

Est.  
1841

YORK  
ST JOHN  
UNIVERSITY

Amanollahnejad, Albert, Bourke, Joseph, Izadi, Javad and Weerawardane, Dinusha (2026) Practicing Strategic Financial Sustainability in Small Cultural Nonprofits: Evidence from London Museums. *Business Strategy and the Environment*. pp. 1-16.

Downloaded from: <https://ray.yorks.ac.uk/id/eprint/14816/>

The version presented here may differ from the published version or version of record. If you intend to cite from the work you are advised to consult the publisher's version:  
<https://doi.org/10.1002/bse.71044>

Research at York St John (RaY) is an institutional repository. It supports the principles of open access by making the research outputs of the University available in digital form. Copyright of the items stored in RaY reside with the authors and/or other copyright owners. Users may access full text items free of charge, and may download a copy for private study or non-commercial research. For further reuse terms, see licence terms governing individual outputs. [Institutional Repositories Policy Statement](#)

# RaY

Research at the University of York St John

For more information please contact RaY at  
[ray@yorks.ac.uk](mailto:ray@yorks.ac.uk)

## RESEARCH ARTICLE OPEN ACCESS

# Practicing Strategic Financial Sustainability in Small Cultural Non-Profits: Evidence From London Museums

Joseph Gerald Bourke<sup>1</sup> | Albert Amanollahnejad<sup>2</sup>  | Javad Izadi<sup>1</sup>  | Dinusha Weerawardane<sup>3</sup>

<sup>1</sup>The Claude Littner Business School, University of West London, London, UK | <sup>2</sup>York St John University, York, UK | <sup>3</sup>Arden University, Coventry, UK

**Correspondence:** Javad Izadi ([javad.izadi@uwl.ac.uk](mailto:javad.izadi@uwl.ac.uk))

**Received:** 13 October 2025 | **Revised:** 30 April 2026 | **Accepted:** 15 May 2026

**Keywords:** financial capabilities | non-profit institutions | small cultural museums | strategic financial sustainability

## ABSTRACT

Small cultural museums play an important role in sustaining local heritage, community identity and inclusive cultural participation, yet they face persistent financial and organisational constraints. This study examines how financial sustainability is achieved and maintained in three small cultural museums through a qualitative-led mixed-methods design. The quantitative component draws on audited financial data from three museums over a 6-year period, while the qualitative component is based on semistructured interviews with trustees and senior managers. The descriptive quantitative analysis indicates that donations, return on assets (ROA) and grants are associated with short-term financial viability, while financial outcomes remain volatile across time and organisations, highlighting fragile rather than stable financial conditions. The qualitative findings show that financial sustainability is enacted through continuous adaptation, legitimacy-seeking practices and responses to chronic capacity constraints, rather than through balanced budgets alone. Drawing on institutional theory and resource dependence theory, the study develops a triadic framework linking short-term financial viability, organisational resilience and long-term sustainability. The findings demonstrate that accounting and governance practices function both as technical tools and symbolic performances, enabling resource access while masking underlying fragility. Sustainability is therefore conceptualised as a negotiated and processual outcome, not a fixed financial metric. The study highlights implications for funders and regulators, particularly the need for flexible funding and capacity-sensitive accountability frameworks, within the context of small, resource-constrained cultural non-profits. By foregrounding the organisational work through which sustainability is enacted, this research contributes to non-profit accounting and sustainability scholarship and offers a more context-sensitive understanding of financial sustainability in small cultural museums.

## 1 | Introduction

Small cultural institutions including museums, heritage centres and arts organisations play an essential role in advancing sustainable development through the preservation of cultural heritage, inclusive participation and the strengthening of local identity and governance (Mairesse 2016; Cadelano et al. 2019; Klamer 2017). In this study, ‘small’ cultural organisations are understood as non-profit institutions characterised by limited permanent staff, modest and unstable annual budgets, high dependence on public grants and donations and the absence of

fully professionalised financial and managerial infrastructures (Toepler 2006; Anheier 2014; Loach et al. 2017; Belfiore 2020). Although some museums may hold multimillion-value cultural assets, these assets are typically nonliquid, restricted and unavailable for day-to-day operational financing; accordingly, institutional ‘smallness’ is conceptualised here in terms of operational and financial capacity rather than asset valuation, consistent with non-profit and cultural management literature (Toepler 2006; Belfiore and Bennett 2008; Mairesse 2016; Anheier 2014). Collectively, these organisations intersect with broader sustainability agendas, including those

This is an open access article under the terms of the [Creative Commons Attribution](https://creativecommons.org/licenses/by/4.0/) License, which permits use, distribution and reproduction in any medium, provided the original work is properly cited.

© 2026 The Author(s). *Business Strategy and the Environment* published by ERP Environment and John Wiley & Sons Ltd.

reflected in selected United Nations Sustainable Development Goals related to communities, work and institutions (Biswas et al. 2021; Raissa et al. 2021). Yet, despite their social value and long-term developmental significance, these organisations face intensifying challenges to their financial survival amid economic volatility, donor fatigue and retrenchment in public cultural funding (Toepler 2006; Belfiore 2020; Belfiore and Bennett 2008). Occupying a paradoxical space, they are mission-driven but structurally undercapitalised, expected to maintain transparency and accountability while lacking the operational and financial infrastructure to professionalise their systems (DiMaggio and Powell 1983; DiMaggio and Powell 2000; Carman 2010; Anheier 2014).

In this precarious landscape, the financial fragility of small cultural museums constitutes not merely an organisational risk but a systemic threat to the achievement of broader sustainable development goals (Tron et al. 2025; Liao et al. 2024; Gobbato 2024; Mar et al. 2025). As stewards of intangible cultural heritage and vital anchors of community cohesion, their erosion undermines society's collective capacity to sustain cultural continuity, foster inclusive civic participation and uphold principles of intergenerational equity all of which are foundational to the sustainability agenda (Mairesse 2016; Cadelano et al. 2019; Raissa et al. 2021; Biswas et al. 2021). The potential attrition of these institutions jeopardises the social infrastructure necessary for resilient, participatory and culturally rich communities. Although accounting research has long addressed non-profit financial performance, much of this literature remains centred on large, professionally managed organisations or macro-level sector analyses (Tuckman and Chang 1991; Prentice 2016; Greer 2021). These studies often rely on organisation financial metrics including surplus ratios, liquidity scores or revenue concentration to evaluate organisational health. While analytically efficient, such measures abstract from the complex social, interpretive and relational work required to sustain operations in small, under-resourced institutions.

Emerging insights from the ESG and sustainability literature further expose the limitations of technical financial indicators in capturing the realities of organisational resilience and social value (Tron et al. 2025; Khan and Gupta 2023; Chen et al. 2025; Uyar et al. 2023; Cuadrado-Ballesteros and Bisogno 2023). Building on this literature, the present study conceptualises financial sustainability not as a static condition of solvency but as a dynamic process through which organisations maintain financial viability while developing resilience to persistent environmental and resource constraints. In this sense, sustainability denotes the long-term capacity to continue delivering public cultural value, resilience refers to the ability to absorb, adapt to and recover from financial and institutional shocks, and financial viability captures the short-term sufficiency of resources required to sustain operations. These dimensions are analytically distinct yet mutually reinforcing, particularly in small non-profit settings, where financial fragility, adaptive capacity and long-term mission fulfilment are tightly interwoven (Ceptureanu et al. 2017; Plaisance 2024). Across both corporate and non-profit contexts, research shows that metrics such as cost of capital or default risk often fail to reveal how sustainability is performed and perceived (Postiglione et al. 2025; Koutoupis et al. 2025; Tron et al. 2025). Indeed, recent findings suggest that

sustainability is not merely an accounting outcome but a negotiated state shaped by stakeholder trust (Khan and Gupta 2023; Chen et al. 2025), institutional signalling (Uyar et al. 2023) and organisational responsiveness during crisis (Liao et al. 2024). This highlights a critical gap in understanding how financial sustainability is enacted under persistent constraint, particularly within institutions tasked with delivering public cultural value. Therefore, considering the above gap in the literature, this study seeks to answer the following question: How is financial sustainability achieved and maintained under persistent constraints in small cultural non-profit institutions, where such constraints consist of chronic funding instability, reliance on short-term and project-based grants, limited managerial and accounting capacity, sustained dependence on external stakeholders and ongoing compliance and reporting pressures that collectively shape organisational decision-making over time?

To address this, the present study draws on institutional theory and resource dependence theory (RDT). While these theoretical perspectives stem from different logics institutional theory emphasising intrinsic pressures arising from norms, legitimacy expectations and taken-for-granted practices (Meyer and Rowan 1977; DiMaggio and Powell 1983), and RDT foregrounding extrinsic, contingent influences stemming from resource dependencies and environmental uncertainty (Pfeffer and Salancik 2015), their combination is analytically productive rather than contradictory, particularly for understanding organisational behaviour under persistent constraint (Oliver 1991). Institutional theory provides a lens to explore how organisations conform to prevailing norms including funder demands, audit expectations and reporting standards to maintain legitimacy in the eyes of external stakeholders (DiMaggio and Powell 1983; DiMaggio and Powell 2000; Meyer and Rowan 1977). For small cultural institutions, such symbolic compliance often substitutes for substantive financial control, highlighting the performative dimensions of accounting in settings where capacity is limited (Ebrahim et al. 2014; Meyer and Rowan 1977; Power 1997; Lempert 2002; Mahmood and Uddin 2021; Kim et al. 2024). Complementarily, RDT accounts for how these organisations respond strategically to extrinsic pressures by actively managing dependence on unstable funding sources, negotiating relationships with donors and public authorities and adapting financial practices to shifting resource environments. In this light, financial sustainability is not a stable or objective state but a fluid process of adaptation, improvisation and resilience-building, all crucial components of institutional sustainability and long-term developmental viability (Ahrens and Khalifa 2015; Skelcher and Smith 2015; Hadida et al. 2015; Ebrahim et al. 2014). Together, these frameworks enable a deeper theorisation of sustainability as an enacted, contingent and context-bound practice.

This study contributes to accounting and sustainability research in three keyways. First, it centres the lived realities of small cultural museums, an under-represented but essential domain in the pursuit of sustainable development. Second, while the study is situated within global sustainability debates, it deliberately focuses on small cultural museums in London, a context characterised by high operational costs, intense competition for public and philanthropic funding and strong institutional and accountability pressures. London was selected because it represents a critical and information-rich setting in which global

sustainability challenges are acutely concentrated, allowing for in-depth examination of how small cultural institutions navigate financial sustainability under persistent constraints. Third, it introduces a dual-theoretical framework that reconceptualises financial sustainability as a socially and institutionally embedded practice, rather than a metric. By combining financial analysis with qualitative evidence, the study reveals how financial governance in resource-poor cultural organisations shapes—and is shaped by—broader sustainability dynamics. These insights offer important implications for funders, policymakers and civil society actors seeking to foster inclusive, resilient and culturally sustainable futures.

## 2 | Theoretical Background

### 2.1 | Conceptualising Financial Sustainability in Small Cultural Museums

Small cultural museums operate in organisational environments characterised by fragmented income streams, intermittent public and philanthropic funding and escalating accountability and reporting demands (Toepler 2006; Belfiore 2020; DCMS 2021). These conditions generate persistent tension between the need to secure financial resources and the need to conform to external norms of professionalism, transparency and performance. As a result, financial sustainability cannot be understood solely through aggregate financial outcomes but must be examined as an organisational process shaped by how financial practices, governance routines and external expectations interact over time.

In this context, accounting and reporting practices assume a dual role. On the one hand, they function as technical mechanisms for monitoring short-term financial viability, including liquidity management and income sufficiency (Prentice 2016). On the other hand, they operate as symbolic devices through which organisations signal legitimacy to funders, regulators and oversight bodies, often under conditions of limited internal capacity (Meyer and Rowan 1977; DiMaggio and Powell 1983). The increasing formalisation of grant regimes and performance-based funding has intensified these pressures, frequently requiring small organisations to adopt governance and reporting structures modelled on larger institutions (Belfiore and Bennett 2008; Toepler 2006).

These dynamics foreground the analytical distinction between financial viability, organisational resilience and financial sustainability. While viability concerns short-term adequacy of resources (Tuckman and Chang 1991; Prentice 2016), and resilience captures adaptive responses to episodic financial and institutional shocks (Ahrens and Khalifa 2015; Skelcher and Smith 2015), sustainability refers to the longer term capacity to maintain mission-critical operations under persistent constraint (Ceptureanu et al. 2017; Plaisance 2024). Importantly, these dimensions are interdependent rather than sequential: Efforts to signal viability may draw on limited organisational capacity, while adaptive strategies aimed at resilience may simultaneously reinforce or undermine perceptions of legitimacy (Meyer and Rowan 1977; Oliver 1991; Ebrahim et al. 2014). Financial sustainability thus emerges not as a stable condition, but as a

negotiated and contingent outcome, continually reproduced through organisational practice.

### 2.2 | Institutional Theory

Institutional theory provides a foundational lens to explore how organisations adopt certain structures and practices in order to conform to the legitimating norms of their environment (Meyer and Rowan 1977; DiMaggio and Powell 1983; DiMaggio and Powell 2000; Greenwood et al. 2014). Rooted in the work of Meyer and Rowan (1977), the theory posits that organisational forms are not merely efficiency-driven but often reflect pressures for institutional conformity. Particularly in the non-profit and cultural sectors, where success is rarely defined by profit maximisation, legitimacy becomes a critical resource, one that can be accessed through the adoption of recognisable, standardised and sanctioned financial practices.

This theoretical perspective is especially relevant to the research question of how financial sustainability is achieved and maintained under persistent constraints in small cultural non-profit museums. These organisations often operate with limited resources yet face growing pressure to demonstrate accountability and professionalism to funders, regulators and their communities. From an institutional perspective, financial sustainability is shaped not only by resource availability but by the organisation's ability to conform to and perform legitimacy through accepted accounting, governance and reporting practices (Meyer and Rowan 1977; DiMaggio and Powell 1983). Institutional theory helps explain why museums adopt practices such as polished financial reports, reserves policies or strategic plans even when these are only loosely coupled with operational realities. By doing so, they symbolically align themselves with sector-wide norms of legitimacy, thereby maintaining access to funding streams and reputational credibility (Power 1997; Ebrahim et al. 2014).

DiMaggio and Powell's (1983) concept of institutional isomorphism is particularly salient: under-resourced museums imitate the structures and reporting practices of larger, better resourced institutions to enhance their credibility and secure continued support. As seen in recent ESG literature (e.g., Khan and Gupta 2023; Uyar et al. 2023), such practices are not unique to the non-profit realm but reflect a broader pattern where sustainability is as much about image management and trust-building as it is about operational capability. Accordingly, institutional theory clarifies one central mechanism of the research question: how legitimacy-seeking through accounting and governance practices enables organisations to sustain themselves financially despite structural weakness.

### 2.3 | RDT

While institutional theory accounts for conformity and legitimacy, RDT offers a complementary perspective that foregrounds organisational agency under constraint. Developed by Pfeffer and Salancik (2015), RDT asserts that organisational survival depends on the ability to manage dependencies on external resource holders. It places analytical emphasis on power

dynamics, strategic manoeuvring and environmental responsiveness—all of which are critical for understanding how small institutions navigate volatile funding ecologies.

Unlike large entities that may absorb shocks through reserves or diversification, small cultural museums face disproportionate exposure to funding disruptions (Belfiore 2020; Loach et al. 2017; Brown 2019; Cerquetti et al. 2024; Gobbato 2024; DCMS 2021). RDT directly addresses the research question by explaining how financial sustainability is pursued through active strategies to manage dependence on unstable and fragmented funding sources. RDT helps explain how these organisations respond: by forming tactical alliances, reconfiguring their missions or reframing outputs in funder-friendly language. As shown in recent ESG-related studies (Ahmed et al. 2024; Rjoub et al. 2024), these behaviours are not mere acts of compliance, but strategic acts of survival aimed at retaining autonomy while appearing funder aligned.

Moreover, RDT highlights the intentional adaptation of organisational identity and operations in order to mitigate risk (Pfeffer and Salancik 2015; Hillman et al. 2009; Froelich 1999). For example, institutions may recruit board members with financial credentials, expand programming to appeal to broader donor bases or seek ESG-style validation through certifications and third-party endorsements. These practices illuminate how financial sustainability is negotiated through ongoing trade-offs between resource acquisition, organisational autonomy and mission integrity.

## 2.4 | Integrating Institutional Theory and RDT

Institutional theory and RDT are treated here as complementary rather than competing perspectives. Institutional conformity often conditions access to critical external resources, while resource dependence intensifies pressure to conform visibly to recognised norms. More specifically, legitimacy-seeking practices can be understood as mechanisms through which organisations secure and stabilise access to external resources, while patterns of resource dependence shape both the intensity and form of such legitimacy-seeking behaviours. In this sense, institutional conformity is not only a response to normative pressure but also a strategic adaptation conditioned by resource vulnerability, creating a relationship in which legitimacy enables resource access, and resource dependence reinforces the need for continued legitimacy performance. Accounting and governance practices therefore operate simultaneously as legitimating signals and strategic survival tools, even as they absorb scarce organisational capacity.

This interaction provides the theoretical foundation for the study's triadic framework, in which short-term financial viability, organisational resilience and long-term sustainability are understood as dynamically interrelated. Institutional theory explains how legitimacy-seeking practices shape perceptions of viability, RDT explains how organisations strategically adapt to resource dependence and their interaction explains how sustainability emerges over time as a provisional and negotiated equilibrium.

Building on this synthesis, the study develops empirically grounded expectations rather than formal hypotheses. Specifically, heightened legitimacy pressures are expected to increase emphasis on formal accounting and governance practices, while greater funding volatility is expected to intensify adaptive strategies aimed at enhancing resilience. Crucially, these dynamics are expected to coevolve, such that conformity both enables and constrains strategic responses to resource dependence. These expectations guide the empirical analysis that follows.

## 3 | Methodology and Research Design

This study adopts a qualitative-led mixed-methods design, in which a descriptive quantitative analysis is followed by an in-depth qualitative inquiry. The quantitative component provides a structured overview of financial patterns across small cultural museums, while the qualitative interviews are used to interpret and theorise these patterns through institutional theory and RDT. The two components are analytically connected, with the qualitative phase designed to contextualise and explain the quantitative patterns rather than to independently generate or statistically test a formal model. Figure 1 shows qualitative-led mixed-methods design illustrating how descriptive quantitative analysis informs qualitative inquiry and integrated theoretical interpretation through institutional theory and RDT.

The research unfolds across three phases.

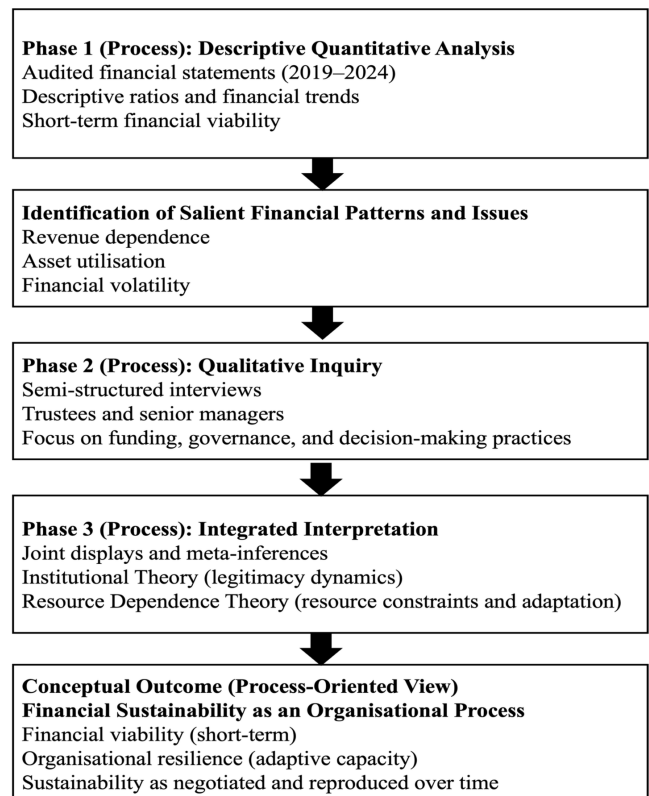


FIGURE 1 | Qualitative-led mixed-methods research design.

### 3.1 | Phase 1 (Descriptive Quantitative Analysis)

The first phase documents key financial patterns related to short-term financial viability using longitudinal financial data from the participating museums. Given the small number of organisations and observations, the quantitative analysis is explicitly descriptive rather than inferential. Its purpose is to identify salient financial configurations and trajectories that motivate and inform the qualitative inquiry. While exploratory regression models were estimated to examine potential associations between key financial variables, these models are not used for hypothesis testing or causal inference due to data limitations. Instead, they serve a supplementary, illustrative role and are reported separately in Appendix S1 to enhance transparency regarding the analytical approach.

### 3.2 | Phase 2 (Qualitative Inquiry)

In the second phase, trustees and senior managers from the same museums were engaged through purposive sampling. Qualitative data were collected through semistructured interviews guided by an interview protocol focusing on financial decision-making, funding relationships, governance practices and responses to resource uncertainty. Interviews lasted approximately 45–60 min and were conducted either in person or online. All participants provided informed consent, were assured anonymity and were informed of their right to withdraw at any stage. The study adhered to standard ethical guidelines for social science research. Interview questions explored how donation strategies are developed, how assets are utilised (shaping operational performance) and how organisational size influences capacity, risk appetite and reserve practices. Thematic coding was used to surface organisational mechanisms such as donor cultivation practices, governance routines and scaling constraints and to construct narratives that help explain the quantitative patterns.

### 3.3 | Phase 3 (Integration)

In the final phase, quantitative and qualitative findings were integrated at the interpretation stage using joint displays and meta-inferences. Descriptive financial patterns identified in Phase 1 were contextualised through trustees' and managers' narratives, allowing financial indicators to be linked to organisational practices and decision-making processes. Triangulation across data sources, attention to negative cases and validation of key themes enhanced analytical credibility.

### 3.4 | Phase 1: Descriptive Quantitative Analysis

To document financial patterns relevant to financial viability in small cultural institutions, a longitudinal dataset was constructed using audited financial statements from three charitable museums covering the period 2019–2024. Data were compiled from publicly available annual reports and analysed using EViews 13 (Brooks 2014). Given the limited number of observations, the analysis is not intended to support statistical inference or causal interpretation. Instead, it provides a

descriptive account of financial structures and trends within a rarely observed organisational population.

#### 3.4.1 | Variables and Measurement

Variables were selected based on established non-profit financial literature and adapted to the specific context of cultural organisations. Following Prentice (2016), the financial sustainability score (FSS) used in this study does not capture sustainability in a substantive or long-term sense. Rather, it is interpreted as an indicator of short-term financial viability, reflecting an organisation's immediate financial health and capacity to meet operational obligations. Sustainability itself is treated as a broader, processual outcome interpreted through the combined quantitative and qualitative analyses.

Donations (DOR) were measured as total donations divided by total income, capturing reliance on voluntary contributions (Greer 2021). Return on assets (ROA) was calculated as net income divided by total assets and is commonly used in non-profit finance to assess how efficiently resources are deployed (Williams 2023). Legacies (LER) were operationalised as legacy income as a proportion of total income, reflecting the irregular but potentially significant role of bequests in non-profit finances (Chen et al. 2025). Grants (GTR) were measured as grant income divided by total income, indicating dependence on public or institutional funders (Ahmed et al. 2024). Leverage (LV) was calculated as total liabilities over total assets, capturing exposure to financial risk (Liao et al. 2024). Size ( $\ln\_TA$ ) was measured as the natural logarithm of total assets. While some museums report relatively high asset values due to heritage buildings and collections, these assets are largely illiquid; organisational 'smallness' is therefore understood in terms of staffing levels, operating budgets and financial flexibility rather than asset valuation alone (Tron et al. 2025). Table 1 clarifies the operationalisation, calculation and interpretation of all variables used in the quantitative analysis. It specifies how each financial indicator is constructed from audited financial statements, the scale on which it is reported and its analytical role within the study.

#### 3.4.2 | Patterns and Financial Context

Rather than emphasising coefficient magnitudes or statistical significance, the quantitative analysis focuses on descriptive patterns evident in Table 2 across organisations and over time. The descriptive statistics reveal substantial volatility and asymmetry in key financial variables. FSS varies widely (min = 0.48; max = 1.58), indicating pronounced fluctuations in short-term financial health across museum-years. Revenue composition variables display particularly high dispersion and non-normality: DOR, LER and GTR exhibit strong positive skewness and elevated kurtosis, reflecting episodic and irregular income streams characteristic of small cultural charities.

Operational performance, measured by ROA, spans from substantial losses to moderate surpluses (−0.81 to 0.44) and shows pronounced left skewness and kurtosis, highlighting periods of financial stress alongside short-term recovery. Although asset size is relatively stable in logged terms, the presence of negative

**TABLE 1** | Variable definitions and measurement.

Variable	Definition	Measurement/ calculation	Unit/scale	Interpretation
FSS	Financial sustainability score	Composite index based on surplus margin and reserve months	Index (dimensionless)	Proxy for short-term financial viability, not long-term sustainability (Prentice 2016)
DOR	Donor revenue ratio	Total donations ÷ total income	Proportion (0–1)	Degree of dependence on voluntary contributions
ROA	Return on assets	Net income ÷ total assets	Ratio	Efficiency of asset use in generating operating results
LER	Legacy income ratio	Legacy/bequest income ÷ total income	Proportion (0–1)	Exposure to irregular, one-off income streams
GTR	Grant revenue ratio	Grant income ÷ total income	Proportion (0–1)	Dependence on public or institutional funding
LV	Leverage	Total liabilities ÷ total assets	Ratio	Financial risk exposure and debt reliance
Size (ln_TA)	Organisational size	Natural logarithm of total assets	Log units (assets in millions)	Scale proxy; assets largely illiquid (buildings/collections), not operational capacity

Note: Asset values reported for museums primarily reflect heritage buildings and collections, which are largely illiquid. Accordingly, organisational 'smallness' in this study is defined by staffing levels, operating budgets and financial flexibility rather than asset valuation alone.

**TABLE 2** | Descriptive statistics.

Var	Min	Max	Mean	Std. deviation	Skewness		Kurtosis	
					Stat	Std. error	Stat	Std. error
FSS	0.48	1.58	0.989	0.358	0.281	0.637	−0.776	1.232
DOR	0.02	0.64	0.183	0.209	1.645	0.637	1.643	1.232
ROA	−0.81	0.44	−0.03	0.296	−1.441	0.637	4.654	1.232
Size	12.32	14.32	13.341	0.752	0.28	0.637	−1.55	1.232
LER	0	0.47	0.053	0.132	3.35	0.637	11.407	1.232
GTR	0	0.82	0.151	0.256	2.013	0.637	3.79	1.232
LV	0.01	0.29	0.116	0.102	0.612	0.637	−0.919	1.232

Note: Panel dataset constructed from audited financial statements of three charitable museums, 2019–2024 (six fiscal years).

kurtosis suggests uneven scaling effects rather than smooth growth. Overall, the descriptive evidence points to structurally fragile and uneven financial conditions, marked by volatility, income concentration and short-term shocks. These patterns do not constitute evidence of causal relationships; instead, they identify financially salient dynamics such as dependence on volatile income sources and fluctuating operational performance

that motivate and warrant deeper qualitative exploration. To ensure transparency, exploratory regression models and correlation matrices are reported in Appendix S1 as illustrative material. The quantitative analysis functions as an empirical anchor for the qualitative inquiry. Institutional theory and RDT are not embedded in the statistical specification itself but are mobilised in the qualitative phase to explain how the observed

financial patterns are produced, sustained and negotiated in organisational practice.

### 3.5 | Phase 2 (Qualitative Approach): Exploring Embedded Experiences of Financial Sustainability

To explore how financial sustainability is constructed, experienced and enacted within small cultural institutions, this study employed a qualitative inquiry using semistructured interviews with trustees, financial officers and senior operational leads. This qualitative component was designed to complement and contextualise the quantitative analysis by illuminating the organisational narratives, behavioural adaptations and structural tensions underpinning financial performance metrics (Silverman and Marvasti 2008). In line with calls to move beyond positivist accounts of accounting in the non-profit sector (Ebrahim 2003; Jacobs 2005), this approach enabled an interpretive understanding of how actors within financially constrained settings navigate and perform sustainability.

The study focused on three formally registered charitable cultural museums in the United Kingdom, selected through purposive sampling to capture variation in scale, income structure and governance maturity (Patton 2014; Fossey et al. 2002). Museums were selected based on three criteria: (1) classification as small cultural non-profit institutions in terms of staffing levels and operating budgets; (2) availability of consistent multi-year financial data to support the quantitative analysis; and (3) exposure to persistent funding constraints, including reliance on public grants and donations. Practical accessibility facilitated access to interviewees, but it was not the sole basis for case selection. All three organisations operated under conditions of chronic resource constraint, relied heavily on volunteer engagement and maintained mission-centred programming in heritage preservation, music education or community arts. Access to participants was facilitated through institutional gatekeepers, a necessary step given the sensitivity of financial disclosure and the reputational vulnerability of small museums (Holloway and Galvin 2023). Securing interviews proved challenging, as potential participants expressed hesitation about sharing candid reflections on institutional finances and governance under uncertainty. This reinforces prior observations that qualitative access in the third sector often hinges on trust, institutional openness and the researcher's ability to navigate informal networks (Macmillan 2011; Bryman 2016). Ultimately, interviews were conducted with four senior figures across three institutions specifically the chair of the board of trustees and the treasurer at both the Musical Museum and the Landmark Arts Centre (Table 3). Participants were selected for their direct involvement in financial strategy, governance oversight and external engagement, reflecting the embedded expertise necessary to interrogate institutional responses to funding pressures and accountability demands. Given the qualitative sample size, the interviews are not intended to generate a generalisable model but to offer analytical depth and theoretical insight into the mechanisms underlying financial sustainability in practice (Patton 2014; Robert 2013). In line with qualitative research conventions, a small number of information-rich cases

TABLE 3 | Profile of respondents.

Respondent	Institutional role	Affiliation	Tenure	Professional background	Financial responsibilities
R1	Treasurer	Musical Museum	8 years	Financial oversight and accounting	Manages financial updates, monitors cash flow and ensures financial obligations are met
R2	Chair of Trustees	Landmark Arts Centre	6 years	Former Project Manager and HR Director in large corporations	Provides strategic leadership; supported financial decision-making and crisis recovery efforts
R3	Trustee and Chair of Finance Committee	Landmark Arts Centre	5 years	Former Banker with expertise in social investment and finance	Oversees annual budgeting, quarterly management accounts and financial planning
R4	Chair	Musical Museum	10 years	Cultural leadership and institutional governance	Managed the institution through COVID; directed fundraising, legacy income use and recovery funding

is appropriate for exploratory analysis where the objective is to theorise mechanisms and processes rather than estimate population parameters. The interviews provide sufficient empirical depth to interpret the quantitative patterns through institutional and resource dependence lenses (Eisenhardt 1989; Ahrens and Chapman 2006; Creswell and Clark 2017).

Qualitative data were analysed using a multistage, abductively informed coding process (Timmermans and Tavory 2012), combining open, axial and thematic techniques rooted in qualitative content analysis (Graneheim et al. 2017). In the first phase, open coding generated first-order categories directly from participant language, capturing lived experiences of funding precarity, grant conditionality, legacy unpredictability, symbolic governance practices and the hidden labour involved in sustaining community engagement. In the second stage, these first-order codes were clustered into second-order themes, such as entrepreneurial improvisation, professionalisation of financial control and negotiated autonomy. Through axial coding and theoretical integration, three aggregate dimensions emerged: strategic adaptation to resource constraints, institutional legitimacy and professionalisation and structural and capacity limitations (Figure 2). To enhance analytical reliability and validity, coding decisions were iteratively reviewed and refined, with emerging themes cross-checked against the data to ensure consistency and interpretive coherence. In addition, triangulation with financial documents and interview narratives was used to validate key themes and reduce potential researcher bias. These dimensions reflect the entangled pressures that small cultural museums must navigate symbolic compliance with institutional norms and strategic manoeuvring within volatile funding ecologies. Institutional theory (Meyer and Rowan 1977; DiMaggio and Powell 1983; DiMaggio and Powell 2000) informed the

interpretation of legitimacy-seeking behaviours, particularly in the performative adoption of financial planning tools, ESG-style disclosures and governance policies. RDT (Pfeffer and Salancik 2015) offered a complementary lens, framing the relational and strategic work involved in income diversification, donor cultivation and grant acquisition in environments marked by asymmetrical power and conditional support (Froelich 1999; Mahmood and Uddin 2021; Kim et al. 2024).

To enhance validity, triangulation was employed through cross-referencing interview themes with financial statements, budgets and governance documents analysed in the quantitative component. This integrated design enabled the identification of consistencies and contradictions between narrative accounts and formal financial data, offering a more nuanced and critical perspective on how financial sustainability is both discursively constructed and materially negotiated. This dual-method approach deepens our understanding of accounting not merely as a technical artefact but as a situated, contested and adaptive practice within non-profit institutional life.

### 3.5.1 | Findings

The interview data revealed a layered and often paradoxical understanding of financial sustainability within small cultural institutions. Participants oscillated between narratives of resilience and fragility, adaptability and compliance, creativity and constraint. Three interrelated dimensions emerged from the coding process. These dimensions do not stand alone; they intersect and reinforce one another, forming what several respondents described as a ‘tightrope walk’ between survival and self-presentation.

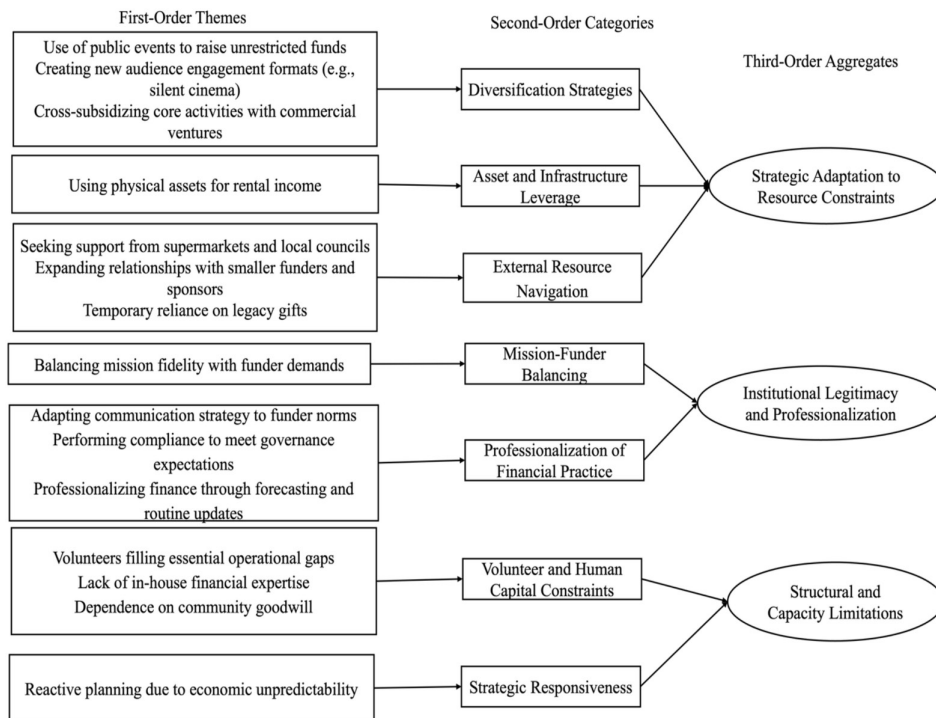


FIGURE 2 | Data structure.

### 3.5.2 | Strategic Adaptation to Resource Constraints

Across all three institutions, participants articulated a shared imperative to ‘get creative with funding’. This involved a proliferation of activities outside their core cultural mission: silent cinemas, craft fairs, beer festivals and renting out gallery space for private events driven not by mission expansion but by necessity. Respondents consistently framed these activities as reactive responses to short-term financial pressure rather than as deliberate strategic diversification.

This qualitative emphasis on opportunistic income generation aligns with the descriptive quantitative patterns reported in Table 2, which show high dispersion and skewness in donation, legacy and grant income, indicating episodic and unpredictable revenue streams. Rather than smoothing financial risk, these revenue sources appeared to amplify volatility, reinforcing a cycle of continual adjustment.

We’ve had to think like entrepreneurs not by choice, but to keep the lights on. Ticketed events, cinema nights, even weddings. It’s not why we exist, but it’s why we continue to exist.

(R1)

These adaptations were rarely framed as part of long-term strategy. Rather, they reflected a short-term, opportunity-driven approach what R4 called ‘patchwork financing’. There was a tacit awareness that these efforts stretched organisational capacity thin and occasionally diluted cultural identity. Participants expressed ambivalence towards these practices, recognising them as necessary but potentially corrosive to institutional purpose.

Such short-termism helps contextualise the volatility observed in short-term FSS, which fluctuate markedly across museum-years rather than displaying sustained stability (Table 2). Financial viability was thus described as something to be continually ‘patched together’ rather than planned *for*.

Sometimes I worry we’re becoming more venue than museum. But if a wedding pays our insurance bill, it’s a decision we have to live with.

(R2)

Simultaneously, participants described efforts to reduce dependence on major funders by cultivating alternative revenue relationships local businesses, supermarkets and individual donors. Yet these sources were also unstable, described variously as ‘transactional’, ‘unpredictable’ or ‘PR-driven’. Such relationships were often perceived as symbolic gestures of community engagement rather than reliable financial anchors.

This mirrors the descriptive evidence of concentrated and irregular income composition, reinforcing the interpretation of financial viability as contingent rather than structurally secured. Interviewees’ accounts provide insight into how these quantitative patterns are produced through continual experimentation with uncertain revenue channels.

We got a grant from a supermarket’s community scheme great photo-op, but it barely covered our volunteer expenses for the month.

(R3)

This illustrates an organisational field in which resource pursuit is relentless but rarely transformative, echoing broader critiques of non-profit financial precarity and strategic exhaustion. Adaptation, while inventive, functioned more as a survival tactic than a pathway to long-term sustainability.

### 3.5.3 | Institutional Legitimacy Through Professionalisation

Even as organisations stretched to remain viable, they were equally engaged in efforts to appear viable, a distinction not lost on interviewees. A recurring theme was the performance of professionalism to funders, regulators and even to their own boards. Participants described legitimacy as something actively constructed and maintained through visible compliance rather than derived from underlying financial strength.

This performative emphasis on polished reporting and formal governance practices provides a qualitative explanation for why conventional financial indicators alone offer a limited picture of sustainability, despite their prominence in external assessments (Table 2). Accounting practices were frequently discussed as symbolic artefacts aimed at reassuring external audiences.

It’s a bit of a show, to be honest. The reports look polished, the numbers look tidy but that’s evenings and weekends from unpaid volunteers trying to guess what the Charity Commission wants to see.

(R4)

Other respondents emphasised the symbolic value of accounting practices such as reserves policies, impact metrics and strategic plans, which were produced primarily to satisfy external expectations rather than to guide internal decisions. These documents often existed independently of day-to-day financial management.

These practices help explain why financial viability may appear stable in certain periods despite underlying capacity constraints, as reflected in the uneven distribution of liquidity-related indicators in the descriptive data. Stability on paper thus coexisted with operational fragility in practice.

We maintain a reserves policy that reads very well on paper. In practice, our reserves are what’s left after paying the electricity.

(R2)

This form of symbolic compliance was deeply entangled with anxiety about legitimacy. Interviewees described funders as ‘benchmarking’ governance maturity against norms designed for much larger institutions. In response, they borrowed language and

formats from sector exemplars to 'look like we belong'. Imitation was framed as a defensive strategy rather than an aspirational one.

The funder wanted a theory of change. We didn't have one. So we looked up what the Tate used, swapped in our mission, and submitted that.

(R3)

Digital communication was also adopted strategically to signal modernity and responsiveness, though often without supporting internal capacity. Online presence functioned as a reputational signal rather than a reflection of organisational capability.

We launched an Instagram strategy. By 'strategy' I mean we got a volunteer who knows Canva to post flyers with hashtags. It looks slick, but it's not capacity it's cosmetics.

(R1)

This tension between appearance and operational reality highlights how financial and governance practices function simultaneously as survival mechanisms and symbolic performances. Legitimacy, in this sense, was continually negotiated under constraint.

### 3.5.4 | Embedded Structural and Capacity Limitations

Beneath adaptive efforts and performative routines lie chronic capacity constraints that limit the extent to which either can be sustained. All three institutions were structurally reliant on volunteers, with professional staff either absent or stretched across multiple roles. Capacity constraints were described not as temporary challenges but as enduring structural conditions.

These structural limitations offer qualitative insight into the uneven relationship between organisational scale and short-term financial viability observed in the descriptive analysis, where greater asset size does not consistently translate into stronger financial outcomes (Table 2). Interviewees repeatedly emphasised that asset holdings offered little protection against operational vulnerability.

Our finance function is three trustees with Excel. There's no one to run scenario planning or sensitivity analysis.

(R3)

While this reliance enabled low-cost delivery, it introduced instability and risk. Volunteers lacked continuity, specialist skills and time. Institutions often masked these weaknesses through polished reporting, but internally, the gaps were widely acknowledged. This masking reinforced the disjunction between external perceptions and internal realities.

We had a grant and no finance officer to manage it. It was held by a volunteer who used to be a teacher.

(R2)

Respondents consistently noted that increasing reporting demands were not accompanied by capacity-building support. Compliance expectations thus intensified pressure without strengthening organisational infrastructure.

This helps explain why financial resilience remains fragile despite formal compliance with governance norms, reinforcing the interpretation of sustainability as a negotiated and contingent process rather than a stable financial condition.

We're expected to meet the same reporting standards as the National Gallery but on zero salaried staff.

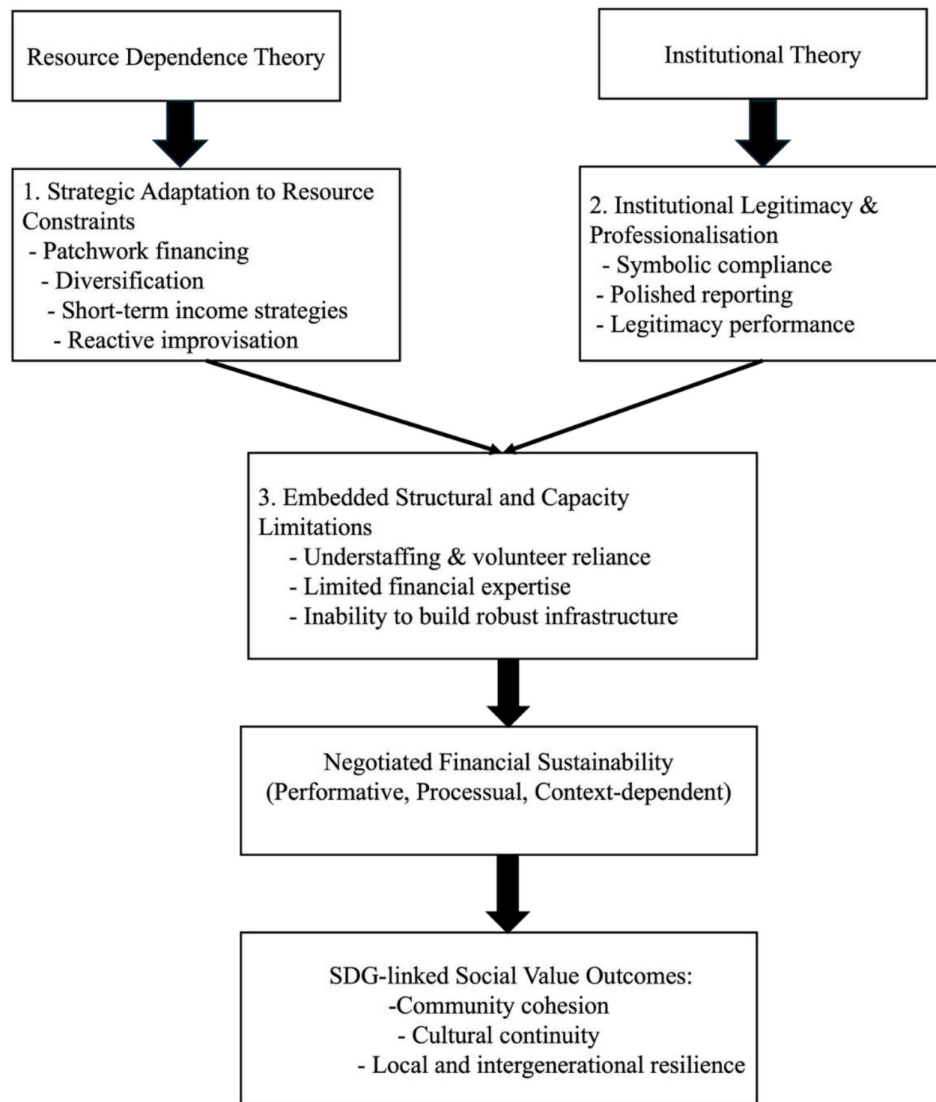
(R4)

These embedded constraints limit both strategic adaptation and legitimacy performance. What appears externally as resilience often masks a fragile equilibrium sustained by informal labour and institutional reputation. Survival, in this context, is continuously earned rather than secured.

While each of these dimensions is analytically distinct, they are functionally intertwined. The need to project legitimacy intensifies pressure to adopt symbolic governance practices, which in turn drain limited resources and exacerbate structural vulnerabilities. Adaptive strategies, though inventive, are constrained by volunteer capacity and the managerial bandwidth needed to orchestrate them. Participants reflected on this cyclical dynamic with ambivalence, proud of their institution's survival but sceptical about the cost. This tension between the need to survive and the need to appear strategically composed frames much of the financial behaviour observed in these institutions. Their practices are simultaneously pragmatic, performative and precarious, shaped by both structural necessity and institutional expectation.

### 3.5.5 | Synthesis and Integrative Framework

Taken together, the findings of this study indicate that financial sustainability in small cultural museums cannot be meaningfully understood as a single, static metric or technical achievement. Instead, it is best conceptualised as a negotiated, multidimensional process, shaped by the constant interplay of strategic adaptation, legitimacy-seeking and embedded capacity constraints, each of which is grounded in broader theoretical perspectives and directly reflected in Figure 3. First, strategic adaptation to resource constraints is most closely aligned with RDT. Institutions continually engage in *patchwork financing*, opportunistic diversification and short-term improvisational tactics to buffer themselves against unpredictable funding flows. These strategies, such as cross-subsidising core activities with commercial ventures or leveraging physical assets for rental income (as shown in Figure 2), reflect a dynamic form of resilience that is always provisional and reactive. Yet, as Figure 3 shows, such adaptation is not sufficient on its own: without legitimacy in the eyes of external stakeholders, resource access is curtailed. Second, the imperative of institutional legitimacy and professionalisation is rooted in institutional theory. Small cultural museums must symbolically comply with governance norms, produce polished financial reports and perform their adherence to



**FIGURE 3** | Negotiated framework for strategic financial sustainability in small cultural institutions.

sector standards, often regardless of underlying capacity. This process, illustrated in both figures, is not merely about technical accuracy but about *signalling* trustworthiness and competence to funders, regulators and the public. This ‘performance’ is essential for unlocking critical resources but can mask internal strain or paper over operational vulnerabilities.

Third, structural and capacity limitations remain a fundamental backdrop for both adaptation and legitimacy-seeking. Chronic understaffing, volunteer reliance and a lack of financial expertise create persistent operational fragilities that constrain the effectiveness of both strategic and symbolic actions. These limitations are not anomalies but are endemic to the small cultural non-profit sector, as highlighted in the ‘Embedded Structural and Capacity Limitations’ box in Figure 3. The interplay among these three themes results in what this study conceptualises as *negotiated financial sustainability*: a process that is inherently performative, context-dependent and continually constructed through organisational sense-making and adaptation. As Figure 3 illustrates, it is precisely at the intersection of these pressures—resource dependency, institutional conformity and structural fragility—that financial sustainability is enacted.

Furthermore, the framework emphasises that the *outcomes* of these organisational negotiations are not purely financial. By theorising financial sustainability as a negotiated equilibrium between viability, resilience and legitimacy, the framework advances sustainability scholarship beyond ratio-based assessment towards a practice-oriented understanding of organisational endurance under constraint.

### 3.6 | Phase 3 (Integration and Interpretation): Discussion

The findings of this study demonstrate that financial sustainability in small cultural museums is best understood as a negotiated and processual outcome, rather than as a condition revealed by conventional financial indicators alone. While the descriptive quantitative analysis documents pronounced volatility in income composition, operational performance and short-term financial viability, the qualitative evidence explains how and why these patterns emerge in practice. Rather than reiterating empirical results, this section interprets those patterns through institutional theory and RDT. Together, the two strands

show that financial sustainability is enacted at the intersection of resource dependence, legitimacy-seeking and structural capacity constraints (Pfeffer and Salancik 2015; DiMaggio and Powell 1983; Meyer and Rowan 1977).

From the RDT perspective, the descriptive financial patterns reveal heavy reliance on unstable and episodic income sources, including donations, legacies and project-based grants. Such dependence is a defining feature of small non-profit organisations operating in competitive and uncertain funding environments (Pfeffer and Salancik 2015; Froelich 1999; Ahmed et al. 2024). The interview accounts of continual improvisation, ‘patchwork financing’ and opportunistic revenue generation illustrate how organisations actively manage these dependencies in practice. Rather than representing strategic diversification in a classical sense, these practices function as short-term buffering mechanisms against resource volatility (Hillman et al. 2009). This interpretation extends earlier non-profit research that associates diversification with stability (Tuckman and Chang 1991) by showing that, in small cultural museums, diversification often reproduces volatility rather than mitigating it. In this context, what appears quantitatively as financial viability reflects temporary alignment between income inflows and immediate obligations, not durable financial security (Prentice 2016; Plaisance 2024).

At the same time, institutional theory provides insight into how small cultural museums respond to growing accountability, reporting and governance expectations. Interviewees consistently described the production of financial reports, reserves policies, strategic plans and impact narratives as symbolic artefacts, designed primarily to signal professionalism and legitimacy rather than to guide internal decision-making. This aligns with classic institutional arguments that organisational practices often decouple formal structures from operational realities in order to secure legitimacy (Meyer and Rowan 1977; DiMaggio and Powell 1983). Consistent with prior non-profit accounting studies (Power 1997; Ebrahim et al. 2014), the findings suggest that sustainability is frequently enacted through representation rather than embedded capacity. Similar dynamics have been documented in ESG-related research, where sustainability is performed through reporting and signalling rather than operational transformation (Khan and Gupta 2023; Uyar et al. 2023).

Crucially, the findings show that resource dependence and institutional conformity are mutually reinforcing rather than competing logics. This relationship operates through a reinforcing mechanism in which legitimacy-seeking practices function as strategic tools for securing and stabilising access to external resources, while ongoing dependence on those resources intensifies the need to maintain visible conformity to institutional expectations (Oliver 1991; Pfeffer and Salancik 2015). In this sense, institutional conformity is not only a response to normative pressure but also a strategic adaptation conditioned by resource vulnerability. This dynamic helps explain why organisations invest heavily in symbolic accounting and governance practices: Such practices are not merely ceremonial but are instrumental in maintaining resource flows, even when they absorb scarce organisational capacity. This interaction helps explain why conventional

financial metrics struggle to capture sustainability in small cultural non-profits: They register outcomes without revealing the organisational work required to produce them (Ebrahim et al. 2014; Prentice 2016).

The third theme embedded structural and capacity limitations provides the connective tissue between these theoretical perspectives. While descriptive financial data show that asset size does not consistently translate into stronger financial viability, the qualitative evidence explains this disconnect. Heritage assets are largely illiquid and cannot be mobilised to meet operational needs, while staffing, financial expertise and administrative capacity remain chronically constrained (Belfiore 2020; Loach et al. 2017; DCMS 2021). This finding echoes earlier cultural policy research on organisational fragility (Toepler 2006) while extending it by showing how capacity constraints actively shape both adaptation and legitimacy performance. As a result, organisational growth often increases compliance and reporting burdens without generating proportional operational flexibility, reinforcing what Toepler (2006) describes as a ‘structural squeeze’. What appears quantitatively as a scaling effect is, in practice, the manifestation of persistent infrastructural fragility.

Taken together, these findings support a reconceptualisation of financial sustainability as a negotiated equilibrium, continuously assembled through strategic adaptation, symbolic compliance and informal labour. In contrast to models that treat sustainability as an outcome measurable through ratios or thresholds, this study aligns with and extends process-oriented accounts of non-profit sustainability (Skelcher and Smith 2015; Ahrens and Khalifa 2015). Financial sustainability in small cultural museums is not achieved by stabilising ratios or meeting abstract benchmarks but by navigating ongoing tensions between mission integrity, external legitimacy and resource insecurity. The triadic framework developed in this study captures this dynamic process and explains why sustainability remains provisional, context-dependent and deeply embedded in organisational practice.

#### 4 | Contributions to Research and Theoretical Implications

This study’s most significant contribution lies in its qualitative insight that financial sustainability in small cultural museums extends far beyond balanced budgets or favourable financial indicators. While prior non-profit accounting research often equates sustainability with financial equilibrium or ratio-based performance (e.g., Tuckman and Chang 1991; Prentice 2016), the findings here demonstrate that what is labelled ‘financial sustainability’ is in practice sustained through continuous improvisation, legitimacy work and coping with chronic capacity constraints.

Rather than positioning quantitative financial measures as evidence of sustainability outcomes, this study deliberately scales back their interpretive weight and repositions them as descriptive signals that prompt qualitative explanation. The quantitative patterns highlight volatility and short-term viability, but it is the qualitative evidence that reveals how

organisations actively construct the appearance and experience of sustainability through informal labour, symbolic compliance and adaptive resource practices. This shift in emphasis represents a key theoretical advance, moving sustainability analysis away from measurement towards process and practice.

By foregrounding the lived, organisational work through which sustainability is enacted, the study contributes a grounded and context-sensitive understanding of sustainability that complements and challenges dominant quantitative models. This qualitative emphasis represents the manuscript's strongest contribution, offering a richer and more realistic account of how sustainability is continuously negotiated in small, resource-constrained cultural non-profits.

This study makes a set of distinct and original contributions to research on non-profit accounting, financial sustainability and cultural organisations by moving beyond summary accounts of financial fragility to offer a theoretically integrated, empirically grounded explanation of how sustainability is enacted under persistent constraint. Rather than reiterating findings, this section foregrounds novelty, clarifies policy relevance and distinguishes three interrelated contributions: theoretical, methodological and contextual.

#### 4.1 | Theoretical Contribution

The central theoretical contribution of this study lies in its integrated application of institutional theory and RDT to reconceptualise financial sustainability as a negotiated, processual and practice-based outcome (Meyer and Rowan 1977; DiMaggio and Powell 1983; Pfeffer and Salancik 2015). In doing so, the study builds on and synthesises existing conceptualisations of non-profit sustainability by bringing these theoretical perspectives into closer alignment. Existing non-profit accounting models typically conceptualise sustainability through financial ratios, reserve thresholds or vulnerability indices (e.g., Tuckman and Chang 1991; Prentice 2016). While useful for benchmarking, these approaches treat sustainability as a measurable state and largely abstract from the organisational work required to sustain legitimacy and resources over time.

By combining institutional theory and RDT, this study extends existing non-profit accounting scholarship in two important ways. First, it demonstrates that legitimacy-seeking practices (such as reporting, reserves policies and strategic planning) and resource-management strategies are not separate or competing responses, but mutually reinforcing mechanisms through which small cultural museums navigate financial uncertainty (DiMaggio and Powell 2000; Pfeffer and Salancik 2015). Second, it shows that accounting practices function simultaneously as technical devices and symbolic performances, enabling organisations to secure resources while masking underlying capacity constraints (Power 1997; Ebrahim et al. 2014). Within this framing, the triadic framework provides an integrative lens that extends existing approaches by highlighting how sustainability emerges through the interaction between legitimacy pressures and resource dependence over time.

#### 4.2 | Methodological Contribution

Methodologically, the study contributes by demonstrating the value of a qualitative-led mixed-methods design for researching sustainability in small non-profit organisations (Creswell and Clark 2017; Ahrens and Khalifa 2015). Rather than relying on regression-based inference from limited samples, the study deliberately repositions quantitative financial indicators as descriptive and contextual tools, used to surface financially salient patterns that are subsequently interpreted through qualitative evidence and theory.

This methodological stance responds directly to critiques of overquantification in non-profit and sustainability research, where financial indicators are often treated as definitive proxies for sustainability despite limited contextual validity (Ebrahim et al. 2014; Prentice 2016; Plaisance 2024). By integrating descriptive financial analysis with interview-based explanation, the study illustrates how mixed-methods can be analytically productive in data-constrained settings, offering a transparent and theoretically aligned alternative to inference-driven designs. The contribution lies not in introducing new techniques but in demonstrating how methodological positioning can better reflect organisational realities in small non-profits (Skelcher and Smith 2015).

#### 4.3 | Contextual and Policy Contribution

The study also makes a clear contextual and policy-relevant contribution by illuminating the unintended consequences of contemporary funding and accountability regimes for small cultural non-profits (Toepler 2006; Belfiore 2020; DCMS 2021). The findings show that funder-imposed expectations around reporting, benchmarking and governance, often modelled on large, professionally staffed organisations, can intensify structural fragility by diverting scarce volunteer time and organisational capacity towards symbolic compliance rather than substantive resilience-building.

For funders and policymakers, this research highlights the need to reconsider how financial sustainability is defined, assessed and supported in small cultural institutions. Consistent with calls for more context-sensitive non-profit governance (Froelich 1999; Skelcher and Smith 2015), the findings suggest that funding frameworks should move beyond narrow indicators of professionalism or short-term financial viability and place greater emphasis on capacity-building, flexible funding arrangements and proportionate accountability. These insights should be interpreted as analytically generalisable rather than statistically representative, reflecting the specific context of small, resource-constrained cultural non-profits. In this way, the study explicitly bridges theory and practice, demonstrating how insights from institutional theory and RDT can inform more equitable and sustainable funding approaches.

#### 4.4 | Practical and Strategic Implications

The findings suggest that prevailing approaches to assessing financial sustainability in small cultural institutions may underestimate the importance of capacity constraints and overemphasise formal indicators of professionalism.

From a strategic perspective, funders and policymakers could consider more flexible funding models that explicitly support organisational capacity-building, rather than solely project-based or performance-driven grants. For example, multi-year core funding, shared finance or governance support services and proportionate reporting requirements could help reduce the burden of symbolic compliance identified in this study.

Similarly, capacity-building programmes including shared financial management resources, trustee training initiatives or pooled administrative support across small institutions offer practical illustrations of how resilience might be strengthened without compromising mission integrity. These examples highlight how insights from the study can inform more sustainable and context-sensitive approaches to supporting small cultural organisations.

#### 4.5 | Limitations and Future Research Direction

This study is subject to several limitations that should be acknowledged when interpreting the findings. First, the empirical scope is necessarily limited by the small number of case organisations and interviews, which constrains the generalisability of the results beyond similar small, community-based cultural institutions. While this focus allows for rich, theory-informed insight, it does not permit broad sectoral claims. Rather, the findings are intended to support analytical generalisation to comparable contexts, particularly small, resource-constrained cultural non-profits.

Second, the financial analysis relies on short-term and largely cross-sectional descriptive data, which cannot fully capture longer term dynamics of organisational recovery and adaptation in the post-COVID period. The financial patterns observed may therefore reflect transitional conditions rather than stable trajectories of sustainability. Future research drawing on longer time horizons and postpandemic data could provide deeper insight into how small cultural organisations rebuild financial capacity and legitimacy over time.

Third, the qualitative findings reflect perceptions and practices at a specific point in time and are shaped by the institutional and funding context in which the organisations operate. While this context sensitivity is a strength of the study, it also highlights the need for comparative research across different national, regulatory and funding environments.

Looking forward, future studies could explicitly test, refine or extend the triadic framework developed in this study by examining how financial viability, organisational resilience and long-term sustainability interact across larger samples, different cultural subsectors or over extended time periods. Comparative and longitudinal research designs could further assess whether the negotiated equilibrium identified here holds under conditions of relative stability or structural change.

## 5 | Conclusion

This study set out to examine how financial sustainability is achieved and maintained in small cultural museums operating under persistent resource constraints. Drawing on a qualitative-led

mixed-methods design, the findings demonstrate that financial sustainability in these organisations cannot be adequately understood through conventional financial indicators alone. Rather than reiterating empirical results, this conclusion synthesises the study's central conceptual insights and contributions.

The analysis shows that financial sustainability is enacted through a triadic interaction between short-term financial viability, organisational resilience and long-term sustainability. Descriptive financial indicators capture only momentary alignments between income and expenditure, while qualitative evidence reveals the organisational work required to sustain these alignments over time. Small cultural museums rely on continuous adaptation, legitimacy-seeking practices and informal labour to navigate unstable funding environments and escalating accountability demands.

The study's core conceptual contribution lies in the development of the triadic framework, which integrates institutional theory and RDT to explain sustainability as a negotiated and processual outcome. Institutional theory illuminates how accounting, reporting and governance practices function as legitimacy signals, while RDT explains how these practices are strategically mobilised to manage reliance on volatile external resources. Together, these perspectives show that sustainability is not a fixed organisational state but a fragile equilibrium continuously assembled in practice.

This research advances understanding of sustainability by reframing it as a negotiated organisational process rather than a fixed financial metric. By foregrounding the lived practices through which sustainability is performed under constraint, the study challenges ratio-based models of non-profit sustainability and offers a more context-sensitive account of how small cultural institutions endure. This perspective has implications for future research, funding practices and policy debates concerned with sustaining culturally and socially vital organisations in resource-scarce environments.

---

#### Author Contributions

**Joseph Gerald Bourke:** funding acquisition, investigation, data curation. **Albert Amanollahnejad:** writing – original draft, formal analysis. **Javad Izadi:** conceptualization, project administration, supervision, formal analysis. **Dinusha Weerawardane:** visualization, validation, writing – review and editing.

#### Acknowledgements

The authors would like to thank colleagues at the Claude Littner Business School, University of West London and York St John University for their valuable comments and support throughout this research project.

#### Funding

This work was supported by University of West London (2850 15055 SF15).

#### References

Ahmed, M. U., S. Boubaker, and Y. Sraieb. 2024. "ESG Disclosure and Firm Performance: Evidence From MENA Countries." *Sustainability*

- Accounting, Management and Policy Journal* Advance online publication.
- Ahrens, T., and C. S. Chapman. 2006. "Doing Qualitative Field Research in Management Accounting: Positioning Data to Contribute to Theory." *Accounting, Organizations and Society* 31, no. 8: 819–841.
- Ahrens, T., and R. Khalifa. 2015. "The Impact of Regulation on Management Control: Compliance as a Strategic Response to Institutional Logics of University Accreditation." *Qualitative Research in Accounting & Management* 12, no. 2: 106–126.
- Anheier, H. K. 2014. *Nonprofit Organizations: Theory, Management, Policy*. Routledge.
- Belfiore, E. 2020. "Whose Cultural Value? Representation, Power and Creative Industries." *International Journal of Cultural Policy* 26, no. 3: 383–397.
- Belfiore, E., and O. Bennett. 2008. *The Social Impact of the Arts*. Palgrave Macmillan.
- Biswas, S. S., M. A. Ahad, M. T. Nafis, M. A. Alam, and R. Biswas. 2021. "Introducing "α-Sustainable Development" for Transforming Our World: A Proposal for the 2030 Agenda." *Journal of Cleaner Production* 321: 129030.
- Brooks, C. 2014. *Introductory Econometrics for Finance*. Cambridge University Press.
- Brown, K. 2019. "Museums and Local Development: An Introduction to Museums, Sustainability and Well-Being." *Museum International* 71, no. 3–4: 1–13.
- Bryman, A. 2016. *Social Research Methods*. 5th ed. Oxford University Press.
- Cadelano, G., F. Cicolin, G. Emmi, et al. 2019. "Improving the Energy Efficiency, Limiting Costs and Reducing CO<sub>2</sub> Emissions of a Museum Using Geothermal Energy and Energy Management Policies." *Energies* 12, no. 16: 3192.
- Carman, J. G. 2010. "The Accountability Movement: What's Wrong With This Theory of Change?" *Nonprofit and Voluntary Sector Quarterly* 39, no. 2: 256–274.
- Ceptureanu, S.-I., E.-G. Ceptureanu, M. Orzan, and I. Marin. 2017. "Toward a Romanian NPOs Sustainability Model: Determinants of Sustainability." *Sustainability* 9, no. 6: 966–992.
- Cerquetti, M., D. Sardaneli, and C. Ferrara. 2024. "Measuring Museum Sustainability Within the Framework of Institutional Theory: A Dictionary-Based Content Analysis of French and British National Museums' Annual Reports." *Corporate Social Responsibility and Environmental Management* 31, no. 3: 2260–2276.
- Chen, S., U. Farooq, S. H. Aldawsari, S. S. Waked, and M. Badawi. 2025. "Impact of Environmental, Social, and Governance Performance on Cash Holdings in BRICS: Mediating Role of Cost of Capital." *Corporate Social Responsibility and Environmental Management* 32, no. 1: 1182–1197.
- Creswell, J. W., and V. L. P. Clark. 2017. *Designing and Conducting Mixed Methods Research*. Sage Publications.
- Cuadrado-Ballesteros, B., and M. Bisogno. 2023. "The Relevance of Budget Transparency for Development." *International Review of Administrative Sciences* 89, no. 1: 239–256.
- DCMS. 2021. *Museums in the UK: Key Statistics and Trends*. Department for Digital, Culture, Media & Sport.
- DiMaggio, P. J., and W. W. Powell. 1983. "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields." *American Sociological Review* 48, no. 2: 147–160.
- DiMaggio, P. J., and W. W. Powell. 2000. "The Iron Cage Revisited Institutional Isomorphism and Collective Rationality in Organizational Fields." In *Economics Meets Sociology in Strategic Management*, 143–166. Emerald Group Publishing Limited.
- Ebrahim, A. 2003. "Accountability in Practice: Mechanisms for NGOs." *World Development* 31, no. 5: 813–829.
- Ebrahim, A., J. Battilana, and J. Mair. 2014. "The Governance of Social Enterprises: Mission Drift and Accountability Challenges in Hybrid Organizations." *Research in Organizational Behavior* 34: 81–100.
- Eisenhardt, K. M. 1989. "Building Theories From Case Study Research." *Academy of Management Review* 14, no. 4: 532–550.
- Fossey, E., C. Harvey, F. McDermott, and L. Davidson. 2002. "Understanding and Evaluating Qualitative Research." *Australian and New Zealand Journal of Psychiatry* 36, no. 6: 717–732.
- Froelich, K. A. 1999. "Diversification of Revenue Strategies: Evolving Resource Dependence in Nonprofit Organizations." *Nonprofit and Voluntary Sector Quarterly* 28, no. 3: 246–268.
- Gobbato, V. 2024. "Sustainable Development and Museum Professions: A Preliminary Study in Emerging Trends and Transformations." *MIDAS. Museus e Estudos Interdisciplinares* 18: 1–21.
- Graneheim, U. H., B. M. Lindgren, and B. Lundman. 2017. "Methodological Challenges in Qualitative Content Analysis: A Discussion Paper." *Nurse Education Today* 56: 29–34.
- Greenwood, R., C. R. Hinings, and D. Whetten. 2014. "Rethinking Institutions and Organizations." *Journal of Management Studies* 51, no. 7: 1206–1220.
- Greer, S. 2021. "Funding Resilience: Market Rationalism and the UK'S "Mixed Economy" for the Arts." *Cultural Trends* 30, no. 3: 222–240.
- Hadida, A. L., W. Tarvainen, and J. Rose. 2015. "Organizational Improvisation: A Consolidating Review and Framework." *International Journal of Management Reviews* 17, no. 4: 437–459.
- Hillman, A. J., M. C. Withers, and B. J. Collins. 2009. "Resource Dependence Theory: A Review." *Journal of Management* 35, no. 6: 1404–1427.
- Holloway, I., and K. Galvin. 2023. *Qualitative Research in Nursing and Healthcare*. John Wiley & Sons.
- Jacobs, K. 2005. "The Sacred and the Secular: Examining the Role of Accounting in the Religious Context." *Accounting, Auditing & Accountability Journal* 18, no. 2: 189–210.
- Khan, S., and S. Gupta. 2023. "ESG Disclosure Quality and Assurance: Implications for Financial Performance and Market Value." *Sustainability Accounting, Management and Policy Journal* Advance online publication.
- Kim, D., D. Shin, J. Lee, and G. Noh. 2024. "Sustainability From Institutionalism: Determinants of Korean Companies' ESG Performances." *Asian Business & Management* 23, no. 3: 393–425.
- Klamer, A. 2017. *Doing the Right Thing: A Value Based Economy*. Ubiquity Press.
- Koutoupis, A., A. Fassas, M. Nerantzidis, A. Persakis, and P. Tzeremes. 2025. "ESG and Cost of Capital Components: Does the Legal System Matter?" *Journal of Accounting and Organizational Change* 22: 193–210.
- Lempert, D. 2002. "Audit Society: Rituals of Verification by Michael Power; Audit Cultures: Anthropological Studies in Accountability, Ethics and the Academy by Marilyn Strathern." *American Anthropologist* 104, no. 2: 689–692.
- Liao, L., Z. Wang, and X. Zhang. 2024. "ESG and Financial Resilience: Evidence From the COVID-19 Crisis." *Sustainability Accounting, Management and Policy Journal* Advance online publication.
- Loach, K., J. Rowley, and J. Griffiths. 2017. "Cultural Sustainability as a Strategy for the Survival of Museums and Libraries." *International Journal of Cultural Policy* 23, no. 2: 186–198.

- Macmillan, R. 2011. "'Supporting' the Voluntary Sector in an Age of Austerity: The UK Coalition Government's Consultation on Improving Support for Frontline Civil Society Organisations in England." *Voluntary Sector Review* 2, no. 1: 115–124.
- Mahmood, Z., and S. Uddin. 2021. "Institutional Logics and Practice Variations in Sustainability Reporting: Evidence From an Emerging Field." *Accounting, Auditing & Accountability Journal* 34, no. 5: 1163–1189.
- Mairesse, F. 2016. "The UNESCO Recommendation on the Protection and Promotion of Museums and Collections, Their Diversity and Their Role in Society." In *Museums, Ethics and Cultural Heritage*, 95–102. Routledge.
- Mar, G., V. Esperanza, and T. Laya. 2025. "Bridging Creative Industries and Museums: Collaborative Pathways for Sustainable Development." *Heritage* 8, no. 4: 140.
- Meyer, J. W., and B. Rowan. 1977. "Institutionalized Organizations: Formal Structure as Myth and Ceremony." *American Journal of Sociology* 83, no. 2: 340–363.
- Oliver, C. 1991. "Strategic Responses to Institutional Processes." *Academy of Management Review* 16, no. 1: 145–179.
- Patton, M. Q. 2014. *Qualitative Research & Evaluation Methods: Integrating Theory and Practice*. Sage Publications.
- Pfeffer, J., and G. R. Salancik. 2015. "External Control of Organizations—Resource Dependence Perspective." In *Organizational Behavior* 2, 355–370. Routledge.
- Plaisance, G. 2024. "Social Responsibility and Sustainability in Non-Profit Organisations: Towards a Semantic and Conceptual Precision." In *Non-Profit Governance: Twelve Frameworks for Organisations and Research*, edited by G. Plaisance and A. Goujon Belghit, 154–172. Routledge.
- Postiglione, M., C. Carini, and A. Falini. 2025. "Assessing Firm ESG Performance Through Corporate Survival: The Moderating Role of Firm Size." *International Review of Financial Analysis* 90: 102886.
- Power, M. 1997. *The Audit Society: Rituals of Verification*. OUP.
- Prentice, C. R. 2016. "Why so Many Measures of Nonprofit Financial Performance? Analyzing and Improving the Use of Financial Measures in Nonprofit Research." *Nonprofit and Voluntary Sector Quarterly* 45, no. 4: 715–740.
- Raissa, G., S. Sihotang, F. Christy, and K. Wijaya. 2021. "Identification of Cultural Capital and Sustainable Behavior Towards Sustainable Development." *IOP Conference Series: Earth and Environmental Science* 764, no. 1: 012015.
- Rjoub, H., A. Nowak, and S. Stöckl. 2024. "ESG Performance, Financial Risk, and Firm Value: The Role of Institutional Ownership." *Sustainability Accounting, Management and Policy Journal* Advance online publication.
- Robert, K. 2013. *Case Study Research and Applications: Design and Methods*. Sage Publications.
- Silverman, D., and A. Marvasti. 2008. *Doing Qualitative Research: A Comprehensive Guide*. Sage.
- Skelcher, C., and S. R. Smith. 2015. "Theorizing Hybridity: Institutional Logics, Complex Organizations, and Actor Identities: The Case of Nonprofits." *Public Administration* 93, no. 2: 433–448.
- Timmermans, S., and I. Tavory. 2012. "Theory Construction in Qualitative Research: From Grounded Theory to Abductive Analysis." *Sociological Theory* 30, no. 3: 167–186.
- Toepler, S. 2006. "Caveat Venditor? Museum Merchandising, Nonprofit Commercialization, and the Case of the Metropolitan Museum in New York." *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 17, no. 2: 95–109.
- Tron, A., L. F. Franceschi, F. Colantoni, and F. Paolone. 2025. "ESG Dynamics: Assessing the Link Between Sustainability Practices and the Cost of Capital." *Corporate Social Responsibility and Environmental Management* 32: 5038–5053.
- Tuckman, H. P., and C. F. Chang. 1991. "A Methodology for Measuring the Financial Vulnerability of Charitable Nonprofit Organizations." *Nonprofit and Voluntary Sector Quarterly* 20, no. 4: 445–460.
- Uyar, A., M. Kılıç, and A. S. Karaman. 2023. "ESG Performance and Assurance: Impacts on Firm Value and Cost of Capital." *Sustainability Accounting, Management and Policy Journal* Advance online publication.
- Williams, J. W. 2023. "Charitable Assets: Social Outcomes, Financial Values, and the New, Nonprofit Funding Regime." *Journal of Cultural Economy* 16, no. 4: 513–528.

### Supporting Information

Additional supporting information can be found online in the Supporting Information section. **Table S1:** Correlation matrix. **Table S2:** Robustness diagnostics. **Table S3:** Regression results with robust standard errors for financial sustainability (FSS).