Here to stay.
The role of value creation, capture and exchange in limiting the liability of newness for new entrant museums

Christine Burton

Here to stay.
The role of value creation, capture and exchange in limiting the liability of newness for new entrant museums

Christine Burton

A thesis submitted in fulfilment of the requirements of the degree of Doctor of Philosophy

2006

School of Leisure Sport and Tourism
University of Technology, Sydney

Certificate of Authorship and Originality

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

Signature…………………………………………………………………

Acknowledgements

There are a number of people who have assisted me in the course of this thesis and I would like to acknowledge and thank them:

Informants in the case studies were generous with their time, forthright in their opinions and meticulous with their recollection of events. I am indebted to their generosity and thoughtfulness.

My supervisors, Professor Rob Lynch and Professor Ian Palmer, were a constant source of wisdom, inspiration and guidance. They encouraged critical self-reflection and intellectual rigour in steering me in directions that proved rewarding. I am grateful for their steadfastness in the course of this research.

I am grateful to the Head of the School of Leisure Sport and Tourism, Assoc Professor Bruce Hayllar, who was generous in allowing me time away from teaching to complete this work.

The research and writing of a thesis is a long and lonely endeavour. I am grateful to my family for their understanding, support and love during this time.

This work is dedicated to my partner, Andrew, and to my father.

Abbreviations

ACT	Australian Capital Territory
AIATSIS	Australian Institute for Aboriginal and Torres Strait Islander Studies
AMIC	Australian Mining Industry Council
ANU	Australian National University
ARC	Australian Research Council
ATSI	Aboriginal and Torres Strait Islander
ANMM	Australian National Maritime Museum
CSO	Community Service Obligations
EE	Earth Exchange
HHT	Historic Houses Trust
NMA	National Museum of Australia
MAAS	Museum of Applied Arts and Sciences
MMAPSS	Maritime Museums of Australia Project Support Scheme
NGO	Non Government Organization
NSW	New South Wales
USA	United States of America

TABLE OF CONTENTS

Tables

Figures

All photographs in this thesis were taken by the author

Abstract

This thesis examines the concepts of value creation, capture and exchange in limiting the liability of newness for nonprofit museums entering the sector. There has been considerable examination of cultural value in relation to museums. However, little is known about how value is created, captured and exchanged for stakeholders in new museums. It is posited that value creation, capture and exchange constitute a value cycle. Through this value cycle management in new museums detects and limits the liability of newness. The ability to detect and limit the liability of newness enables the continuation of the museum. If the liability of newness is not limited, it may mean that a new museum exits the sector or is transformed.

The concept of a value cycle is derived from an examination of the nonprofit management literature, aspects of the for-profit management literature and the arts and museum management literature. Value creation is a key concept in the three literature areas. Value creation in this context, is specifically defined as the worth of the physical manifestation of the museum. It resides in the building and the collection, services and programs within the building. It is suggested that this value needs to be transformed and consumed by a range of stakeholders. The transformation of value creation is denoted as value capture. Value capture is the appeal of programs, projects and activities. Value capture includes how well the products and services align with particular stakeholders, how accountable the managers are to stakeholders and how products and services are consumed by stakeholders. The measure of how managers have been able to capture value is in the realm of value exchange. Value exchange is the merit of programs, projects and activities. Value exchange is in the form of revenue raised through sponsorship; continuation of revenue investment by the principal stakeholder, the state; time and money transacted by visitors; and intangible exchange such as leadership and reputation enhancement through collaborations. A Value Cycle Framework of New Entrant Museums is then developed as a working analytical tool to assess how the value cycle operates and how the liability of newness is detected and limited by museum management.

The Value Cycle Framework is used to assess four cases. These case studies include the National Museum of Australia as a purpose built new entrant; the Australian National Maritime Museum as a purpose built new entrant; the Mint as a recycled new entrant; and the Earth Exchange as a refurbished new entrant. Each case is assessed discretely using secondary and primary source material and analysing qualitative data generated from interviews with key stakeholders. The cases are then compared in order to track similarities and differences in relation to value creation, capture and exchange.

The research findings suggest that a value cycle is operating in relation to new entrant museums. This value cycle is dynamic and non-sequential. Until value creation is floated for a range of stakeholders it is difficult for managers to know the worth of their content, location or their building. Value creation is a nominal starting point, signifying the arrival of a new entrant in the museum marketplace. However, value capture is the zone that is the most vulnerable and volatile for managers of new museums. Typically in these case studies value capture includes a disruptive episode, such as a review process that indicates the liability of newness. Managers within the museum who can respond and resolve contradictions between museological beliefs and the demands of stakeholders (and in so doing limit the liability of newness) are likely to continue museum operations. Senior executives who find such reconciliation more difficult, jeopardize the future operations of the museum to such an extent that the museums close or are transformed within the museum sector.

Through these four case studies a revised Value Cycle Framework is developed as an analytical device. This analytical framework can assist in understanding the processes involved in new entry for museums.