THE ROLE OF ARTS ORGANIZATIONS IN CULTURAL POLICY: THE "CULTURAL RETURN" ANALYSIS

JAVIER HERNÁNDEZ ACOSTA,
MBA
Lecturer, Universidad del Sagrado Corazón
PhD Candidate, Interamerican University of Puerto Rico

Lecturer at the University of the Sacred Heart and PhD candidate at the Interamerican University of Puerto Rico. Professional musician and founder of the blog *Inversión Cultural*, a project that provides business education to cultural entrepreneurs. His research interests include cultural industries, entrepreneurship, and cross-cultural management.

*Preliminary Draft. Do not quote without written permission

ABSTRACT

Despite the recognition of cultural value as an essential principle for understanding cultural industries, it is still necessary to elaborate on the performance and benefits of cultural organizations. In Latin America, cultural policy is defined as the actions of different agents including government, NGO, cultural organizations and civil society. Regarding this, cultural organizations are also responsible for policy objectives as access, diversity and education. This research aims to develop a framework that explains the concept of "cultural return". This concept is proposed as an alternative to understand the net benefit generated outside the main artistic activity and not included in the financial statements. Due to the exploratory nature of this research, case study analyses of two cultural organizations are used as a basis for developing the framework. The "cultural return", which is generated mostly inside the cultural sector, is proposed as a tool parallel to the financial performance of organizations, and something useful for the development of the "cultural mission" inside the organizations, as well as a tool for the effective granting of government funds.

Keywords: cultural value, cultural return, Puerto Rico, performance cultural organizations, cultural balance

INTRODUCTION

Cultural economics has made great contributions in understanding the dynamics of value generated by cultural industries. Although some sectors argue that this activity is similar to other industries and should be guided by free market forces, the importance of understanding the balance between the economic and cultural value generated has been recognized. Accordingly, while more resources and attention is advocate for the cultural sector, more requirements on performance indicators are needed.

At the macro level, it has been established that there is a cultural value parallel to economic value that is important to understand, though not necessarily easy to measure. Several studies have identified and discussed dimensions of value as the historical, aesthetic, educational, social, prestige, option and sustainability, among others (Thosby, 2001). However, many of these approaches are oriented to the analysis of the sector and not directly to the level of organizations. With an increasingly theoretical approach oriented toward economic impact as an "end" and not as a mean, it is necessary to develop mechanisms to understand the impact of a particular organization or cultural project. First, because agencies responsible for cultural policy need tools to analyze and allocate resources properly, and because organizations must include this type of analysis in the development of a mission and strategic planning oriented to social and cultural values.

In many cases, cultural organizations are challenged to explain their performance under the same financial metrics that characterize other industries. In cultural industries, economic or financial performance does not reflect the full return on investment, because although of great importance, its net benefit cannot be expressed only in these terms. The objective of this research is to contribute to the discussion by "taking a step" in the design of a tool for internal and external purposes, developing the concept of "cultural return" as a model to analyze the non-economic impact of cultural industries, especially those which represents benefits to the cultural sector, both on the demand and supply sides. This exploratory research uses case studies of two cultural organizations in Puerto Rico to explain the proposed model. It should be noted that this research "begins concluding" that it is necessary to change the focus of quantitative indicators as the only way to measure performance. Even sometimes, attempts to measure performance or design indicators can be a problem in itself, agreeing with the statement that maybe something cannot be measured, but that does not mean it doesn't exist. For this reason, although contradicting this principle, this paper seeks to raise a new field of action rather than a model of accountability. As stated in a report by the Spanish Federation of Municipalities and Provinces (2009) the emphasis should be placed on the ability to generate information to help "guide, improve and thinking", instead of describing, orienting and generalizing.

Instead of a deductive approach, which seeks to establish and discuss the applicability of a particular theoretical approach, this research was developed based on the everyday situations faced by these organizations. The research is structured as follows: First, literature related to cultural values and models to measure performance in cultural industries are discussed. Then, methodology is discussed and a proposition of an analysis model. Based on interviews with staff, audiences and employees, the model is adapted and discussed as an attempt for implementation. Finally, conclusions and recommendations for future research are discussed.

LITERATURE REVIEW

The notion of value is one of the main motivations of economics (Thosby, 2001). Value interactions occur in several directions: from the macro level to organizations, between artists and audiences, and from economics to culture and vice versa. Even in marketing, it's all about creating value for customers. Indeed, one of the great challenges of the cultural sector has been to understand these dynamics that are not necessarily reflected in prices, mostly because of their nature as public goods (Towse, 2010). However, great advances have been made developing a framework to understand the dynamics of cultural value generated by the arts. Thus, aspects of aesthetic value, option value, prestige value, education and sustainability value have been discussed (Throsby 2001, Holden, 2004). Moreover, specific contexts can also be found as the historical value, spiritual value and the value of authenticity, among others (Throsby, 2001).

Beyond this, it is important that the debate focus on the ultimate importance of this analysis. It is sometimes raised the danger that traditional economic analysis divert attention from the big picture, which is culture itself

(King, 2003). According to Arjo Klamer (2002), eventually, economists will have to deal with national accounts of intangible nature, normally analyzed simply as transaction costs or externalities. The author provides some motivations for the change of paradigm, especially because cultural organizations performance includes benefits that are not expressed in economic terms (Klamer, 2002). This latter approach is consistent with the view that it is not that culture contributes to economic development, but that culture is the final purpose of development.
Accountability and social analysis

Both in government and organizations, the popularity of accountability has been growing, a concept based on the citizens' rights to receive information and justification of issues that affects their interests. In terms of public policy, it is necessary to understand the needs of those involved, thus increasing interest in quantitative indicators to support the decisions. However, according to John May (2011), it is sometimes necessary to "step back" and look for the "big picture" that allows the appropriate analysis to meet objectives. In a research with the British police force, the author concluded that 32 indicators were more effective in identifying the needs of the citizens that the system of 624 that usually picked categories easier to measure and respond. This analysis is what the author describes as "the paradox of accountability". Another important issue is that accountability is not a one way process. As described by Schedler (1999), "critical dialogue should be in the heart of accountability. It is not a one shot game but an iterative game, a back and forth of questions and answers, and arguments from both sides."

Economic performance, reflected in the financial statements, has traditionally been the standard for measuring performance. However, this trend has been applied to other areas as the government and third sector, something that has provoked great discussions. In financial terms, performance is usually expressed as the efficiency on the use of their assets and investment. In addition, businesses have been pressured to balance its economic performance with social responsibility, developing mechanisms as "social audit" and concepts like "social return on investment" (Gallego, 1999 & Lingane and Olsen, 2004). Some of these tests remain in the quantitative logic, while others propose qualitative analysis despite the argument of subjectivity. Lingane and Olsen (2004), propose ten guidelines for developing a system to quantify the impact of a company, positive or negative. For these authors, the validity of the system of indicators lies in the construction of the indicator, the content, accuracy and continuity of measurement.

Authors like Gallego (1999), has proposed a model of "social balance" as a tool to establish the performance of organizations. Understanding that organizations are dynamic entities that affect and are affected by their environment, it is necessary to measure the outcome of these interactions. For Gallego (1999), this set of tools include the "social report" as the set of social impact activity, "social accounting" as the system for recording and quantifying the impact, the "social balance" and the net benefits of these effects, and the "social audit" as a process of evaluation and control of results.

Performance evaluation in cultural organizations
All organizations that provide services to the public must have implicitly or explicitly the extent to which they reach their goals (Peacock, 2003). However, in the case of the arts, this has been a topic that has been discussed with great caution by the implications of measuring performance. In this paper it has been suggested that the concept of "cultural return" has implications for public policy as a tool to analyze the impact of subsidies and for the strategic approach of cultural organizations and businesses.

Public policy
There are different models to identify targets and assess the impact of cultural policies. The Spanish Federation of Municipalities and Provinces (FEMP) published in 2009 a guide for policy evaluation in a local context. Following the commitments of the "Agenda 21 for Culture", the authors grouped these commitments into six categories: the culture as a factor in local development (economic, social and territorial), as a development of "local cultural fabric", the transversality, the access, participation and the impact of memoir and innovation in the construction of local identity. For each of the categories, objective indicators, definition of variables, units of measurement, context analysis, constraints and sources of information are defined. Similarly, qualitative and quantitative approaches to the indicators are established (Escudero ed. 2009). The Spanish Agency of International Cooperation for Development (AECD) has a similar model to evaluate cultural projects. This report divides objectives among strategic, primary, specific and operational. Each of the indicators establishes the action, the beneficiary, the responsible agents, financial resources, human resources or infrastructure and equipment

used (AECD, 2009). Usually, cultural policies can be divided according to the stage of the value chain where the greatest impact occurs: formation, creation, production, distribution, promotion and consumption (Lopez, 2002). Finally, although not traditionally part of the analysis of cultural policy, the "competitiveness of nations" analysis of Michael Porter (1990) is also used. Although his analysis requires adapting the context to the cultural economy, his "Diamond Model" can be used to analyze the impact of organizations on the development of the sector. For Porter (1990), the four main factors are the condition of factors, demand conditions, related and supporting industries, and strategy, structure and rivalry at the enterprise level. On this last factor being the case of companies related to arts, it may be necessary to discuss about cooperation rather than rivalry, considering that this is a common practice in the sector.

Organizational performance

Measuring performance in arts organizations will always be one of the greatest challenges of arts and cultural management. There are different multi-dimensional frameworks with different indicators. It would be necessary to establish the performance and impact at the artistic, economic, cultural and social levels. Similarly, the diverse nature of the artistic disciplines that make up the field eliminates the possibility of a uniform system. Even Sawhill and Williamson (2001) suggest that performance indicators should respond to the mission and goals of individual organizations, making impossible to have a uniform set of indicators. For Sawhill and Williamson (2001) performance indicators can be grouped among those of impact, capacity and activity. These are located, in that same order, between the mission and vision, between the vision and goals and between goals and strategies and programs.

Chiaravalloti and Piber (2011), uses the approach of Wicks and Freeman (1998) to analyze the ethical implications of various proposals that evaluate the performance arts and cultural organizations. The importance of the ethical element in this type of methodology is that cultural managers make decisions that have major impact on art projects, so a great responsibility rests on the functionality of the models. Chiaravalloti and Piber (2011) analyzed seven performance analysis models, including variables such as merit and objectives, access, support, quality, audience experience and marketing. The authors conclude that most are positivist approaches in nature, and that a new pragmatic approach is necessary as a platform for understanding the performance of organizations, rather than through a generalized theory of models (Chiravalloti and Piber, 2011). Similarly, the ethical issue occurs internally when the goal of performance measurement is the accountability for grants. According to Peacock (2003), this suggest a possible "principal-agent problem" based on asymmetric information, since many of the data required by the government to justify its intervention come from the affected side.

Externalities

Externalities are effects of an economic agent over another and for which no economic exchange occurs. This is a market failure because agents do not account their effects in terms of utility or benefit to others, which can be translated as an inefficient use of resources. This dynamic is very present on public goods, and has been described as one of the reasons to justify government intervention (Benegas, 1998). However, Alberto Benegas (1998) argues that the true "market failure" is precisely government intervention because it forces an action, even when these externalities will be internalized or not according to taste and preferences of the moment, or according to their costs.

In the case of the arts, David Throsby established the importance of externalities in addition to "use" and "non-use" value. Throsby (2001), states that externalities can be included in both types of value, and that although it can be quantified economically, this is rarely done. According Gilhespy (2001), the analysis of externalities in the arts should include the possibility of some negative nature, as some practices may promote exclusion, fear of ignorance and the possibility of being used as propaganda.

In 2007, the Department of Culture, Media and Sports (DCMS) in the UK commissioned a study on externalities in the creative industries and their potential impact on the economy. The study found that these externalities could be grouped into three categories: knowledge, products and network spillovers. In all three cases, these externalities can occur in or outside the industry. The report suggests possible indicators and tools to gather the data needed to measure its impact (DCMS, 2007). Similarly, Vang and Chaminade (2007), raise the potential positive externalities of Hollywood's outsourcing production activities in Toronto on the local film industry. Although the nature of externalities is that economic agents are unaware of their presence and impact, this paper proposes that these positive effects and net benefits be incorporated into the strategic action of cultural businesses and organization, sometimes already present indirectly or in theory. However, there are models like

the "cultural tracks" from Dr. Giep Hagoort (2003), who set seven dimensions of analysis to support the cultural mission: historical analysis, cultural innovation, multicultural context, cultural credit, common interest, artistic and creative process, and the artistic leadership. Our analysis will use these dimensions to justify each of the effects proposed in the model.

METHODOLOGY

This research uses case study as the main tool for developing an analysis model for the concept of "cultural return". For the development of the model, two cultural organizations in Puerto Rico were analyzed. Both organizations have more than five years of operation. In all cases, organizations generate more than $100,000 in revenues a year and criteria as recognition and access to information were used for selection. In the discussion section, details of these organizations are provided. In addition to the author's observations, a questionnaire was submitted to employees and general audiences. The questionnaire consisted of questions about both projects. In total 47 questionnaires were received commenting on at least one project. When analyzing individual responses, 53 were from audiences or project supporters, 5 from collaborators and 3 from employees. The questions, mostly open-ended, sought to obtain the views of the potential impacts of the project within and outside the cultural sector, and in economic and noneconomic terms.
On these two methodologies, the analysis model is developed. Considering the exploratory nature of this research, quantitative analysis is not elaborated or recommended. Instead, the applicability of each of the components is described for both organizations and evaluated using a five-point scale for the magnitude of impact, the visibility and size of the community affected. The purpose of a "scorecard" is to visualize the impact and compare it between categories. For the model, the elements and categories are described as effects.

RESULTS AND DISCUSSION

The analysis is based on the revised literature and the experience of organizations. Given the complexity of the impact assessment in cultural projects and organizations, the present framework of analysis focuses on the cultural dynamics that are generated. These dynamics are expressed in terms of the cultural sector itself, being of great importance for their sustainability and development. Indeed, the cross-cutting nature of culture allows that some of these impacts can also be expressed in economic and/or social terms. The differentiating factor is that these indicators are not directly related to the principal activity of the company.
To facilitate analysis, and not necessary to immerse in the economic approach, the concepts of supply and demand are used to divide the dimensions of impact. In terms of the offer, the proposed impact indicators are set around the possible benefits to artists, to the main arts discipline in which the project is developed, other arts' disciplines, or to the entire cultural sector. Under this premise, we other impacts on the sector are proposed, as those related to public policy and interaction across industries. In the demand side, the indicators are expressed in terms of potential benefits over the audiences, either through education, access and participation in the arts.

DIAGRAM 1. THE ANALYSIS MODEL

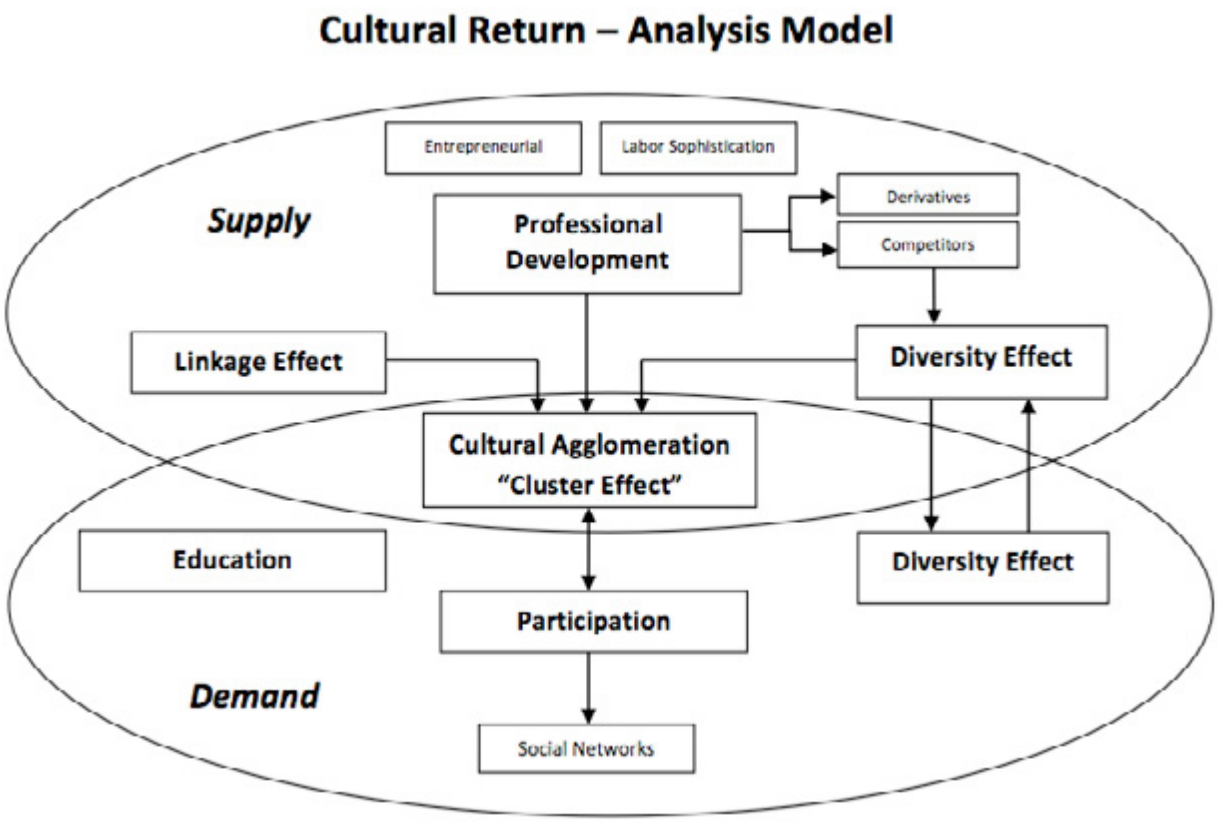


Diagram 1 shows the analysis model. The top diagram shows variables of impact of the cultural organization on the supply side, while the bottom shows the potential impact on the demand.
Cultural Return on the Supply Side

This segment aims to collect the interactions that could affect positively the cultural sector. These effects are group through four main effects: professional development, an effect in cultural diversity, the effect of linkages with other sectors and the effect of agglomeration of cultural industries and the geographical impact in terms of cultural activity (cultural life).

One of the main effects of cultural organizations and enterprises is their ability to have an impact on the development of the sector in which they arise. Cultural organizations create a climate of stability and support that can motivate the development of other projects. This capacity to generate entrepreneurial activity can be expressed in two ways. First, there is the possibility that the cultural organization's main activity could generate other projects from members, colleagues, audiences and/or sponsors. When a cultural venue is open, artists have a place to present their projects, something that motivates them to create by having where to exhibit or perform. The second aspect is the emergence of direct competitors. Beyond the artistic motivation and cooperation elements generated in the cultural industries, the success of a project could produce a "copy-cat" effect of those who understand there are still an unsatisfied demand and/or opportunities to capitalize. This analysis can be economic, artistic, or a combination of both. Entrepreneurial activity generates entrepreneurial activity. Therefore, there is a multiplier effect that can be express in cultural terms.

Another component of impact on the supply side is labor sophistication in the cultural sector. Following the entrepreneurial effect described above, business and cultural organizations providing professional experiences contribute to the labor market, especially for the technical and production resources. Considering that the academic and vocational training offer is still developing in many countries, the experience and opportunities created by these projects contribute to good business practices, thus promoting sustainability. For this reason,

labor sophistication is proposed as a sub-category of the entrepreneurial effect. Similarly, business activity in the cultural sector may cause interactions with other economic sectors that contribute to establishing and strengthening ties with private companies, either through sponsorships, partnerships or by contracting creative services. Similarly, the cultural industries can establish cooperation with small and local businesses in other sectors to promote their ventures.

In a market where large conglomerates have set and defined the supply for years, the capacity of cultural projects to provide alternative content to the "mainstream" is one of the main elements of value added. The ability of presenting a new and different proposal "open a door that remains open", something that benefits the whole cultural sector. As described in Diagram 1, Diversity is a dynamic element that moves across generations, geography and content. It has to do with innovation, either by creating something new or by new combinations of what already exists. As discussed in the next section, this effect occurs also in the demand side, where access to diversity promotes growth and enjoyment of the cultural offering (Klamer, 2002).

In addition of the individual effects on the cultural sector, these effects could be reflected in an agglomeration or clustering of the cultural offering, something that enriches the offer and facilitates the enjoyment of creativity. This agglomeration can also be expressed with the concept "culture life", the degree in which an area (city, region or country) promotes a climate of tolerance and willingness to enjoy creativity. The "cultural clustering" effect enables interdisciplinary collaboration, which generates innovation in the creation, production, distribution and promotion of arts and culture.

Finally, there is a net benefit when a cultural organization facilitates the implementation of public policies for the arts. There is a lot of criticism at the local level regarding how the government implements its policies of subsidies, cultural infrastructure, heritage, training and participation policies in the arts. There are cultural organizations whose operational dynamics facilitate these efforts and perform them more efficiently. Regardless of whether or not it is their core business, some cultural organizations serve as laboratory and catalyst for cultural policy.

Cultural Return on the Demand Side

The "cultural clustering" effect has been placed on both the supply and demand sides because there is an interaction between both. The "cultural life" in a geographic area is the result of access and participation in a diverse cultural offer, an offer that contributes to knowledge, strengthening identity and social cohesion. Indeed, the components of the demand side of the model respond to this premise.

Cultural organizations may have a net benefit in terms of education, which is very important to promote participation in the arts. The effect of education is an investment in the cultural sector, as it is more appropriate to speak of audience development than just a marketing effort. As service marketing literature has emphasized, education is an important business tool, because the support from the supply side facilitates consumption and turn consumers into co-producers. Developing this practice creates a benefit with impact in the long term.

Participation in the arts reaches the level of human rights according to the United Nations. It seeks to guarantee that people, regardless of their social or economic status, take part on that "cultural life". For cultural organizations, this has to be a clear component in their mission. Companies must establish the level of demand orientation, and who, how and to what degree impact the target segment. Although not necessarily defined strategically, organizations facilitate participation and access, especially through production and promotional tactics.

Table 1 presents a summary of the effects and Table 2 classifies all the effects according to theoretical approaches described above.

TABLE 1. CULTURAL RETURN ANALYSIS MODEL (SUMMARY TABLE)

EFFECT	IMPACT	DESCRIPTION
Professional Development	Supply	Effects of cultural organizations on the development of other cultural projects. The effect is expressed in terms of projects developed by members, collaborators, sponsors or competitors. This includes developing job skills and experience.
Linkages Effect	Supply	Impact of a cultural organization through the interaction with other economic sector (intra or inter industry). Cultural organizations that establish alliances with private and non-profit business and other artistic disciplines contribute to the sustainability of the sector.
Diversity Effect	Supply, Demand	Effect of cultural organizations on the content and context of artistic activity. It can be expressed in terms of aesthetical, historical and artistic terms, and as cross-generational, folkloric and traditional expressions and openness to innovation. Similarly, diversity arises as a demand effect when audiences have access to a diverse offer or through a diverse audience composition.
Agglomeration "Cultural Life"	Supply, Demand	Phenomenon by which a project influences the development of cultural spaces and a climate of "cultural life". It describes the agglomeration of cultural activity and its relation to the participation of citizens.
Participation Effect	Demand	This effect describes the impact of cultural organizations in promoting citizens' participation in the arts. It refers mainly to the extent that promotes access for segments of the population that traditionally do not attend for different reasons. Overall, it describes the scope and diversity in the audience's composition.
Educational Effect	Demand	Direct impact of the project in terms of educational activities related to the arts. This type of events, despite not being the main activity of the company, has direct effects on participation and enjoyment of the arts.

TABLE 2. CULTURAL RETURN – LINKS WITH THEORETICAL APPROACHES

EFFECT	POLICY APPROACH (FEMP, 2009)	COMPETITIVENESS (PORTER, 1990)	VALUE CHAIN (LÓPEZ, 2002)	CULTURAL TRACK (HAGOORT, 2003)
Professional Development	Social, economic and territorial development Innovation and Memoir	Firm Strategy, Structure and "Cooperation" Related and Supporting Industries	Creation Production Distribution	Cultural innovation, Artistic Leadership, Artistic and creative processes
Linkages Effect	Access, Participation Local Culture	Factor conditions	Creation Production Conservation	Historic analysis, Cultural credit,
Diversity Effect	Innovation and Memoir Access Participation Local Culture	Firm Strategy, Structure and "Cooperation" Demand conditions	Creation Production Consumption	Multicultural context Cultural innovation, Artistic and creative processes
Agglomeration "Cultural Life"	Social, economic and territorial development Innovation and Memoir Local Culture	Related and Supporting Industries Factor conditions	Creation Production Distribution Consumption	Cultural Innovation, Common Interest, Artistic and creative process
Participation Effect	Participation	Demand conditions	Consumption	Common Interest
Educational Effect	Access Participation	Factor conditions Demand conditions	Training Consumption	Common Interest

To perform the analysis more efficiently, managers, policy makers and analysts need to determine what effects have the greatest impact around the cultural activity performed by the organization. Thus, the proposed model can be adjusted to the reality of their organizations. For the case study analysis, the origins, history and business models of the organizations are first described. Then, the "cultural return" analysis for each organization is presented. The analysis includes a descriptive table of each effect with indicators and a scorecard of each effect using a 5-point scale regarding magnitude, visibility of the benefits and size of the segment impacted. Finally, a radar graph is used to visualize the performance on each of the benefits described in the model. Also, specific quotes from the interviews are presented for each organization.

Case Study

Case 1 – *Teatro Breve* (Theater Company)

In 2006, one of the managers of a music venue in Puerto Rico decided to use the place to produce an event with short comedy sketches grounded in everyday situations. The aim was to provide a workshop for local actors who usually have to work in non-arts-related jobs to generate income. In this case, the goal was to produce plays for their own enjoyment and for their fellow actors. The audience, which started with 10 or 15 people, was gradually multiplied, and after several months, Sundays grouped the maximum number of 250 people. In operational terms, the group had 4 or 5 permanent actors and some sporadic guests. The logistics was that its creator writes scripts for short sketches during the week, and on Sunday afternoon the actors meet, rehearse, and present that same evening, using improvisation as an important tool for the structure. The concept, based on comedy, gathered the latest incidents and news in the country.

The group continued to build a team of actors and production crew. Over the years it began to present in other places with higher capacity and began a second gig on Thursday nights. By their fifth anniversary, the group performs twice a week in a theater with capacity for 320 people. The company also began offering creative services to private companies and began to receive large revenues from sponsorship from private companies that understand the group could easily reach their niche market. Actually, the organization employs about eight regular actors and twelve other people, including technicians and production crew, and it is in the process of managing the whole operation of the theater in which they produce.

In terms of audience, the project target young students and professionals segment. Mostly, these are people who do not visit the Theater regularly. The offer is based on a season structure, which maintains the phenomenon of short pieces that follow a story, incorporating current events and keeping the phenomenon of immediacy and improvisation from the beginning. The organization also produces special events with increased production requirements, guest stars and other elements of organization and operation. (www.teatrobreve.com)

Quotes:

- " *Teatro Breve successfully captures characteristics and everyday concerns of a generation. It serves as a catalyst for emotions and suggests self-reflection."* - Employee
- " *A model for other cultural projects."* - Collaborator
- " *While Puerto Rico remains a colony, it is extremely important that the public can access a Puerto Rican comedy local focus and presenting situations of our daily lives."* - Collaborator
- " *The project has made Theater "cool" again. It is important for young people and we can get relate to the project."* - Audience
- " *Teatro Breve has attracted many people outside the Theater audience. I think they have developed new audiences for the performing arts scene in Puerto Rico."* - Audience
- " *We have seen them grow and settle. I feel very happy and satisfied with their success."* - Audience
- " *Simply, being able to continue creating opportunities that focus on promoting cultural and social awareness represents an alternative to different segments, not only to entertain but also to get educated."* - Audience

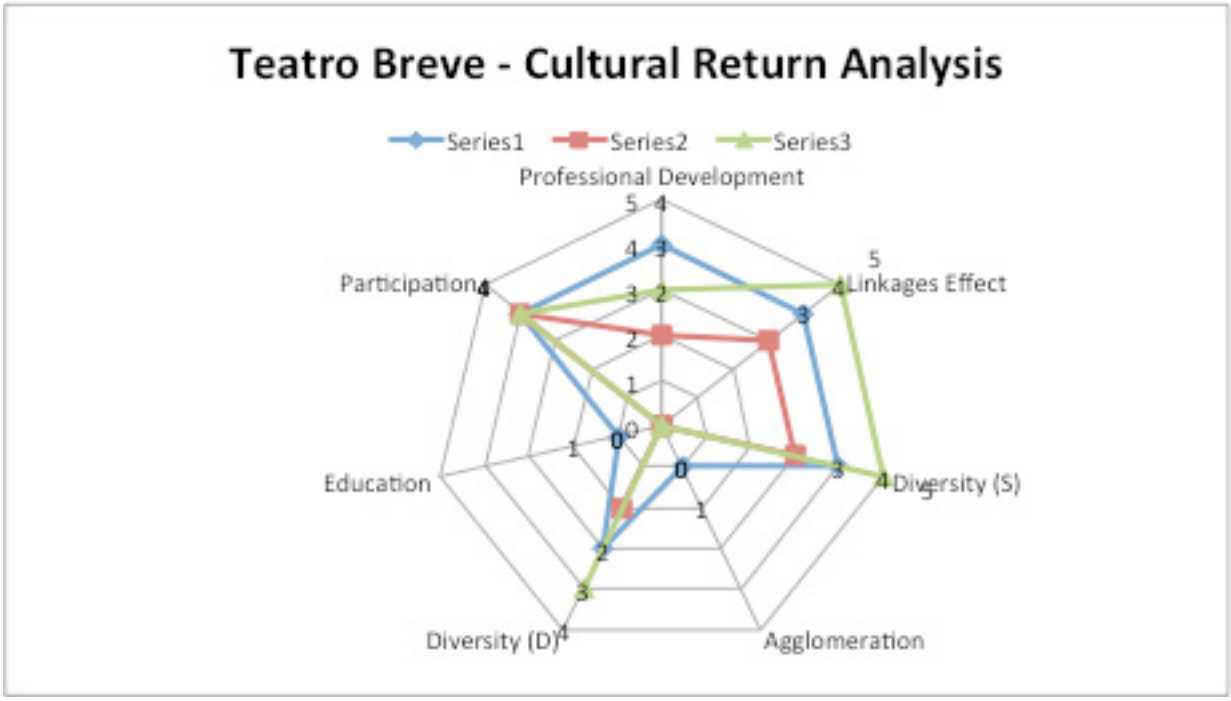
SUMMARY TABLE 5. *TEATRO BREVE* **"CULTURAL RETURN" ANALYSIS – SUPPLY SIDE**

SUPPLY EFFECT	IMPACT	DESCRIPTION	INDICATORS
Professional Development	Impact on actors' professional careers and supporting individual projects.	The project has succeeded in enhancing the recognition of individual, which has resulted in greater labor opportunities, both in the acting career and in advertising. The financial strength and recognition has enabled the project to provide a platform for other cultural productions by their members.	Analysis of events produced. Interview with actor regarding their professional development.
Linkages Effect	Alliances with the private sector for sponsoring cultural events.	The popularity and strength of the project has allowed a steady stream of endorsements from companies in sectors such as beer, liquor, cars, snacks, clothes, etc. These sponsorships have become long-term partnerships that have spread to other projects. Gradually, the project has provided a guarantee, and an example of projects that can generate profits to the businesses in the private sector. The company also makes exchange agreements with small businesses and entrepreneurs by providing access to their niche markets.	Economic and qualitative analysis of sponsors Qualitative analysis of relationships with sponsorships for other cultural projects.
Labor Sophistication	Work experience opportunities in different areas in the performing arts sector.	The project has an almost steady production staff of about 10 employees. Given the scarcity of jobs in the sector, these experiences are of great importance for plans to develop industries such as film, which require skilled labor. These resources have work experience in event production, and local and international films.	Analysis of job experiences and skills development.
Diversity Effect (Supply)	Amplitude in the creative offer through special guests, especially from different generations.	Despite being a comedy concept with steady actors, the company has added production elements of great value. For example, it has incorporated guest artists from different backgrounds. One of the main positive impacts has been to bring actors from other generations, establishing a link with younger audiences. Also enrich the artistic with various formats, concepts and themes.	Analysis of artistic content. Analysis of guest artists.

SUMMARY TABLE 6. *TEATRO BREVE* **"CULTURAL RETURN" ANALYSIS – DEMAND SIDE**

DEMAND EFFECT	IMPACT	DESCRIPTION	INDICATORS
Diversity Effect	Impact on different and diverse audience segments based on aged, education, income and lifestyle.	*Teatro Breve* has cultivated a loyal audience over its six years. The demographic analysis establishes that despite having the largest segment in young professionals between 25-40 years, their offer attracts people from all segments.	Demographic analysis of the audience. Qualitative analysis of the content.
Participation Effect	Developing an "experience" that stimulates demand on segments that normally does not assist to performing arts events.	The main segment that attends to *Teatro Breve* is not a regular Theater audience. One of the most important effects of the project was to design an attractive offer for that segment. Part of the main asset was producing in less formal settings such as dinner theaters, surpassing an attendance barrier. Currently, the project uses the space and traditional production elements of theater, allowing and upgrade on the demand experience, with possible effects on others segments of the performing arts.	Demographic analysis of the audience. Analysis of cultural consumption patterns of the audience.
Social Networks	Element of community between audiences through "word of mouth" and loyalty.	Being a weekly event and a repeating audience, the project has developed areas of interaction between audiences that go beyond the show. In this case there are no formal dynamics, but are seen before and after the show, something designed to add value to the visitors' experience.	Qualitative and quantitative analysis of the audience.

Teatro Breve - Cultural Return Analysis				
Effect	Impact Term	Magnitude	Visibility	Size
Professional Development	Short	4	2	3
Inter-industry	Medium	4	3	4
Diversity (S)	Medium	4	3	5
Agglomeration	Short	1	-	-
Diversity (D)	Long	3	2	4
Education	Medium	1	-	-
Participation	Short	4	4	4



Case 2 – *Cambio en Clave* (Salsa Dance Lessons)
A few months after the inauguration of a very popular cultural venue in 2005, a law student asked to use the venue for a Salsa dance lesson (Caribbean music genre). The young student had taken formal dance lessons and his mission was to teach his classmates how to dance. Salsa has always been a very popular genre in Puerto Rico. Unfortunately, in the last years, the popularity of the dance has been losing ground. Although it needs further analysis, some people understand that the reason is that it requires some skills and routines more complex than other dances. Originally, lessons were offered free of charge, then, they began charging a donation of $3, which was partly used to cover the venue expenses. After a few months, the lessons hosted about 80 pairs, so they had to re-structure the calendar to offer two-hour sessions once a week.

The project began to increase its popularity because of the cost method, the teaching method and the social environment around the classes. A ten-session course was developed, allowing the design and offering of intermediate and advanced courses. The cost remained well below other instructors in the market, especially because most uses smaller spaces with limited capacity. The project's creator, who founded a legal office specializing in environmental law, decided to use his salary to hire another lawyer and fund their work in the firm through their revenues from the "*Cambio en Clave*" project. That's the reason of the project's name: "Cambio" means change, and "Clave" is the rhythm structure used in Salsa. In other words, it was about social change through music.

After the closing of the venue, the project moved to a different location and increased their course offerings. In terms of production, the project alternated the lessons with videos from renowned Salsa musicians, published biographies of artists in social networks and coordinate special events with live music. By 2011, *Cambio en Clave* had impacted over 10,000 people and had offered free workshops in various communities, had offered courses in other cities of the island and co-produced events of independent artists in the Salsa genre. The project, which currently employs four people, has provided a platform for a network of dancers, publishes calendars with events and places for dancing, coordinates attendance to these events and sponsored independent artists in the genre. The project currently uses the main lobby of the most important coliseum in the country. (www.cambioenclave.com)

Quotes:
"Our main purpose is to create community, and Salsa is our tool." - Employee
"We make people from different backgrounds share while learning something so deeply rooted in Puerto Rican culture." - Employee
"It helps self-esteem and self-confidence of individuals, especially socializing." - Audience
"Constant exposure to Salsa songs and ongoing support to indigenous activities are part of the exhibition that gives students the cultural aspect of the dance.
"Part of the funds allocated for free services laws.
"The instructor gives much importance to the steps and socialization that occurs in the dance.
"They have created a social and information network on cultural events." - Audience
"Cambio en Clave reinforces the Salsa culture and everything it means to be a fan of this genre." - Audience
"Excellent social enterprise. They benefit financially by investing in culture, in our traditions, and reinforcing the importance of Salsa for our culture." - Audience
"Cambio en Clave has made Salsa something popular again. Salsa dancing is now seen as "cool" thing." - Audience

SUMMARY TABLE 7. *CAMBIO EN CLAVE* **"CULTURAL RETURN" ANALYSIS – SUPPLY SIDE**

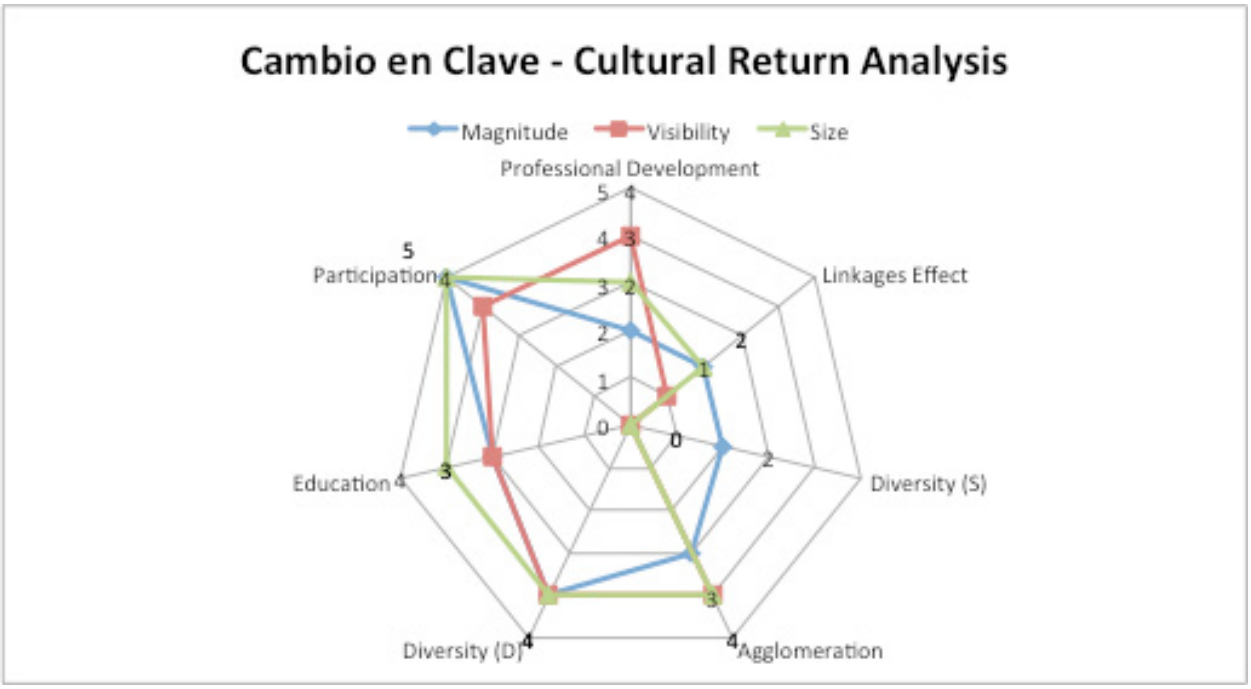
SUPPLY EFFECT	IMPACT	DESCRIPTION	INDICATORS
Professional Development	Support in the production and promotion of related events through audience development.	With dance lessons as the projects' main activity, it has created an interest that has expanded the range of events in the genre. The Salsa bands assume the risk of producing their events and even some under the sponsorship of *Cambio en Clave.* Entertainment businesses increased hiring Salsa bands because it is cost-effective with dancers' attendance. The project plays an important role in promoting these events and collaborating with other projects.	Music events sponsored by the Project. Participating salsa bands. Analysis of changes in the live music offering of entertainment businesses.
Cultural Clustering / Cultural Life	Creating and promoting a community of dancers who participate in the cultural life of the city.	*Cambio en Clave* is a community of dancers. Through promoting Salsa events, the project sponsors a lot of cultural activities in the capital city. The convening power of the project has allowed establishing partnerships and promoting cultural events in the region.	Demographic analysis of the audience. Analysis of the audience's attendance to cultural events. Analysis of the projects communications and events sponsored.
Diversity Effect (Supply)	Promoting a traditional cultural expression to new generations and supporting new artists in the genre.	Salsa is an expression that emerged in the late 60's. Therefore, promoting the development of the music gender through dance is one of the major impacts of the project. Above all, because it impact generations who do not know the origin of the genre. Similarly, the project educates about the different trends and musical styles that have developed over the past 40 years.	Analysis of contents and resources used during lessons. Analysis of music styles of the artists sponsored.

SUMMARY TABLE 8. *CAMBIO EN CLAVE* **"CULTURAL RETURN" ANALYSIS – DEMAND SIDE**

DEMAND EFFECT	IMPACT	DESCRIPTION	INDICATOR
Diversity Effect (Demand)	Creating a community of dancers with different backgrounds and demographics.	The *Cambio en Clave* project has created a diverse community of dancers. In more than 5 years, over 10,000 people of all ages, genders, social classes, races, ethnicities have taken lessons. The strength of diversity creates an element of cohesion and enriches the cultural climate of the city.	Demographic analysis of the audience.
Educational Effect	Education on history, careers and discographies of Salsa artists.	As an additional resource to main lessons, the project has implemented several strategies to promote awareness of the Salsa genre. Videos of old performances are projected, biographies published on websites, etc. The project also get involved in offering master classes and workshops in schools and communities.	Analysis of audiovisual content and resources used in lessons. Analysis of participation in workshops and special events.
Participation Effect	Access and participation with segments with different backgrounds.	The project uses the price variable as the main strategy to allow access to all audiences. This allows people with different backgrounds to participate in the cultural activity. The project also has coordinated discounts on concerts and special events allowing greater access to activities. Similarly, the constant presence in workshops with at-risk-youth, schools, communities and activities of social organizations allow reaching non-traditional segments.	Comparative analysis of prices and competitors Analysis of events, workshops and conferences.
Social Network Effect	Development of independent social networks between participants.	Beyond the projects' efforts, some participants have created networks which aim to coordinate attendance to events and promote interaction among participants. These groups publish calendars; coordinate attendance to events, etc. In addition to promoting cultural activity, self-sufficient efforts are a more intense level of involvement in the arts. Members use the Facebook platform to communicate.	Demographic analysis of these social networks. Analysis of the events promoted.

Cambio en Clave - Cultural Return Analysis

Effect	Impact Term	Magnitude	Visibility	Size
Professional Development	Short	2	4	3
Linkages Effect	Medium	2	1	2
Diversity (S)	Medium	2	-	-
Agglomeration	Short	3	4	4
Diversity (D)	Long	4	4	4
Education	Medium	3	3	4
Participation	Short	5	4	5



CONCLUSIONS

This paper has attempted to open a door around the analysis on the performance of cultural organizations and enterprises. It starts from the need to develop tools to collect the cultural dimension of their impact. In this process, it is important to recognize that any model that attempts to explain the impact of cultural organizations must be dynamic in nature to adapt to the particularities of each sector or offering. Behind this analysis model is the need to establish strategic planning, evaluating performance and justifying the use of resources, both internally and by the government. For this reason, the concept of "cultural return" is proposed for both purposes. The preliminary model proposed does not seek to be a scientific analysis but one that resembles the changing reality of organizations. Similarly, it could be a marketing tool when subsidies and grants are involved. One of the great challenges of cultural organizations is that it has created the myth of "nonprofit entity" as a prerequisite for seeking funds and grants. Although this legal status does not prohibit the efficient operation of the organization, often it creates a climate of "status quo". Similarly, companies that do not meet the requirements of "non-profit" often do not benefit from government support, either by legislation or prejudices of the reviewers. Analyzing "cultural return" of art-related businesses can be a tool to contribute to a more precise analysis for allocating government resources, separating economic and cultural performance.

There is much literature regarding the social balance, performance and auditing of organizations and companies. Similarly, there is enough literature that links art and culture with social development. However, for artists and cultural managers it is very difficult to make analysis on a field that mostly does not know: the social impact. In this regard, before committing efforts to an analysis on an unknown and complex field, it is more appropriate to maintain the analysis on the impact inside the cultural sector. When cultural activity is not in isolation, its effects on the sector and the "cultural life" of a region is multiplied by enriching knowledge, creation and entertainment. Therefore, the impact of individual cultural activity on the cultural sector must be part of the organization's strategic planning in the arts and culture. Finally, it is necessary to provide artists with tools to expand their scope beyond their role as creators, and become facilitators of participation in the arts. Beyond the manager or administrator, the facilitator or mediator creates spaces that encourage participation, cooperation, diversity, motivation, creation and appreciation of cultural expressions. The responsibility of this new role is to promote cultural co-production with the audience and shared commitment between his work and the audience. "Cultural Return" collects all these dynamics and provides knowledge to the artist for their planning and development. This article is only a first approach to the concept of "cultural return" as an analysis of the net benefits of arts and cultural organizations. It needs more testing of its applicability in different scenarios to determine how much it can be expanded without losing functionality. Similarly, it is necessary to elaborate on the evaluation and audit system depending on the characteristics of the indicators for each effect.

REFERENCES

Agencia Española de Cooperación Internacional para el Desarrollo. (2009). *Cómo evaluar proyectos de cultura para el desarrollo: una aproximación metodológica a la construcción de indicadores. Ministerio de Asuntos Exteriores y de Cooperación*, Madrid, Spain.

Andreas Schedler, Larry Diamond y Marc F. Plattner(Ed). (1999). Conceptualizing Accountability, *The Self-Restraining State: Power and Accountability in New Democracies*. (Boulder y Londres: Lynne Rienner Publishers, pp. 13–28.

Benegas, A. (1998). Bienes Públicos, Externalidades y los Free-Riders: El Argumento Reconsiderado. *Estudios Públicos,* 71, pp. 203-218.

Chiaravalloti, F. & Piber, M. (2011). Ethical Implications of Methodological Settings in Arts Management Research: The Case of Performance Evaluation. *The Journal of Arts Management, Law and Society,* 41, pp. 240-266.

DCMS. (2007). *Creative Industry Spillovers: Understanding their impact on the wider economy.* Frontier Economics, UK.

Escudero, J. (Ed.). (2009). *Guía para la evaluación de las políticas culturales locales.* Federación Española de Municipios y Provincias, Madrid, Spain.

Gallego, M. (1999). El Balance Social como Herramienta de Auditoría Organizacional. *Revista Universidad Eafit,* julio-agosto-septiembre, pp. 27-40.

Gilhespy, I. (2001). The Evaluation of Social Objectives in Cultural Organizations. *International Journal of Arts Management,* 4(1), pp. 48-57.

Hagoort, G. (2003). *Arts Management: Entrepreneurial Style.* Eburon, Utrecht, Netherlands.

Holden, J. (2004) *Capturing Cultural Value: How Culture has become a tool of government policy.* Demos, UK.

King, E. (2003). *Accounting for Culture: A Social Cost-Benefit Analysis of the Stan Rogers Folk Festival.* Dalhousie University, Nova Scotia.

Klamer, A. (2002). Accounting for Social and Cultural Values, *De Economist,* 150 (4), pp. 453-473.

Lingane, A. & Olsen, S. (2004) Guidelines for Social Return on Investment. *California Management Review*, 6 (3), p.116-135.

López, I. (2002). *Cultura y ciudad. Manual de política cultural municipal*. Gijón: Trea.

May, J. (2011). The paradox of accountability: moving away can bring you closer. International *Journal Of Market Research*, 53(4), 455-462.

Peacock, Alan (2003). "Performance indicators and cultural policy", *Economia della cultura*, Associazione per l'Economia della Cultura/AEC, Bologna, p. 1-10.

Porter, M. (1990). *The Competitive Advantage of Nations,* Harvard Press, Massachusetts.

Sawhill, J. & Williamson, D. (2001). Mission Impossible? Measuring Success in Nonprofit *Organizations. Nonprofit Management & Leadership*, 11 (3), p. 371-386.

Schedler, A., Diamond, L. & Plattner, M. (1999). Conceptualizing Accountability in *The Self-Restraining State: Power and Accountability in New Democracies*, Lynne Rienner Publishers, pp. 13-28.

Throsby, D. (2001). *Economics and Culture*. Cambridge, UK.

Throsby, D. (2010). *The Economics of Cultural Policy*. Cambridge, UK.

Towse, R. (2010). *Handbook of Cultural Economics,* Cambridge, UK.

Vang, J. & Chaminade, C. (2007). *Global-linkages, Spillovers and Cultural Clusters: Theoretical and Empirical insights from an exploratory study of Toronto' Film Cluster*. Center for Innovation, Research and Competence in the Learning Economy (CIRCLE), Lund University, Sweden.

Wicks A. & Freeman, R. (1998). Organization Studies and the New Pragmatism: Positivism, Anti-positivism, and the Search for Ethics. *Organization Science,* 9 (2), pp. 123-140.