation of the organizations interviewed.

**It is so these alliances/ associations can offer spaces of:**

- Formation in: fund raising, planning, elaboration of projects and its evaluation, communication and cultural marketing.
- Advice with professionals,
- Information on: sources of financing in the national and international environment, corporations that sponsor, international organizations that offer technical advice, etc.

**In this way would be possible :**

- to Carry out joint communicational campaigns
- to Present greater levels of negotiation with the government.
- to Generate fund raising campaigns in a consolidated form.
- to Work in joint projects.
- to Obtain technical aid.

The process of implementation of these alliances associations is not simple therefore the individualities, competences and distrust, perhaps play against and the costs of association will be high. A road is suggested then to travel through, a road whose characteristics will depend on the peculiarities of the own cultural institutions and of its future vision.

**It fits to indicate some reflections respect al role of the government, from the data exposed in the investigation is observed that the organizations request not only government economic support but a visible cultural policy, that would be able to imply some points as:**

- Offer information about potential financial sources
- Optimize the resources that the government arranges as for loans of rooms, material, technical resources, etc.

- Collaborate in the generation of conditions that promote the sponsorship, conditions that can understand the deep study of the Fiscal Incentives, the real promotion of spaces of discussion among businesses and cultural organizations.
- Offer stimuli to the association of the organizations.
- Generate spaces of dialogue among the State and the organizations, so that both cultural agents take contact with the problems and joint efforts.
- Generate spaces of participation of the cultural organizations in the design of the cultural politics, therefore “the cultural politics cannot be designed for a single agent” (Fernandez Prado).

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