

The Importance of Utilizing Innovative Methods in the Management of Cultural Institutions

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Abstract: This article analyzes the significance of employing innovative methods and approaches to enhance the management framework of cultural institutions under contemporary conditions, alongside the practical issues surrounding their implementation. The study provides a scientific rationale for transitioning the cultural sector toward financial autonomy and self-sustainability. Furthermore, it scientifically and practically substantiates the modernization of organizational and economic mechanisms in the field, including the integration of “Art Management” principles, the expansion of “Creative Industry” sectors, and the acceleration of scientific-practical “Project Commercialization” processes. Additionally, the paper comprehensively highlights mechanisms for improving managerial efficiency through the establishment of mutually beneficial public-private partnership models and the effective utilization of preferential conditions created in the sector.

Keywords: cultural and arts institutions, modern management, art management, creative economy, financial independence, public-private partnership.

Introduction

Nowadays, the role and importance of cultural institutions in enhancing the spiritual, educational, and intellectual potential of society are steadily increasing [1]. The ongoing reforms in the cultural sphere require reviewing the activities of these organizations in line with modern demands and modernizing their management systems. In particular, the need to introduce modern management principles, digital technologies, artificial intelligence, and innovative methods into the effective management of cultural institutions is becoming one of the most pressing issues [2]. However, in practice, a number of problems and obstacles related to organizational-economic factors, professional training of personnel, and material-technical support are observed during the integration of innovative approaches. “Cultural institutions, whose primary activity is to establish the effective use of cultural facilities, satisfy human intellectual, spiritual-moral, cultural, and educational needs, as well as create the necessary conditions for individuals to demonstrate their creative potential, belong to the category of cultural and educational organizations” [3]. They directly contribute to the restoration and further development of national culture, as well as the preservation of cultural heritage sites and objects [4].

“For a long time in our country, the socio-cultural sphere has been regarded as a subsidized sector struggling to operate sustainably and fulfill its functions under market conditions. However, the increasing number of economically successful culture and arts institutions over the past decade demonstrates that the rational and competent implementation of management technologies into the socio-cultural sphere generates significant resources for its development. One of the main reasons for such growth was the introduction of strategic management, namely, planning the activities of cultural institutions and evaluating their effectiveness” [5]. Like all foreign countries, the application of innovative methods and technologies to the cultural sector has become a priority in Uzbekistan [6]. In particular, the Law of the

Republic of Uzbekistan “On Innovative Activity” provides the following legal definition of this concept: “Innovation is a new development introduced into civil circulation or used for personal needs, the application of which ensures significant socio-economic effect in practice” [7]. Turning to the issue in greater detail, “institutions and organizations established by state power and administration bodies on the basis of state-owned property belong to the category of state cultural institutions and organizations. Cultural organizations can also be established as state cultural institutions and organizations or as non-governmental cultural organizations” [8]. According to the forecasts of culturists and economic experts, the demand for cultural products among our population will increase further in the near future. The number and significance of research studies in the field of culture will grow substantially. Most importantly, dual education will be launched in higher education institutions specializing in culture and arts. Prominent creators will be assigned to each student. They will prepare young people for the big stage by involving them in concerts, theatrical performances, and shows. Modern subjects such as “Art Management”, “Creative Industry”, and “Project Commercialization” will be included in the educational curricula. 50 billion UZS will be allocated to 10 higher education institutions for students’ startup projects [9]. The future of every field depends on qualified personnel. An Institute for Professional Development and Retraining will be established within the system of the Ministry of Culture. This institute will also be responsible for improving the qualifications of music teachers in general education schools.

“Indeed, the proportion of researchers in the field of cultural studies is growing steadily. Therefore, today, studying the priority aspects and issues of innovative management in improving the activities of cultural institutions is of great importance. In this regard, first of all, launching the dual education system in culture and arts universities will raise the quality of personnel training to a new level. In particular, assigning prominent creators to each student and their direct participation in concerts, theaters, and shows will serve to form practical skills” [10]. The inclusion of subjects such as “Art Management”, “Creative Industry”, and “Project Commercialization” into educational programs represents the next academic transformation in the life of the sector. A practical necessity that radically updates the perspective on culture and arts and offers practical solutions to long-standing problems is finding its practical expression today.

Methods

This study employs a descriptive-analytical approach. It draws on the legislative and policy documents of the Republic of Uzbekistan governing cultural activity and innovation, on scholarly publications on the management of cultural institutions, and on press reports of recent state initiatives in the sector. These sources were reviewed and compared in order to identify the organizational-economic mechanisms of innovative management in cultural institutions and the practical problems that accompany their introduction. The findings of the analysis are presented in the Results section and interpreted in the Discussion section.

Results

Over the years, because cultural institutions relied solely on state funding, many palaces, theaters, and museums struggled to adapt to market conditions. The three proposed new approaches serve precisely to compensate for these missed opportunities. For instance, art management restores the broken link between a creative idea and the audience [11]. Previously, a skilled artist or director would create their work, but due to the lack of mechanisms for promoting it, properly packaging it, and attracting audiences to the halls, much of their labor remained overlooked. We have observed this frequently in practice. In our view, this discipline not only teaches creators how to produce art, but also how to professionally present their products to the audience and bring vibrancy to cultural venues, which ultimately serves as a solution to a major problem in the sector.

The creative industry liberates the sector from the stigma of being a “source of free expenditure”. Culture can evolve from being merely a sector that disseminates spirituality to the population and awaits budget allocations into a modern industry that generates immense revenue through the integration of design, media, cinema, and theater [12]. Through this approach, institutions transition toward utilizing their resources effectively, creating new jobs, and generating economic value. The creation of new jobs in the sector can be interpreted as a solution to the problem of employing graduates in the field of culture and

arts. Commercialization of projects, on the other hand, puts an end to young people's ideas remaining buried on paper due to a lack of funds. Students and researchers master the secrets of finding investors for their startups, attracting sponsors, and establishing equal partnerships with business representatives. The 50 billion UZS being allocated to 10 higher education institutions will serve as an impetus for transforming such practical ideas into real projects. Ultimately, such a turn in education and practice provides sector personnel with creative, financial, and organizational freedom. Through such reforms, cultural institutions will transform into a self-sustaining system that quickly adapts to market demands and keeps pace with the times.

The effective development of cultural institutions largely depends on the proper formation of innovative approaches in management [13]. Responding appropriately and in a timely manner to changes in the external environment is an integral part of the targeted management of changes in cultural institutions. Leaders are realizing the importance of organizational goals and adapting to changing external conditions, regulating management on the basis of digitalization, and utilizing scientifically grounded forecasting methods. The current state of management in cultural institutions is faltering because the paper-based system has ceased to function, and obtaining rapid, transparent information and working with real statistics have become primary factors. This has brought the necessity of innovative management to the forefront.

Analyses show that developing cultural institutions and increasing their competitiveness require the proper implementation of innovative management stages. In practice, this process encompasses all actions from objective to outcome, namely planning, execution, and control. In addition to having a thorough and clear strategy in the field of culture and arts, it also demands attracting sponsorship funds, public-private partnerships, and additional investments. For this reason, another essential issue in managing cultural institutions is the fundamental revision of the forms and methods of financing subordinate institutions that serve to enhance the spiritual and creative potential of the population. Under current conditions, leaders and specialists in the sector face two responsible tasks: first, to preserve intact our cultural values formed over many centuries, and second, to create sound economic mechanisms aligned with new market relations. The essential core and primary practical outcome to be achieved in utilizing innovative methods in the management of cultural institutions is financial freedom. As is known, cultural institutions were tied to a narrow estimate-based budget framework. This situation restricted the initiative of institutions and turned them into financially passive structures awaiting support. Today's market economy and modern requirements necessitate abandoning this traditional approach and introducing innovative management mechanisms into the sector that generate independent sources of income. In addition to the resources allocated by the state, this entails:

- expanding the scope of paid services by increasing entrepreneurial and service attractiveness;
- establishing equal partnerships with the private sector and businesses to attract sponsorship and investment funds;
- creating a sustainable stream of off-budget income through the commercialization of creative projects and startups.

Discussion

A cultural institution that achieves financial freedom acquires the opportunity to independently update its material and technical base, provide worthy financial incentives for employees, and create high-quality, competitive cultural products for the population. Naturally, the attention paid by our state in recent years to the development of cultural institutions and the support of sector employees has not diminished at all; on the contrary, it is increasing day by day. "New criteria are being introduced to increase public interest in cultural and arts events, especially to broadly attract young people to theaters, cinema, and concerts. Now, every year, 500 thousand teachers, doctors, civil servants, active students, and pupils, as well as 100 thousand low-income families and children with disabilities, will be provided with free vouchers for theater, cinema, and concert performances. In addition, starting July 1, up to 20 percent of the costs of concert and show events organized in each district and neighborhood will be covered by the state. Concert-show activities, private theaters, cinematography, children's content production, and private educational organizations in the field of culture and arts will be exempt from a number of taxes. Furthermore,

sponsorship funds directed toward the development of literature, culture, and arts will also not be subject to taxation” [14].

In transitioning the culture and arts sector to an innovative management model, relying solely on the internal capabilities of institutions is insufficient. It is also of great importance for the state to create an attractive economic environment and legal guarantees to broadly involve the private sector, benevolent entrepreneurs, and sponsors in the field. World experience shows that in regions where a sponsorship base actively funding cultural projects is not established, the achievement of financial independence by arts institutions slows down significantly. For this reason, important tax incentives and preferences are being established to encourage patronage activities in the country and direct private capital into the cultural sphere. Furthermore, moral-incentive mechanisms are also being elevated to a new level to foster a healthy competitive environment in the sector and duly recognize the work performance of institutions[15].

Conclusion.

Upon the proposal of the Cabinet of Ministers of the Republic of Uzbekistan, the Head of State may grant statuses such as “National” or “Academic” to state institutions and organizations that have achieved high results in the field of culture and arts. Granting such high statuses serves not merely as an honorary title for the institution's staff, but enhances their creative and managerial autonomy, strengthens their brand attractiveness, and opens doors to additional opportunities for updating the material and technical base and financially motivating employees. Improving the management of cultural institutions through innovative tools fundamentally differs from material production sectors. Since this sector is a multi-level system encompassing diverse entities, the socio-economic characteristics of the region and the needs of the target audience are comprehensively analyzed when developing innovative cultural services. Innovations in management are introduced based on the specialization of the institution and its internal potential. Therefore, the methods of commercialization and art management that yield results for a small regional cultural center cannot serve as a model for large complexes.

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