

## COMPARING FRANCE AND USA GOVERNANCE, FUNDING AND LEADERSHIP IN NON-FOR-PROFIT CULTURAL ORGANIZATIONS

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### ABSTRACT

This paper compares the governance models of non-profit cultural organizations in France and the United States, focusing on heritage and performing arts. It explores the impacts of these differences on fundraising methods and leadership characteristics. These models are considered idiosyncratic because they are based on radically opposing management types. At first glance, there seems to be no convergence between them, as they are inseparable from their specific cultural contexts. The French model is deemed too political, centralized, and wasteful by American researchers, while French scholars wonder how the arts can thrive in the USA without a formal arts policy and minimal public funding. Empirical results demonstrate the effectiveness of both models, including during times of crisis, and underline the importance of leadership. The conclusion suggests that a more integrative approach allows for a more nuanced understanding of these models, even recognizing a certain degree of hybridization between the two.

## KEY WORDS

French and American Art Policies, not-for-profit cultural organizations; governance, funding, leadership.

### Introduction

The French and the US cultural policies are based on two types of cultural management, radically different, even contrasting as pure entities (Poirrier, 2003). This paper started from a regular conversation in our researchers' team about these two different models. Both are idiosyncratic, marking two different cultural policies highlighting certain characteristics of governance, funding, and leadership. On one side of the Atlantic, the historical 'government-driven culture' system prevails, a concept often associated with France. 'Cultural Policy' is deemed a national creation, originating from a long tradition of monarchical, imperial, and republican stewardship; this policy has monopolized the protection of arts heritage on behalf of national folklore, thus shaping the future of cultural endeavours (Djian, 2015).

French cultural policy stands out due to its extensive history, strong governmental influence, and enduring institutions. The combination of political determination, financial resources, and administrative structure is unparalleled globally. However, this model often surprises international observers, who are concerned about the potential for a conformist culture and centralized decision-making, reminiscent of quasi-monarchical systems. Despite these concerns, France's approach, aimed at preserving heritage, promoting national culture, and ensuring artistic freedom, remains a reference in Europe.

The USA—with its 'laissez faire' proclivity—provides a fertile ground for its culture to flourish. In this country, there is no formal Art policy, and virtually no public funding for the arts (Martel, 2006). This reality remains a perplexing enigma for many French practitioners. American art policy emerges from a multitude of sources and arenas. It is not solely dictated by the government or public agencies but is shaped by numerous NGOs and a diverse array of private donors. Reflecting the decentralized nature of the United States, the framework for art policy is predominantly implicit rather than explicit. Moreover, it focuses on indirectly supporting the arts, in contrast to the more direct approaches found in France and many other Western nations.

Indeed, Americans have long grappled with defining the nature of their national culture, which leads to tensions with governmental involvement in cultural affairs. Additionally, lacking a historical aristocratic heritage shaped by monarchy, the United States instead has a legacy of national revolutionary fervour. Furthermore, the influence of Puritanism on American aesthetics has led to a somewhat restrained perception of artistic freedom (Levy, 1997).

The purpose of this paper is to compare the modes of governance of French and American non-profit cultural organizations (mainly heritage and performing arts) and their consequences on fundraising and leadership. The research question is: How can we compare French and American non-profit cultural management in terms of governance, including fundraising and leadership aspects? The methodology is based on reflections around multiple case studies. The American researcher presented 3 cases and the French researchers 3 cases.

This paper is structured as follows. The first section presents the state of the art on the differences on both sides of Atlantic between modes of governance, fundraising and strategic leadership. The second section develops the empirical results along the six case studies (three French and three American) from the authors' research. These results are discussed in the third section.

## 1. France—United States, Two Idiosyncratic Cultural Policies

### Government versus governance of culture

'Cultural organizations: there is not ONE BUT SEVERAL models of governance (Rentschler, 2009). More than this, we could say that the American concept of governance must be distinguished from the French concept of government of culture. The governance of cultural and artistic organizations aims to

ensure responsible management of the public service it provides, to be accountable to its funders, and to comply with the law in terms of financial and fiscal policy (Rentschler, 2009). Their board members apply their knowledge of fiduciary obligations and their understanding of the creative process to enhance the value of the experience associated with artistic products and services (Rentschler, 2015). This rational approach is far away from the political approach of France, the only liberal democracy that encourages its cultural activities to such an extent through a state cultural policy (Poirrier, 2003). For better or worse, the uniqueness of French cultural policy, the most supportive cultural policy in the world, is grounded in what has been described as the 'Cultural State' (Fumaroli, 1991), a government through the arts (Cohen and Martin, 2020, 1), and the 'French cultural exception' (Regourd, 2002), founded on the principle that cultural creation is not merely a commercial commodity like any other and as such necessitates a distinct set of regulations separate from those governing the trade market. Since its establishment in 1959, the primary role of the Ministry of Cultural Affairs has been to support arts and innovation across various domains, including visual arts, heritage, performing arts, and cultural industries, through a myriad of legislative and regulatory directives. In France, government funding for culture accounts for up to 1% of the budget. This substantial support is disbursed through grants, subsidies, earmarked taxes, tax exemptions, and regulations. In addition to the government, local authorities (mainly cities side to regions and departments) play a significant role in funding cultural sectors. The government's cultural strategy revolves around key objectives such as democratizing culture and fostering a nationwide cultural agenda (Taliano-Des Garets, 2019), which are further broken down into specific initiatives. Firstly, the government assumes the role of a manager, overseeing 55 national public establishments responsible for cultural services deemed to be of public interest. These institutions include renowned entities like the Louvre, the Comédie-Française, and the Paris Opera House. They operate under the oversight of the Ministry of Culture, which sets priorities, appoints presidents through the Council of Ministers, and allocates operational grants. By granting them this status (between 1972 and 2010), the government aims to enhance their administrative and financial autonomy, drawing from the principles of new public management imported from Northern Europe (Pettigrew, 1996). This entails signing objective contracts, enhancing management capabilities, and rationalizing expenditures. Secondly, the government acts as a key distributor of subsidies, managed locally by the Regional Directorates of Cultural Affairs (DRAC) network. These subsidies are allocated to local authorities, associations, private sector cultural organizations, and occasionally individuals (students or artists). Lastly, the government serves as a facilitator, leveraging its sense of public interest and long-term vision to guide the country's cultural landscape while ensuring broad access to culture nationwide.

Given these dynamics, the boards of directors of French cultural organizations are inherently political. Their composition often reflects the need to balance responsibilities between all forms of government representatives, internal stakeholders, and external partners. However, there are few requirements pertaining to fundraising, such as no obligation for proportionality between allocated funds and reserved seats on the board of directors (Jamin and Gombault, 2021).

Indeed, collaborative governance is on the rise in Europe and France. These governance models seek to diversify and professionalize the profiles of board members, notably by strengthening the role and missions of stakeholders for several reasons: Firstly, there is a positive relationship between a diverse composition of boards of directors and the performance of cultural organizations. Dubini and Monti (2018) advocated that boards should involve stakeholders and donors, not least because they were best placed to address issues relating to the organization's environment and reputation (Azmat & Rentschler, 2017; Rentschler, 2015). Both suggest that profile specialization on boards is important, as each contributes to board activities in different ways and brings specific revenues to the organization. In the same way, Fanelli *et al.* (2020) have noticed that collaborative governance, which aims to integrate private partners into public cultural establishments, for example, has considerably improved the long-term sustainability of Italian opera houses. Secondly, in their research on two international artist residencies in France and Germany, Paulus and Lejeune (2013) observe that, although board members tend to be chosen for their skills and diversity, certain qualities more unexpected are also to be considered, such as friendship. Being 'friends' with the Executive Director has advantages on both sides for the governance's organization: the Executive Director can rely more easily on them to support its policies, while Board members tend to be more invested in their missions, because they are more listened to and recognized. But if friendship can facilitate exchanges in the governance, the fact

remains that the executive directors have interest to ensure that it does not hinder the intellectual debate. In general, the active presence of members on the boards facilitates the debates of ideas and contacts between members, which contributes to increasing the reputation of the board. The better the reputation of a council, the more personalities will be willing to join it. Thirdly, in Europe and in Anglo-Saxon countries, the fact that not-for-profit organizations have long-term working relationships with a multitude of stakeholders changes the scope of accountability. In the principal-agent governance usual approach, based on a unitarist logic, the interpretation of responsibilities will be limited to compliance, by the agents, with the rules laid down by the principal. Accountability then takes on a 'narrow and hierarchical' form. Coule (2015) notes that such an approach is not very much in tune with the reality of not-for-profit organizations, because in the fields of environment, health, and safety, they have more extensive duties towards key stakeholder groups than is strictly required by law (Gibson, 2000; Vinten, 2001). Governance theories seem more suited to understanding collaborative governance models. In the approach of stakeholders, based on a logic of pluralism, the interpretation of the notion of accountability will extend all the way to the stakeholders. In this case, this accountability described as 'expressive based on moral foundations' by Coule (2015, p. 89), will certainly legitimize the action of stakeholders, but it will also foster the development of complex relationships. Admittedly, these different groups may have divergent interests and priorities, but in this approach the conflicts of objectives are not reported as dysfunctions but as the engine of social transformations (Darwin and al., 2002). Agents' accountability to their principals, which generally takes the form of compliance with control, accounting, auditing, and the law (Davis et al., 1997; Sternberg, 1997; Jegers, 2008), is no longer a priority. While governance theories are not hostile to the notion of control, they do recognize that only partial control can be established.

In contrast to the French model, the approach to supporting the arts in the United States is decentralized and blends public and private funding, relying heavily on the latter. It encompasses a mix of federal, state, and local government assistance along with private contributions from individuals, corporations, foundations, and box office revenues. While financial allocations fluctuate depending on the type of art and vary from year to year, approximately half of the funding received by American art organizations is derived from box office sales or other forms of revenue (Cowen, 2006). Only about 10% of arts funding in the US comes from government sources, with nearly 2% originating from the federal government, of which slightly less than 1% is provided by the NEA. The rest is donated, massively, from the private sector (NEA, 2004). The American democratic tradition, rooted in principles of individual freedom and limited government intervention, accounts for the enduring ambivalence among American audiences regarding the government's role in the Arts sector (Levy, 1997). Throughout US history, initiatives have often been driven by individual or voluntary actions, with groups of individuals coming together to create institutions and organizations.

Universities, libraries, and art institutions were established through the collaborative efforts of private individuals, who did not necessarily rely on government support for such endeavors.

American cultural policy is governed by a complex bureaucracy. Redaelli (2020) shows that the theory of the multi-level governance model (MLG) can provide a relevant reading grid to highlight the multiple interactions between public agencies at state and federal levels on the one hand, and non-profit organisations on the other. These varied organizational structures encourage the growth and diversification of actors in governance (Peters and Pierre 2001), who in turn influence funding methods. In American cultural organizations, the board holds significant responsibilities in terms of setting strategic directions, ensuring legal and ethical compliance, and evaluating performance (Rentschler, 2009). Directors play a mediating role, namely navigating the complex landscape of stakeholders in a constantly evolving environment (Rentschler, 2015). Board members are chosen for their deep grasp of the cultural sphere, familiarity with the operations of cultural organizations, and/or their ability to raise funds (leveraging personal wealth, network, finances, and law mastery), (Ravanas, 2006; Rentschler, 2015). The synergy of these skills enhances the governance effectiveness of cultural organizations (Rentschler and Reid, 2021). Board members of non-profit arts organizations, who serve as volunteers without compensation, bear specific and sovereign governance responsibilities. They provide the organization with foresight, oversight, and insight. They fulfil three primary duties: Compliance Duty (ensuring adherence to non-profit regulations by judiciously managing all assets, including facilities, personnel, and goodwill), Loyalty Duty (ensuring the advancement of non-profit

activities and transactions while avoiding conflicts of interest), and Obedience Duty (ensuring compliance with enforceable regulations and adherence to the organization's bylaws).

### **Public funding versus fundraising of culture**

French cultural funding, unlike in the USA, has historically revolved around public subsidies (Prokúpek and Divíškova, 2023). Public subsidies are primarily sourced from the Ministry of Culture, reflecting the position stating that the country has a highly centralized approach to cultural governance. Consequently, arts and cultural organizations in France, characterized by a culture of interventionism (Pflieger, 2013), heavily rely on public funding. Plus, they are not as dependent on private contributions and earned revenues as their American counterparts. While there have been shifts in the funding landscape in France over the past three decades, public funding remains vital. In the 1990s, France, like other European countries, introduced reforms inspired by New Public Management principles aimed at enhancing efficiency and encouraging public sector organizations to diversify revenue sources and enhance efficiency.

In France, fundraising inflows are seen as an additional source of funding, rather than an essential funding stream, while they are encouraged in Europe. Betzler and Gmür (2012) suggest that non-profit organizations include donors in their governance, because they are a means of professionalizing fundraising and its control. Although the push for professionalized fundraising intensified, public funding in France experienced a decline (Prokúpek and *al.*, 2022). The situation worsened following the 2008 financial crisis, as challenging economic conditions and austerity measures implemented by a renewed national administration authority further strained cultural organizations. Unlike their American counterparts, French arts organizations face several challenges in adapting to this evolving funding landscape. Many operate with small teams, and some lack dedicated fundraising departments, which poses a significant burden, especially for smaller organizations. This scarcity of fundraising resources exacerbates the skill gap issue, as French institutions often struggle to identify suitable candidates for fundraising roles, unlike in the United States, where professional fundraising is a well-established sector. Moreover, there exists a cultural barrier, as French citizens are gradually recognizing the importance of private contributions to cultural causes, traditionally considered the responsibility of the state. Tax incentives and other indirect forms of support, which are traditional mechanisms in the USA, serve to encourage targeted financial investments in art and culture (Toepler and Dewees, 2005). Indeed, the French administration aims to promote patronage and corporate support through attractive tax policies for companies. The French model presents both advantages and drawbacks: steady public funding fosters culture diversification, allowing art organizations to concentrate on content creation rather than constantly seeking sponsors. Additionally, public art organizations face lower risk of closure. However, a heavy dependence on public subsidies may adversely affect efficiency.

In contrast, fundraising plays a pivotal role in the United States due to the country's approach toward culture, which emphasizes limited government intervention (Mulcahy, 2020). In the USA, The Board is responsible for the fiscal well-being of the non-profit Art Organization it oversees. It ensures proper organization by deploying its resources efficiently through enforcing financial policy and priorities, developing and approving the annual budget, and ensuring that good financial controls are complied with. It is expected that all board members commit to an annual cash contribution in addition to steering the organization's ever-going fundraising efforts. The organization's staff is responsible for building grant proposals, and the board's finance committee works with the executive team to draft their fundraising strategy. The board also maintains a positive relationship with its donors and ensures that the organization meets the reporting requirements of grants. As observed, Americans give almost ten times more to non-profits on a per capita basis than do their French counterparts. This dramatic difference reflects distinctly American social and cultural traditions. Often it is Americans who serve as the leading donors to some European arts institutions. Donations of volunteer time are a large part of the broader philanthropic picture. But individual generosity is fueled in no small part by a solid system of tax exemptions, through which the US government makes a large fiscal sacrifice, making it the largest, albeit indirect funder of the arts! Individual taxpayers are indeed left with the choice of arts organizations they want to support (Ravanas, 2006). The US tax system thus favours decentralization of non-profit activities, rather than any conception of art, or even any conception of what a non-profit should do (Cowen, 2006). In the United States, charitable gifts play a particular role in supporting

non-profit cultural organizations. But Yermack (2017) notes that, for museums, donors are increasingly tending to place restrictions on their contributions: these funds, which resemble equity investments with restrictive covenants, are primarily intended to fuel permanent capital. By restricting access to these resources, donors influence not only the financial structure of museums, but also the behaviour of their management. Yermack shows that museums receiving this type of donation spend more on programming and less on administration. While these museums show greater stability in their operating margins from year to year, he laments that they remain lower than those of museums that receive gifts with fewer restrictions. According to Yermack, this donor governance can be a form of drift, because it leads to a certain loss of management flexibility, which can prove costly in the long run.

### **Strategic leadership, a crucial skill in both systems**

While governance and fundraising exhibit significant differences between France and the United States, the act of leading arts organizations, enhancing team performance, and nurturing a commitment to excellence remains strikingly similar across both French and American settings.

The literature on arts management has explored various leadership styles that correspond to different types of relational practices within teams. Firstly, there is the leader known as the neo-charismatic leader (Nisbett and Walmsley, 2016) or the aesthetic leader (Ropo *et al.*, 2017), both of which prioritize artistic autonomy. These approaches assert that effective leadership hinges on the artistic expertise and charisma of an individual, even within a post-modern framework where leadership must be creative enough to imbue meaning, evoke feelings, and inspire emotions.

More recently, the concept of the transformational leader has gained prominence, emphasizing the importance of change management and professional development in the arts as well as heightened sensitivity to navigate through challenging situations and crises (Abdullah and Varatharajoo, 2007). In France, leadership is highly political with the personal relationship these personalities had to art and culture. The history of cultural policy under the Fifth Republic is grounded in the relations between the President of the Republic and the minister in charge of this policy. Therefore, the appointment of directors or not-for-profit organizations is political as well and some conflicts exist between the political and the managerial level. A recent outflow of main French cultural leaders to the culture's private sector highlights France's culture struggle to manage top careers. In the US, leadership appears as the absolute key skill for the top managers to perform, crucial to be nominated by the board and to function with it.

The recurring ideal in both France and the US is often characterized as strategic dual leadership or co-leadership, which involves the integration of artistic or cultural leadership with managerial leadership at the highest level of management. Strategic leadership, within academic literature, typically refers to the influential role of senior managers in shaping corporate strategic decisions and overall performance (Hambrick and Mason, 1984). The concept of top team leadership, which encompasses this dual leadership approach, was initially highlighted by Zolberg (1983) in response to the museum's contradictory views regarding conservation and management. Then, Chiapello (1998) first described the romantic resistance of artists to managers, in the French context, and acknowledged, only ten years later (Boltanski and Chiapello, 1999), the reconciliation in this subtle balance of a creative dyad. In the North American context, Reid and Fjellv er (2023) deep-dived into this phenomenon. The distinction between French and American approaches may lie in the implementation of skills: in the US, the transition is seamless, reflecting its independent art management model. As US non-profit arts organizations expand, they integrate managerial skills without compromising their artistic essence, maintaining a crucial balance between artistic and managerial leadership, both of whom typically report to the board. 'Obviously, any artistic decision has management consequences and vice-versa' says David Hawkanson, former General Manager of Steppenwolf Theatre in Chicago. 'Like in a marriage, there are always healthy tensions between the artistic side and the management side. If there weren't, one of the partners would not play his or her role. But we are an art-driven institution, not a management-driven institution. Management's mission is first and foremost to guarantee artistic freedom.' (Ravanas, 2006, p. 67).

## **2. Empirical Results**

This section investigates six case studies, three from France and three from the USA, offering a comparative analysis of governance, fundraising, and leadership dynamics. These cases were meticulously chosen based on several criteria: their emblematic nature, the diversity of governance structures, fundraising methodologies, and leadership styles, as well as the unique contextual nuances surrounding each scenario. Furthermore, preference was given to major not-for-profit organizations that have either been extensively researched or are well-known to researchers in the field.

### **Governance through the lens of crisis management: from the French government's proactive policy to the risk-taking of American boards of directors**

The following two case studies illustrate how in critical moments the survival of cultural organizations is addressed in dramatically different ways: the dogma of French cultural exception versus the audacity of American administrators. It is highly meaningful for each context that the management situations of these two cases occur at two levels: the national policy versus the board level.

#### **Case 1 - French public policy saved culture from the Covid-19 pandemic**

In the name of the French cultural exception, the government and local authorities pursued a proactive policy during the Covid-19 pandemic as studied by Alexandre et al. (2022). This French public policy supported the boards, even though the visitors' expenses constitute only an incidental share of the economic 'raison d'être' of the French non-profit cultural organizations.

The cultural sector, along with aeronautics and tourism, were hit the hardest by the pandemic, experiencing significant declines in revenues across museums, monuments, live performances, and cinema, despite some segments of the industry, such as recorded music, book publishing, and video games, maintaining stable or increased revenues. In France, the level of support provided through collaboration between the government and local authorities has been unparalleled in Europe and globally (Naylor et al., 2021). This is true even if the aggregate, serial, and multi-level nature of the support explains its understatement in public debate.

By bolstering cash flows to offset losses, public aid schemes played a crucial role in preserving jobs and minimizing disruptions in activity for cultural actors. The success of these measures can be attributed to their multifaceted approach, including targeted stimulus packages for culture, additional funds to mitigate the impact of the sticky crisis, indirect aid through schemes such as intermittent work (which accounted for a 'blank' fiscal year) and eligibility for non-earmarked aids or loans.

Additionally, collective management organizations (OGCs) converted cultural action-related funds into financial assistance for individuals severely affected by the pandemic. Emergency funds were also disbursed to support authors and performers who were ineligible for government measures.

Furthermore, these measures were incorporated into cultural policy rather than being included in the pandemic recovery package, enabling targeted support for specific sectors or markets. For example, initiatives like the Culture Pass (€300 for 18-year-olds) acted as a catalyst for book sales.

#### **Case 2 - Board governance and organizational viability of Steppenwolf theatre**

The directors of Chicago's Steppenwolf Theatre took a risky gamble on their own by undertaking a costly development when the theatre was threatened by the departure of prominent actors. This major change had undeniable consequences on the economic model of the theatre and first and foremost on the board of directors who had no choice but to institutionalize and professionalize themselves to serve this new ambition (Ravanas, 2006). In 1974, Chicago's Steppenwolf Theatre began performing plays on an informal basis. Eight years later, such was its notoriety that several of its Ensemble members were offered opportunities that took them to Broadway or Hollywood. This should have been, the end of the story. But the board of trustees was quick to react: Bruce Sagan, its President decided to take a big risk: financing and building a state-of-the-art, three-stage, 900-seat facility, with minimal government support, and at that very moment, the major Ensemble members were starting to go elsewhere. This desire of the Board to offer Steppenwolf members more attractive conditions meant a complete transformation of the business model, starting with the board itself. In 1982, the company was operating from hand to mouth, barely breaking even every season, and did not have the financial means to embark on such a project. It had virtually no fundraising experience and could not rely on any significant public funding. Since then, the nature of the organization has completely changed. So,

the Board embarked on a deliberate effort to get institutionalized, to strengthen its fundraising capacity. It created alliances with the establishment and used the star quality of the cast to recruit new trustees. In the process, the company's management style had to evolve from an egalitarian, communal self-governance to a more defined organizational structure, with an artistic Director and an Executive Director both equally reporting to the Board of Trustees. 'We have built a three-legged stool. If they are not all there and not all strong, you don't have anything' comments Sagan (Ravanas, 2006, p. 66). Without the foresight, and leader of its board of trustees, the theatre would have probably disappeared a long time ago.

### **From the icing on the cake for the French versus a vital commodity for the Americans**

The following two cases illustrate how the mode of governance directly conditions the funding of non-profit cultural organizations. The abundant French system leaves the Americans perplexed, while the French are increasingly inspired by the American model to raise private funds.

#### **Case 3 - Fundraising at Musée d'Orsay**

The Musée d'Orsay, opened in 1986, is one of the largest French national museums of international reputation, housing the largest collection of Impressionist paintings in the world. It is a very popular destination for arts lovers and tourists, attracting almost three million visitors annually. Since a new strategy in 2017, it has changed its fundraising policy. Orsay is a public institution of the State, managed as an autonomous national museum, with a certain administrative and financial autonomy to carry out a mission of general interest. In 2021, the financial structure of the museum's budget (69.84 million euros) can be divided into two main sources of funding: public subsidies (78%) and its own income (ticket sales: 17% and patronage: 4%). These figures demonstrate that, as majority of arts and cultural organization in France, see fundraising income as an additional source rather than essential funding stream. In 2006 income generated from fundraising contributed by 5% in the whole museum budget, in 2013 it was only 2.3% with an increasing tendency peaking in 2018 with 6.3% and a significant decrease in 2020 to 3.2%. Even though the French administration aims to promote patronage and adopts attractive tax policies, including those adopted in 1987 and 2003, the results are not convincing. For a very long time, the major donor strategy at Orsay was based on artwork donation and not money and fundraising was part of the communication department. In 2009, fundraising division was reorganized extended in terms of positions. Since From 2017 to 2021, Orsay changed its policy for donors and fundraising became more important part of museum governance. Consequently, the museum started to implement strategies and fundraising staff, as never before, such as having a patron company buying an artwork, privatizations, brand licensing and concessions.

#### **Case 4 - Fundraising and expansion of the Art Institute of Chicago**

The case written by Brandford (2012) shows how the board of the Art Institute of Chicago was able to attract and retain exceptionally capable and wealthy trustees to the extent that it was able to raise a record \$300 million and establish the AIC as a leading international museum of modern art. In May 2009, when the Art Institute of Chicago unveiled its Modern Wing to international critical acclaim, it cemented its position as the second-largest museum in the United States, following New York's Metropolitan Museum of Art. The construction of the Modern Wing was made possible through a fundraising campaign that spanned over five years, marking it as the most successful fundraising effort ever undertaken by a cultural institution in Chicago. Unlike many European counterparts, the expansion received minimal public funding, with only two government sources - the Chicago Park District and the State of Illinois - contributing less than \$5 million each. The success of the campaign was attributed to the generosity of over 250 corporations, foundations, and individuals, whose contributions ranged from \$25,000 to \$50 million, with hundreds more offering amounts under \$25,000. Spearheaded by four prominent businessmen and philanthropists - John Bryan, John Nichols and Louis Susman, the campaign tapped into Chicago's enduring legacy of civic pride and dedication to cultural institutions. Since its conception in 1879, the museum has benefited significantly from civic contributions to enhance its collections and fund its four previous expansions. For the financing of the Modern Wing, it leaned heavily on its relationship-based fundraising within Chicago's robust philanthropic and civic community, leveraging a mix of traditional "quiet" wealth alongside support from major foundations and corporations. The success of the Art Institute's Modern Wing underscores



the critical importance of board commitment and institutional leadership in ensuring the continued vitality of cultural institutions.

### **Leadership, the key to successful governance in both systems**

The cases of the Louvre-Lens and the Chicago Symphony Orchestra show that good governance is often the result of charismatic and enterprising leaders who trust each other.

#### **Case 5 - The dual leadership behind the creation of the Louvre-Lens**

Henri Loyrette, the president of the Louvre and Daniel Percheron, the president of the region, the main driver of the project are two charismatic leaders who have worked hard for the creation of this branch of the Louvre in Northern France. The trust between the two founders of the museum was a driving force in the construction of the project. It allowed them to develop a personalized relationship that encouraged them to collaborate, even when difficulties arose (Jamin, 2019; Jamin and Gombault, 2021) In 2012, the Louvre Museum opened a branch in Lens, a former mining town, drawing inspiration from the successes of the Guggenheim in Bilbao and the Tate Gallery in Liverpool, which revitalized depressed neighbourhoods. While the Louvre-Lens initiative stemmed from the government's aim to decentralize and democratize major Paris museums, it was Henri Loyrette, as a chairman, and Daniel Percheron, represented the local authority, who spearheaded all strategic decisions. Seats were allocated on a strictly equitable basis between the Louvre and the region. From their first meeting in 2003 to their retirement from public life, Loyrette and Percheron remained inseparable with a strong relationship of trust. Percheron was widely regarded as a brilliant strategist, having elevated his region onto the international stage over his 40-year career. Meanwhile, Loyrette's ambitions extended beyond mere ministerial directives. He viewed Louvre-Lens as the culmination of his efforts in museum management. During his tenure, Loyrette embodied the French cultural exception. He emerged as one of the most influential figures in both the national and international cultural scenes. His leadership style was characterized by a neo-charismatic approach, with his tall stature commanding attention and reinforcing his authority. Percheron regarded him as a "Giant". Within the dynamic environment of the "Louvre at full speed", Loyrette was frequently depicted by the French press as a highly driven and exacting conductor.

#### **Case 6 - Leadership and organizational success at the Chicago Symphony Orchestra**

The case of the Chicago Symphony Orchestra (Ravanas, 2008) is interesting because of the dynamics of its board and the leadership of its members. It illustrates the crucial role of the Board in overseeing the cost-cutting and contract negotiations that have contributed greatly to the success of this institution. In 2002, the Chicago Symphony Orchestra (CSO) was on the verge of financial collapse. Knowing full well that it could not expect any public bailout, the Orchestra's board of trustees brought in a new Chief Executive Officer: Deborah Card. "I found a difficult situation", remembered Card. "But I also found a staff and an orchestra hungry for an opportunity to do something different. Card and her team launched several programming initiatives which aimed at making the symphonic experience more attractive and accessible to new audiences. These new programs contributed to a surge in attendance and brought a younger audience to the Symphony - quite an achievement in the field of classical music, which constantly laments about the ageing of its audience. Card also focused on enhancing customer experience. "It requires attention to every detail [...] We have developed an incentive program, which rewards employees who give great service to our guests. We have seen a clear improvement in our customer satisfaction surveys." The Orchestra's transformation was not entirely painless. With the full support of the Board, Card had to cut costs (about 20% employees less from the administrative staff), renegotiate the musicians' contracts to reduce pension costs and instil a new spirit of fiscal responsibility throughout the organization. "We have to remember that every dollar we spend is a dollar that someone gives to us in the belief we're going to do something good with it." Thanks to Card's leadership and the support of its board, the CSO has proven that the decline of classical music was not a fatality.

### **3. Discussion**

This paper provided a comparative analysis of governance, fundraising, and leadership in non-profit artistic and cultural organizations in France and the United States, utilizing six educational cases as illustrative examples.

#### **Government governs (or not)**

The French cultural system, often referred to as the ‘Cultural Exception,’ stands out due to its deeply rooted government involvement, stemming from a rich political history. Across various cultural domains, the robust Ministry of Culture, in collaboration with local authorities, plays a pivotal role in funding an ambitious cultural policy designed to cater to diverse audiences nationwide. This system acts as a safeguard for the cultural sector, even in the face of challenging circumstances, such as the pressing Covid-19 crisis. France channels government resources to provide alternatives to the conventional free-market approach to cultural expression. This not only bolsters the freedom of artistic expression but also promotes artistic diversity, resulting in significant societal benefits.

Nonetheless, this system does come with its limitations. It tends to lean towards a conformist and, at times, controlling national or local public cultural policy. This tendency arises from a heavy reliance on elected officials and government administrative personnel to shape cultural ideologies, rather than prioritizing the input of culture creators and stakeholders, who often seek greater autonomy.

Furthermore, there is a noticeable Parisian centralization that sometimes overlooks certain local and private initiatives. Additionally, the high level of security provided by public funding can diminish organizations' drive for performance, as there may be little incentive to pursue efficient management practices. The assurance of public subsidies may reduce the effectiveness of art and cultural organizations, as well as hinder their ability to diversify their funding sources. Lastly, amid economic challenges, the French art funding model faces increasing scrutiny, exemplified by the growing presence of American-style non-governmental non-profit art organizations entering the French cultural landscape.

#### **Money money (or not)**

One fundamental premise of American arts policy is the belief that diversifying funding sources provides the arts with more autonomy than relying solely on public funding. This approach ensures greater stability for the arts, as during periods of financial austerity, arts agencies are not subjected to significant pressure from government cutbacks. It also grants American arts institutions a degree of freedom they might not enjoy if they were entirely reliant on government funds. The flourishing of creativity is facilitated when a multitude of visions can thrive, which is less likely when there's exclusive reliance on a single source of support. American arts organizations also place a substantial emphasis on earned income, primarily generated through ticket sales, which compels them to actively attract new patrons. This approach expands the arts' reach to a broader and more diverse audience. But, because these organizations receive support from both public and private donors, they remain somewhat sheltered from the distractions of the marketplace (Cowen, 2006).

However, the American system is not without its shortcomings. As arts institutions grow in America, they often become less innovative and more conservative over time (DiMaggio and Stenberg, 1985). There is a tendency, particularly in the American non-profit theatre sector, to produce shows with fewer actors, simpler costumes, and minimal scenery. Similarly, American orchestras frequently stick to the well-established classical repertoire, unless they are offering a higher number of ‘pops’ concerts. Furthermore, private support is not always devoid of ulterior motives. In the corporate sector, these contributions are increasingly influenced by marketing directors. The concern here is the potential development of a ‘corporatized culture’ in which only institutions aligning with specific marketing profiles receive funding, typically favouring larger institutions (Larson, 1997).

#### **Ambivalence and leadership to clarify.**

The French and American cultural systems are often portrayed as two opposing systems so far removed from each other, that it would be hard to imagine how some of their characteristics could coexist in the same system without harming each other. However, our results lead us to conclude that the two systems are more hybrid than they appear, not least because each of them carries an ambivalence. In some respects, the opposition formed by the two terms ‘government versus

governance' contains the main constituent elements of ambivalence as identified by Ashforth et al., (2014), namely the duality, simultaneity, and interdependence of the propositions. Our results would indicate that this ambivalence is found, firstly, at the level of missions—French cultural public service versus service to the American community—and, secondly, at the level of means implemented—French cultural exception versus American organizational performance. On the one hand, there are the French 'government' cases, which, to fulfil their public service missions, seem to exclude any commercial logic. However, for reasons of budgetary restraint, the French state is encouraging non-profit cultural organizations, through a more advantageous tax policy, to develop high-performance fund-raising mechanisms of the American endowment fund type. On the other hand, we find the American 'governance' models, which appear to be ultra-efficient in their operations, but are nonetheless organizations with missions aimed at all types of audience. In crisis situations, the French (Covid-19) and American (Steppenwolf Theatre in Chicago) models proved effective for different reasons, but at the same time they both demonstrated the same organizational pragmatism. The French (Musée d'Orsay) and American (The Art Institute of Chicago) funding methods have each, in their own way, ensured the long-term viability of their organizations, while at the same time matching each other in terms of program ambition. The Museum of Louvre-Lens and the Chicago Symphony Orchestra projects are in fact opposite in their aims (decentralizing a major public cultural institution to reach poor audiences far removed from culture versus a desire to enhance the symphonic experience of classical music-loving patrons), but at the same time they both owe their success to the conviction and determination of key leaders in governance. To understand these two cultural systems, we therefore suggest moving away from strictly Aristotelian either/or reasoning, towards a more integrative 'and at the same time' logic. Our results lead us to conclude that a relationship of movement and development between the two is possible and even desirable if a dynamic management of certain key characteristics of both systems pays off more than their separate management.

In both models, leadership emerges as a crucial factor that determines the success or failure of non-profit cultural organizations. In the United States, this need for effective leadership is overtly recognized and aligned with the governance framework. Conversely, in France, it often takes on a more implicit role, occasionally conflicting with the government's role in cultural affairs. Remarkably, both systems have demonstrated considerable success.

The French model has enabled the preservation of the nation's rich cultural heritage and has allowed France to maintain a cultural influence that surpasses its demographic and economic weight. The American model has fostered a remarkable expansion of American culture, transcending the realm of mass commercial culture. Despite its humble beginnings in high culture during the 19th century, the United States has emerged as a global leader in various artistic domains, including abstract art, contemporary classical composition, avant-garde fiction and poetry, and modern dance, among many others (Cowen, 2006).

## **Conclusion**

This paper offers a preliminary comparative analysis of the management models for non-profit cultural organizations in the United States and France. The American approach to the arts often perplexes French scholars, who wonder how the arts can thrive in a country without a formal arts policy and minimal public funding. Conversely, for American scholars, the French model can appear as excessive governmental intervention: highly political, centralized, and potentially wasteful, fostering cliques and fiscal irresponsibility rather than promoting creativity and sustainability. These two models cannot easily be reconciled, as they are deeply intertwined with the specific cultural contexts in which they developed, and which continue to shape them. But these models can be seen as ambivalent, insofar as there are elements on both sides which, when presented simultaneously, can highlight meaningful interdependencies. Both the French and American models of cultural policy ultimately seek to safeguard artistic freedom, albeit through contrasting methods. Indeed, both systems have achieved notable success and can serve as sources of inspiration for the global community. Nevertheless, it remains challenging to isolate them from the unique cultural contexts that have shaped their evolution. Our findings lead us to conclude that the significant differences in governance modes between the two countries directly condition fundraising strategies. We also argue that leadership remains a fundamental requirement in both French and American governance practices, albeit employed in

distinct ways. Future research efforts could delve deeper into this comparative analysis, expanding upon the insights presented here.

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