

Economic and Financial Impacts on The Performance of Egyptian Museums

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Abstract

Egyptian museums are subjected to economic and financial impacts ,which can be either positive or negative and significantly impact their function .Museums operate with high fixed costs ,as donations and government grants have been reduced as a result of the global financial crisis and COVID-19 .These influences have helped shape new ideas about museums ,particularly the transition from non-profit to self-sustaining organisations .Due to limitations imposed on museum funding ,either by the public balance sheet or by donors ,self-generating revenues are the most appropriate option to overcome or at least decrease these restraints .Museums can overcome financing shortages by engaging in innovative economic operations ,such as giving services to others) scientific labs .(The conservation of private collections ,advisory services ,branding services and products with the brand or image of the museum's unique collection and investing a portion of donations in bonds and securities are all new practices in Egyptian museums .Furthermore ,museums must implement governance policies to regulate expenditures, rationalise limited financial resources ,and lessen reliance on public and private support . The primary goal of this research is to gain a better understanding of the larger economic and financial consequences on Egyptian museums .Thus ,the descriptive-analytical approach was utilised as the most appropriate method .Finally ,our findings suggested that Egyptian museums, particularly those with exceptional collections ,should adjust their economic policies by branding services and products in exchange for money and cooperate with the private sector in financing the activities.

Keywords

Interactive Impacts, Financial Impact, Economic Impact, Self-Finance, Innovative Solutions

Introduction

Museums 'mission has evolved from preserving and storing antiquities to places of social discourse ,education ,and creativity)Sheppard 2014 ,(as the National Museum of Egyptian Civilization) NMEC (significantly participated in the societal activities)Amin 2022 (that were passively affected by the financial crises .Museums in Egypt ,like other museums worldwide ,are nonprofit organisations that rely primarily on donations and grants) Aboulnaga et al ,.2022 .(Thus ,the finance of museums in Egypt is sensitive to political and economic conditions regarding the financial support provided by the government and the intervention of the granting bodies ,which practice activities and adopt points of view that contradict the message and function of the museum .Egyptian government tries to turn most of the Egyptian museums into self-generating ,so both NMEC and the Grand Egyptian Museum) GEM (were incorporated into the sustainable economic development of the state) Noaman and Nasr, 2023 ,(that required formulating rules that allow these museums to start businesses activities and engage in revenue-generating operations using its assets and infrastructure) Elsayed ,2024 :36.(

Experience of self-finance may encounter both legal and management impediments ,so inventive and out-of-the-box methods to solve the economic and financial repercussions on Egyptian museums are necessary ,as these methods are most effective in overcoming these hurdles) Van der Ven ,2012.(

Significance of the study

From our preliminary survey ,we found that Egyptian museums face strict financial constraints as a result of the scarcity of financial resources and increasing their functions due to both expected and unexpected events .Thus ,the study is significant because it explains the effects of economic and financial events on Egyptian museums 'management in an integrated manner. It also evaluates the experience of self-financing within Egyptian museums as a new experience that takes various forms)investment in bonds and securities ,commercial activities ,renting some facilities ,including halls and studios ,and branding products (and provides alternatives if there are legal constraints.

Research Questions

The current study tries to answer the following questions:

- Would the concept of self-financing be applicable to Egyptian museums?
- Would using innovative methods be effective in self-financing Egyptian museums?
- Would the infrastructure and assets of the Egyptian museums enhance self-financing?
- Does the legal system in the Egyptian museums permit self-financing?
- Would governance of museums' management be effective in self-financing?

Literature Review

The economic and financial impacts on the performance of Egyptian Museums and the innovation of creative methods for self-financing attracted the attention of authors ,such as **Gombault**) 2013 ,(Ferry and Meler) 2003 (and **Boehm**) 2009,(who described the economic and financial effect on the performance of museums and analysed the activities in museums that passively affected their performance.

Pantalony) 2013 (described the experience of the Royal Ontario Museum ,Canada ,in overcoming the money restrictions it encountered .In addition ,(Grant Thornton) 2021 (described the self-financing experience in some American museums, particularly in the investment in equity securities in highly liquid debt instruments with original maturities for three months.

Methodology

To achieve the objectives of this study ,the descriptive-analytical approach was employed to describe and analyse financial and economic events at Egyptian museums ,considering applicable legislation and managerial practices .This method was used to conduct interviews with experts in managing some well-known Egyptian museums ,who successfully reduced financial barriers. The sample is a purposeful sample) **Daniel** ,2012 :75 (that includes 6 experts from the Ministry of Tourism) Head of Museums Sector ;Head of Financing sector ,Manager of Egyptian Museum ,Tahrir ,Cairo ,(the Executive manager of NMEC ,the Executive Manager of GEM ,and manager of General Authority of Investment to obtain quick and accurate responses ,according to Daniel)2012 .(Persons in the sample are responsible for making judgments and decisions on how these occurrences were reflected positively or poorly on the researched museums with a final goal of putting forward viable ideas for the financial constraints. These interviews contained ten open-ended questions .These questions were formulated by the researcher in clear sentences about a specific topic :self-financing in Egyptian museums using innovative methods.

Findings

Diagnosis of the economic and financial impacts on the performance of Egyptian Museums

Based on the literature ,international and local reports and our interviews ,we found that museums in Egypt are not separated from society and its crisis ,and hence ,the functions of museums are affected by the crisis from which the society suffers .The most important crises that affected Egyptian Museums in the last two decades were the international financial crisis in 2009, which caused the Great Recession) **Elnagar** 2020 ,(the economic crisis on the eve of the 25 January Revolution 2011 ,and COVID-2019 .They paralysed the international economy in general ,as confirmed by the International Council of Museums)ICOM ,(which reported that about 70% of museums surveyed lost 50% or more visitors because of the pandemic ,and about one in five museums lost upwards of 90% of their visitors .Furthermore ,many museums worldwide lost almost 50% of their revenue due to the closures and changes made because of COVID-19 for about 2 years) 2020-2021) (**Klinowski and Szafarowicz**2023 ,(resulting in productivity lag) **Bechler** 2020.(

These crises passively affected the Egyptian museums due to a lack of money for financing operation costs ,as the service quality provided in these museums was reduced ,which caused dissatisfaction among guests and motivated them to decide not to return)**Johnson** 2014 ,68 .(This effect was well documented in the Egyptian Museum in Tahrir after the 25 January Revolution .The museum suffered from a suffocated financial crisis ;most service-providing firms withdrew their workers ,dust accumulated on the open exhibited items ,and educational and other activities were significantly affected .Therefore ,the museum's management decided to depend on the volunteers greatly ,who hurried up to participate in different roles .In addition ,the management of the museum appealed for donations from Egyptian businessmen and foreign organisations ,such as the European Community that

provided some financial grants) **Hanna** 2013 ,45.(

From the above-mentioned facts ,we could answer the first question regarding the” self-financing concept “and whether it would be applicable in Egyptian museums.

Other economic and financial impacts on the performance of NMEC could be illustrated in spending money allocated for training staff of scientific and conservation labs provided by UNESCO from the technical support included in the agreement between the NEMC and UNESCO) **ElSanadidy** 2020 .(Therefore ,the level of technical and professional skills was not parallel with the importance and status of the NMEC ,which obligated most of the staff ,mostly PhD and master holders with low salary, to leave the NMEC abroad or into another place ,passively affecting the general performance of the Museum.

Different financial crises passively affected the performance of museums ,so they must keep in contact with visitors through accelerating digital transformation of collections that increase services and opportunities they may provide and not allow these financial obstacles to hinder the functions of the museum) **Markellou** 2023 ,1945 .(That could be embodied in a unique experience at NMEC called” My Museum in Your Class ,“which exhibited the digital content of the Museum in the class on electronic screens ;at the same time ,it was a method of distance education .In addition ,GEM has suffered from the same impacts that have delayed its inauguration) **Zakaria** 2024.(

Self-generation experience

From our point of view ,the situation of GEM has been affected by the developing Egyptian economy ,which imposed financial constraints on Egyptian museums due to internal or external factors .Some Egyptian museums adopted self-generating revenue policies to finance their activities ,alleviate the burden on the public budget ,and avoid fluctuations in governmental support based on state political and economic conditions) **Rosett**1991 .(In this context ,our analysis of the responses of the museum managers interviewed indicated that Egyptian museums varied in their methods of self-financing.

For instance ,NMEC adopted different policies for self-funding operations .This transfer could be facilitated by Article 13.4 of the) NMEC (statute no .10-2020 ,stating that the Museum’s financial resources are used to pay for services provided to others. Furthermore ,it established workshops that made gypsum models ,stones ,and metals for sale as gifts or as tangible propaganda tools .These findings were consistent with those provided by **Nassef** et al) .2023.(

Our data showed that Egyptian museum officials and managers took innovative measures to adapt to changing global circumstances .Laws and regulations ,such as the GEM’s Law) Article 13 of Law 9-2020 (and the NMEC’s Law) Articles 12&13 of Law 10-2020 ,(granted these museums the status of economic entities and authorised their operations.

Based on the previous results ,we could say that the legal system in the Egyptian museums permits self-financing.

The management of NMEC researched increasing the price of the ticket and other services at a low rate to achieve an equilibrium between the right of the museum to increase its economic revenues ,on the one hand ,and its message as an educational and cultural institution that provides knowledge and science to the national and international communities ,on the other) **Aboulnaga** et al .2022 ;**Ferry and Meler** 2003.(

The other self-financing option was using both GEM and NMEC’s scientific labs ,which are equipped with the most recent scientific apparatuses and devices for conducting analyses that could provide firms and researchers with a competitive advantage .Furthermore ,to promote the efficacy of the economic impact ,Egyptian Law no.6/2022 of unified finance and Law 130/2020 governing GEM’s finance-associated payment and compensation with the museum’s productivity ,providing incentives to increase its earnings.

NMEC’s management established a unit for the conservation and restoration of private collections by qualified staff members that served two purposes) :a (self-generating money for the museum and) b (the societal role of the museum in serving the national heritage ,as NMEC has a societal role that could be embodied in using its facilities in serving the community in different aspects) **Amin** 2022.(

Some museums relied on self-financing ,while others relied on donations ,patronage ,corporate giving ,and sponsorship .For example ,the Egyptian Museum in Tahrir received grants from EU governments and commercial companies to improve services and exhibition methods .The severe economic and financial repercussions on Egyptian museums forced museums to rely on self-generated money ,such as income from ticket sales and commercial activities like retailing ,selling souvenirs ,renting shops

and the print house ,or operating the Museum café .Regarding making documentary films) **Van der Ven 2012** ,(the National Geography Association made several documentary films about mummification and military life in ancient Egypt in collaboration with NMEC in exchange for a sum of money ,as NMEC holds the most important royal mummies ,particularly the mummies of the great Pharos .These new revenues were used to develop the exhibition methods and to overcome reduced financial support from the public treasure.

The management of NMEC engaged in partnerships with the private sector ,including banks ,e.g .,the National Bank and Misr Bank ,which provided financial support for the activities held in the museum according to the societal responsibility of these banks .They also installed ATMs on the external walls of the Museum as a part of social and economic sustainability development by identifying its assets 'value) Aboulnaga et al .2022 .(Partnership with the private sector is common to overcome the financial shortage.

In 2020 ,the Ministry of Tourism and Antiquities collaborated with the private sector to create informative animated videos to educate schoolchildren about the rich heritage of ancient Egyptian civilisation in a simple and easy-to-understand manner as a part of their school curriculum) Zakaria 2024.(

As mentioned earlier ,regarding the financial allocations provided by UNESCO for training the staff in both conservation and scientific labs ,NMEC signed a partnership agreement with some public and private universities to qualify the staff by providing scholarships) Master's (for the staff .The most prominent experience was signing a protocol with Nile University to provide master's scholarships on DNA analysis ,human remains and insect combating using the Integral Pest Management method)IPM .(Consequently ,the museum had qualified staff to participate in research projects) Personal Communication 2023.(In addition ,the NEMC signed an agreement with Toshiba Company to provide exhibition screens that could be used to enhance the interactivity of visitors with the activities and practices in the museum) Amin 2022.(

Egyptian museums used innovative methods to overcome financial challenges ,such as lending rooms for business lunches or social events .For instance ,NMEC exploited its cultural and recreational facilities and rented the area around the Ain Elsera Lake for cultural and artistic parties and celebrations .Also ,the Manial Palace Museum ,Cairo ,rented rooms and halls for social events that did not violate antiquities laws or public morals) Nassef et al .2023.(

This proposal might be used by GEM ,with its extensive collections of King Tutankhamen .It could generate significant cash by branding goods and services on an international scale .Additionally ,the law allows for its implementation .Egyptian museums could benefit from previous experiences ;it was reported that the Victoria and Albert Museum in London and Colonial Williamsburg in Williamsburg ,Virginia ,manufactured and distributed their products with the goal of generating revenue for the parent museum for at least 20 years .As a decorative arts institution ,the Victoria and Albert Museum created and sold textiles and furniture based on designs from its collection or wholly new ideas inspired by it .Furthermore ,Colonial Williamsburg engaged in a successful product design and licensing business ,including textiles ,ceramics ,paint ,furniture, and other interior décor products by borrowing their names ,logos ,trademarks ,and designs in exchange for money paid to the Museum) Pantalony 2013.(

The Japanese International Cooperation Agency) JICA (was involved in the construction and preparation of GEM through a loan provided to the Egyptian government at a low interest rate .Recently ,the GEM management reported that the museum would cooperate with some companies with international brands to sell its products to visitors in exchange for a determined ratio of sales for self-generating revenues) Hanna 2013 ,60.(

Egyptian museums ,in particular superstar ones ,such as GEM ,NMEC and Egyptian Museum in Tahrir ,resorted to generating revenues from establishing different exhibitions to keep up with national and international events and encourage visitors to attend these exhibits and a pay-per-view policy should be formulated for all specially arranged exhibitions .It was shown that increased revenues could be derived from such speciality exhibits .For instance ,NMEC established a celebration at the beginning of June every year on passing the Holy Family to Egypt and Women's Day and great numbers of tickets were sold .This finding was in agreement with the results of Levesque) 2005 ,(who reported that the well-organised Tutankhamun exhibition in Toronto ,Italy ,and intense propaganda generated huge revenues.

From our results ,we found that the infrastructure and assets of Egyptian museums would enhance self-financing.

Governance of the Performance of the Museum

To maximise the value of money obtained by the museum from different methods ,the governance of the performance of the museum is a must to make equity between the revenues and operation costs ,rationalise spending and achieve equity in paying the staff according to established and known criteria ,that would promote the performance of the museum ,avoid psychological conflicts and create an organisational culture that enhances the good performance in the museum) Davies et al .2013 .(The management of NMEC realised the importance of governance in improving performance and established the governance department affiliated with the Administrative Affairs Department in NMEC) Organisational Structure of NMEC 2024.(The importance of governance in improving the performance of the museum was illustrated by Levesque) 2005 ,(who reported that applying the governance procedures in the Canadian War Museum improved performance ,enhanced transparency and imposed strict control on the financial resources that positively affected the performance of the museum and on the human relations among the staff.

The Central Authority of Organization and Management recommended correlating the payment and compensation with the progress and performance of staff members in the museum to create a positive and healthy work environment) <https://www.caoa.gov.eg/>.(

Finally ,results delineated the importance of governance of museums 'management ,which would rationalise the spending ;thus, self-financing would be more effective.

Recommendations

After highlighting the most relevant findings ,we make the following recommendations to alleviate the financial constraints imposed on Egyptian museums:

To address the financial challenges Egyptian museums face ,the study suggests allowing them to engage in commercial activities for self-revenue ,as seen in Law No.10-2020 of NMEC .Additionally ,investing in securities and bonds with shortfalls can help cover operational costs ,as demonstrated by international experiences.

Egyptian museums ,especially those with unique collections ,should adjust their economic policies by branding services and products in exchange for money while maintaining public morality and order .In conjunction with other preventive measures, Egyptian museums must implement a governance policy to control their expenditures in light of the available financial resources .The benefits of governance are obvious ,so control over administration and finances should improve the prospects for remaining competitive ,allowing these museums to adapt to changing economic and financial impacts.

Our findings suggest that virtual museums could effectively perform their mission during crises like COVID-19 and lockdowns by utilising information technology .This could reduce operational costs and fulfil museum functions .The NEMC's " My Museum in Your Class "experience was successful and should be disseminated.

The value of empty resources in museums should be utilised ,such as free halls and free spaces as studios for making films, especially historical events.

NEMC established a " Governance Department "to balance operational costs and revenue maximisation .The department's mission is to evaluate the museum's practices and financial performance.

Finally ,current findings recommend that Egyptian museums 'management enter partnership programs with the national and local communities to increase population loyalty and sympathy in the formation of national identity and raise donations and grants to these museums ,as many international cases have shown.

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