STRATEGIC ENTREPRENEURSHIP AS A SOURCE OF CULTURAL ORGANIZATIONS PERFORMANCE IMPROVEMENT: THE CASE STUDY OF CASA DA MÚSICA

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ABSTRACT:
Recently Portugal has integrated a contingency plan called EU/IMF Economic and Finantial Assistance Programme. With this new reality, cultural organizations public funding decreased dramatically and, as such, those organizations felt the need of changing the paradigm for their own survival. In this context, this research intends to propose a contemporary way of improving the performance of cultural organizations and as such to create value. For that purpose it will be used the Hitt, Ireland and Hoskinsson (2011) Strategic Entrepreneurship concept and it will be proposed a model which suggests the analysis of internal and external perspectives of management. Like that three variables will be considered: Cultural Management, Cultural Entrepreneurship and Cultural Intrapreneurship. This model will have the Casa da Música as case study and will use qualitative research methods such as in-depth interviews and focus groups.
Keywords: Strategic Entrepreneurship, Change, Performance Improvement, Value Creation; Performing Arts.

INTRODUCTION

The work developed below assumes that the creation of value for culture and wellbeing for cultural agents is achieved with the improvement of organizational performance. To this end it seeks to prove that, in the current period it should be applied the concept of Strategic Entrepreneurship embodied in three variables: Cultural Management, Cultural Entrepreneurship and Intrapreneurship Cultural.
The specific objectives of this study are: identifying predictors of Strategic Entrepreneurship, and verifying that Cultural Management, Cultural Entrepreneurship (of the founder, CEO and general directions) and Cultural Intrapreneurship (of middle and operational management) improve the organizational performance and create value for society and public.
In order to achieve these goals this investigation will seek to answer the following research questions:
1. What are the predictors of Strategic Entrepreneurship in cultural organizations?
2. How do Cultural Management, Cultural Entrepreneurship and Cultural Intrapreneurship contribute to improve organizational performance and consequently value creation?
2a. How can Cultural Management contribute to improve organizational performance and consequent value creation?
2b.How does Cultural Entrepreneurship contribute to the improvement of organizational performance and consequently value creation?

2c. How does Cultural Intrapreneurship help to improve organizational performance and consequently value creation?
Regarding the methodology and research techniques it will be used the case study of Casa da Música and a qualitative methodology through in-depth interviews with a representative sample of the Foundation Board and the population of the Board of Directors to review the concepts of Cultural Management and Cultural Entrepreneurship. Similarly two focus groups will be conducted in a sample of public to assess the existence of Strategic Entrepreneurship as a source of performance improvement and value creation in the Casa da Música. This work will start to review the existing literature for the concepts of Organizational Change, Cultural Management, Cultural and Strategic Entrepreneurship and Cultural Intrapreneurship, followed by presentation of the model in analysis, research methods, findings and, finally, the conclusions.
Alpha

THEORICAL BACKGROUND

1.Introduction

Until very recently, Cultural Management and Cultural Entrepreneurship were studied as separate branches of science. The first was carried out in terms of Organizational Science (Lampel, Lant, & Shamsie, 2010) and the second as entrepreneurship behavior (Bird & Schjoedt, 2009). Similarly, it is unknown whether the existence of studies that address the intrapreneurial behavior of employees and middle managers of cultural organizations. In this sense it is now proposed the application of the concept of Strategic Entrepreneurship (Hitt *et al.*, 2011) to Cultural organizations. For this purpose will be considered the concepts of Organizational Change, Cultural Management, Cultural Entrepreneurship and Cultural Intrapreneurship.

2. Organizational Change

According to Newstrom (2008) change can be described as any change in the work environment that affect the ways in which employees should act. The change in work is complicated by the fact that, it does not produces a direct fit, hence causing often the employees resistance.
In this sense, the manager should have a proactive role (Levinthal, 1991) in order to anticipate events, initiate change and take control of the destiny of the organization. It should also have a reactive role, responding to events, adapting to changes and softening the consequences of the changes.
In another perspective, Mintzberg *et al.* (2006) argues that technically strategy is about change, not about continuity. So today, managing strategy means managing change.
Authors like Knopaske & Ivancevich (2006) refer to the Change Management and organization in particular that organizational problems stand out among the reasons why individuals resist changing. And this happens for several reasons: the unique interests of individuals are devalued because they are afraid of not being able to develop new skills and also because it exists in the organization a climate of lack of understanding and lack of confidence. To combat resistance to change those authors propose to foster educational, organizational system and communication systems that will foster participation and organizational involvement.
In the same line of thought is Child (2007) with regard to resistance to change as a result of poor organization, ie an organization where employees' motivation is low, decision making is belated and improper and where predominates conflict, lack of coordination, inability to respond to new opportunities and changes in the external environment. Another way, Newstrom (2008, p. 328) states that resistance to change is "any employee behaviors intended to discredit, delay or prevent the implementation of the changes associated with the work. Employees resist because they threaten their security needs, social interaction, status, competence or self-esteem. "
In view of Meyer (1982) organizations that follow entrepreneurial strategies are more predisposed to detect changes and prepare for organizational jolts.
The concept of change can also be seen in the structure (Walsh, 1995). Indeed the change may occur either in descending hierarchical order (commonly referred to as "top-down") and upward (or "bottom-up"). In the first situation, the leadership in addition to mobilizing the entire team for the change process, must obtain the commitment of all those involved in its implementation, develop a shared vision of how to organize and manage the entire process and monitor and adjust strategies in response to problems in the revitalization process. In the second situation supervisors should examine and discuss markets and realities, encourage the group to work in teams, communicate the vision, get rid of the resistance to change, plan performance improvements, reward new behaviors and promote corporate success.
Thus, the responsibility of the manager to create an implicit trust in their employees in order to maintain the status quo need to lead change. If so, the circumstances for creating value in the organization are created.

3. Cultural Management

According to Devereaux (2009) it is difficult to define in which branch you can locate Cultural Management. In another way, either Management or Social Sciences or Humanities or the Arts claim it as their area of knowledge. When compared the concepts of enterprise and cultural organization a few differences can be observed. Thus, while companies seek to maximize profits, serving up the search for the best customer satisfaction to achieve, cultural organizations, in a perspective of democratization of culture, have the ultimate satisfaction of audiences, requiring obtaining revenue as a way to sustain the survival of their respective organizations and cultural programs (Colbert, 2000).

Following this reasoning raises the question whether in practice there is a Cultural Management and which differences it may present to the concept of enterprise management (see table 1).

TABLE1-DIFFERENCES BETWEEN BUSINESS AND CULTURAL ORGANIZATION
Source: Patrício (2008, p.214)

Cultural organization	**Topic**	**Enterprise**
Providing a service to the community	**Goal**	Making profits for shareholders
Difficulty of measuring the benefit clearly	**Performance Indicators**	Profitability
Activity usually with negative margin	**Finantial Margin**	Positive margin
Own revenues, private donations and public subsidies Users and patrons	**Resources**	Capital shareholders Accumulated capital
Diversity of models	**Management Bodies**	Directors elected / choice of shareholders
Users and patrons	**Target Market**	Customers

Authors like Lecroute & Lièvre (1999, p.24) argue that the crucial part of the process is based on the manager, that is, in his "entrepreneurial sense, which different stages passed in cultural and artistic fields or how he combined aspects of volunteering and employee". Hagoort (2007, p.63) argues that the cultural manager "should be able to deal with change, complexity and uncertainty and to create economic value in the field." Therefore the concepts of "professionalism and sustainability" must be adopted while recognizing that the challenge of this trader is to define "how to combine aspects of management with the natural tendency of art and creativity to bring down structures and build sustainable organizations".
Given the above, it is understood that in general terms the assumptions are identical in organization, management and strategic management, regardless of whether it is business management or Cultural Management.
Similarly, the specificity of cultural organizations imply an adaptation of the concepts related to the strategic process in cultural organizations. Thus, we speak of a vision for culture, taking into account the set of organizational aspirations. Another important variable to consider is the mission (understood as the purpose) and objectives (defined as remaining goals for this purpose) of the respective cultural organizations (in a broad sense) or their cultural projects (strictly speaking). The perspective of Cultural Management also adopts the concepts of strategy, policy, planning, implementation and monitoring, promoting the adoption of strategic management.

4. Cultural Entrepreneurship and Strategic Entrepreneurship

Authors such as Adams, Licht & Sagiv (2011) state that the concept of entrepreneur is not just the individual who creates an organization. Also those in positions of top management and directors of organizations or those interested in the existence (commonly called shareholders) can be dubbed entrepreneurs. Thus, the values that shareholders have in common with entrepreneurs are obtaining organizational health, competitiveness and risk. The difference is in how each is positioned on the performance of entrepreneur. Thus, while the directors of organizations address values as achieving goals, self-direction power, affiliation or independence, shareholders are concerned with getting organizational health, competitiveness and risk. In either case top managers and shareholders are dubbed strategic managers.

The same authors add that there is also difference between top management and middle management. In this regard, directors of organizations are more pro-shareholder the more they address entrepreneurial values, in particular, values such as greater range of goals, power, self-direction, while middle management despite do not exhibit a level of shareholder orientation, not put aside those interests.
The concept of entrepreneur is also defined by Berglann, Moen, Roed & Skogström (2011), by Dacin, P., T. Dacin & Mat (2010) and Prado & Machado (2012) as the individual who pursues opportunities regardless of the resources available, is visionary, knows how to make decisions, takes calculated risks and, in short, improves organizational performance and creates value for society, in a creative and innovative way in changing environments.
Upon approach of the typologies of entrepreneurship, Dacin ***et al.*** (2010) and Hagoort (2007) cater the concept of Cultural Entrepreneurship. This is a concept where two types of freedom are fundamental, namely artistic freedom and entrepreneurial freedom. However, there is a hierarchy among them: cultural liberty is essential and entrepreneurial freedom is a support. It is because of the combination of these two types of freedom that the artistic and cultural quality of society will be directed. According to Hagoort (2007) there are two kinds of freedom: negative (where there are no obstacles to the creation) and positive (where the artist is driven to decide between alternatives). The Cultural Entrepreneurship calls for positive freedom in order to ensure the sustainability and quality of cultural and artistic production.

From another perspective Lumpkin, Cogliser & Schneider (2009), Stevenson & Jarillo (1990) and Zahra (1991) speak of Strategic Entrepreneurship which refers in part to the creation of competitive advantage through entrepreneurial initiatives to pursue opportunities, transforming existing organizations, reallocating resources and renewing strategic capabilities. This concept is also approached by Hitt ***et al.*** (2011) who understand it as a concept that seeks to promote the creation of wealth.
In another mode, Ireland ***et al.*** (2003) developed a process model of Strategic Entrepreneurship. Thus, describing that the organization has an entrepreneurial mindset and culture, as well as an entrepreneurial leadership able to manage resources more strategically, apply creativity and innovation, which can lead to competitive advantage and wealth creation. In the same work (Ireland ***et al.,*** 2003) propose that Strategic Entrepreneurship effectively helps people overcome fears related to innovations and new business models. Similarly, corporate behavior on the part of managers has a positive impact on subordinates who in climates of change may want to leave the organization.

5. Cultural Intrapreneurship

The concept of intrapreneur is defined by Pinchot (1985) as someone who hold entrepreneurial skills and uses them in the organization, rather than in creating a new business. So he/she can help to implement strategies or innovative processes and therefore he/she is an individual who goes beyond his/her autonomous functions, creating value for the organizations he/she work for (Munoz-Doyague & Nieto, 2012).

Since you never know where and when good ideas once appear, it is essential to create a working environment where employees' ideas are duly made, supported and recognized (Shabana, 2010), either through participation in management (or that is, employees with an entrepreneurial spirit are more likely to rise in the organization, quickly reaching the various levels of management) or through participation in the capital of the organization (ie, as the organization progresses from the ideas and actions proposed by intrapreneurs, they are invited to participate in its capital, becoming venture partners) or through participation in profits or results of the organization (ie the organization allocates part of its profits as premium intrapreneurs who presented ideas most creative, innovative and that once implemented, generated evident signs of progress for the organization) (Carland & Carland, 2007; Kim, 2010; Nasution, Mavondo, Matanda & Nedubisi, 2011).
What is expected, then, are active people who achieve their goals, take personal responsibility for implementing new ideas and turn them into commercial success.
According Antonč ič (2007) and Monnavarian & Ashena (2009) the phenomenon of intrapreneurship plays a capital role and those individuals do it for several reasons: the need for innovation in a product / service or a process work, the pursuit of self-reward, the taste of risk taking, proactivity or by aggressive competition.

As for the reasons to promote Intrapreneurship at the workplace Peng (2009) proposes four. The first has to do with growth, or if the individual adopts an entrepreneurial posture so the organization can grow. The second relates to the fact that if the individual is innovative, he/she contributes to greater organizational revenue. The third has to do with networking, both individual (informal groups) and organizational (formal groups) within the institution, as a way of intensifying relationships towards improving production processes. Finally, the fourth has to

do with issues of leadership, ie a leadership that ensures good conditions for their intrapreneur employees also fosters a better organizational climate.

So far the scientific community has not addressed the concept of intrapreneurship applied to cultural organizations. This work to verify that the approaches above developed are also applicable to the cultural field and proposes the concept of Cultural Intrapreneurship. Similarly it intends to evaluate whether this new concept is an additional variable in the model of Strategic Entrepreneurship below bared and if its integration will contribute to the improvement of organizational performance and consequent value creation of cultural facilities.

RESEARCH METHODS

1. Case Study Casa da Música

Casa da Música is a project born with the "Porto Capital of Culture" and that, after the closing of the Public Limited Company "Capital of Culture 2001 SA" was restructured into a foundation. With the new organizational model the State would ensure annual funding of ten million if the new Foundation integrated and consolidated two institutions at the time totally dependent on public funding: Casa da Música and the National Orchestra of Porto.

The current mission and objectives of Casa da Música stands out to be a good example of public service, recognized by the population based on a balanced partnership between the state and private entities, whose return on public investment is perceptive. Similarly it plans to acquire an international dimension, participating in important European initiatives with their groups or residents, recognised composers, conductors and musicians, showing its artistic excellence, but also sharing experiences and knowledge (Casa da Música, 2012).

The management model in place until March 2013 has been guided by two terms of three years each one. So if the first term the "Board of Directors has focused on the creation of an organization capable of forming and evolving artistic project of Casa da Música in four residents groups, respectively, Casa da Música Symphony Orchestra (formerly the Porto National Orchestra) , Remix Ensemble, Choir and Baroque Orchestra, the second term, which began in 2009 and called Vision 2012, bet on the "international dimension" and "ensuring the economic sustainability" to the "pursuit of challenges" outlined by the end of 2012 (Casa da Música, 2011, p.7). Furthermore, in a bet on Education Service that differs in the way integrates in society, relying on privileged relationships with the networks with the school and charities, focusing on the most deprived and most excluded communities (Casa da Música, 2012).

After six years of public-private partnership it is possible to list the results summarized in Table 2.

TABLE 2 - RESULTS OF THE PUBLIC-PRIVATE PARTNERSHIP PROJECT OF THE FOUNDATION CASA DA MÚSICA
Source: In Casa da Música, 2012, p.14-15.

- The cost to the State in the Casa da Música Symphony Orchestra of Porto, increased from about 15 million in 2005 to eight million in 2012; - The funding model of the Casa da Música has changed radically. In other words if in 2005 the government subsidy accounted for 90% of revenue and revenue owned only 10%. In 2011 the State subsidy represented 57% of revenues, sponsorship revenues 18% and only 25% own revenues. This performance led the Committee of Culture and Education of the European Parliament to classify the Casa da Música Golden Standard, to classify it as best practice (benchmarking) with respect to the balance of its funding model, even comparing with other cultural institutions that do not have the burden inherent in the ownership of a building and a symphony orchestra itself; - The activity indicators have improved, in particular, the number of events quadrupled (increased from 436 to 640), the number of viewers more than tripled (increased from 137000 to 500000); - This ensured a balance in the supply of different musical genres. In other words, the resident groups Casa da Música ensured that 50% of the programming itself was, while in 2005 this figure stood at 5%, and finally - It was consolidated the artistic design of the Casa da Música as an international brand of artistic creation.

According to its chart, the Foundation Casa da Música is composed of a Board of Directors (which in turn includes a president, a vice president, a managing director and three vowels), a Founders Council (headed by a president and composed of the Portuguese State, the city of Porto, the metropolitan area of Porto and more than four dozen founders) and a Supervisory Board (consisting of a president and the auditors company) (Casa da Música, 2011).

As for the structure of the Casa da Música is organized into two directorates and Artistic Director of Education and Director of Administration and Finance, and two functional areas, respectively Communication, Marketing and Sales and Fundraising, Institutional Relations and Media, directly dependent Chief Executive Officer. On December 31, 2011, the Artistic Director and Education had 21.3% of effective Casa da Música, respectively, to which add 42 employees to the 94 musicians of the Symphony Orchestra of Porto's Casa da Música (OSCdM) representing 47.7% of the workforce, the Director of Administration and Finance which had 9.1% of the workforce, respectively, 18 employees, Communication, Marketing and Sales which had 10.7% of the workforce, respectively, and 21 employees Fundraising, Institutional Relations and Media which had 1.5% of the workforce, respectively, 3 employees (Casa da Música, 2012).

2. Paradigm of Change

During 2011 the Portuguese Government, as a result of the crisis in Portugal (currently perceived by the heads of Casa da Música) spun off part of the annual equivalent to ten million euros over three years, with guaranteed compensation in the future. So, in that same year, the State involvement corresponded to eight million five hundred thousand euros, ie a decrease of 15% (Casa da Música, 2012). This decision proved to be very important, since the amount of the annual contribution entered in asset formation of the foundation was a condition for accession to the status of private partners, founders, as well as co-patron and consequent accountability for educational and artistic projects and the obligation to support the building of Casa da Música (Casa da Música, 2011).
For that to happen, the Foundation undertook exploration model changes and resorted to alternative financing mechanisms. In other words, strict management model hitherto undertaken allowed creating a capital fund that was foundational updated annually. With the new restrictions of public revenue, the Board proposed that, in exceptional circumstances and for as long as the failure of the State, not to upgrade the foundational Capital Fund, reversing all the gains for financial exploitation, and resorted use of the Fund for Economic and Financial Sustainability in exact extent necessary to balance the operating account.

Similarly, the year 2011 contributed to the affirmation of the Casa da Música as a credible brand with international recognition. It was classified as the cultural institution in the region of northern Portugal more credible that accumulates values as prestige, entertainment, quality and innovation (Casa da Música, 2012).

In the period of 2011/2012, the Foundation has shifted the economic model defined by the Council of Founders foresaw that the dual equilibrium in the balance of profits fixed (fixed income - fixed costs) and the balance of variable profits (variable revenue - variable expenses) due to reductions previously defined. In 2012 the situation worsens because it was the year which new cutting to public subsidies happened as a reduction of ticket sales resulted from the VAT increase and the decrease in the purchasing power of the Portuguese. The Board seeks to recover the two million Euros lost using the increase of variables revenues or the decreased of variable costs.

The reduction focused on variable costs because of events, namely: EUR 1.6 million in programming; 280 000 euros in communication and marketing and 44 thousand euros in educational service. With these measures was avoided resorting to decrease fixed costs, including staff costs decreased using their dismissal and reduction of operating costs by reducing the quality offered. In December of 2012 the board of directors resigned, due the information that they should have the same levels of performance with a reduction in revenue of three million.

3. Model of Strategic Entrepreneurship

After the confrontation between the literature review and case study analysis we propose the following model to improve organizational performance resulting in the increase of value creation of cultural organizations.

FIGURE 1- STRATEGIC ENTREPRENEURSHIP MODEL

This model is called Strategic Entrepreneurship and it's predictors in Cultural Management and Cultural Entrepreneurship of Founders Council and Board of Directors, as well as Cultural Intrapreneurship of middle management and employees.

4. Research Methods and Data collection

The work developed until now uses the case study of the Casa da Música using a qualitative methodology, by conducting in-depth interviews and focus groups. The in-depth interviews will be conducted to the population of the Board of Directors composed of one deputy director, two directors (administrative and financial director, artistic and education director) and two area coordinators (fundraising, institutional and media relations coordinator and communication, marketing and sales coordinator) and a sample of the Foundation Board will be composed of the President of that Council and also represented the State in the Casa da Música, the founder and representative of the City Council, by a company founder, by two companies which besides founders are also patrons of the Casa da Música, to evaluate the existence of variables Cultural Management and Cultural Entrepreneurship at the Casa da Música.

It will also be conducted two focus groups to external audiences to assess the existence of Strategic Entrepreneurship as a source of performance improvement and value creation in the Casa da Música. Thus, the first focus group will integrate audiences of Casa da Música who have not been involved in or developed administrative activities in other cultural organizations. The second focus group will incorporate audiences of Casa da Música who have been involved in administrative activities in other cultural organizations.
From the Focus Group 1, will be part 6 individuals who regularly participate in activities at Casa da Música, are or have been linked to functions of management / administrative from other cultural equipment understanding that the age / maturity to carry out such tasks is more than 35 years. In this case the exclusion criteria are not having the binding functions of management / administrative in other cultural facilities and not having under the age of 35 years. The inclusion criteria are to have participated in at least three cultural / artistic events in Casa da Música, during year 2012.
From the Focus Group 2 will take part 7 individuals who regularly participate in activities of the House of Music and are not or haven't been linked to functions of management / administrative in other cultural facilities. Here the exclusion criteria are to have or have had binding functions of management / administrative in other cultural facilities and the inclusion criteria will be to have participated in at least three cultural / artistic House of Music activities during the year 2012.

5. Findings

By the time of delivery of this paper, the ground work was not yet completed. Also had not yet begun their content analysis. However, from the focus groups and in-depth interviews conducted, it was possible to identify the following:

Casa da Música is a cultural facility with good organizational performance which creates value for the city of Porto and, consequently, for the country. Its indicators are the level of Cultural Tourism; of Education for public with more or less level of culture; the diversity of musical offering; the Quality of this musical offering and the Internationalization.

The management model followed by the Casa da Música until 2013 has been Strategic Entrepreneurship, in that both the Foundation Board and the Board of Directors, supervisors and employees recognize the application of practices of entrepreneurship and Cultural Management at the level of the top management and of Cultural Intrapreneurship at the level of tactical and operational management. More specific:

The Concept of Cultural Management checks up on good communication and institutional relations between different hierarchical levels of management and between the board and the board of founders, in the sense of vision and leadership of top management and founders, in good operationalization of the strategy (good definition of mission, goals, values, policies, strategies and the existence of a proper planning and control) and the existence of a good organizational climate.

The concept of Cultural Entrepreneurship is seen in the existence of an entrepreneurial leadership, vision, innovation, high quality and valuing learning and benchmarking.

The concept of Cultural Intrapreneurship checks on the existence of values and intrapreneurs profiles (including autonomy, creativity and innovation) on the participation in the definition of strategic planning and control and on the call to work individually and in teams.

CONCLUSIONS

The research presented now sought to demonstrate the importance of the concept of Strategic Entrepreneurship in cultural organizations in times of change. To this end, it was proposed a model that uses three predictors of that concept, respectively Cultural Management, Cultural Entrepreneurship and Cultural Intrapreneurship, using the case study of the Casa da Música.

This study is using a qualitative methodology, proposing to carry out a survey to employees and middle management as a way of detailing the cultural concept of intrapreneurship in the Casa da Música and facilitate the process of triangulation. Similarly, it is suggested the realization of a future study on the value creation of the Casa da Música.

From the analysis of the evidence gathered so far, it appears that this cultural device resists to organizational change and to the national contingent imposed, from the application of management practices and Cultural Entrepreneurship at the Board of Directors, the manifestation of Cultural Entrepreneurship by part of the Foundation Board and the adoption of cultural intrapreneurial practices by the employees, facilitated by the administration.

The public, in turn, acknowledges that Casa da Música has created value for the community not only by providing cultural offerings, but also by the impact it has on the city's image in international terms. However it questions organizational performance by the "eucalyptus effect" that cultural equipment has when related to other cultural city agents.

When completed the field work we expected to have found the topics that characterize Cultural Management, Cultural Entrepreneurship and Cultural Intrapreneurship variables that constitute the Strategic Entrepreneurship and lead to performance improvement and value creation. Similarly, it is expected to conclude that Strategic Entrepreneurship reveals not only the external aspect of the cultural organization, but also considers its internal aspects.

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