A PERFECT MATCH OR AN UNHAPPY MARRIAGE? – CONTRACTING OUT NATIONAL MUSEUMS TO PRIVATE HANDS

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ABSTRACT:

Museums have experienced various challenges in the beginning of the twenty-first century. In Taiwan, confronting the political and economic climate changes, national museums have been required to seek new types of governance. One proposition is 'contracting out', which the central government leases out the management of national museums to private companies for a period of time, usually from five years to twenty years. The success of the National Museum of Marine Biology and Aquarium (NMMBA) set up the standard for the rest of the family of national museums. However, others all failed.

This research aims to understand the philosophy of 'contracting out' system and to survey the governance of national museums in Taiwan. Why do they change from centrally controlled by the government to partially governed by the private company? Another objective of this research is to analyze the advantages and disadvantages of 'contracting out' system so as to find out why one succeeds while others fail. The most important of all, is to tell if there is a bright future for the new system.

Museum governance is mainly about the ownership and control. For national museums in Taiwan, they are normally managed by the museum management team, owned by the public and controlled by the central government. However, when facing the economic difficulties, the government decided to try to contract out the management to private company, without loosening its control. The excitement of the success for one museum, the NMMBA, did not bring along other encouragements but only disappointments, followed by two failures. This result seemed to indicate that there is no one formula for all.

This research used qualitative methods in order to receive more in-depth information for further analysis. There are fifteen national museums in Taiwan. Yet the focus included three cases, the NMMBA, the National Taiwan Science Education Centre and the National Museum of Marine Technology. Therefore, it conducted in-depth interviews as well as focus group discussions among museum directors and management team, including five in-depth interviews and two focus group discussions. It then analyzed the data and integrated with literature reviews.

It is concluded that the unique example of the success of the NMMBA has its advantages and could not support the other national museums in Taiwan. It is due to the excellent theme of aquarium and marine life as well as unbeatable location near the top tourist destination of Kenting. Two other national museums failed to adopt the contracting out system because the exhibitions could never be as attractive as the NMMBA, plus that they can not provide better deal to attract the attention from the private company. Another key point is that central government hope to tighten the control over without putting more resources to the museums and their contracting out companies. As a result, the new system is still unable to prove as the best solution for the twenty-first century museums, and more discussions are in need for finding a better system for the future.

INTRODUCTION: MUSEUMS IN A NEW AGE

Museums have experienced various challenges in the beginning of the twenty-first century. Since the last two decades of the Twentieth Century, museums in many countries has faced severe competitions and different enquiries from the visitors and central governments. In the UK and USA, privatizing culture with the corporate art interventions seems to gain strong recognition as museums develop close ties with the private sector (Wu, 2002). In the Netherlands, all national museums have transformed their governance into autonomous status with less dependence on the government (Netherlands, Ministry of Education, Culture and Science, 1994). In Japan, national museums have turned to the independent administrative institutions as the realisation and impact of the cultural policy (Ken, 2008). These development of national museums and policy are gaining more attention in the twenty-first century because of the globalisation and communication. As a result, national museums in Taiwan are facing the same difficulties and the central government has issued new policies after learning the experience of similar situation in other countries.

In Taiwan, confronting the political and economic climate changes, national museums have been required to seek new types of governance. The purpose is for the government to give less annual budget and for the museums to gain more flexibility. One important proposition is the mode of 'contracting out', which the central government leases out the management of national museums to private companies for a period of time, usually from five years to twenty years. The success of the National Museum of Marine Biology and Aquarium (NMMBA) sets up the standard for the rest of the family of national museums (Tzeng, 2009). However, others all failed. It therefore impose the question of why one success cannot fit others. Could it be a one-off formula?

This research aims to understand the philosophy of 'contracting out' system and to survey the governance of national museums in Taiwan. Why do they change from centrally controlled by the government to partially governed by the private company? It implies a perfect match for both the museums and private companies, but could it be a happy ending? Another objective of this research is to analyze the advantages and disadvantages of 'contracting out' system so as to find out why one succeeds while others fail. The most important of all, is to tell if there is a bright future for the new system. It is the hope of the author to find out a promising future for the national museums in Taiwan.

Rich Parents or Poor Parents? - National Museums in Taiwan

National museums in Taiwan has been different stages since their inception, as old as more than one hundred years. There are fifteen national museums established (see Chart 1 below) and are governed by three departments of central government: the Executive Yuan, the Ministry of Education and the Ministry of Culture (Tzeng, 2009). The year of 2000 is an important divide, when the funding bodies of the central government are facing more challenges. It could be stated as the family's fortune is going down the hill, from rich parents to poor parents.

Chart One National Museums in Taiwan (until 2013)

Name of Museum	Founded Year
National Taiwan Museum	1899, 1908
National Palace Museum	1925, 1965
National Museum of History	1955
National Taiwan Art Education Centre	1956
National Taiwan Science Education Centre	1956
National Dr. Sun Yat-sen Memorial Hall	1972
National Chiang Kai-shek Memorial Hall	1980
National Museum of Natural Science	1986
National Taiwan Museum of Fine Art	1988
National Science and Industry Museum	1997
National Museum of Marine Biology and Aquarium	2000
National Museum of Prehistory	2002
National Museum of Taiwan Literature	2003
National Museum of Taiwan History	2007
National Museum of Marine Science and Technology	2013

A description of the evolution of the national museums is summarised to provide a better understanding of the context. The first three museums were funded as the legacy from the previous ruling regimes or the then ruling government: the Japanese colonial government and the KMT Party. Most of their collections are part of the national museums funded earlier. It was a time under huge influence of political and social purposes. Between 1956 and 1980, several museums were set up for educational and political aims, to increase the access of knowledge as well as to remember the political leaders. The government might not be too wealthy but still support of these museum establishments. The next period was from 1986 to 1997, when the economy grew rapidly and led to set up some 'educational' beacons for the society. It was witnessed the popularity and acceptance from the public and therefore raise a higher standard for museum professionalism in Taiwan. However, the prosperity did not last forever and newly planned museums were asked to turned their head to other possibilities. It was widely discussed with the proposal of 'contracting out', 'outsourcing', as well as 'independent administrative legal body'. It can be stated that national museums are looking for more diverse modes of management, governance and operation.

Some reasons for the result of the diverse options are summarised in this paragraph. First of all, the economic environment created a dire financial difficulty for the public expenditure. The government started to think and consider other options to reduce dependence of national museums on the central government. Secondly, the political climate was changing that the opposite party took power and encouraged national museums to find other method of museum operation. However, at the same it also wanted to accomplish the establishment of national museums as political achievements. Thirdly, the social dimension was looking for some possibilities of soil to nourish these national museums. Private donation as well as corporate sponsorship became more acceptable at that time. The last, but not the least, was the cultural trend that national museums symbolised the power of the nation. Some of these museums took their name of 'Taiwan' instead of only 'national' to emphases the national identity.

If we reviewed the development of these national museums, it is not difficult to find out that those funded before the year of 2000 enjoyed more resources and support of the central government. And those funded after the year of 2000 were forced to take consideration of outsourcing and cooperation with other institutions. In brief, among the fifteen children of national museums in Taiwan, the first ten seems to grow under better supports as the parents were still rich. On the other hand, the last five children were in need of independence as they grew in a not-too-good environment as the same parents are tight in finance. A very good example is the National Museum of Marine Biology and Aquarium (NMMBA). It contracted out its operation to a private company with the advocate of new mode called BOT (Build, Operate and Transfer). In this way, it not only saves the annual budget of US$ seven million for public purse, but also eighty per cent of workforce to reduce the dilemma of staff hire. Compared with the National Museum of Natural Science, the public expenditure and the cost of human resources are the two main concerns of the central government. Because of the success of the NMMBA, other national museums, either established or newly planned were asked to the proposal of BOT mode.

Changing Faces: Museum Governance of National Museums in Taiwan

In the museum world, governance is mainly about the ownership and control. Although some experts do advocate the importance of benefit recently, such as social inclusion. For national museums in Taiwan, they are normally managed by the museum management team, owned by the public and controlled by the central government. Therefore, the central government and the management team represent the collective public as the agents for good governance. Unlike more of the museums in the UK and USA, they are not under the system of 'board governance' which usually creates a board of trustees to take the responsibility of governance. In the paper, the traditional system of the museums governance of national museums in Taiwan is defined as 'governmental governance' which is governed by the central government with direct control.

However, when facing the economic difficulties, the government decided to find other possibilities of reducing the cost. It tried to contract out the management to private companies, although without loosening its control. In the museum industry, management and governance have two main systems in Taiwan, although museum governance has been experiencing a period of experimentation during the last two decades. The first system is 'governmental governance' applied to most public museums, both local and national. It has been the traditional way since the beginning the foundation of museums in the country. The other system is 'board governance', with a board of trustees, sometimes called a Foundation, in most private museums. It is actually the legal requirement

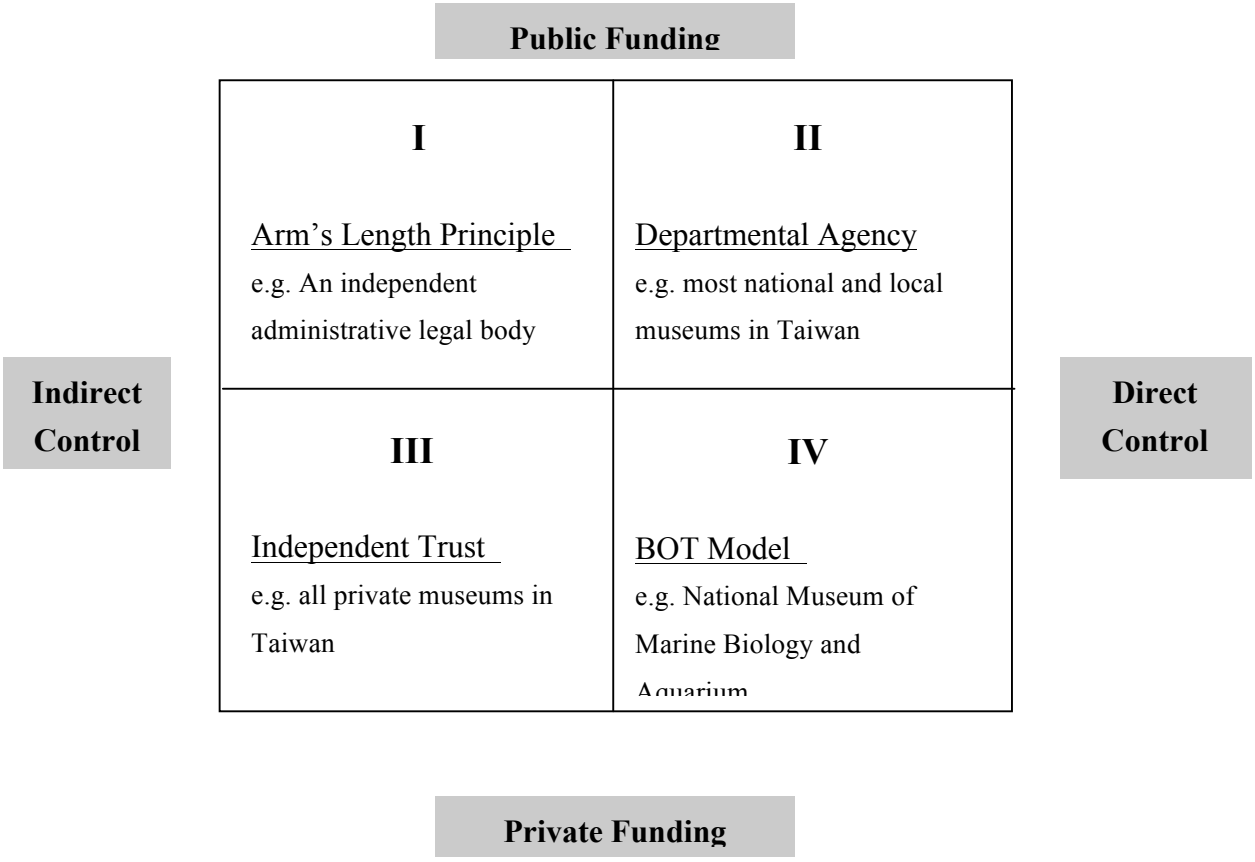
for all private museums. However, a new system, called the BOT model, is emerging (see Chart 2). Still it needs more time and further investigation to evaluate its prospects for sustainability, although the BOT model has caught the attention of both public and private sectors. Other proposals have also been raised, such as setting up an 'independent administrative legal body' or 'joint museum Foundation for various museums', but these have not yet been fully tested (Tzeng, 2009: 78-85).

CHART 2 MUSEUM GOVERNANCE IN TAIWAN

Museum Type	Governance Type	Main funding source	Governing body
Public Museum	Departmental agency	Government funding	Central and local governments
Private Museum	Independent trust	Private funding	Board of trustees/ advisory members
Public Museum	BOT Model	Mainly Private funding, partly government funding	Central and local governments

Chart 3 illustrates the different types of governance in Taiwanese museums, based on the criteria of funding and control. There are four dimensions: arm's length principle, departmental agency, independent trust, BOT model. Dimension II is the traditional public museum system as part of a government agency, also called 'governmental governance'; dimension III is the governance for private museums with an independent trust or foundation, normally refer to as 'board governance'; dimension IV is the new system of 'BOT model' in Taiwan, with the management duty contracting out to a private company. However, dimension I has been added, with future potential to establish an independent administrative legal body or a joint trust, which will be similar to the national museum governance in the UK. It is also in the broadly defined 'board governance'. As in the UK, museums are moving between systems, for example, the NMMBA has moved from dimension II to IV and the Taipei 2-28 Memorial Museum once adopted the BOT model in dimension IV has now returned to dimension II. Many newly-planned museums have been asked to consider to adopt the BOT model or to create an independent administrative legal body, from dimension II to dimension IV or I. In fact, after more than ten years of experiment, the only surviving example of dimension IV is the NMMBA, others seemed to fail with different reasons. More discussion will be provided in the latter part of this paper. This figure helps us to understand the interaction of different types of museum governance in Taiwan(Tzeng, 2009: 85-87).

FIGURE 4.6 TYPES OF MUSEUM GOVERNANCE IN TAIWAN



A Good Marriage? Or an Unsuitable Match? New Ways of Museum Governance

This research used qualitative methods in order to receive more in-depth information for further analysis. There are fifteen national museums in Taiwan. Yet the focus included three cases, the NMMBA, the National Taiwan Science Education Centre (NTSEC) and the National Museum of Marine Technology (NMMT). Therefore, it conducted in-depth interviews as well as focus group discussions among museum directors and management team, including five in-depth interviews and two focus group discussions. It then analyzed the data and integrated with literature reviews.

The NMMBA was proposed to set up in 1991 and towards to the completion of its construction, the government was not facing the decrease of financial income. It was then seeking other means of saving the government's budget. A brand new idea of BOT model was adopted and it later contracted out its operation to a private company called 'Hi-Scene World Company' for twenty-five years, between 1999 and 2024 (Ho & Chiang, 2005). The purpose to introducing private participation and to improve the investment to the public sector. The first ten year is actually the honeymoon period. The Hi-Scene World Company and the NMMBA were both pleased with the operation. The income generation even enabled the company to invest hundreds of millions New Taiwan dollars to build the third stage building with the interior exhibitions, called the 'Waters of the World'. The major reason of its success could be due to its perfect location and the unique feature of living exhibits of marine biology. Several national museums have been asked to follow this successful route since 2000. The most famous ones were the National Museum of Prehistory (NMP), the NTESC and the NMMT. However, the process of NMP in search of a private hand to operate the venture proved to be a failure because it tried twice and no private companies showed their interests. On the other hand, the NTESC has another story. It was established in the centre of Taipei City in 1956, but with the limits of space it finally moved to a brand new and spacious building after forty-five years. At the time of its move, it was required by the central government to consider the possibility of finding a partner. Fortunately, it did attract and complete the contracting out process with a private company called Tatung System Technology Incorporation (TSTI) for five years, between 2004 and 2009. The seemingly happy marriage turned out to be an unhappy divorce. Before the end of its contract, the TSTI expressed their

reluctance to continue the operation as it did not make profit at all. Surprisingly, the NTESC could not find any companies to take over the operation and has since taken the responsibility to operate the museum by themselves. One of the key issues is the profitability for the contract-out company. When it signed the contract, it considered the museum as a brand new venue, profitable business. However, it encountered the economic recession as well as the burden of human resources cost. As a result, it decided to leave and had no intention to continue. The third case is the NMMT set up in 1997 and opens to the public earlier this year. In 2003 it was handed the decision of pondering other methods of reducing its running costs as a priority. However, it did not succeed with two attempts. The advantage of the museum is that its short distance to the metropolitan of Taipei and the brand new venue, however, it also has the shortage of personnel and the exhibition is not as attractive as other competitors.

To a certain extent, the process of finding a better way for new governance is like a match-making for these national museums to private companies. The BOT model was applied to several museums in Taiwan, in both local authority and national museums. It has caused some dispute among the museum professionals as well as the academic world. The major concern is 'does it work?'. Although the thrilling excitement of the success for one museum, the NMMBA, did not bring along other encouragements but only disappointments, followed by two failures, the National Museum of Prehistory and the National Taiwan Science Education Centre. Another one, the National Museum of Marine Technology, is still struggling with this new model with the intention of contracting out its operation to a private company.

After conducting seven in-depth interviews with museum professionals and experts, with their background of museum directors, curators and administrators, this research found out that most national museums are unwilling to adopt the new system because of their social responsibilities as well as the sense of uncertainty. One interviewee stressed that the success of one example is probably based on its particular context with assistance of museum staff to create a harmonious cooperation. If a national museum is a long-established organisation, it could be too difficult to fit into the new ways of thinking and different condition of operation. Several interviewees also showed their concerns about the commercial activities because the contracting-out companies normally prefer profitable activities and cause some dispute. For example, the Hi-Scene World Company once had an argument with the NMMBA when it tried to sell small fish at its shop. Some visitor expressed their shocking feeling and the NMMBA immediately asked the company to stop this 'live' souvenirs selling.

From the focus group discussions, participants provided their opinions and discussed the issues of contracting out, the situation of national museums at present day and some future prospects. It was unexpected that most of them preferred the traditional governance system for two reasons: it nurtures a more stable environment of museums and their collections, and the sufficient annual budget for both personnel and running costs. However, some also spoke out their concerns that the government will not be fully supportive as it used to be and museums did have to find other means of earning incomes or saving their expenditure. Contracting out in the national museums proved to be only one success, and many participants showed their reluctant to take this idea. Their also mentioned that different museums have their own status and unique characteristics, there should be a flexibility in chosen what they need instead of what they are forced to adopt. Otherwise, unhappy marriage will occur on them and even become divorce that eventually erodes the public trust for such educational and cultural organisations.

CONCLUSION

It is concluded that the unique example of the success of the NMMBA has its advantages and could not support the other national museums in Taiwan. It is due to the excellent theme of aquarium and marine life as well as unbeatable location near the top tourist destination of Kenting. Two other national museums failed to adopt the contracting out system because the exhibitions could never be as attractive as the NMMBA, plus that they can not provide better deal to attract the attention from the private company. Another key point is that central government hope to tighten the control over without putting more resources to the museums and their contracting out companies. From the feedbacks of museums professionals, most do not support the idea of contracting out as they thought it a risky step to push national assets to private hands and could damage the trust of the public. As a result, the new system is still unable to prove as the best solution for the twenty-first century museums, and more discussions are in need for finding a better system for the future.

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