The Community-Based Pathways to Achieving Sustainability for Public and Nonprofit Arts Organizations in an Urban Context

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The governance paradigm has been serving as the organizing theme among public administration academics and practitioners for several decades now. The governance discourse has manifested itself in several forms, including studies of the shared service provision, privatization of public services and contracting out, intergovernmental collaboration, and collaborative and networked governance (Agranoff, 2005; Ingraham & Lynn, 2004; Lynn, Heinrich, & Hill, 2002; Mandell & Keast, 2008; O'Toole & Meier, 1999; Provan & Kenis, 2008; Provan & Milward, 1995; Turrini, Cristofoli, Frosini, & Nasi, 2010). The expansion of governance, combined with the declining budgets of public and nonprofit organizations, led to the emergence of another discourse – the discourse of sustainability.

The sustainability discourse in public administration is still developing, as compared to economics and environmental sciences, where such a discourse already established its prominence. The sustainability discourse in public administration generally recognizes three elements of sustainability – environment, economy, and social and political systems. (Budd, Lovrich Jr, Pierce, & Chamberlain, 2008; Fiorino, 2010) Some scholars also add culture to the dimensions of sustainability (Haley, 2008; Matarasso, 2001; Moldavanova, 2013a; Nurse, 2008; Packalén, 2010; Throsby, 1995, 2005; Tubadji, 2010). The rise of the sustainability paradigm in public administration is a response to the need to think beyond outputs and outcomes of current public policies, and an effort to include future generations in the process of policy planning and implementation.

This paper recognizes the multidimensionality of sustainability as a theoretical construct. Our attention focuses on the most understudied dimension of sustainability – cultural sustainability. Although underrepresented in the literature (as compared to the environmental,
economic, and social dimensions of sustainability), the cultural dimension of sustainability is a crucial component for a holistic understanding of sustainability.

For the purposes of this paper, we look at the formalized public and nonprofit arts organizations as an institutional form of cultural sustainability. We are examining two aspects of sustainability: 1) the value and impact of the arts on sustainability; and 2) the self-sustainability of formalized arts organizations in an urban environment. These two aspects of sustainability are deeply interconnected: as arts organizations struggle to address the consequences of economic recession and find new modes and models of conducting their business, their very existence and preservation contributes to the long-term sustainability of communities and societies.

The paper argues that arts organizations are important parts of the urban social fabric, and the sustainability of public and nonprofit arts organizations is critical to the revitalization and sustainability of cities. Among other outcomes, cultural sustainability can make cities attractive to critical segment of the population: the creative class. However, self-sustainability depends on the ability of arts organizations to effectively use information in order to better connect with their communities. Moreover, since these organizations tend to rely on community support and partnerships with other social actors for their sustainability, the ability to engage in collaborative governance is also critical. This paper investigates the symbiotic relationship between the arts and community, and seeks to suggest some propositions regarding community-based sustainability of public and nonprofit arts organizations.

**Sustainability, Culture-Based Development, and the Arts**

In contemporary scholarship, the actual significance of cultural values, arts, and creativity keeps rising in importance alongside socio-economic, science, and technology concerns (Haley,
When considering the cultural dimension of sustainability, one should be aware that culture itself is a very complex term, and there is a multitude of definitions associated with it. For instance, Williams identifies four definitions of culture: culture as a personal state of mind; culture as the process of developing cultured state of mind as part of socialization; culture as the arts or human intellectual works; and finally, culture as a way of life and a system of communicating, reproducing, exploring, and experiencing the social order (Williams, 1983).

When considered as the fourth pillar of sustainable development, culture is often viewed as a complex mix of tangible and intangible resources: artifacts, cultural products, milieu, values, symbols, identity, patterns of behavior, ways of life, and civilization traits with social, political, and economic dimensions (Tubadji, 2010). For instance, Nurse argues that it is critical to move beyond talking about the preservation of ‘the arts,’ ‘heritage,’ and ‘cultural identities’ when discussing sustainability (Nurse, 2008, p. 36). He suggests looking at the broad civilizational notion of culture, understood as a ‘whole way of life,’ because such a broad definition reflects the multitude of belief systems, worldviews, and epistemologies embedded in culture.

Such an emphasis is consistent with the idea of “culturally sustainable development” developed by David Trosby (Throsby, 1995, 1999, 2005). Trosby argues that economic and cultural systems should be considered together, as part of a unified sustainability framework, and that cultural institutions – including the arts – are principal contributors to the idea of sustainable development across a wide range of political, institutional, social and economic settings (Throsby, 1995). The importance of culture and the arts stems from the value of cultural capital itself. Cultural capital is a form of collective heritage that is accumulated over time and transferred gradually from previous to future generations (Throsby, 1999, 2005). The role of
culture and art as symbolic capital is one of the most important ones because it capitalizes on the long-term significance of cultural institutions (Currid, 2009).

For the purposes of this paper, we look at the formalized public and nonprofit arts organizations as an institutional form of cultural sustainability, and argue that the arts contribute to urban sustainability by making instrumental contributions to local communities.

Instrumental Role of the Arts

The research on the value and impact of the arts has been growing and developing in two major streams: 1) assessing the benefits of arts participation, mainly focusing on the individual-level benefits (Belfiore, 2002; Brown & Novak, 2007; Guetzkow, 2002; Jackson, 2006; K. F. McCarthy, 2001, 2004; K. F. McCarthy, Elizabeth Heneghan Ondaatje and Jennifer L. Novak, 2007; Robert Root-Bernstein et al., 2013); and, 2) studying the contribution of the arts to economic development and community development more generally (Bakhshi, 2013; Caves, 2000; Cherbo, Stewart, & Wyszomirski, 2008; Cherbo & Wyszomirski, 2000a; Cunningham, 2002; Currid, 2007; R. L. Florida, 2002; Rushton & Landesman, 2013; Tepe & Vanhuysse, 2013). Researchers in both of these streams have mainly focused on assessing the tangible, instrumental impacts of the arts.

In practical terms, the various tangible contributions of culture and arts to sustainability could be labeled as the instrumental role of the arts (Moldavanova, 2013a). The instrumental role of the arts is reflected in many local economic development initiatives and cross-disciplinary projects that utilize art to meet social revitalization goals (Cherbo & Wyszomirski, 2000b; Currid, 2009; R. Florida, 2002; Hesmondhalgh & Pratt, 2005; Markusen & Gadwa, 2010; Strom, 2002, 2003; Wilks-Heeg & North, 2004). Indeed, the art sector in the U.S. is one of the most dynamic segments of the modern post-industrial economy. According to some estimates,
there are 564,560 arts-centric businesses in the United States, employing 2.7 million people and representing 4.2 percent of all businesses and 2.0 percent of all employees (Cherbo & Wyszomirski, 2000b). The figures regarding the impact of cultural industries on local urban economies are quite fascinating as well.

In terms of public participation in the arts, a study conducted by the National Endowment for the Arts found that about 39 to 41 percent of adult U.S. population attend a “benchmark” art form at least once a year, including opera, symphonic orchestra, theater, ballet and other dance forms, classical and jazz music performances (Cherbo & Wyszomirski, 2000b; NEA, 2006). In addition to traditional arts organizations, there are also so-called informal arts, including amateur, community-based, and unincorporated arts and culture activities, such as community theaters, music clubs, and participatory folk art groups.

The role of nonprofit arts organizations is particularly important for understanding the instrumental role of the arts in the American context. In present-day America, the nonprofit arts industry is an important sector of the economy and a defining aspect of contemporary American existence, which generates $36.8 billion in economic activity annually, supports 1.3 million jobs, returns $3.4 billion in federal income taxes and $790 million in local government revenues (Cherbo & Wyszomirski, 2000a). Additionally, a number of nonprofit art institutions have experienced dramatic growth during the last decades of the twentieth century. For instance, half of the U.S. eighty two hundred museums have come into existence since 1970s, and opera companies with budgets over $100,000 have grown from 29 in 1964 to 209 by 1989 (Cherbo & Wyszomirski, 2000a).

While the aforementioned two streams of research on the instrumental benefits and contributions of the arts are clearly important, they nevertheless fail to address the broader role
of arts organizations in society. At the same time, it is important to recognize the less tangible impacts of the arts on sustainability and the important role that public and nonprofit arts organizations play as parts of urban social ecology. More broadly, formalized arts organizations serve as general transmitters of culture-based development and the values that such development carries from the arts to other domains of social life.

**Semi-Instrumental (Social) Role of the Arts**

While recognizing tangible contributions of the arts is important, there are certain theoretic problems with looking at the arts from a mere instrumental perspective. The main limitation of this idea stems from its grounding in a fragmented vision of culture. Thus, in a mono-dimensional view, culture is defined according to one specific channel of impact on sustainable development (Tubadji, 2010). Studies based on the mono-dimensional definition of culture prove that the cultural impact is a robust factor than can boost or aggravate socio-economic development; however, they do not acknowledge the significance of culture in and of itself (Tubadji, 2010). Moreover, *instrumental role* of the arts tends to reduce the impact of formalized arts organizations to immediate or short-term sustainability effects; it insufficiently accommodates the longer-term sustainability concerns (Moldavanova, 2013a).

A multidimensional understanding of culture takes into account the multitude of culture’s channels of impact, and prioritizes different channels on the basis of the strength of their impact and importance on a macro level (Tubadji, 2010). This view has become a platform for studies of culture-based development, which take into account both living culture and cultural heritage. Both concepts view culture as a resource for generating social well-being and economic welfare – the two components of sustainable development (Tubadji, 2010). The idea of culture-based development includes three conceptions of cultural intervention – culture as a framework, a tool,
and a target of action. It recognizes the critical role of cultural transformation and presupposes that culture functions as an institution with a dual role: it is capable of replacing natural resources as the primary raw material of economic growth, and it shapes our beliefs and defines our value systems (Matarasso, 2001).

The developmental model of sustainability has been incorporated in many international development programs and domestic policy agendas. However, it has several weak points including the widening gap between sustainable goals and real development, the unwillingness of political actors to make meaningful changes in the name of sustainability, too much reliance on technological solutions to sustainability issues, and difficulty in adopting the idea of the limits of economic growth, among others (Brocchi, 2010). Therefore, this framework has been facing challenges on the levels of both ideology and implementation. This paper recognizes the importance of culture-based development studies by focusing on the sustainability aspect of such development.

Building on previous research regarding the value and impact of cultural institutions, this paper seeks to challenge the widespread theoretical and empirical orientation in the culture-based development literature that treats arts organizations as little more than sites for sustainable development, economic growth, and urban revitalization, assigns them a purely instrumental and temporal value (Cherbo et al., 2008; Currid, 2007; Falk & Sheppard, 2006; Genoways, 2006; Hesmondhalgh & Pratt, 2005; Markusen & Gadwa, 2010; Tubadji, 2010; Wilks-Heeg & North, 2004). Instead, this paper argues that the impact of arts organizations on societies extends beyond short-term instrumental values, and that public and nonprofit art organizations are important parts of urban social ecology. Such approach could be labeled as semi-instrumental (or social) role of the arts (Moldavanova, 2013a).
This approach to art allows expanding the problem of sustainability from the mere question of sustaining arts institutions to integrating art, as an equal partner, into the interdisciplinary understanding of sustainability. In this regard, art is valuable for sustainability as a strategy and a process of moving toward the future, aimed at the creation of “an ecologically and socially just world within the means of nature without compromising future generations.” (Kagan & Kirchberg, 2008) An art’s role as symbolic capital is important because it capitalizes on the strength and long-term significance of arts institutions. Thus, a balanced economic development and cultural policy that seeks to develop artistic or cultural capital needs to incorporate initiatives aimed at supporting the intangible, symbolic contributions of artists to local communities (Currid, 2009).

The role of art in social change outside of its own domain has been recognized in the literature, and became especially prominent during the late 20th century. It presupposes that artistic processes have the potential to generate social change. Thus, an artist is an entrepreneur who functions according to social conventions, and benefits from some advantageous characteristics of art as a social process. However, the artist also has to navigate the conventional barriers of the art world, as well as institutional and material barriers of the broader social environment (Kagan & Kirchberg, 2008). By overcoming these barriers, art entrepreneurs foster the process of social change; therefore, art is inseparable from society, and is the part of the same ecology.

After the events of 9/11, views regarding the social role of art and the significance of cultural policy gained a new perspective. (Bleiker, 2006; Li & Brewer, 2004; Robert, 2003) In particular, many artists could neither stay indifferent nor separate themselves from the shocks the entire American society has endured. It has been a time of unprecedented involvement by the arts
in the public and social domain, and the works of artists not only reflect the social pain and suffering caused by the tragic events of 9/11, but they became symbols of social solidarity, and provided psychological relief and healing. Thus, the 9/11 attacks resulted in immediate, visible increases in expressions of national identification and unity throughout the United States, and artists and their creations played important role in fostering a common national identity (Li & Brewer, 2004; Robert, 2003).

Although, the post-9/11 agenda in many important aspects has been distinctly American, since the world of art is global and not local, what happened in the domain of art in the U.S. shaped cultural processes around the world, and increased the inclusion of art into numerous socio-political agendas. For instance, since art has the potential to shed new and revealing light on contemporary issues, the work of artists is considered particularly responsive to security issues and the phenomenon of terrorism (Bleiker, 2006). Artistic engagements have the potential to capture and communicate a range of crucial but often neglected emotional issues, and are particularly helpful for grasping the problems that cannot be easily understood through conventional forms of policy analysis. Despite its unique emotional significance and the potential of art for deconstructing complex social and political issues, its actual impact on policy formulation remains underutilized (Bleiker, 2006).

Evidence of arts’ participation in various social discourses is often found in the missions of arts organizations, which, along with their focus on dialogue, communication, and building relationships with diverse communities of stakeholders, also emphasize the use of art as a way of fostering transformative thinking (Moldavanova, 2013b). This means including arts in broader social discourses, including the discourse on sustainability. As an example from museums, an increasing number of museum exhibitions are designed to educate people about environmental
sustainability (Goddard, 2010). These exhibitions cover such topics as global climate change, environmental awareness, sustainable clothing and food, and the preservation of natural resources. They indicate the potential for a unified aesthetics of natural and artistic beauty to stimulate critical thinking about intergenerational sustainability.

The tendency to connect art with other social discourses is prevalent in the performing arts as well, and there are many good examples illustrating the involvement of performing arts organizations in social projects, public policies, and long-term community development initiatives (Causey, 2006; Higgins, 2012; K. F. McCarthy, 2004; Ramnarine, 2011). For instance, when the issue of poverty was on the global political agenda in the 1990s, music was used as a vital element in campaigns against poverty organized by civic alliances between trade unions, nongovernmental organizations, and youth movements (Ramnarine, 2011). Among other performing arts, music has been particularly recognized as a universal language of cross-cultural communication (Higgins, 2012). During the mid-1990s the arts became particularly active as part of the environmental discourse, and there are numerous examples of activists using music and other performing arts for so-called ‘ecological thinking’ (Ramnarine, 2011). These examples demonstrate that the performing arts can be very powerful agents of social change.

For example, previous research showed that performing arts organizations often view themselves as civic organizations that perform socially important functions outside of their main cultural purpose (Moldavanova, 2013b). The role of the performing arts in forming a shared sense of community is part of their historical legacy, when performances of mixed repertoires were produced for mixed audiences, and people of various walks of life were gathered in the same spaces (Bayer, 2011). Hence, in a way, the increasing emphasis on the civic role of the performing arts is a reflection of earlier developments that will persist in the future in more
deliberate and more systematic ways. Performing civic functions, in addition to aesthetic and cultural roles, appears important for enhancing the institutional resilience of individual performing art organizations and achieving the long-term sustainability of the sector as a whole. Such emphasis on civic missions of arts organizations is rising in the other arts as well (Moldavanova, 2013b).

**Self-Sustainability of Formalized Arts Organizations**

Despite their importance to sustainability, arts organizations themselves are often under pressure to survive and sustain. Arts organizations in the United States exist in a very different institutional and political environment, as compared to many European democracies. Among other things, American arts organizations have always been more self-sufficient and more reliant on both grassroots strategies of ensuring organizational survival and indirect governmental support, as compared to their European counterparts (Cherbo et al., 2008; Cherbo & Wyszomirski, 2000a). Currently, arts organizations in the U.S. are facing numerous resilience pressures, including declining participation, increasing competition with the entertainment industry, technological and environmental changes, economic recession, and the decline in both public and private support for the arts (Gifford, 2004; K. F. McCarthy, 2004; NEA, 2006, 2007).

The situation is even more critical in economically struggling post-industrial cities, such as Detroit and its surrounding areas. In such environments, arts organizations have been steadily losing their sources of institutional and financial support; worse, they have been losing their publics. For example, Detroit’s middle-class residents have steadily abandoned the urban environment in search for better opportunities elsewhere. Additionally, as the case of the Detroit Institute of Arts (DIA) has demonstrated, political leaders responsible for rescuing the city from...
financial collapse and managerial incompetence have been considering the conversion of cultural capital (in its objectified form), accumulated collectively by many generations of Detroit citizens, into economic capital in order to deal with the city’s bankruptcy and to address the city’s budget shortfalls. The Detroit emergency management team, for example, has considered selling some of the world’s most famous works of art, which are housed in the DIA collection. Although these efforts have yet not succeeded, Detroit’s ongoing financial problems make the DIA’s valuable collection an appealing resource for cash-strapped administrators (Brown N. & Lichterman, 2013). At the same time, even a struggling city like Detroit has its share of success stories, both in achieving sustainability in local arts institutions, as well as in capitalizing on existing cultural capital and using art as a force for urban renewal and sustainable thinking (Bradley & Katz, 2013; Stryker, 2013).

The first part of the paper has established a symbiotic relationship between the arts’ impact on sustainability and the self-sustainability of arts institutions. Building on this assumption, the second part of the paper investigates the issue of arts’ self-sustainability in an urban environment. We focus on the organizational level of analysis and offer a tentative conceptual model of institutional or organizational sustainability. We broadly define institutional sustainability as the ability of arts organizations to survive consequences of recession as well as sustain their impact and value for societies in the long-run.

As a prototype of organizational sustainability model, we use the model of governance developed by Heinrich, Hill, and Lynn, where they conceptualize governance as organizational and individual outputs and outcomes, and use environmental factors, client or consumer

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1 Arts’ contributions to urban sustainability are important for justifying vital significance of the arts, thus contributing to arts’ self-sustainability.
characteristics, treatments, structures, and managerial roles, strategies, and actions as key independent variables (Heinrich, Hill, & Lynn, 2004). The tentative model of organizational sustainability described in this paper is a theoretical approximation; however, it presents a useful conceptualization of sustainability for the arts that could further be extended to other public and nonprofit organizations:

\[ Y = f (F, E, A, C, P, M, S) \]

Where:
- \( Y = \) Organizational or Institutional Sustainability
- \( F = \) Organizational Fiscal Health
- \( E = \) Political and Social Environment
- \( A = \) Audience
- \( C = \) Degree of Social Connectedness
- \( P = \) Public Outreach Programs
- \( M = \) Management
- \( S = \) Organizational Structure

The rest of this paper provides additional literature review and analysis in order to explain an association among the factors of the institutional sustainability of the arts, and suggest some predictions regarding the nature of such associations.

**Environmental Factors of Sustainability: Arts Organizations in Urban Context**

Important connections between urban environments and the arts have long been established. The development of arts institutions in America paralleled the development of cities, which was an important factor for establishing arts organizations as socially important and in some instances, even instrumentally useful institutions. For example, museums have often functioned as places where new immigrants are introduced to so-called “civilizing rituals, which
instruct them on acceptable forms of behavior, ultimately turning them into good citizens (Conn, 1998). By 1900 many American museums had evolved into centers of education and public enlightenment, a function that remains prominent today. Thus, American museums have been pioneers in linking the ideal of community service to the arts as public institutions.

In the second half of the twentieth century, the growth of the urban cultural industries accelerated, the boundaries between culture and economics, and between art and commerce, continued to shift. It was at this time that cultural industries began to emerge as an issue in local policymaking (Hesmondhalgh & Pratt, 2005). The idea of cultural or creative industries’ role in ensuring urban sustainability encompasses the following elements: place-marketing, stimulating a more entrepreneurial approach to the arts and culture, encouraging innovation and creativity, finding a new use for old buildings and derelict sites, and stimulating cultural diversity and democracy (Hesmondhalgh & Pratt, 2005). According to Strom, the co-mingling of arts and local economic revitalization builds on earlier American traditions of civic promotion, but it also represents a reframing of arts policies and their role in the larger community (Strom, 2003).

There is evidence that the engagement of art industries in the redevelopment and reinvigoration of urban cities improves cities’ image, helps attracting tourists, fosters a greater cultural climate, serves as a symbol of good taste and excellence, enhances quality of life, attracts people from other creative professions, and socially stabilizes downtowns (R. L. Florida, 2002; Strom, 2002, 2003). With the recognition of these factors, urban cultural policy has moved from the margins to the very center of the mainstream urban regeneration agenda, and local development strategies have increasingly identified cultural and creative industries as the key growth sector in urban economies (Wilks-Heeg & North, 2004).
The sustainability of public and nonprofit arts organizations is critical to the urban social fabric and subsequent revitalization of cities, since arts organizations are important parts of the urban social ecology. In particular, cultural sustainability can make cities attractive to a critical segment of people: the creative class (R. Florida, 2002). An important part of Florida’s argument is about the geographic identification of the creative class. He specifically claims that place of living itself has become the central organizing unit of our time, and that there are several geographic regions and cities in the United States (e.g. San Francisco, Seattle, Boston, Chicago, Minneapolis, Denver, and Boulder) that are characterized by a high concentration of the creative class. Such places are not just centers of technological innovation and high-tech industry; they are multidimensional creative communities. According to Florida, ‘people climate’ matters even more than ‘business climate,’ since supporting creativity in all of its dimensions actually helps to build a community that is attractive to creative people. Although not everyone agrees with Florida’s argument, urban research seems to be consistent in affirming that environment matters, and policies of engaging the arts in urban renewal agendas should be place-specific (Grodach, Currid-Halkett, Foster, & Murdoch, 2014).

Despite the many hopes regarding the role of arts in urban revitalization, there is also some skepticism regarding the results of these programs. For instance, in the United States, where there is no a national consensus about the importance of the arts, a strategy of urban revitalization based on privileging the arts would entail considerable risk. This would not be the case, on the other hand, in Germany, where the national government had made the arts its primary strategy for reinventing its capital city of Berlin (Cherbo et al., 2008). However, these judgments may be premature, considering that many arts-based urban revitalization programs are still in the early stages of implementation.
Although many urban re-development projects increasingly stress equity concerns, and while cultural organizations have been developing various outreach programs to make sure that different population groups have comparable access to arts, there is evidence that successful neighborhood redevelopment and availability of arts institutions may lead to a significant increase in property values (Markusen & Gadwa, 2010). In turn, that increase may lead to displacing or pricing out economically disadvantaged people from their homes and neighborhoods (Markusen & Gadwa, 2010). Therefore, along with the benefits of using arts as a strategy for urban redevelopment, there are also some concerns regarding the potential for gentrification. This is also an example of tension that may be present between economic, social, and cultural dimensions of sustainability.

Arts institutions in urban environments, like any other organizations, create jobs and employ people; they attract tourists and generate revenues, revitalize neighborhoods, beautify industrial cities, create a feeling of safety and comfort for everyone, and attract businesses and creative people. Moreover, art institutions foster a general atmosphere of creativity, contribute to various other social domains, and make cities more attractive. This means that, even if not everyone actually attends art shows and events, having arts institutions as a community resource is important for urban sustainability. However, the extent and nature of arts’ contributions to social ecology, as well as self-sustainability of arts organizations, is mediated by the urban environment in which they exist:

Proposition 1. Certain characteristics of urban environment are associated with organizational sustainability of the arts:

a. Concentration of creative class is positively associated with organizational sustainability
b. Social homogeneity (shared values) is positively associated with organizational sustainability
c. Higher per capital income in cities is positively associated with organizational sustainability
Financial Conditions of Sustainability

Traditionally, the sustainability of the organizations (especially nonprofits) has been equated with financial sustainability (Bowman, 2011; Chikoto & Neely, 2013; Feldstein, 1991). This paper suggests that healthy finances are not the only important aspect of sustainability, and financial sustainability is a necessary, but ultimately insufficient, condition for institutional and organizational sustainability. For example, in the arts, even financially sound institutions care about the aging of their core audience, and often change their repertoire and outreach methods to match the needs and aspirations of younger and more diverse audiences (Kotler, Kotler, & Kotler, 2008; Moldavanova, 2013b). Arts organizations may not necessarily rely on the public at large for their financial sustainability, but they rely on their relations with public for their institutional sustainability. Financially speaking, it might be sufficient to rely on several key donors for operational funding; however, having funding on its own does not determine long-term institutional sustainability. Still, healthy finances, in their own right, are important for organizational sustainability.

Previous research has demonstrated that organizational fiscal health is determined by the ability of arts organizations to diversify their revenue sources, which is considered a key to their financial success (Feldstein, 1991). This includes diversifying income sources, minimizing debt, creating a capable financial committee and a resourceful board of directors, sharing best practices with their museum colleagues, and thinking in the long-term by creating institutional endowments. The emerging fundraising trends include online fundraising, mobile (text message) fundraising, and on-the-street fundraising via robots (Rock, 2011). In an urban environment, both public and private support is essential for sustaining art institutions, and when one fails, the other
catches up (DiMento, 2012). Hence, financial health of urban environments in which the arts exist is also crucial for the self-sustainability of public and nonprofit arts organizations.

The choice of fiscal sustainability strategies is impacted by the organizational size. Smaller organizations generally tend to have greater autonomy in determining their priorities, choosing fundraising strategies and making program related decisions, which is a positive thing (Moldavanova, 2013b). On the other hand, smaller organizations have a smaller support base available to them, and are, therefore, often forced to rely on multiple revenue sources. Larger organizations tend to have higher expenses, but also a broader funding base. Due to their dependence on public dollar and fees, large organizations are more likely to engage in developing popular entertaining exhibitions to attract more visitors (thus generating more revenues), and they also tend to be more flexible and accommodating to market preferences.

Proposition 2. Organizational fiscal health is important for sustainability
a. Diversity of revenue sources is positively associated with organizational sustainability
b. Organizational size explains the choice of financial strategies but does not determine financial sustainability outcomes

Although, financial health of art organizations and their environments serves as a precursor of sustainability, it is often the ability of the arts to connect with their communities that transforms immediate survival into a longer-term organizational sustainability. As an example of a broader sustainability is the public response to the fiscal crisis in Detroit and the implications of such crisis for a major arts organization in the region, the Detroit Institute of Arts (DIA). Even in such fiscally challenged city as Detroit, citizens of the poorest metropolitan counties have still voted for an increase in taxes in support of the DIA. In response, the DIA introduced a free admission policy for the citizens of these counties. With this example in mind we argue that
institutional sustainability should be viewed as a multifaceted concept that includes financial sustainability, community relationships, and other factors.

**Social Connectedness of the Arts and Sustainability**

One of the prominent responses of the arts sector to numerous external resilience pressures and losses of revenue streams is the attempt of arts organizations to become more socially relevant (Moldavanova, 2013b). Most common institutional strategies aimed at increasing social and community relevance of arts organizations include: engaging in public-private partnerships, expanding audience-development programs, diversifying community outreach, utilizing technology and social media, and implementing interdisciplinary projects (Moldavanova, 2013b).

Based on the studies of arts participation conducted by the National Endowment for the Arts (NEA, 2006), arts organizations realize that stronger engagement with the arts at the local level results in higher levels of social capital, stronger and more sustainable communities overall. Therefore, arts organizations increasingly emphasize the role of public outreach by establishing formalized public education departments that help arts organizations connect with their communities and become more socially relevant. Hence, it would be fair to expect greater organizational sustainability in organizations with more developed public education/outreach departments. The quality of the organizational public education function may be determined by human, financial and technological capacities of public education departments; and the place of public outreach in the list of strategic organizational priorities.

Other important factors of sustainability include deliberate organizational attempts to increase and diversify arts organizations’ audience, including the outreach attempts deliberately
targeting different population groups, especially young people from underrepresented communities. Such indicators should present evidence of greater social connectedness of arts institutions. Ensuring the diversity of audiences and providing broad access to all social, ethnic and economic sectors of the population is key to ensuring arts’ immediate institutional survival and long-term sustainability. By looking at the public outreach function in arts organizations, and exploring how this function is used to achieve broader institutional sustainability, it is possible to explore organizational sustainability in a more novel, nuanced way.

Proposition 3. Institutionalization of the public outreach (the presence of a formalized public education department) is positively associated with organizational sustainability

Proposition 4. Higher degree of arts participation and more diverse audiences are positively associated with organizational sustainability

In addition to the formal aspect of social connectedness embedded in community outreach functions, there is also a more substantive aspect of social connectedness that describes how arts organizations interact with each other and with outside actors. In particular, the ability of arts organizations to develop organizational social capital via the web of their social connections is beneficial for arts’ institutional sustainability.

**Organizational Social Capital and Sustainability**

Literature on the forms of capital suggests that different forms of capital are important for sustainability (Edwards & Onyx, 2007). Of all forms of capital, social capital has perhaps received the greatest scholarly attention in terms of its importance for sustainability. Social capital is understood as “the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition – or in other words, to membership in a group” (Bourdieu, 1986). It results in the ability of actors to secure benefits by virtue of membership in social networks or
other social structures (Portes, 1998). Other scholars interpret social capital as the norms (the informal rules and values) and networks that facilitate collective action (Grootaert, Narayan, Jones, & Woolcock, 2003), with a specific focus on the relationships within and between those networks (Schuller, 2001).

It has been affirmed that social capital is at the core of sustainable communities in democratic states (Budd et al., 2008; Edwards & Onyx, 2007; Grootaert et al., 2003; Schuller, 2001). For instance, Edwards and Onyx argue that social capital is essential for progressive sustainable community development (Edwards & Onyx, 2007). Studies of urban sustainability suggest that social capital is important for healthy and sustainable urban communities (Budd et al., 2008). These results are evident even when controlled for education level and economic well-being (Budd et al., 2008, p. 265; Pierce, Budd, & Lovrich, 2011). Thus, social capital is not passive baggage, but rather a force that is capable of activating collective capabilities in the name of sustainability.

This paper builds upon the social capital theory and suggests that social capital is important for understanding arts organizations’ sustainability in urban context. The idea of social connectedness with regards to the arts can be understood as a form of social capital among organizations rather than just individuals. At the individual level, scholars distinguish between two forms of social capital: “bonding” and “bridging” (Putnam, 2001). "Bonding" refers to exclusive ties of solidarity that develop between people from common backgrounds; it implies shared social norms and a cooperative spirit within heterogeneous groups. "Bridging" is based on trust and reciprocal connections between people with different social backgrounds; it allows for the sharing of information and ideas among people and groups with diverse interests. It is this
latter form of social capital that scholars consider to be particularly valuable for the formation of general social norms (Grootaert et al., 2003; Woolcock & Narayan, 2000).

In recent years, there have been several studies of social capital at the organizational rather than individual level (Meyer & Hyde, 2004; Passey & Lyons, 2006; Schneider, 1999, 2007, 2009). A prominent architect of the concept of organizational social capital for social service nonprofit organizations, Jo Anne Schneider, defines organizational social capital as “established, trust based networks among organizations or communities supporting a particular nonprofit, which organization can use to further its goals.” (Schneider, 2009, p. 654) Organizational social capital includes three elements - networks, trust, and norms of culture. While the concept of organizational social capital shares a number of similarities with individual social capital it is also distinct, and it bears importance for explaining nonprofit organizations’ capacity to retain such capital independently from personal ties of their board members and staff.

We argue that by being integral parts of the urban social ecology, public and nonprofit arts organizations build their own social capital, which contributes to their institutional survival and sustainability in urban context. In fact, we expect that the quality of "bonding" ties among arts organizations that exist in the same environment will serve as a predictor for organizational sustainability. This is to say that arts organizations with greater connections within their own group are more likely to share resources and information with one another and, therefore, more likely to develop collective sustainability strategies, even when accounting for notions of competition.

On the other hand, we believe that arts organizations that connect with their communities and other types of social organizations in the same geographical context are engaging in forming "bridging" relationships. We expect that organizations that have developed solid "bridging" ties
achieve a stronger sustainability, and they also contribute to the sustainability of the community more broadly. Hence, we define the degree of social connectedness of the arts as consisting of a combination of these two types of relationships: ties with other arts organizations and ties with the community. We hypothesize that organizations that have placed higher priority on institutionalizing and expanding their social connectedness, and building successful relationships within and outside of the arts sector, are more likely to achieve organizational sustainability.

Proposition 5. The strength of the organizational social capital (bonding and bridging) is associated with greater organizational sustainability.

These propositions are consistent with the broader literature on non-profit organizations that acknowledges the significance of the proximity of organizational missions to the community and its needs (Frumkin, 2002; Ott, 2001; Salamon, 2003). Frumkin’s work attests that there is a moral dimension to the nonprofit sector that distinguishes it from the state, both by providing individuals with empowerment and protection against alienation, and by serving as a mediating structure that connects public purposes with what people value. Similarly, public and nonprofit arts organizations that are capable of connecting with other arts organizations as well as their communities, are also likely to achieve greater own institutional sustainability.

**Internal Organizational Predictors of Organizational Sustainability**

Aside from the important role that urban environments and their characteristics play for the sustainability of public and nonprofit arts organizations, sustainability also depends on the quality of organization itself and the ability of arts organizations to build and strengthen their institutional and managerial capacities. The importance of sound management has been long recognized in the public management literature as an important predictor of the quality of governance (O’Toole & Meier, 1999). O’Toole and Meier’s model of governance explains how
management influences organizational performance by creating structure and ensuring stability, serves as a buffer from external influences, and exploits opportunities in the environment. The premises of this model regarding the important role of organizational management are applicable to the question of arts’ organizations institutional sustainability explored in this paper.

Quality of management and decision-making is key variable of institutional sustainability of formalized arts organizations. When sustainability is examined at the organizational level, previous exploratory study found the primary evidence of sustainability in the art world in sustainable thinking and sustainable acting, rather than in declaring sustainability as a formal goal and including it in the organizational policy documents (Moldavanova, 2013b). The principle of “acting sustainably in the first place” (Keller, 2011) appears important to building the capital for sustainability of art institutions, and both sustainable thinking is embedded in particular management choices and institutional actions aimed at achieving long-term outcomes.

Sustainable thinking implies being able to seek for new opportunities and being adaptable, rather than following a tradition or a formal strategic plan. In the long-run, sustainable thinking is producing the outcomes that are favorable for sustainability. In many respects, thinking in the long-term implies making the right choices right now and designing the programs that connect art institutions with the day-to-day life of their communities. Management matters for sustainability; therefore, we expect that particular day-to-day choices of arts managers will be associated with organizational sustainability. We also expect that sustainable thinking will be less associated with particular organizational structure and more associated with the ability of organizational managers to make sustainable choices. This proposition is based on the results of previous research that found that managers of public and private, and free-standing and
university-affiliated arts organizations employ similar strategies to enhance organizational sustainability (Moldavanova, 2013b).

Proposition 6. More experienced management is positively associated with organizational sustainability

Proposition 7. Particular organizational structure is not associated with organizational sustainability.

The theoretical support regarding the importance of sustainable decision-making by managers of formalized arts organizations stems from public institutions theory, which offers some insights regarding institutionalized decision-making (March & Olsen, 1989). Following March and Olsen, managers of sustainable art organizations do not simply act as rational strategic planners in considering the longer-term sustainability; they would rather try to make sense of existing environmental settings and institutional conditions, while making decisions with practical implications for organizational sustainability (March & Olsen, 1989). In particular, managers would act according to the rules - the formalized procedures, organizational forms, conventions, roles, and informal beliefs, paradigms, codes, cultures that surround, support, elaborate, and contradict those roles and routines. Such rule-bound behavior is grounded in history and reflects subtle lessons of art institutions’ cumulative experience, and the process of rule application involves high levels of human discourse and deliberation. The logic of appropriateness is based on the past institutional experience and is backward looking, however, it contributes to sustainable thinking by allowing managers to capitalize on previous institutional and personal experiences.

Conclusion
This paper adopted a multidimensional view of sustainability, one that recognizes the value of cultural sustainability alongside economic, environmental, and socio-political dimensions of sustainability. We approached formalized public and nonprofit arts organizations as the institutionalized form of cultural sustainability. Public and nonprofit arts organizations are integral parts of urban social ecology; however, the ability of public and nonprofit arts organizations to contribute to urban sustainability is predicated on their ability to effectively connect with their communities and build symbiotic relationships with other social actors. By examining theories and empirical studies regarding arts’ value and impact on sustainability, we explored the relationship between arts’ social connectedness and sustainability, as well as developed some predictions regarding the factors of arts’ institutional sustainability in an urban context.

This paper offered a tentative conceptual model of institutional or organizational sustainability, broadly defined as the ability of arts organizations to survive and sustain their impact and value in the long-run. The model is a theory-based approximation; however, it presents a useful conceptualization of sustainability for the arts that could further be extended to other public and nonprofit organizations. As a next step of this project, we expect to identify the dimensions of the social impact of the public and nonprofit arts organizations on their communities; to identify tools and institutional mechanisms developed by arts organizations in order to connect with their communities; to get a sense of the predicted effectiveness of these tools and their impact on the arts’ sustainability; and to investigate the importance of the collaborative relationships between arts organizations and other social actors for the arts’ sustainability.
References


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