

How to survive in the long term?
The case of teatri di tradizione of Emilia Romagna



Marta Manfredi - 416770 - Dr. Arjo Klamer – ESHCC - Master thesis - June 2015

Rotterdam, 8th June, 2015

Marta Manfredi

Student number 416770

manfredi.marta@googlemail.com

Supervisor:

Dr. Arjo Klamer

Second Reader:

Dr. Anna Mignosa

Cultural Economics and Entrepreneurship (MA)

Erasmus School of History, Culture and Communication

Erasmus University Rotterdam

MASTER THESIS



Abstract

Teatri di Tradizione (theatres of tradition), are a specific type of performing arts organisation operating in the Italian territory with the aim to preserve and valorise the tradition of national music with particular attention to opera. The objective of this thesis is to analyse the economical and managerial situation of the six *teatri di tradizione* within the region Emilia Romagna (Italy). In order to provide a clear analysis, the research is divided into two main sections: the theoretical framework (chapter 2) which is a guideline for the reader to understand the world of performing arts, an outline to the main problematic features that theatres face every day (with a focus on the Italian situation) and possible strategies to overcome the difficulties, including the current financial crisis. Chapter 4 focuses only on the six *teatri di tradizione*. The examination of the theatres is carried out through the analysis of 7 semi-structured interviews. These interviews have been conducted by the researcher to 7 relevant workers of the theatres under analysis. [The interviews have taken the research into providing several responses to the research question: “*Why does the condition of all the six teatri di tradizione have to be considered not sustainable in the long term?*”. The results demonstrate that even if these theatres are able to reach the break-even point yearly, their situation cannot be considered sustainable in the long run. The weak interactions with the societal, market and oikos spheres (Klamer, 2014) are one of the reasons of this unsustainability. Chapter 4 and 5 (conclusion) give broader clarifications on these matters, while chapter 6 discusses the limitations and constraints, which occurred whilst giving some suggestions for further research.

Key words

Performing arts, teatri di tradizione, Italy, crisis, costs disease, strategies, core value

Acknowledgements

First and foremost I would like to express my gratefulness to my supervisor Dr. Arjo Klamer for his support, feedback and inputs. As soon as I met Dr. Klamer upon the very beginning, during our first seminar, his motivation and guidance inspired me to seek out the right thing to pursue.

I am particularly grateful to the six *teatri di tradizione* of Emilia Romagna, who supported my thesis by giving me important insights for the investigation. They have been a tremendous help to me, providing a great correspondence throughout my evaluation, even though I was an outside party. Therefore, I personally thank Aldo Sisillo, Anna Maria Meo, Anna Rosa Zanelli, Antonio De Rosa, Cristina Ferrari and Roberta Ziosi. I have really appreciated your generous support!

Undoubtedly, I want to thank my parents for their endless trust in me. Since I left home the first time to follow my dreams, they have continued to love me and they have always believed in my choices. However, they have to know that my dreams arise from the inspiration they have left inside me, because the roots of their guidance and love have built an ambition and appreciation that will never stop to grow.

Moreover, I would like to thank Laszlo. The person who loves me even if I am not perfect, but never notices my imperfections... apart for my English (thank you for telling me off and correcting me every time it was needed). Thank you also to the people I met during this amazing year: my diverse international flatmates, my fellow schoolmates, the Expo team, the theatre group Wild(e), the people who have become my friends and will be considered forever as such. And of course thanks to Anna, Francesca and Marta: for being there everyday since the beginning and until the end, but I am sure also in the future.

Lastly I would like to thank Rotterdam because I could never ask for a better place to study and live.

1. Introduction	p. 1
<i>1.1 Motivation</i>	p. 1
<i>1.2 Research problem</i>	p. 2
<i>1.3 Aim and research questions</i>	p. 3
<i>1.4 Relevance of the research</i>	p. 3
<i>1.5 Structure</i>	p. 4
2.Theoretical Framework	p. 5
<i>2.1 The performing art sector</i>	p. 5
<i>2.1.1 General framework of the performing arts in Italy</i>	p. 5
<i>2.1.2 The “Teatri di tradizione”</i>	p. 6
<i>2.2 The economical crisis in the art and the performing arts sector</i>	p. 6
<i>2.3 The economic dilemma of the performing arts</i>	p. 7
<i>2.3.1 Baumol and Bowen</i>	p. 8
<i>2.3.2 Frey</i>	p. 10
<i>2.3.3 Cowen</i>	p. 11
<i>2.3.4 Last and Wetzel</i>	p. 12
<i>2.4 Subsidises and cultural policies in the performing arts</i>	p. 13
<i>2.4.1 General framework Italy</i>	p. 13
<i>2.4.1.1 Public funds</i>	p. 14
<i>Direct support</i>	
<i>FUS</i>	
<i>Indirect incentives</i>	
<i>2.4.1.2 Private funds</i>	p. 16
<i>2.4 Decision making in time of crisis</i>	p. 17
<i>2.4.1 An internal strategy: values, mission and vision</i>	p. 18
<i>2.4.2 Price strategies</i>	p. 20
<i>2.4.3 Strategies “Coopetition” and Collaboration</i>	p. 21
<i>2.4.4 The 4 spheres</i>	p. 22

3. Objectives & Methodology	p. 26
3.1 Unit Analysis	p. 27
3.2 Setting and data collection	p. 28
3.3 Operationalization	p. 30
3.4 Data Analysis	p. 30
4. Research Findings	p. 32
4.1 Introduction	p. 32
4.2 An external overview	p. 33
4.2.1 The six “teatri di tradizione of Emilia Romagna”	p. 33
4.2.2 The public support in the last years	p. 34
4.2.3 The audience	p. 36
4.3 An internal point of view	p. 37
4.3.1 The interviews	p. 37
4.3.2 The financial situation and the crisis	p. 39
4.3.3 The importance of public and private support	p. 41
4.3.4 Opinion about Baumol and Bowen’s theory	p. 44
4.3.5 Core strategies	p. 46
4.3.6 Mission and values	p. 49
5. Conclusion	p. 54
6. Limitations suggestions for further research	p. 58
7. References	p. 60
8. Appendices	p. 66

1. Introduction

1.1 Motivation

My country, Italy, is known around the world for its immeasurable cultural heritage, both tangible and intangible. Everyone recognises Italy as the host of the Colosseo or Torre di Pisa but also as the host of the traditional violin craftsmanship in Cremona and the music of Giuseppe Verdi in Parma. However, nowadays it is known also for its critical economic situation. This financial crisis has touched many countries in Europe, but Italy is among the ones that is suffering the most. My town, Parma, is in this precarious situation. Many small/medium size enterprises had to close, because of the unsustainable situation. The municipality had to decrease the number of activities that have been always organised in town. Moreover, often when cuts are needed the cultural sector is the one that suffers the most. Teatro Regio di Parma, one of my favourite places in the world is between these cultural sites that are experiencing these dramatic times, but it is also the inspiration of my thesis. After reading and hearing about its hard times I have started to think if there was anything I could do to help it. Therefore, I have decided to commit my study to it by asking myself why this theatre is in crisis and where the problems come from.

These questions have made me think that I could use my thesis as a contribution by making a research about its economical, managerial and artistic situation. Moreover, I thought that I could do a better work by analysing all the *teatri di tradizione* (*theatre of tradition*) in my region for having a more complete framework of their condition.

Therefore, after much deliberation, I have decided to not focus only on my beloved town but on Emilia Romagna and its famous six *teatri di tradizione*. These six entities deeply represent the cultural traditions of my region, which is the homeland of some of the greatest composers, musicians and performing artists in history (such as Giuseppe Verdi or Claudio Abbado).

Therefore, I have decided, with my modest knowledge, to contribute to the development of my town, my region and my country, which have given me the roots to grow a passion for art and culture and have provided me the passion to study Cultural Economics and Entrepreneurship.

1.2 Research problem

Being subsidised means being on a constant crisis or a requirement for contribution to the preservation and valorisation of our roots? This is what I ask myself when I think about culture and in this case about the performing arts. It has always been a common thought: why should we not subsidize culture? What should be subsidised instead of art? All over the world it works the same way, governments help cultural activities of their countries to continue to produce activities and art or to work under the best circumstances to guarantee to the population a good service and to preserve during the years their tangible and intangible ancient and contemporary culture. However, in the era of globalisation, industrialisation and commercialisation many organisations and industries have learnt to involve new forms of incomes in their strategic plans. But, does culture and more specifically performing art do this process the same way? Are they developing and using new ways of financial support?

The so-called *stagnant market* (Baumol and Bowen 1966), the one of performing arts, has always lived under a constant economic dilemma that has obligated them to survive mainly thanks to the government support. However, Baumol's cost disease (that will be analysed later on) was often criticized in the recent years, because this market has actually tried to evolve and to find innovative solutions to improve their productivity and consequently their income.

Therefore, what is really happening today? Are performing arts evolving? How are they reacting to the continuous development of society? More specifically what is happening in the performing art sector in Italy? What are the conditions of the Italian theatres? Are they still in the cost disease condition or are they evolving? Are all the typology of performing arts (as for instance opera houses, orchestras, stable theatres, theatres of tradition) acting the same way? Are they able to sustain during the financial crisis that is affecting the country? These questions have not found any complete answers using the already existing theories. There are many studies done on performing but not on Italian cases and not on this actual and specific situation. Therefore, with this thesis I would like to create a starting point to begin the research about Italian theatres, their situation and their reaction to the various

economic and societal problems. The focus will be on the typology of theatres called *teatri di tradizione*.

1.3 Aim and research questions

The ideas mentioned until this point about the six theatres of Emilia Romagna have led the investigation, using this thesis, to look for an answer for the following research question:

“Why does the condition of all the six teatri di tradizione have to be considered not sustainable in the long term?”

This question is basically the combination of two contrasting concepts: the apparent yearly achievement of the break-even for every *teatri di tradizione* of Emilia Romagna against the constant economic dilemma (Baumol and Bowen, 1966) that pushes the theatres to be dependent on public support. The first data (about the break-even) has been extracted from the websites of the theatres by analysing all their statutes. In fact, one of their responsibilities - called in Italian “vincolo di bilancio” (budget constraint) is the necessity to reach the break-even point yearly. This has led my research to reflect on the reliability of the break-even point that might not be achieved, because of good managerial, organisational and economical skills. In fact, as analysed by Baumol and Bowen, performing arts often have economical insolvencies at the end of their seasons due to the difficulty to cover all the costs with their scarce productivity. This leads the governments to take care of these financial failures by covering the slack with monetary support. This means that the dependency on public support is high. It's therefore possible that the management of the theatres under analysis, might focus their attention only on their support and not enough on alternatives, for instance income from private supporters, donations and so on.

This is only one of the reasons that brought the research to speculate that the actual situation of the theatres is not sustainable in the long term. Therefore, the aim of this thesis is to understand where the *teatri di tradizione* of Emilia Romagna are weak and what they should focus on or change to be sustainable in the long term. With the mutual use of the theoretical framework and the qualitative research it will be possible to answer the question proposed.

1.4 Relevance of the research

In a country as Italy, regions have an important role. They represent different traditions, they have multiple types of territories and they each contribute to the economy of the country in different manners. Because of these distinct characteristics, the analysis of singular regions contributes to important findings for the general trends of the country. This is the first reason why the focus on a particular sector of the region of Emilia Romagna has an academic relevance. Moreover, *teatri di tradizione* of Emilia Romagna, a niche sector of the performing arts in Italy, have rarely been taken in consideration as the subject of a unique case study. Additionally, a case study on one region could be the starting point for a larger analysis that could be done for every region, and later as a national one. Which would allow us to make comparisons between regions, contemplate their financial situations and to understand where similarities or differences occur. It is also important for the particular members of society who live in Emilia Romagna who have the chance to gain important insights about their culture and its development.

1.5 Structure

After this first chapter of introduction, the thesis will be structured in 4 chapters. Chapters 2 through 4 characterize the main body of this thesis. The second chapter is the building block of the thesis; introducing all the main theory for the research. It is named “theoretical framework” because it gives an overview, not only about the main theories written on the topic, but also an introduction to the main topic (*teatri di tradizione* of Emilia Romagna) by presenting the Italian situation concerning performing arts and ways of subsidies. Chapter 3 is a transitory section in which data collection and methodology are examined. The other main part of the thesis is developed in chapter 4, in which results of the research are collected. The chapter is structured in two main parts: an external analysis of the theatres and an internal analysis. Finally, chapter 5 will lead the thesis to the conclusions. Furthermore, an answer to the research question and suggestions for further research are also developed. At last chapter 6 is dedicated to the limitations found in the research.

2.Theoretical Framework

2.1 The performing art sector

The sector of performing arts includes live music, opera, dance, theatre, festivals and all the activities that consist in performing any type of art in front of an audience. It is an important segment of the cultural sector and it occupies a special place in the domain of the arts because of the great public support they receive from many countries. The importance and prestige of this sector is also delineated by the large amount of policies and regulations, which try to protect the intellectual property of the music and the play. Reproduction must be allowed even though every live performance needs to be protected through broadcast or recording (Towse, 2011). Another important characteristic of this sector is its versatility: classical music, ballet, musical, contemporary plays. This variety of styles and themes makes it adaptable to every type of audience. Towse (2010), in fact claims, that even though it is an ancient and traditional segment of the cultural sector, the participation and the attendance is augmented in the last years (in particular in Canada, Italy and Spain). The main aim of the performing arts is to satisfy the needs of leisure time by promoting and distributing artistic performances inside stable structures (Dubini, 2009). The particularity of this market is the fact that the production of the play and the distribution of it happen simultaneously (while in televisions and cinema these two processes happen in different times and places). The other main characteristics are: the intangibility of the product, the irreparability and heterogeneity of the product; non-durable good and participation of the audience during both supply and production time.

2.1.1 General framework of the performing arts in Italy

Italy has a long tradition in the performing arts sector and thanks to its regional system it distributes different types of styles of performances all over the world. In 2013 Italy has produced over 3 million plays all over the Country (Osservatorio Dello Spettacolo [ODS], 2014). Many artists from Italy, such as the composers Verdi or Puccini, the dancer Bolle or the singer Pavarotti, are recognised as symbols of performing arts everywhere in the world. This positive aspect makes Italy a star of the sector but also a more criticisable country.

There is in fact a necessity to maintain a high quality to not lose this fame and prestige. The Italian government, through the fund FUS (Fondo Unico per lo Spettacolo, which means Single Funding Body for the performing arts) is one of the Countries that sustain the most (together with Germany) the performing arts (Zan, Baraldi, Ferri, 2012). The most attractive and interesting organisations that receive particular sustain from the government are Fondazioni lirico sinfoniche (Lyric - Symphonic foundations) (which receive mostly half of the fund FUS), music activities, dance activities (such as ballet), prose theatre and circus.

2.1.2 The “Teatri di tradizione”

The *teatri di tradizione* (traditional theatres) have the aim to promote, facilitate and coordinate the activities of music, especially opera, in the territory of the respective provinces (art. 28, Law of 14 August 1967 n. 800). Their common characteristic is to grow in areas of the territory where there is a strong artistic and cultural tradition. Therefore, since 1985, the Minister, after consulting the Advisory Committee for the music industry, has recognised the title of “Teatri di tradizione” for those theatres that show to have a particular impetus to local artistic and musical traditions (ODS, 2015).

The traditional theatres are currently 29 (in 2015) on the Italian territory, mostly located in the North West (9) and the North East of the country (9); the remaining 10 are divided between the Centre (5), South (2) Islands (3) (www.spettacolodalvivo.beniculturali.it, 2015). The most common legal forms used by these theatres are the Foundation or public body. Alongside their lyrical activity, they have the aim to produce a wide variety of polythematic activities. In fact they usually organise events that cover opera, symphony concerts, jazz prose, dance, and also related events to performing arts such as conferences and exhibitions.

2.2 The economical crisis in the art and performing arts sector

The famous PIGS (Portugal, Ireland, Greece, Spain and in the last few years also Italy) are the countries that since the beginning of the financial crisis started in 2008 have suffered the most. According to data from 2009, many world economies are passing through the

worst collapse of the last 60 years (Madden, 2009). Due to this disastrous economic situation, most of these countries have commenced to develop strategies of spending review with the purpose to fill their deficits. These needs have consequently led the governments to make substantial cuts on administrative investments and on traditional welfare state policies, which of course also include cultural contributions. According to the report made by IFACCA (international Federation of Arts Councils and Culture Agencies) (2009), the downturn of the economy is going to cause impact on the art sector mainly on the sponsorship, the philanthropic giving from foundations and endowment income. Moreover, the survey shows that the greatest and worst impact is on the performing art sector. As Bonet and Donato (2011) claim on their article, countries like Spain and Italy are trying to face this cultural problem by changing or reconstructing articles of their constitutions. Between 2009 and 2011 many government have reduced the distribution of public subsidies, which has consequently caused the shrinking of cultural activities and in the case of performing arts the reduction of plays (Bonet and Donato 2011). However it has been possible to see positive reactions. In fact cultural organisations have responded by making marketing strategies and partnership strategies. Although the reaction and the efforts, in a time of crisis, is really difficult to imagine positive results. Bonet and Donato (2012) explain that – as it often happens in times of crisis – the private support has badly reacted and the private consumption has slowly and poorly responded. One of the worst outcomes of the crisis has been the reduction of activities and initiatives proposed to the younger generation, which has not been able to face the limits to their financial support, fundamental for their survival. Moreover, the decrease of work opportunity has taken many people to find jobs only as freelancers. This situation is not only demotivating because of the low salary but also due to lack of motivation.

2.3 The economic Dilemma of performing arts

The crisis is not the only dilemma that is important to define the concept of *Baumol's cost disease*. It is one of the most known theories in cultural economics and it has influenced policy makers (Towse 2010) but also after 40 years it is still used by many researchers. The

following paragraphs are useful to understand the theory (by describing the main concepts of it) and to identify what other scholars state about it.

2.3.1 Baumol and Bowen

The analysis made by W. Baumol and W. Bowen (1966) introduces for the first time in studies about cultural economics the concept of *cost disease*. The two researchers use this term to explain the relative cost growth of live performances. This cost growth is used to explain why performing arts (and other sectors not relevant for this research) have a constant and increasing dependency of state subsidies. The scholars try to justify this situation by giving an example: if in 1960 a play needed – for instance – 10 artists to interpret the different roles, 7 musicians to play the diverse instruments and 2 hours to be enacted. Even today, the same play, would require the same time and amount of people in order to produce it (Baumol and Bowen, 1966). This happens because there are limits to the real changes available when producing or performing a play: the number of participants and the time of acting need to stay the same. There are certain roles that need to be filled in regardless of the play, such as stage and lighting crew, ticket ushers and so on. This particularity of the performing arts makes the sector really different from others. In fact what usually happens with the time and the evolution is that the production processes become faster or often more efficient while in this segment of the market there are not relevant processes that can be changed and renovated. In fact, what the scholars underline as a main strain is the fact that - in the performing arts - it is not possible to drastically improve technological skills. This situation creates several complications: firstly the production costs grows more rapidly than revenues (income gap), secondly there is a growth of unit costs such as the human capital, which needs to be paid accordingly with the salary growth and thirdly the general productivity in the economy develops more rapidly than the productivity of the performing arts. Therefore, Baumol's costs disease is the result of the so called "productivity lag" (Baumol and Bowen, 1966). Costs in the live performing arts will rise relative to costs in the economy as a whole because wage increases in the arts have to keep up with those in the general economy even though productivity improvements in the arts lag behind. Therefore what can be said about the sector under analysis is that it is

different from other jobs (which can be considered dynamic and progressive) as the labour productivity is stagnant and non-progressive (Towse 2010).

Another important element pointed out by Baumol and Bowen is the *artistic deficit*. What happens in those difficult financial situations is that if there is not any help from the governments - which allocate public subsidies - or of the private - which helps with donations - the profit or non-profit organisations have to cut back on the quality of the performance. This cannot or should not happen, because the worst repercussion would be on the audience, which would not be willing to pay the same price for the ticket and on the society, which would cause them doubt on the mission of the organisation (Baumol and Bowen, 1966).

Another important element of the analysis of the two scholars, that needs to be pointed out, is the economical and financial situation that performing arts can be involved in during particular strain periods¹ (for example during the war or economical crisis). Bowen and Baumol (1966) dedicate a long chapter of their study to the trends in over-all cost of performances. Even though their analysis is focused on the United States and Great Britain it is interesting to notice how the expenditure of a performing organisation is growing in critical historical period. The finding of their research shows that during wars and depressions the price level rises more rapidly than cost per concert. This data is interesting because it differs from their hypothesis, performing organisations react relatively better in a hard time than generally believed (Baumol and Bowen, 1966). They explain this circumstance by giving four different explanations: 1. "Patrons may be more inclined to support their orchestra during wartime" (Baumol and Bowen, 1966, p.192); 2. Augment the expenditures during the crisis might appear unpatriotic; 3. There is always a slow reaction on salaries changes during inflationary and deflationary conditions; 4. During precarious situations there is always a scarcity of commodities that tend to increase their prices.

¹ As we will see in the 4th chapter, the period under analysis is the one of the financial crisis

In the last part of their research, Baumol and Bowen (1966) make another important reflection – for this research - about subsidies. What the scholars want to show with this research is the fact that the problem of productivity lag has been often used as justification for asking public subsidies (Towse 2010). *“Without subsidies, it was asserted, either ticket prices would have to rise continuously, which would end all hope of reaching new audiences, or else performing arts companies would face increasingly large deficits that would force many of them out of business”* (Towse 2010, p.100). However technologically un-progressive conditions is a problem that many industries face and does not make them good candidates to be subsidized. According to their opinion the technological lag is not a sufficient reason to ask for the help of the state; subsidies should be necessary only when there is some form of market failure.

After having analysed the main points of the theory written by Baumol and Bowen it is important to analyse some of the main currents of thought that have followed their considerations. In fact some of them do not give the same importance to the cost disease and they concentrate their attention on the existence of an actual productivity growth. Others endorse the allocation of subsidies to the cultural sector and many use the theory to analyse the national situation. Here below three main thoughts (out of a long list) have been taken in analysis for having a wider view on the topic.

2.3.2 Frey

The first scholar taken under analysis is Bruno Frey (1996). His article, published after more or less 30 years from the birth of the Baumol’s theory, has the aim to understand if the Baumol’s cost disease is still existing or not. The reason why he questions its current existence is because of the raise of festivals. In fact this type of performance has given the possibility to ameliorate the general success of the performing events. The main improvements have been done because they are usually planned in vacation periods and they can host a highest number of people (Frey, 1996). Moreover thanks to their greater offer they cover the taste of more people. Lastly, the tickets of these festivals are included

in the deals of holidays and look more convenient for the buyers. Those are not the only ways to ameliorate their economical situation. In fact Frey claims that on the supply side the costs diminish drastically. For instance, the costs of the setting up – if compared with ones in conventional venues – are extremely lower. Moreover, a large part of the personnel has a short-term contract.

Another important element that Frey analyses is the lower growth rate of unit labour cost than the traditional venues (Frey, 1996). This is because of two institutional differences. The first is that festivals are not part of the public sector, secondly and quite consequently they have less trade union restrictions and regulations.

However, even though the study made by Frey shows that the evolution and time create positive solutions to the performing art sector, there are still reasons for considering the Baumol's cost disease stronger. Firstly, festivals are only a niche part of the entire market of performing arts. Secondly, in countries where there is a strong culture for music (like in Italy or France) both the traditional venues and the festival ones are under continuous pressure. Thirdly, the cost disease might only disappear for a short time and come back when the festival becomes an established event and it starts to have the same needs of a traditional venue.

Therefore, what Frey tries to understand is if different types of innovation can help to diminish the cost pressure of performing arts. The final answer is no, because, even though a novelty such as the festival helps to overcome Baumol's cost disease it is only a temporary solution.

2.3.3 Cowen

Another scholar who analyses the theory of Baumol and Bowen is Cowen (1996). Cowen differs from Frey as he believes that the productivity actually does increase. According to him, there is a potential productivity increase because of two different reasons: innovation in process and product innovation. The innovation process gives a chance to the performing arts to improve because even though there is not a new technological invention directly made for the sector. There are some related that can be useful to ameliorate the situation of

the performing arts. An example given by Cowen is the electronic reproduction. It is an instrument that can be used indirectly by the theatres or orchestras and can give the audience a different type of music service (Cowen, 1996). This element increments the fame and the prestige of the “performer”, which guarantees a decrease of the costs. The product innovation, as analysed in the previous section, is considered practically impossible. In fact, for instance, it is not possible to diminish the time needed for playing the music of Beethoven. However, what can ameliorate is the knowledge of the music. If 40 years ago there were experts on Mozart only, today the internationalisation, schools and the time spent on studying, permit to the musicians, actors or singers to have a better knowledge which guarantees a superior final result (Cowen 1996). Therefore, Cowen (1996) does not agree that productivity stagnates and does not consider the study made by Baumol and Bowen accurate. According to him, in fact the productivity measures do not consider the product quality. Moreover, they do not account increases in diversity and lastly the scholars tend to consider only high culture instead of all the genres.

2.3.4 Last and Wetzel

Apart from coincident and contrasting theories, Baumol’s cost disease theory has been used many times for studying the performing arts market of different countries. Also on these cases the scholars want to understand if the theory is applicable to their country or not (examples: Werck, Plaat Stultjes and Heyndels 2001; Yfantopoulos, 1987; Last and Wetzel, 2011). The paper selected (Last and Wetzel, 2011) is an interesting case because it is a really recent analysis. In fact, the paper written in 2011 analyses the productivity development of the German public theatres in every season from 1991 until 2005/2006. The most interesting element is the one explained in the conclusions. The scholars claim that still today the costs disease affects the German public theatre. The findings confirm in fact that there are not positive changes due to technological changes which means that the theatres were not able to catch up with best practices frontier. Moreover, they do not operate in optimal scale of operation and lastly they had efficiency losses. However, the theatres reacted to cost diseases by cooperating with other organisations, they have tried to improve the offer by facilitating – for instance – the transports to the place of the event.

2.4 Subsidises and cultural policies in the performing arts

The performing arts use to be supported by both private and public support. Inside these groups they can be created sub-groups. In the case of public support there are two different categories. With the first one, an organisation can be financed by public direct support, which corresponds to activities such as subsidisation, the award of prizes or grants and lottery funds stipulated by central and lower levels of administration (Klamer, Petrova and Mignosa 2007). In the second case culture can be supported with public indirect support, which comes from the income that local and national governments receive from tax reductions and exemptions conceded to cultural institutions or to companies and individuals that support the arts and culture (Klamer, et al. 2007). These tax incentives generate new incomes for cultural organisations.

Private support usually comes from organisations, businesses, single citizens or groups that what to help non-profit organisations with economic or social support. They usually want in exchange gratification, publicity or facilitations.

According to Klamer, Petrova and Mignosa (2007), in Europe there are three main sources of funds for the arts: government, market and third sphere. For having government support (commonly the most source of finance) the cultural/artistic organisation needs to demonstrate that it respects the qualitative and quantitative criteria required by their country. The market support is different in every type of cultural organisation. The aim is to make the market willing to pay for an activity, a service or a work. In the case of performing arts the main income from the market is given by the sale of tickets. Lastly, the so-called third sphere is the one that “*generates funds by means of donation from individual or private institutions*” (Klamer, et al. 2007, p.3). The foundation is also part of this sphere.

2.4.1 General framework Italy

Italy, the country under analysis, uses in different quantities all types of subsidies. The following paragraphs give an overview of the main way of subsidization used in this State

for culture and more specifically for the performing arts. The analysis is divided in private and public for understanding the main characteristics of them both.

2.4.1.1 Public funds

Direct support

In Italy, the ones who decide how to distribute the public funds are politicians and officeholders. MiBACT (Ministry of Heritage and Cultural Activities) is the Ministry that takes care of arts and Culture. In the case of performing arts the leading administrator of subsidies is the previously mentioned FUS (Fondo Unico per lo Spettacolo). Only the 13% of the total budget committed for arts and culture goes to performing arts (Klamer, et al. 2007). What is interesting about Italy is that the subsidizing distribution is divided between State (which guarantees the largest fund), regions, provinces and municipalities.

FUS

FUS (Fund for the Performing Arts) is surely the most important way of support in Italy concerning the performing arts. In fact thanks to their economic encouragement they permit many theatres, orchestras, dance group (and so on) to survive every year. This (successful) model of subsidizing is utilized only from the performing art sector while other cultural industries use different standards for the distribution of funds.

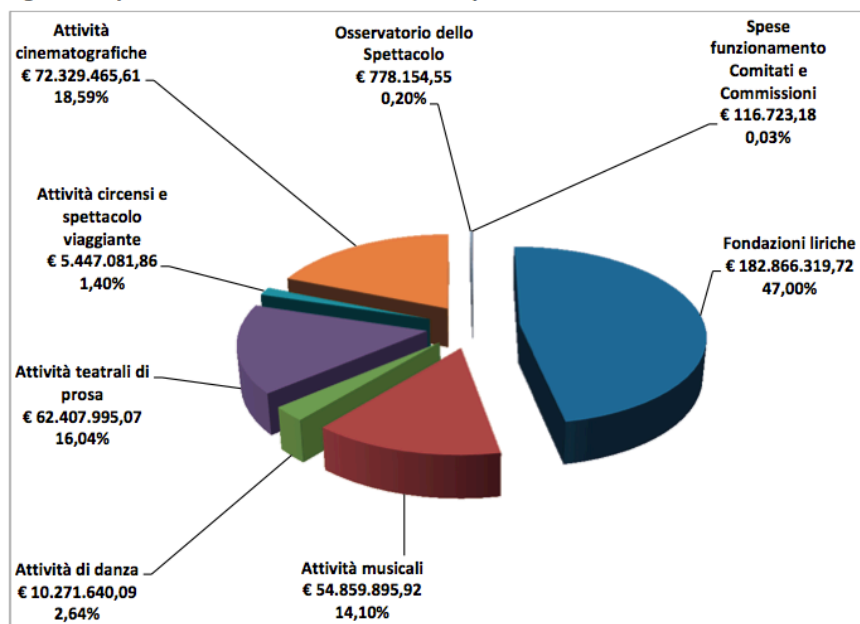
FUS was established in 1985 (law no. 163) with the purpose of restructuring public support to the performing arts sector. The reason why it has been done was the necessity of giving to the sector a cohesive organisation. In fact until the 1980s the only discipline that was regulated by the law was music (Bodo, 2015). Nowadays, the funds assigned by the ministry are reallocated among theatres, opera houses, cinemas, music and dance, and circuses (ODS 2013). The quotas of distribution are set by several criteria (quantitative and qualitative²) introduced by the Fund; every organisation that succeeds them can aim to receive the economical help. The introduction of the instrument has been a successful

² Since 2015 there have been included 6 new criteria: 1.Excellence and pluralism in supply; 2. Access-development; 3.Generation turnover; 4. Geographical rebalancing; 5.Better coordination among the level s of government; 6.internationalisation.

procedure because since 1985 it has been possible to increase the transparency of distribution of funds from the ministry.

Figure 1: Repartition of the fund FUS in 2014

Figura 3 Ripartizione dello stanziamento FUS per l'anno 2013



Fonte: Elaborazione Osservatorio dello Spettacolo su dati MiBACT

Resource: Osservatorio dello spettacolo (2013)
Relazione sull'utilizzazione del Fondo Unico per lo Spettacolo 2013

In the graph above it is possible to comprehend how much has been given in 2013 to the different performing arts activities. The total amount corresponds to € 389.007.276,00. *Teatri di tradizione* (the one under analysis on this thesis) are part of the section *Attività musicali*. The amount of funds dedicated to these 27 theatres (in 2013, today are 29), has been the 26%, and - as we will see more precisely in the following chapters - the Region Emilia Romagna is the one that receives more subsidies than all the other regions (€ 4.535.000 out of the € 14.150.000)

Indirect incentives

Another important law that generates generous funds for the performing arts is the recent law (No. 342/2000) that presents the “total deductibility of cash donations to public and

private institutions actively operating in cultural sectors” (Klamer, et al. 2007, p.36).

Application is not only limited to performing art sector, but to all the cultural industries (even though there are constraints to the type of organizations that can benefit). In 2005 the 70% of the total amount has been given to the performing arts.

The last indirect support that needs to be mentioned is the “cinque per mille” tax scheme. Every taxpayer in Italy has the possibility to assign a small percentage (5‰) of their income tax to an organization that is part of “civil society organisations”. Many theatres, ballet, opera houses (and so on) and other cultural organisations can benefit from this support.

2.4.1.2 Private funds

Private support and sponsorship is another important means of help for Italian cultural institutions. As for public subsidizations there are various ways of supporting art. The most common are: in kind donations, in cash donations, in awards/prizes donations (Klamer, et al. 2007).

Banks are surely one of the main investors in culture. From this support, foundations receive double benefit: economic (marketing strategy) and moral (social strategy). As it will be possible to see in the next chapter, every theatre under analysis has as main private supporter for its foundation, which is usually a bank (often a citizen or regional bank). In Italy, in 2013, the share of grant-making activities by foundations that went to the arts and culture embodied 30,4% of their total support (Pirrelli, 2014).

The last and most innovative private incentive is the new law (which has been passed in 2014) called *Art bonus* (decree-law from 31st of May, 2014). This law has the aim to stimulate the preservation and restoration of museums, cultural organisations and Unesco sites. Moreover, the decree has been created with the necessity to support the Italian Parliament, which – due to the economical crisis - is struggling to sustain the cultural sector. The initiative (*Art bonus*) aspire to encourage private entities (both individuals and industries) to invest in the restoration and conservation of cultural institutions by proposing them a tax bonus equivalent to a deduction of 65% of their contribution in favour of archives, libraries, museums, theatres, archaeological sites and lyrical symphony

foundations (Agenzie delle Entrate, 2014). Between these cultural sites there are also performing arts including *Teatri di tradizione*, which all warmly propose this incentive to their “supporters”.

2.4 Decision making in time of crisis

This last part of the theoretical framework is fundamental for giving the complete overview of the performing art organisations. In fact until now what we have seen is general and specific (concerning the part dedicated to Italy) situations that a performing institution undergoes every day. The focus has been moved many times on the Case of Italy for understanding the actual conditions of the Country. Therefore, what we know until this point is that the performing art sector has always been in a difficult economic situation (Baumol’s cost disease) and that Europe but more specifically Italy is facing an even worse time due to the economic crisis. The public and private supports are attempting to sustain the cultural sector by introducing new laws and by facilitating the access to subsidies. However, as we are going to read in the following paragraphs, a cultural organisation can progress its condition also by working on different tactics to apply internally and externally to its institution. Therefore, in the next lines the analysis focuses on different strategies that a cultural organisation and more precisely a performing arts sector should undertake during this critical time (and also during prosperous times) to guarantee a constant success.

According to Porter (1998) before creating a strategy, it is important to understand what is a strategy and why we should use one. There is not a unique answer, but according to several scholars (Porter, 1998; Daigle, Rouleau 2010; Graetz 2002), there is an important word that always emerges: *different*.

“*Competitive strategy is about being different*” (Porter, 1998, p.6). What is important for every organisation (cultural or not) is to choose a mixture of distinctive values that cannot be confused with the ones of someone else.

Porter (1998) suggests three main points that have to be followed to build a good strategy:
1.Positioning; 2.Trade-off strategy 3.Creating a good fit among a company’s activities.

The first one recommends that it is important to produce an activity with an exclusive and valuable position. It is fundamental for every organisation to be competitive by demonstrating that the position taken is different from the anyone of the other competitors. The second one is trade-offs. An effective organisation is able to decide what not to do, what is shallow. Lastly a strategy needs to fit among a company's activities. "*The success of a strategy depends on doing many things well— not just a few—and integrating among them*" (Porter, 1998, p.17).

Therefore as claimed by Porter, the first step is not to create a complex strategy that attracts the market or the government. What an organization should do is to focus on itself. Consequently, before considering and analysing the main strategies to undertake on the external environment, it is essential to concentrate on the "internal strategy".

2.4.1 An internal strategy: values, mission and vision

The first step that every cultural organisation should consider is the stability of its pyramid. The pyramid has different sections that all need to be taken in consideration to build a solid and resistant figure. Vecco (2014) calls it a "hierarchy of needs". At the base of this structure there are tactics and strategies followed by the vision, mission and values at the top. This structure needs to always be observed by the component of the organisation, because they are the response to the question "*What do we want to become?*" (David, 2011, p.40). According to David (2011), this is the interrogation that every business, organisation or institution should be able to respond to. As Klamer (2014) states, if those major elements are missing then the organisation will move in an undefined direction and will consequently fail in answering to the question what do we want to become.

Starting from the top of the pyramid, a cultural organisation needs to take in the values of every person that is part of the organisation. "*The realization of values is what the cultural sector is all about, at least what the "serious" leaders of cultural organizations and "serious" artists are aspiring to do*" (Klamer, 2014, chapter 3, p.21). According to the concept of "valorisation of values" of Klamer (2014), every cultural organisation needs to

understand their own values prior to move in any direction towards representing the behaviours, the feelings and the goals they want to follow and believe in. These values should be shared and should involve everyone. A value-based approach makes the organisation more compact and allows the surrounding community to feel part of a “new” society. All the values together create the character and the behaviour of the institution. As it happens for people, also with organisations, the impression that we give by showing our personality (Vecco, 2014) is the most important, the one that will inform for the first time who we are and “*what we aim to become*”. Those values will help later to build a realistic mission and a representative vision. This happens because values represent all the “faces” of the organisation. Klamer (2004) present three different types of values: social, cultural and economic. For this research is meaningful to analyse the different types of values. However, it is more important to recognise the values as basic requirements for working in a clear and strong organisation.

If these “guiding principles” (Vecco, 2014) are shared and are durable values (these behaviours should be represented “forever”) then it is possible to create a mission statement, an essential characteristic for an organisation. This short statement needs to be the answer to the question posed before “*what do we aim to become?*”. During economical strains or organisational problems it is hard to respect the mission that has been stated. This happens because as claimed by David (2011), whenever an organisation faces difficulties, the personnel, people around, the society react in a different way from the usual and try to fix the problem by looking for a solution. The solution and the approach used to get to a resolution might not follow the mission. If this happens the *raison d’etre* of the organisation is lost and also the values to which it inspired are not fulfilled. Therefore a mission needs to be ambitious but feasible, inspiring and needs to reflect the work that is done on a daily basis.

Arrived to this point, it is clear that before setting a strategy or formulating a tactic, an organisation needs to be aware of the internal values, mission but also of their vision. This is the statement that helps more to respond to the question proposed previously. In fact, if

values and mission give a general overview of what are the main characteristics of the organisation, the vision gives these features the direction that they need to follow. In fact, as just claimed, an institution can come across new problems any day. The vision is the guideline that helps to solve these problems (David, 2011).

Now that those elementary but fundamental principle are clear an organisation can start to work on its strategies.

2.4.2 Price strategies

Pricing strategy in the performing art, mainly for non-profit organisation, is often connected to their artistic value (Langeveld, 2014). This happens because the main goal of the organisation is to make the participants (audience, sponsors, donors) involved in the artistic process. The price is important, because fount of income, but needs to be set by following the subsequent principles: *“1.To enable customers with a low capacity and/or willingness to pay to attend the performance; 2. To price in accordance with changes in customer demand; 3.To minimize the loss associated with excess capacity in the theatre”* (Johnson in Langeveld, 2014, p.36). However, even though the artistic value needs to come before the others (including the economic value of the play) this strategy is fundamental for solving the financial problems that often occur. The website *Thinkaboutpricing.com* demonstrates the importance of this strategy by proposing dozen of case studies about theatres, opera houses, orchestras that have solved their economic losses by using pricing strategies. This pricing tactic usually works in an indirect way. What the company does is “re-construct” the theatre hall. For instance, Saint Paul chamber Orchestra or Centre Theatre group, have reviewed the map of their theatre seats. What they have noticed is that without actually increasing the price of the ticket they could have augmented the number of seats with a higher price (thinkaboutpricing.com, 2014). By doing so, both companies have continued to propose the same type of offer and the artistic values have not been touched, but their income has grown. Therefore, what is important when a performing art company decides to touch the prices, is to continue to make the audience feel important (Klamer, 2014). Klamer (cultural organisation seminar, 2014) states this by proposing an example

about a theatre he knew. The Dutch organisation was suffering through a big financial crisis. A decision was made to rise the costs of the tickets but only by including in this new price a better offer: the ticket would include not only a seat in the theatre hall but also ancillary services (such as a meeting with the director, an aperitif with some of the artists). Therefore, what is important is to involve others in the choices that the theatre makes. The concept of “others” does not include only the audience, but also the sponsors, the donors and everyone who feels part of the group.

2.4.3 Strategies “Coopetition” and Collaboration

What often happens, when many businesses compete on the same market is that the demand gets divided between different companies and nobody is satisfied with the number of buyers/users it can reach (as we will see in chapter 3, Emilia Romagna has only in its region 6 *teatri di tradizione*, which of course is in risk to become competitors). *Coopetition*, cooperation + competition is a new tactic used by many businesses to collaborate among the competitors with the aim to ameliorate their performances and innovate results (Ritala, 2012). According to Ritala this type of collaboration guarantees everyone to stay on the market and to increase the dimension of the business pie. The competition will remain because once the collaboration has augmented the audience the competitors will re-divide the market among them. In case of financial strain, engaging a *coopetition* is important concerning the division of costs. The willingness to share the risks and costs is higher and the advantage is to produce more efficiently. Moreover, thanks to this method the overlap of resources in similar tasks diminish for all the collaborative competitors. The last important benefit, that *coopetition* takes to the competitors, is the network value. The users interested in the service or product often influence the consumers. The network effect, therefore, makes the market developing and involving not only people that were interested in one or the other business but also external people that will follow the “crowd” (Ritala 2012).

In the particular case of performing arts, where there is not a high barrier for potential firms to enter (Langeveld, Belme, Koppenberg, 2014), the competition can become particularly

high (even though many performing industries have their own “products” and they can be unique with that) and therefore, competition might become the only way to survive on the market.

2.4.4 The 4 spheres

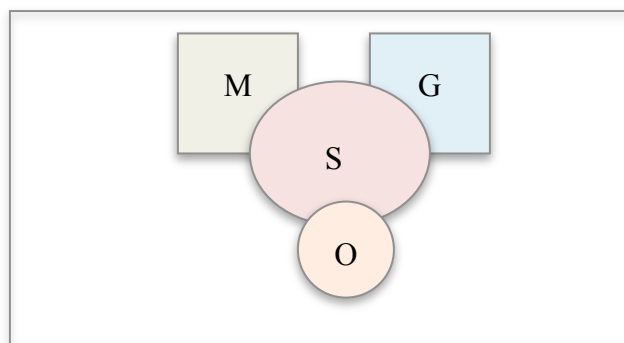
In the artistic sector, there are often prejudices about the relationships that can be created between artists and economist. As Throsby and Hutte (2004) claim, the artists evaluate works of art and performances by looking at their social, societal, cultural (...) values by going “beyond” the price. For an economist, the price of an artwork or a cultural performance is indeed the main concern: it needs to be fixed according to demand and supply and to the willingness of purchase by the buyers (Beckert and Aspers, 2011). According to Klamer (2004), even if political and artistic virtues are enough for a cultural organisation to feel satisfied about what they have done, they cannot be considered enough if the institution wants to generate revenue. In fact, as Klamer (2004) claims, the best way to create a successful cultural institution is to work in between more “spheres”. These “spheres” would enable artists, manager, economists and people to collaborate and therefore to alleviate the different believes. The most famous and used are the one of government and the market.

Scholars like Frey (2003) and Gramp (1989) have analysed some of the convenient situations for cultural organisations to interact with these spheres. Frey, who believes that the market is (usually) the most powerful sphere, thinks that it might be suitable just for a minor amount of cultural organizations. In fact, a cultural performance may risk being “commercialized”, causing the production to lose its dignity and quality, by interrelating too much with the market. Therefore, Frey orientates his attention to the government, which has the aim to preserve the values of the culture. As already mentioned in a previous paragraph, by subsidizing the art, the government tries to preserve the cultural organisation from a possible “market failure”, which might occur because the profits made solely through the market might not be enough (Frey, 2003). Moreover, the government can contribute also by giving space to the *non-user opinion* (Frey, 2003), which is the desire

expressed by citizens to encourage the government to support the art sector by giving their contribution with indirect support (through taxes). However, Frey recognizes that often, the funds from the government sphere are given to superstar organizations (which do not need many subsidies to survive), rather than to avant-gard organizations (which need subsidies in particular at the beginning of their career). Gramp provides a contrasting thought (1989), he considers art “useful” just to a few people. According to his considerations, artistic goods or services are superior goods because of their characteristics of being scarce or hardly reproducible. Therefore, art and culture have an expensive cost that the government needs to cover. However, because *“the people who are most in favour of subsidizing the arts are the people in their audiences”* (p.120, 1989), taxes should not include this cost. Lastly, he claims that the benefits of art cannot defend the subventions, because they do not measure for us *“the amount of pride, welfare or cognitive development that a country gets from the arts”* (p.117, 1989).

By comparing these two currents of thought it is possible to notice that both scholars are oriented to one sphere only and never in both directions.

Figure 2: the 4 spheres



Source: Klamer, A. (2014) *Doiung the right thing* Manuscript

Klamer (2004), by introducing a more elaborate group of spheres aims to solve this problem of severe orientation to the market or government.

The graphic above illustrates the concept of the four spheres of Klamer (2004, 2012). M correspond to the sphere of the market, G to the one of governance, S to the social sphere and the last, O to the one of the Oikos (home). The interesting characteristic of this scheme is that the spheres are represented with different shapes because they embody different type

of logics (for instance the market has completely different values from the one of the government, or the attitudes of a society represents actions and practices that the market differs from). However, although there are contrasting differences, Klamer builds an approach which overlaps between them ,creating a new situation: the interaction between them holds the potential. According to his thinking, a cultural organisation should build strong relationships with all these stakeholders.

The *oikos* is the sphere that valorises the personal artistic occupation. It has a vital importance for every member of an organisation because it is the point at which we seek appreciation and approbation for what we are doing. At home, in the *oikos*, the family is willing to *share* support, motivation, and suggestions. The person of the family, who is looking for this support, shares strong values with the rest of the family (such as love for the daughter or support for the wife), which are fundamental for enduring and achieving personal goals. The *oikos* interacts with the sphere of society because some values shared with the family are also shared with friends and people we meet in social life. Individuals here as in the *oikos* sphere, judge, help and share emotions. In addition when they feel involved in the feelings and activities of other people they raise the willingness to give.

The *social* sphere, through socialization and conversations, helps the growth of the artistic values and through these informal social relationships, helps to develop new values such as creativity and sense of community or the desire to help and donate.

Moreover, the social sphere has the important role to hold the spheres together. In fact, in this logic, where relationships take place, we interact not only with artists, or friends, but also with potential buyers, clients or donors (for example when we buy something we create a connection with the seller, or if we donate we mix social and government logics in contribution).

Therefore, thanks to this new logic introduced by Klamer, a cultural organisation can improve its relationships and also collaborate with more spheres at the same time.

The *market* sphere, composed by willingness to pay and willingness to sell, has the objective to transform the artistic value into a monetary one. Its logics, such as exchange

and pricing, thanks to the connection with the social sphere transmit not only economical values but also important beliefs (such as freedom and prudence). Lastly, the *government*, (the sphere where people are willing to subsidize the artists) through the new interaction is willing to give financial support with the purpose of enhancing the artistic value by following the logics of public interests and collective benefits.

Klamer indicates this new interaction between multiple spheres as a good approach for working accurately in the correct way. Interfacing multiple spheres means that an organisation is able to share different beliefs and values. Creating a feeling of involvement within the organisation's activities onto various types of individuals. Moreover, the ability of interacting with more spheres makes the organisation stronger and able to face any type of situation. Being only government or market orientated means they do not have a backup plan in case of contingencies. It also means they have a weak vision that does not make the industry original or make a move to surpass expectations. Basing the organisation on values originated in different manners means being able to cover not only financial issues, but also artistic, social and cultural.

3. Objectives & Methodology

The data for this thesis has been conducted through qualitative research with the use of inductive theory. For these reasons the theories will be the conclusion of the collected data. As already mentioned, the research question of this thesis is “*Why does the condition of all the six teatri di tradizione have to be considered not sustainable in the long period?*”

Performing arts have always been a central topic for studies in cultural economics. They are the heart of many theories and they have a significant importance concerning the evolution and development of the cultural sector. Even though there is enough literature written about the performing arts, and many scholars have talked about their continuous financial strain this investigation aims to add some information about the current situation. Moreover, Italy, the country under analysis, is living in a particular period (the financial crisis) that is making the cultural sector react in different ways. Furthermore, the case analysed talks about a particular typology of theatre: *teatri di tradizione*, typical music theatre from Italy that might have different behaviours and values from the one more often analysed (as for instance Opera houses, concert hall, orchestras etc.). The number of *teatri di tradizione* in Italy is high (28) and they are considered a prestigious group of theatres, but there is scarcely any academic review available about this specific performing industry.

In order to work with the most accurate data for this thesis, the structure of the research is based on semi- structured interviews. These interviews form the main support for the thesis, because the responses analysed are able to show the main similarities and dissimilarities with the theoretical framework. This comparison between the results of the interviews and the theory analysed can be important for shaping or developing initial theories about *teatri di tradizione*.

The interviews will be semi – structured for two main reasons: firstly, I can be objective once I have finished the process with every interviewee, because everyone has answered the same questions. Secondly, because only by answering to the same questions help me to respond clearly to my research question. However, I did not choose a structured interview

model because it is fundamental to leave some space for other questions and comments that might come naturally during the conversation.

Every interview has taken no longer than an hour and twenty minutes. The reason is that the interviewees all work their respective positions and it has been important not to occupy too much of their time and to make sure that they would be willing to participate. Moreover, it has been significant to maintain the relevance of the questions and answers by keeping the conversation not excessively long.

The set-up of the research is a case study concerning the 6 theatres *teatri di tradizione* of Emilia Romagna (a region from the north of Italy). The number of *teatri di tradizione* for this research results are consistent and appropriate. In fact in Italy hosts 28 *teatri di tradizione* in some of its 20 different regions. Six of these (almost the 25% of the total) are in Emilia Romagna. Therefore, the number is relevant for two reasons: it covers all *the teatri di tradizione* of region and it is a high percentage considering the total number.

3.1 Unit Analysis

For this thesis, seven different artistic directors and/or chairmen of the theatres have been interviewed: five people are from five of the six theatres, the other two come from the same one (Piacenza) because one interview resulted insufficiently to answer my questions fully. The 6 theatres are (in geographical order): Teatro Municipale (Piacenza), Teatro Regio (Parma), Teatro Municipale Romolo Valli (Reggio Emilia), Teatro comunale Luciano Pavarotti (Modena), Teatro comunale Claudio Abbado (Ferrara), Teatro comunale Dante Alighieri (Ravenna). The selection of these six theatres has two main values: 1. Personal value, because I want to honour my native region and my hometown Parma; 2. Academic value, there are no studies about the economic and managerial situation of the Italian *teatri di tradizione*.

What is relevant about this analysis is the comparison between these 6 theatres. These are all geographically close to each other and it is interesting to see if they differentiate (or not)

from each other, and if so how. Considering that the distance between a few of them doesn't even reach 100 km.

Therefore, for this thesis it becomes interesting to see the differences between approaches of the theatres in the singular cities. I want to find out if there are any similarities between the strategies of a city in comparison with the others. Furthermore, I am interested to see what kind of difficulties they have to deal with.

Every theatre that is chosen for this thesis has its own characteristics even though they are all under the same type of constitution and should have the same mission (the one of theatre of tradition). They all offer multi-disciplinary performances from ballet, music, opera and other type of plays. Their attention is on proposing the accurate experience for their audience that is in line with their theatre image. The selection of the theatres has been made by looking at their geographical position and with the aim to choose an extensive sample for an accurate case study. Of course the selection could have been larger or settled in a different way (for example by choosing theatres from different regions or an equal number from north, centre and south of Italy). However, the selection has been made in this way because as the researcher I had more chances to meet the interviewees in person and my knowledge about this territory is larger. Moreover, I have looked for theatres with connected or similar stories that could be compared because of their characteristics.

3.2 Setting and data collection

The interviews have been done to the artistic directors or to the presidents of the theatres. The availability of these professional figures has made the interviews more detailed and specific because their point of view encompasses the internals of the structures. It would have been interesting to interview also the rest of the personnel, which can give more detailed information about their external sector. However, the interviews to these figures have been sufficient and satisfactory.

As already mentioned, in order to retrieve insights into the perspectives of these theatres, a qualitative research has been conducted with the use of semi-structured interviews.

The interviews have been conducted in two different ways: 1. Face to face for the theatres of Modena, Ravenna, Piacenza; 2; By phone for the theatres of Parma, Reggio Emilia and Ferrara (also one of the two interview to the theatre of Piacenza had been conducted by phone). All the conversations have been recorded and all the interviewees have given me the permission to use their name for the research. The record of the colloquies has been done with a smartphone and in the case of the phone interviews with the computer. When it has been required, the interviewee has received the base of the questionnaire. In two cases the respondents have decided to just talk in responding to all my questions and once I have asked for further detail in case of any information that may be lacking.

The completion and categorization of the interviews took place between April and beginning of May, 2015. The choice for a qualitative research, with the use of interviews, turned out positively. The direct interaction with the managers and/or president of the theatres was beneficial, they all took their time to discuss their motives and theories about their theatres and have asked for a copy of the final document.

The table below summarizes the useful information about the interviews

Table: Information about the interviews carried

Interviewee	Position in the Organisation	Organisation	Date	Type of interview	Length (minutes)
Aldo Sisillo	Artistic director	Teatro Comunale Luciano Pavarotti, Modena	April, 2015	Face to face	94,22
Roberta Ziosi	President of the Foundation	Fondazione teatro comunale, Ferrara	April, 2015	Phone call	51,69
Anna Maria Meo	General director	Teatro Regio, Parma	April, 2015	Phone call + Written responses	31,24
Antonio De Rosa	General Director	Teatro Dante Alighieri, Ravenna	April, 2015	Face to Face	28,32
Giuseppe Gherpelli	President of the Foundation	Teatro municipale Valli, Reggio Emilia	April and May, 2015	Phone call	62,65
Cristina Ferrari	Artistic director	Teatro municipale, Piacenza	April, 2015	Phone call	46,05
Anna Rosa Zanelli	Administrative manager		April, 2015	Face to face	25,54

3.3 Operationalization

The semi-structured interviews have been set up in 21 different questions and 8 sub questions varying over two pages. To all the interviewees of this research I have asked the same questions in order to provide a clear pattern between the different answers. The interviews are semi-structured, because there is always room for more information that can be of importance for the research and because every theatre has a different story with relevant information.

The literature review of this thesis forms the outline of the questions. The interview is set to respond to 6 main different matters: 1. Overview of their financial situation; 2. Clarification about the values and mission of the theatres; 3. Main changes during the crisis; 4. Core strategies applied to sustain the theatres; 5. Opinion about the theory of Baumol and Bowen and 6. Their opinion about importance of public and private subsidies.

This division has the aim to understand the similarities and the contrast between the six theatres. Based on the responses, it is possible to understand, the situation in the region, to have an internal perspective of the state of the theatres, to see how they differ from each other, to see if everyone has reacted in the same way, if there are different perspectives about private and public funding.

3.4 Data Analysis

The analysis of the research is an examination of the answers into different grouped categories. All these categories are linked to the theoretical framework of this thesis. Before analysing the different interviews, a general overview is given of the financial situation of the six theatres. This is done through the exploration of the document concerning the last subsidies donated by the Ministry of Culture and the examination of the websites of the theatres. This process is fundamental because the analysis of the situation will have both external and internal perspectives.

Therefore, there will be space not only for the analysis of official documents, which can often result aseptic, but also for the voice of the people who really live the daily life of the

theatre, they know every strength and weakness and try everyday to do a better job to survive.

However the main focus will be on the interviews that will follow the structure of the theoretical framework. Based on the findings it will be possible to realize if this niche of theatres is living in the situation analysed in the previous chapter, if they are able to sustain the financial crisis and to finally respond to the research question proposed.

4. Research Findings

4.1 Introduction

The following chapter is divided into two core parts: the external and the internal overviews. The external overview, by making a dissertation of some public documentation, facilitates the approach to the results of the thesis by giving a general framework for the case of the six theatres of Emilia Romagna. The internal overview, based on the interviews, leads the lecturer to understand where the problems of the theatres come from and compares the key points of the literature reviews with the performances and the strategies applied by the six organisations. Moreover, what also needs to be underlined in this introductory part is the importance of the structure and of the sequence of the following paragraphs. The order in which they have been inserted has in fact an important significance: the relevance of the problems for the theatres. As we are going to comprehend there are different explanations why these theatres are vulnerable and might be not able to survive in the long term. However, some facts are affecting them more negatively than others. The subject is analysed in the following order starting from the least impactful:

- The public support and the audience;
- The financial situation and the economic crunch;
- The balanced interaction with private and public support;
- The reliability of Baumol and Bowen's theory;
- Core strategies;
- Mission and values

The reason of this ranking is given by two main explanations. Firstly, some of the causes considered in the theoretical framework as potential reasons of unsustainability in the long term have been partially contradicted from the interviewees and the documentation analysed. For instance, the public support has not diminished too much and even if the financial crisis has hit the performing art market, the theatres under analysis have been able to react fast enough to sustain their situation. Therefore, the theatres have understood where

the danger was and started to solve the problems before it reached detrimental consequences. Secondly, some of the reasons why *teatri di tradizione* cannot survive in the long term are more threatening than others because the theatres have been focusing on singular spheres and its problems (in particular about the financial sustainability) rather than alternative ones (in particular on their mission and values). Therefore, the second motivation for the ranking structure is given by the sphere orientation (Klamer, 2014) of the theatres.

4.2 An external overview

4.2.1 The six “teatri di tradizione of Emilia Romagna”

As seen previously in the theoretical framework, *teatri di tradizione* are a subsection of the segment of FUS called *attività musicali*. What is interesting for this investigation is that 6 out of the 29 *teatri di tradizione* are located in the region under analysis (Emilia Romagna). If compared with the other regions of Italy that host this typology of performing art organisations, Emilia Romagna is surely the one that contains the highest number (MiBACT, 2015). Also Lombardia (since 2015) gives place to six *teatri di tradizione*, but what is essential to know about Emilia Romagna is that the region has only 4.5 million inhabitants, while Lombardia has more than 10 million. Another interesting element that distinguishes this region from the others is that out of the 8 provinces that are forming the region, only Bologna and Rimini do not have a *teatro di tradizione*.

This element together with the quantity of the inhabitants is the first interesting data that needs to be underlined for our findings. Firstly, because of the proximity of the theatres it makes their singularity and their differentiation low. The distances between some of the theatres are less than 35 km and even though the events programmed try to be different, the similarities are high. Secondly, the small number of residents does not allow the theatres to reach a large target group. The sum of these two elements does not facilitate the work, diverse the crowd nor inspire the activities of the theatres to create new and unique performances. However, this element does not demotivate the organisations neither the subsidization from FUS, which – as we will see soon – is the highest for this region.

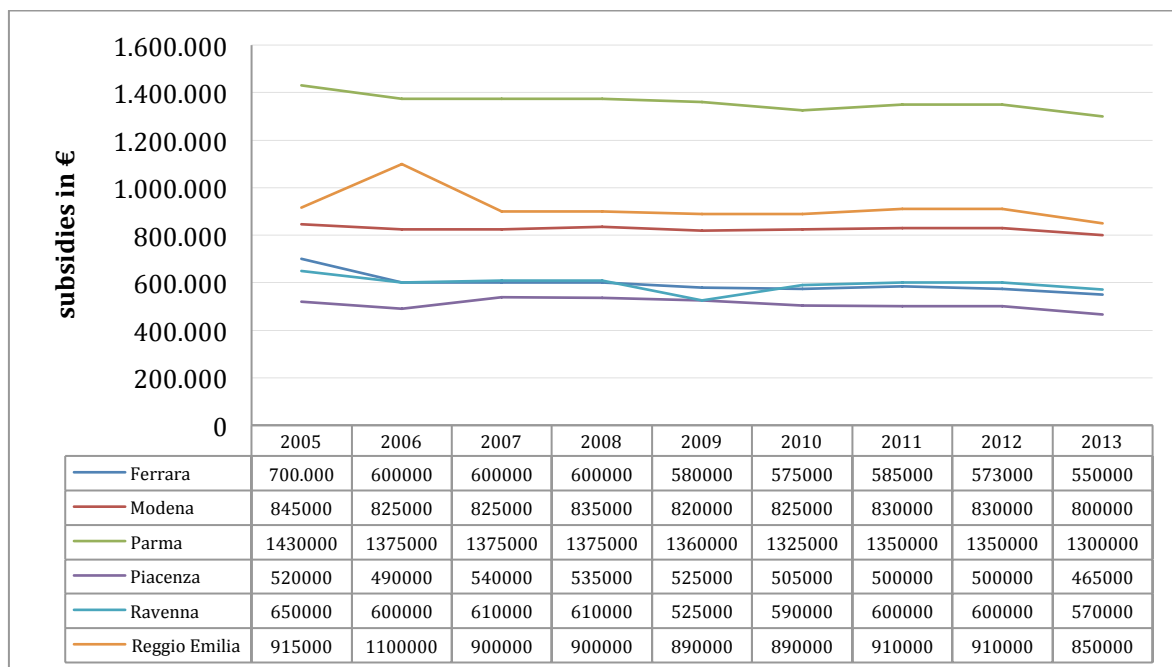
Additionally, the *teatri di tradizione* of Emilia Romagna are characterized for being all *fondazioni* (foundations). This type of theatre can be also *associazione* (association), *azienda speciale* (special enterprise), *istituzione* (institution), *società cooperative* (cooperative society) or *società semplice* (simple society). However, every region tries to reach its non-profit goals by being a *fondazione*.

4.2.2 The public support in the last years

Going more in depth into the financial situation of the theatres, under analysis, we have to focus on the FUS. As seen before, Fondo Unico per lo Spettacolo, is the main source of subsidies in Italy for all the performing arts. Without it, most of the organisations could not survive. As investigated later through the interviews, for most of the theatres, the fund that the FUS provides corresponds to 20-30% of their incomes. Therefore, this paragraph helps to understand the trend of this subsidy in the last few years (the oldest reported dates go back to 2007 but also contain some useful data from 2005 and 2006) and the dependency of theatres on the abovementioned funds.

The two main trends, important to be taken under consideration are the following: 1. The fluctuation of the grants over the years and 2. The entrance and exit of theatres meritorious earnings to receive the subsidies. By comparing the FUS' reports (appendix 1) made by the Ministry of Culture, it is possible to see how the subsidies for the Region Emilia Romagna have changed during the years. In the nine years taken in consideration the theatres have seen their best time at 2005 and their worst one in 2013. During these years the theatres have slowly decreased the support received, from a maximum of € 5.060.000 to € 4.535.000. Together with 2013 the worst years were 2009 and 2010. These two dates also correspond to the deepest period of crisis in Italy.

Graph 1: Summary of the subsidies FUS for the 6 theatres of Emilia Romagna



Source: Osservatorio dello spettacolo (2007) (2010) (2011) (2012) (2013)
Relazione sull'utilizzazione del Fondo Unico per lo Spettacolo 2007/2010/2011/2012/2013,

As it is possible to see in the table that summarizes the subventions given by FUS to the six theatres under analysis, the cuts for some theatres have been higher than for others. Ferrara and Piacenza have for example lost respectively 21% and 22% of the FUS fund. However, even if the funds have diminished, the average reduction of the fund was only 10,38% during the 9 years.

Therefore, the greatest problem is not given by total amount of money received, which is still relatively high, but from the instability of being a meritorious theatres. In fact – as seen in the theoretical framework – every theatre, even the established ones or the ones that have been always considered “proper” *teatri di tradizione*, need to apply for the fund every year. Only if they respect and accomplish the requirements, they are accepted and receive the grant.

Even though the region of Emilia Romagna has never lost any of their theatres in the past years, many different organisations from other regions have lost their rights. In 2015, the theatres that will be subsidised are 29 (FUS, 2015), but in 2010, one of the worst years for

grants, FUS has accepted only 25 theatres' requests. The same has happened in 2013; during this year the total budget dedicated to *teatri di tradizione* has been given only to 26 theatres. This data means that even though the subsidy does not contract too much, the number of theatres does. Therefore the impoverishment of the grants looks less than the reality, because a lower amount of money is given to a reduced number of theatres. This element in itself might not scare the theatres of Emilia Romagna too much because they have always been part of the FUS fund. However, it should alarm them to be aware about what are the criteria's that need to be reached and respected. In fact as it is possible to see through appendix 3, the requirements for being a high graded *teatro di tradizione* are many and relatively hard to fulfil, as there are artistic and qualitative conditions to consider too. It is important to emphasize this long list of requirements, because (as we are going to analyse soon) these theatres might have problems on reaching them in the long term due to a small attention on artistic and qualitative criteria and a higher attention in reaching the financial needs. This carelessness can become a serious problem while the attention on their artistic and qualitative duties will not be enough.

4.2.3 The audience

Another important element that needs to be taken in consideration is the reaction of the audience to the crisis and the changes. The following data does not correspond to *teatri di tradizione* singularly, but to theatres in general within Emilia Romagna (it has not been possible to find reliable data about the ticketing of *teatri di tradizione* only). However, they help to understand the main trends and to see how, one of the most important stakeholders, has reacted to the crisis. The data corresponding to the same period analysed for the subsidies, show that also in this case the participation has diminished³. If in 2005 the 22,5% of Emilia Romagna population, over 6 years old was going to performances, in 2013 the percentage has descended to 20,9. However, this decrease is not high and compared to the data collected for the subsidies, the peaks have worked in the opposite way. In fact in 2010, the year of deep crisis, the peak has arrived to 25%. Therefore, the audience is not

³ (http://dati.istat.it/Index.aspx?DataSetCode=DCCV_INTRAT_SPETTAC&Lang=en#).

renouncing to this leisure activity even though the crisis is still strongly affecting them. However, the interviewees claim that the attention for the audience is fundamental (paragraph 4.3.5), because as we will see, they do not only have to be part of the experience on the night of the performance or as members for the usual events, they are also involved in the processes of theatre's everyday life. As claimed in the theoretical framework, the social slice of the stakeholders needs to become the strongest one because, the audience represents the society (the connector of every sphere). Society as a sphere holds potential, once it is capable to be involved with the project, the theatre connects with their desires and values, allowing a collective interaction. This creates a diverse representation for the theatre and attracts more donations. Moreover, as the interchange between the market and the government spheres, it is fundamental that it has a positive correspondence about the organisation, because it will be the first commentator to report about the theatres progress.

4.3 An internal point of view

4.3.1 The interviews

The seven interviews have been done to seven workers of the six theatres under analysis (one each theatre and two for the one of Piacenza).

After a small introduction about myself and my thesis, the interviews have began with two questions about their job position (appendix 2).

What is interesting to know from these two introductive questions is that all of them have been working in the performing art sector for – approximately – their entire career. Their professionalism is high along with their knowledge off the topic. It is also noteworthy to mention the fact that most of them have been working for the same theatre (the ones under analysis) for many years (between 4 and 15 years). The only director that has just started to work for one of the theatres of Emilia Romagna is the one of Parma, Dr. Meo. She has a long experience in the field but she has started her mandate at *Teatro Regio* only in the beginning of 2015.

This element is important because it indicates a stability concerning the personnel and the trust that there is for the directors of these organisations (most of the interviewees were

directors or presidents of the foundations). The long permanence of their position demonstrates, as an employment figure what they represent is considered fundamental for, the stability of the theatres. However, the case of Parma (according to some interviewees, this *teatro di tradizione* is probably living the worst economical situation all over Italy), is contrasting the others because in the last few years the figure of the director has been changing constantly. This fact already demonstrates that during the worse situation the most critical changes are usually taken. The continuous changing of the director did not help the theatre to ameliorate its situation. This vicious circle led to blaming the director as responsible of the failure, instead of the reproaching the stagnant situation of the theatre that they were enduring. In fact as we will see from the following paragraphs, the findings have identified a stationary condition in which the theatres were finding their agreeable and convenient situation.

However, the concern is not only for the situation of Parma, which cannot find stability, but also with the others that on the contrary might even have an excessive immovability. Is it a positive element for the theatres to have stationary and stable leader of the personnel?

According to the economical situation the answer is yes, because their experience gives them the awareness to look for the best ways of financing. These leaders had in fact a excellent reaction to the economical crisis and must be considered important columns for the organisations. However, according to the accomplishment of the mission (as described in the paragraph dedicated to this topic) the answer is more uncertain. In the period of crisis, the leader has to think about the economical strain firstly but this might lead him/her to a displacement of the objectives. Therefore, it might happen that the leader would forget more about the other achievements of the organisation.

It is now evident that both extremes are not good. A theatre cannot change the figures that work inside every time there is a problem. However, on the contrary, when there is a strong and permanent leader, in time of crisis this person should absolutely not be replaced, but he/she should be helped more than during successful period when it is possible to take care of all the main goals with more rationality.

Therefore the stability of the leader is the first element that these theatres should consider for being able to survive in the long term. Having a good guide means to have a balance

between spheres and logic. If the balance is lost the theatre's situation might become unsustainable because of the lack of objectives.

4.3.2 The financial situation and the crisis

Approaching the economical situation of the theatres – also – from an internal point of view has been important because it has given the possibility to concretely realize how critical the situation is (or has been) for these organisations during this period of the financial crisis. Moreover, this paragraph opens the doors to the results of the research, because by exploring the economic problems, it has been possible to realize that all the theatres have started to react to the difficult situation they were enduring. Therefore, this paragraph is considered important for the results because it supports the research question proposed (*“Why does the condition of all the six teatri di tradizione have to be considered not sustainable in the long term?”*) by showing the necessity of changing for survival.

As previously analysed on the external overview, the trend of the national funds had only a little decrease during the last years. Some theatres have surely suffered more than others from these cuts (Ferrara and Reggio Emilia as seen previously), but what emerges from the interviews is that the financial situation has been more dramatic than the one perceived from the Ministry's documentation. *“Since 2008 we have lost 50% of our incomes”* states Meo (2015). The same is also for Reggio Emilia, which has suffered a loss of 25% of its budget in the last 8 years (Gherpelli 2015).

This first data, given by the interviewees, alerts us that the situation for some of the theatres has been particularly critical. Stressing the need to find new financial solutions for surviving. The support is diminishing from everywhere, Ziosi (2015), president of the theatre of Ferrara, claims in fact that the period of crisis has taken away (from her theatre) support of the private mainly: *“I do not have anymore banks between my supporters”* (Ziosi, 2015). On the contrary De Rosa (director of the theatre of Ravenna) (2015) sustains that it is the public support, which is diminishing. In fact, in his case the province's aids are the ones that have “disappeared” (De Rosa 2015). As it is evident it is not only one side of the financing that is missing but all of them are decreasing. It is for this that all the theatres, in different percentages, are trying to obtain financial support from everywhere.

Table 1: The main stake holders of *teatri di tradizione of Emilia Romagna*

Ferrara	Modena	Parma	Piacenza	Ravenna	Reggio Emilia
Public subsidies <i>(FUS is fundamental sustain)</i>	Private incomes 53,96% <i>Sub percentages:</i> - Refunds for coproduction (0,5-2%) - Ticket 11 %	Public subsidies 51%	Founders 60 % <i>[3 private and 1 public (the Municipality)]</i>	Private funds <i>Sub percentages:</i> - Sponsor (big subventions for the festival) - Amici del Ravenna Festival (private donors)	Municipality 28-30%
Audience	Public subsidies 47,04 % <i>Sub percentages:</i> FUS 17-18%	Sponsorship and Donations 17%	FUS 16.5%	FUS	Ticket sale 18-20%
Private <i>(the smallest part of the tot incomes)</i>		Ticket sale 17%	Ticket sale		FUS 15%
		Others 15%	Regional contributions		Amici del teatro 79 private donors
			Sponsorships		

Source: interviews to the 6 theatres of Emilia Romagna

The table above summarizes the main sources of income in 2014 that every theatre under analysis has mentioned during the interviews. By asking what are the main revenue streams it has been interesting to comprehend that all of them are now considering different ways of financial support. They have all tried to convert their attention on multiple logics and as we will see in the following paragraph, a shift from the government sphere to various types of logics (Klamer, 2014) has been necessary.

The revenue streams are not the only problem that they have to face, because if the incomes are decreasing then the cost would have to decrease accordingly. Because of the budget constraint (established in their statute) costs and revenues have to reach the break-even point. Therefore, they cannot have profits (due to the fact that they are non-profit organisations) but they cannot have losses either. Therefore, as confirmed by the interviewees, it has been compulsory to decrease both personnel and artistic costs (the highest for every company). This action has been difficult, because for some theatres, as Piacenza, the personnel has been diminished to the bare minimum (Zanelli, 2015) and for others it caused them to decrease the number of contracts made with “superstars” and to share their salaries with some of the artists. Dividing in this case is necessary, because if the

incomes decrease then in regulation to costs have to do the same. However, the theatres have to be careful with what they choose to discard, because the risk in this case is to lose the criteria of artistic quality which is expected and respected for being in the *teatri di tradizione*. Therefore, the situation that they are living today is only sustainable for a short period. It can be accepted but has to be resettled as soon as the financial support returns to grow or as soon as new alternatives are available.

With the following paragraphs we are able to enter more in depth on the reactions of the theatres. Moreover, the following findings will indicate why, apart from the crisis and a general loss of financial support, this situation would not be sustainable in the long term.

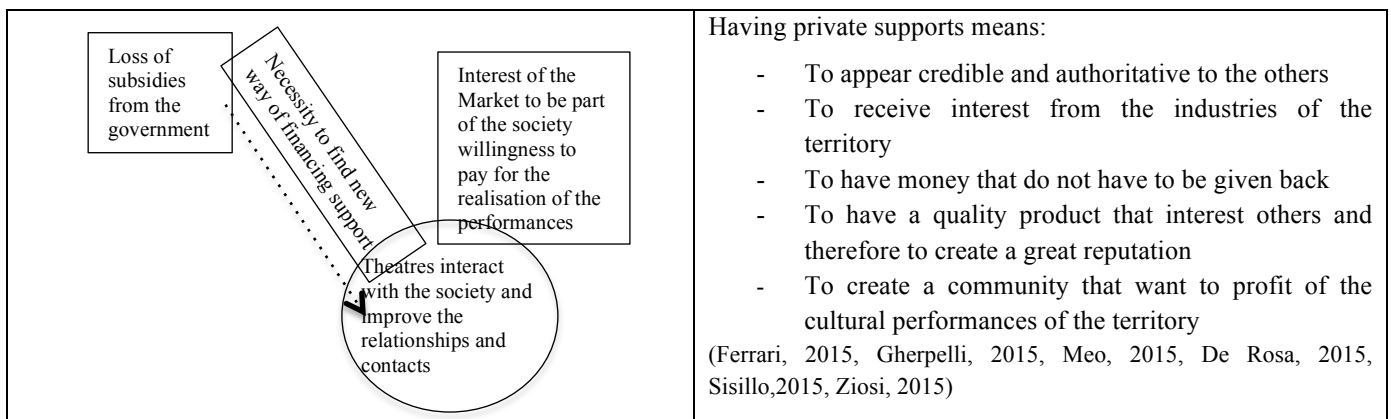
4.3.3 The importance of public and private support

By interviewing the six protagonist of the research it has been possible to focus on their relationship with public and private supporters. By asking three main questions (Q.3 Q.8 Q.11 appendix 2), it has been observed that in the last few years (the ones taken in consideration by the interviewees) there has been a positive and – sometimes – necessary redirection from a focus mainly on the help of the government to a more balanced contact with the market and the social sphere. As hypothesised by the research question proposed and by the analysis done in the theoretical framework, a cultural organisation may not be able to survive in the long term if it is concentrated only on approaching one sphere (Klamer, 2015). As confirmed by the artistic director of the theatre of Piacenza, Cristina Ferrari (2015), during the golden ages (before the crisis) public support was taken for granted and many cultural organisations, including theatres, were working without taking any other type of financial support. This is because they were protected by it and they were guaranteed high public support. “*The country was always taking care of the insolvency of the theatres debtors*” (Ferrari, 2015). However, the crisis has obligated cuts from the Ministry (as confirmed from the balance sheets previously analysed) and the theatres, which were expecting the government to be their lifeline, have lost an important part of their budget. For instance, the general director of *Reggio Emilia teatri* has claimed that in the last 8 years their theatre has lost the 25% of their budget due to this critical situation.

Positively, the theatres have all tried to react to this situation. Some of them have immediately approached new stakeholders or created better relationships with the ones that were moderately financing the theatres. Some others are now moving slowly into new directions. *“Theatres can not live only with ticket revenues and this fact needs to be the motivation that pushes them to look for private support!”* (Ferrari, 2015).

A common claim from the all the directors has been that nowadays the public help has diminished and their sustainability has become more difficult, the mentality of the theatres has to change as well. Ferrari (2015) claims that it is fair to treat artistic institutions, such as theatres and producers of cultural products, the same way as industries that produce enterprise-level products. These types of industries have to push on the quality of their merchandise to attract attention and the same needs to be done by cultural industries. *“They have to stimulate the desire of private supporters to contribute and pay for their products by proposing interesting performances”* (Ferrari, 2015).

Via the proposed questions, it has been possible to understand which are the most important private supporters: banks or more precisely their foundations, the local industries, the *friends* of the theatre (private volunteer citizens or enterprises) and the founders. These relationships have been strongly built over the recent years, as a precautionary measurement by the theatres, having understood the non-sustainability of their situation, in which the government is the only main supporter. These reasons have pushed the directors to move into the social and market spheres and are summarised in the following image:



Source: interviews to the 6 theatres of Emilia Romagna

However, this process has been difficult for some of the organisations because of the following reasons: firstly as claimed by Sisillo (artistic director of the theatre of Modena) and Ferrari (2015), many of the theatres have been caught unaware of the financial cuts. The theatres lived, until the time of the crisis, expecting the continuous surveillance of the cultural ministry. This stagnant position has been difficult to change and the organisations have reacted slowly or have taken time to understand how to move. The second main constrain is given by a more intrinsic problem: a weak cultural and civic society. According to Ziosi (2015), president of the foundation of Ferrara, a problem that circulates around cultural industries is the unawareness of the citizens who donate, support and sponsor cultural activities and more specifically their intention. Her theatre is still struggling in finding private support and her belief is that schools, municipalities and the cultural organisations too, should educate more about why it is important to donate. Both Ziosi (2015) and Sisillo (2015) take the example of United States, where theatres have an enormous support from the private sector, because their culture teach them to donate and help the preservation of their tangible and intangible cultural heritage. Theatres such as Reggio Emilia, Modena and Piacenza have found already the good balance between private and public support: for instance, the theatre *Luciano Pavarotti* of Modena, receives around 51% of its revenues from private sustenance. However, all the interviewees, unanimously, state that the public subsidisation is not only necessary to survive but it is also a right that belongs to all of them. De Rosa (2015), director of the Ravenna theatre affirmed that as in every other country, the nation has to help culture of its nation to grow, to evolve and to be preserved. Therefore “*Why does the condition of all the six teatri di tradizione have to be considered not sustainable in the long term?*” As the results elaborated from the interviews show, government support, in particular within times of crisis, is an uncertain guarantee and therefore it cannot be considered the main supporter in the long run. Its possible that, one year it fully sustains the theatre, but the year after might have to cut the budget significantly. *Teatri di tradizione*, as they have already started to do so, have to focus their attention on more spheres (Klamer, 2004). The private supporter needs to become a usual sponsor and partner for them. Art bonus, the tax incentive on arts created in 2014, is the first big step

that has stimulated all the six theatres to interact with the private. In fact, since the approval of the law (in 2014) they are using this tax incentive as an instrument for creating new contacts and collaborations with the private sector. The private sector is in fact encouraged to use the tax deduction as a contribution to the preservation of the Italian culture.

Therefore, this paragraph has the aim to stress the attention on both private and public spheres. The theatres that are undergoing the worst financial times are in fact the ones who are more oriented towards one sphere only or are used to receiving high support from one. For example, as already mentioned the theatre *Claudio Abbado* of Ferrara is not able to reach the private and in fact the director Ziosi (2015) claims that their main threat is the unreachability of donors. However, private support does not have to overcome the public ones, but needs to become a consistent input for the theatre. The contemporary use of both types of support would guarantee the long term sustainability.

4.3.4 Opinion about Baumol and Bowen's theory

The comparison between my research, concerning the theory of costs disease of Baumol and Bowen and the answers given by the interviewees about the same topic has taken me to an important and relevant result. Initially, this theory has been used to answer the research question proposed. In fact as seen through all the theoretical framework, what happens in the performing arts is a continuous rise of salaries, without the increase of labour productivity. This effect causes the performing arts to be on constant crisis and is one of the reasons why they cannot sustain this situation financially in the long term. However, all respondents have jointly agreed that this theory beside being out-dated, is also not perfectly applicable to their type of theatre, which over the years has evolved and has grown.

The firm point that every interviewee pointed out is that they do not fit in the sample of theatres described in Baumol's theory, however *fondazioni lirico sinfoniche* (opera houses) do. Actually, the 14 opera houses that are present in Italy have a similar artistic supply to the one proposed by the *teatri di tradizione* (they both propose opera, prose, ballet etc). However, differently from the theatres under analysis they have stable orchestras and a high number of workers, which make them weaker concerning the high fix costs that they generate. This type of organisation receives around the 40% of the total funds of FUS,

which is often economically unstable due to multiple reasons (productivity, high number of personnel, difficulty in organising an equilibrate season). As Professor Gherpelli (2015) claims, the critical situation that these 14 theatres undergo, badly influences the public opinion about *teatri di tradizione*. In fact, due to their similarities it is easy to confuse the two organisations in one typology only.

Surely, performing arts “cannot improve the productivity of a quartet that will need always the same time for practicing and performing” (Sisillo, 2015), but the fact that they can reach the break-even point almost every year is a confirmation that some improvements have been done. However, as claimed by all the participants of the interviews, the artistic costs are the highest in their balance sheet, which means that the costs also grow and have a significant impact on their decisions. These theatres are attacking these costs by compromising the contracts with artists and personnel. Moreover, even if the costs are still high the improvements done on the performing art sector are significant. As some of the interviewees mention, new solutions of coproduction between theatres (as we will see in the following paragraph), the use of new way of communication (such as internet, social media etc.) and the introduction of new set design and facilities (as scenography made with lights only) have permitted to decrease other types of costs and improve the quality of the performances.

Therefore, in this case, the hypothesis done to respond to the research question cannot be fully validated. The theatres under analysis might not survive in the long period but not because of the costs disease. In fact the theatres have improved their technical skills and reduced their costs.

Some of the interviewees have proposed different causes that might touch their theatres negatively and make them potentially “fragile”. Ms. Ziosi (2015), states again that nowadays the problems are different. For example: the lack of cultural sensibility of the private sphere. The dependency on public support and the struggles to survive exist because there is not enough education about donating, because Italy does not sufficiently educate the people about their duty to take care of their own heritage. Sisillo (2015) has another concern; he claims that if the funds would be divided for merit (for instance to the most successful theatres the most subsidies) the system would work better. Some theatres maybe,

would have to close due to their high insolvencies (that they would restore in the time of closing) but the others would propose always a season of quality performances and a positive balance sheet. This method – according to him – would create a better system in which everyone could use the economical sources wisely and properly without wasting money and the government could be aware about who works well and who does not. Therefore, to come to a result what we can see from these responses, is that the *teatri di tradizione*, thanks to their continuous development, with the use of new sources, the creation of new technical instruments and the *festivalisation* (most of them propose festivals every season), have ameliorated their so called “costs disease”. Therefore their problems are not mainly connected to the Baumol’s theory anymore, but they have moved on to other more important concerns, ones that might create a new economic “dilemma” for them.

4.3.5 Core strategies

“*We are making a strategic plan for the next three years*” (Meo, 2015). This statement, made by the theatre director of Parma, similar to the ones made by the other directors, elucidates the incremental necessity of making projects and changes for the upcoming seasons. Starting also in this case from the research question (“*Why does the condition of all the six teatri di tradizione have to be considered not sustainable in the long term?*”) we can respond that the situation is clearly not sustainable in the long term, because of this necessity to create new strategies. This in fact, accentuates the actual instability of the theatres and the need to improve their tactics to create a solid organisation in the long term. The responses given by the interviewees have resulted in similar outcomes. This is not only due to their proximity, close-quarters might make them prone to influencing each others choices, but also by the necessity of survival that has led them to collaborate. This collaboration is surely the first strategy mentioned by everyone, portrayed collectively as the fundamental change that needs to be done to endure in the long term. The drop of costs (that will be shared), the advantage to have more personnel working together on the same project, the circulation of the theatres’ names around other cities and the amelioration of the quality of the final production are the main reasons that push the six theatres to cooperate.

Sisillo (2015), during his interview has pointed out, that many of the regional theatres cannot afford to live individually without shared activities and costs. An example made by him is the Teatro Regio (Parma), which has always tried to succeed by working alone and is now trying to maintain under a critical situation, has the necessity to collaborate for survival. To ratify this fact is the director Meo (2015) who confirms that the crisis has obligated the theatre of Parma to dramatically cut the programming of the year 2014, in order to cover all the debts accumulated in the past years. Among the new strategies taken in consideration, because of the abovementioned fact, the theatre of Parma is looking to cooperate not only with the other five theatres of the region but also with international organisations. Teatro Regio and also the other theatres of Emilia Romagna are trying to spread their names outside of Italy and try to regain their prestige and fame that might also attract international audiences. Furthermore, the focus on the audience is actually the second strategy shared by every theatre. As analysed in the theoretical framework, a cultural organisation, to be effective, needs to involve firstly its audience (the first judge), which has to attend the theatres, not only to watch the play but also to live an experience that makes them willing to contribute, and eventually become ambassadors for the theatres. Working on facilities for the audience, studying their taste (as the theatre of Reggio Emilia has started to do), means that the institutions are commencing to circulate around the other spheres (Klamer, 2007). The effort to keep the ticket prices stable, even in time of crisis, is another important tactic that makes the audience feel important for the institutions. *“The audience is the first who is suffering for the crisis”*, states De Rosa (2015) and it's for this reason that instead of augmenting prices they are all looking for new ways of discount. Discounts 0-27, family facilities, free entrance for the youngest are only some of the reductions mentioned from the interviewees. Moreover, as it is visible from the facilities just mentioned, the eyes are pointed on students and young people, which are one of the subgroups of the population that it has been difficult to reach until today. It is important to approach them because as in the case of Reggio Emilia (which has the possibility to measure the participation through the use of the discount card 0-27), it represents around 8500 young people coming to the theatre. Their participation helps not only to generate a

new stable audience for the future but also to rejuvenate the typology of production made to create fresh alternatives to provide their taste and choices.

Talking of strategies, it is also possible to see a shift toward the oikos sphere (Klamer, 2007). In fact one of the main changes the institutions have been obligated to do is the renovation of the internal offices. “*The staff has been reduced to the bare minimum*”, claims Ms Zanelli (2015), administrative manager of the theatre of Piacenza. However, even if in some cases this is a strain (not enough workforce to accomplish all the goals), according to Zanelli it is also their greatest strength. Being strong and cohesive, even with a few members of staff, is a point of strength because they have built a *family* (as she defines it) made of experts and professionals who believe in each other and can create a good workplace of shared values. As mentioned also by Sisillo (2015) and Gherpelli (2015), it is important to have a good prior organisation of the internal team than suffer a loose disorganised external team. If the values, the ideas and the motivations are clear and shared the whole theatre will work better.

The strategies mentioned until now are all tactics that have been already actuated in the last few years. This is a positive element because it shows that the institutions have already noticed the incapability to survive without making changes but more importantly they have applied strategies that consider multiple spheres. Before their seasonal programming was just focusing on activities indispensable to receive the subsidies, now all the strategies taken under analysis focus on the market, social and oikos needs as well. In Modena they try to be market oriented by producing and selling comic books (which describe in a contemporary way theatrical plots) and in Ferrara by renting their spaces for weddings and ceremonies. In Piacenza they try to involve the social sphere of young people by opening the season with a performance made by new and young talented actors, musicians and singers. In Parma they work on their strength to ameliorate their visibility but also their motivation that has to *go back on track* (Sisillo, 2015, Ziosi, 2015, Ferrari 2015, Meo 2015). However, as many of them have mentioned, there is still a lot to do, such as improving the promotional part (Sisillo 2015, Gherpelli 2015), using more of the technological instruments (such as social media and website), reaching the newer audience (made by all the international communities who live in Italy) and so on. Therefore, the outcome of

focusing on strategies demonstrate that, even if the six theatres apparently reach the break even point every season, they are losing support year after year, from the government and also partially from their private supporters (due to the crisis and necessary cuts). Consequently, they have to move in dynamically into new dimensions and evaluate day by day new strategies, that is the case of Parma (by making a strategic plan for 3 years) or Reggio Emilia (who constantly monitors its audience) which have to be settled for the long term and not only for arriving at the end of the season at break-even point. By doing so the situation could not be considered anymore unsustainable.

4.3.6 Mission and values

Mission and values are the heart of every organisation and - as analysed in the theoretical framework - they must be the starting point that leads every planned action. The results of my interviews have shown that this is currently the main weakness that characterizes these six theatres. Therefore, it is the first problem that might cause difficulties for the theatres' survival in the long term. By reading the statute of the theatres (I have been able to find only 5 out of 6), it has been possible to notice that apart from the theatre of Ravenna and Modena all the others have described their mission with many words.

By comparing the objective (or institutional purpose) written on the documents and their responses given to my question concerning the mission (Appendix 4), I have found many similarities between them and therefore coherence on the concept expressed and the goals established. In the table below are reported all the key concepts expressed by the interviewees concerning their mission.

Table 2: Main goals stated in the mission statement by the 6 teatri di tradizione Emilia Romagna

Non profit organisation	Realization of cultural and artistic initiatives (which include prose, concerts, opera, festivals)	Cooperation and collaboration with other theatres	Promote and preserve musical and artistic traditions
Incentivise research and experimentation of theatre and music both traditional and contemporary	Create strong relationships with schools and universities	Promote international activities	Valorisation and preservation of the theatres

Sources: Statute (Parma,2015, Reggio Emilia,2015, Modena,2015, Ferrara, 2015, Ravenna 2015, Ferrari,2015, Gherpelli, 2015, Meo, 2015, De Rosa, 2015, Sisillo,2015, Ziosi, 2015, Zanelli, 2015)

As it is clear from the table above, the missions of these theatres have been expressed with numerous concepts and often with too many. It might be difficult to point out just a few of them because as seen and analysed until now these established goals are all core activities for the theatres. They have survived thanks to them and they have improved by reaching these goals. However, what the national website of the performing art identifies as an essential mission of the *teatri di tradizione* is the following:

“The teatri di tradizione have the mission to promote, enable and coordinate music activities, especially opera, in the territory of the respective provinces (art. 28, Law of 14 August 1967 n. 800). Their common characteristic is to be grounded in areas of the territory where there is a strong artistic and cultural tradition” (MiBACT, 2015).

What is visible now is that the real goal of these theatres must be the preservation of the tradition. The aims mentioned above are therefore not the core activities that the theatres should mention when they think about their mission but they must be the strategies used to reach this mission. These findings identify that these theatres are losing their real goal, their authentic mission. Strategies are a fundamental aspect for the realisation of these objectives and need to always be taken into consideration. However, they cannot be confused with the mission. Values, mission and vision need to be the foundations used to create qualitative strategies and tactics.

However, an important element is retrieved by the answer to the proposed question *“Do you think that your audience and your sponsors find themselves in your mission?”* has given a common positive answer. *“The feedbacks we have from our subscribers are positive and the opinion of the press has been positive too”* (Zanelli, 2015). What all the interviewees believe, is that their mission is still clear and is shared by their main stakeholders who are reacting positively to their choices and continue to participate with the theatre’s activities. In fact, even if the changes undertaken in the last years have partially changed the programming of the theatres, the audience is still participating, in certain cases augmenting (as for instance in the young segment) (Ferrari, 2015 Gherpelli, 2015) and in other cases providing enthusiasm about the new theatre programming (Sisillo, 2015).

These are contradicting results, because according to what was mentioned in the theoretical framework the mission and the values need to be concrete, stable and fixated but once we consider the reality of the theatres, the situation is quite different. The organisations are in fact modifying their mission by adapting it in accordance with the needs of the institute (for example money, audience a wider fame etc.). Even if the reactions to these adaptations have been positive until today, compromising the mission might take the theatres to lose their personality and to confuse their mission, their main objective with the strategies used. This might already be happening because as mentioned by Sissillo (2015) the “fidelized” audiences have “*screamed complains*” during – for example - the Don Giovanni play (even if it is usual and traditional to have complaints in certain theatres in Italy) because it was too different from the original. These critiques become an upsetting observation of the audience but also a strain for the theatres. Losing the mission could mean losing its audience, sponsors, admiration and fame. In the worst case the withdrawal of the appellation *teatro di tradizione* from the ministry. It is true that these *teatri di tradizione*, are moving on and are following the evolution of society, for this reason they are disproving and contradicting the theory of Baumol and Bowen (1966). However, even if today it is possible to make a scenography only with lights (Sisillo, 2015) or to rejuvenate the audience, the theatres must be clear what their mission is.

Therefore, even if left to the last findings of the research, these results are the most important. The mission has to be the base of every institution and if the theatres are not capable to follow it they will not be able to sustain the economical situation nor their other objectives. This would happen because of the loss of a clear mission, which means the correlated loss of all the types of stakeholders. In fact, if the mission is not clear, it could become difficult to fix realistic strategies, to create a shared cooperation, to find private support, to create a cohesive social sphere where everyone is willing to contribute and finally it would become difficult to create a good team that can be called oikos. The mission is based on shared values that all the mentioned stakeholders take into the organisation, which they all believe in. Without these strong values the theatres would lose their prestige, which makes them attractive for politicians and the government. If they lose their attractiveness they lose the attention of the government, which as seen in the first

paragraphs, means they might not always subsidize the theatres. In fact when they do not achieve the qualitative and quantitative criteria they leave them out from the list. If this happens they have to generate new sources, but without a clear mission the other supporters will also not be interested. Moreover, if the focus goes only on the financial support, part of the mission (as the aim to represent the traditions of the territory) would be left on the side again, which could cause the theatres to lose the support of the oikos too. However, it is important to mention that not every theatre is misplacing their mission. The theatre of Reggio Emilia should be taken as example from the others. Dr. Gherpelli (2015) is in fact the only director that answered my question about the mission, by an informed reminder that their mission is to preserve the tradition of the Italian music. What is important about his answer is that he does not claim to follow the mission only. He believes in progress and he supports the evolution of the music. Knowing that for growth, it becomes fundamental to integrate new types of audiences, to compromise to a certain extent the season of opera by integrating other modern or more requested performances, to need to become more poly-thematic and attractive. However, he does not forget that the most important thing is the tradition and the pursuit of this mission. The example of Reggio Emilia is important because it shows that it is possible to arrive at a balanced situation. Opera and classical music are not the most attractive types of music, therefore it is important for these theatres to make other types of performances that attract a larger audience or ancillary events that makes them more marketable. These elements, as seen until now are fundamental for the economical survival of the theatres, but they require a strategic move that generates a new audience, a new group of private contributors that might become interested to know traditional music and to become passionate in getting involved. Reggio Emilia is doing it and in fact another element that Gherpelli emphasize is the fact that they are enthusiastic to see the young audience attracted to theatre thanks to the ballet or musical performances, moving their interest to the season of opera.

In conclusion, the mission does not have to be stationary and unchangeable: the theatre has to always pursue its main objective: the valorisation and preservation of the tradition. Furthermore, it has to show it to all the people circulating around the theatres and performing arts. However, this has to be done with the help of good and effective strategies

that should be created by adapting to the changes of the society, the government, the market, the oikos and of all the spheres that should be involved in this process.

5. Conclusion

The cultural industry of performing arts has always been considered an important and essential part of the cultural sector but also as a problematic and challenging one. The theory of Baumol and Bowen (1966), is in fact at the foundation of all the studies about the topic. The cost disease in which the theatres, orchestras (etc) are living, weaken them when they have to face critical situations or self-sustain their expenses (often higher than their incomes). Moreover, in the last years the financial crisis, which is affecting many countries all over the world, is also damaging the wellbeing functioning of cultural activities.

From this starting point, the research has begun to lead the attention to the actual situations of theatres and to the comparison between theories written about performing arts and their real state.

For personal reasons and academic relevance (see introduction), I have taken under analysis a niche of theatres: *teatri di tradizione*. These Italian theatres (currently 29 of them are active in Italy), propose performances similar to the ones of opera houses, but with a particular attachment to the cultural traditions of their territory. The selected sample has presented the case of Emilia Romagna, a region located in the north east, where there is a great number of *teatri di tradizione*: six.

The aim of the research was to understand why these theatres have difficulties to survive in the long term and in particular during the time of the financial crisis. This question was generated from the union of two different thoughts. The initial assumption made was that these theatres were struggling to survive, as many others in Italy, because of the reduction of subsidies granted by the government, the decrease of audience with disposable income to go to the theatre and other reasons mentioned in the introduction and in the theoretical framework. However, by looking through the documentation available on the websites of the six theatres and by getting in touch with them personally, it was possible to detect that they were all capable to reach the break-even point every year. Nonetheless as pointed out in chapter 4, achieving the break-even does not mean they have a positive and sustainable situation inside the organisation. Therefore, the investigation has moved in the direction of combining the two thoughts, which generated the following research question into this

direction. The research question created by combining these thoughts has been the following: “*Why does the condition of all the six teatri di tradizione have to be considered not sustainable in the long term?*”

The theoretical framework gives the possibility to perceive the actual situation of the theatres (generally and specifically), to learn about the main problems they face and to detect, which are the main systems and solutions for surviving or, in the best cases, to create a perfectly functioning organisation. The theoretical framework was used as a guideline to create the structure of the research. In fact, thanks to it, it was possible to construct a qualitative research based on 7 main semi-structured interviews made to relevant personalities who were working for the six theatres under analysis.

These interviews have led to clear and evident results. In fact, by having a close contact with the personnel of the *teatri di tradizione*, it was possible to perceive where the problems of the organisations were. As stated in Chapter 4, it was possible to clarify that the difficulties originate from two different main motives: struggles in reaching different financial support and difficulties in interacting with different spheres (and therefore communicate the main values). All the theatres in fact are struggling to find good financial support and they are also losing the one they've always had (as the support from FUS). Moreover, they are (or in some cases have been) stuck in a “stagnant” situation in which the government support is the most important and they are (or were) not able to access the market, the social and the oikos spheres as essential supporters. Additionally, to survive the crisis they have often lost their main objective (the mission). This problem has also complicated their situation because the more they alleviate from their aims, the more they lose the “soul” of their theatre, which also becomes invisible to their stakeholders. These two main problems have also led to other challenges, analysed in chapter 4.

These problems, even if distinct and multiple, have always been shown with the why question and responded with the same answer: the lack of the value based approach (Klamer 2015). The findings, which have focused mainly on the economic situation, relationships with the public and the private supporters, the strategies used with the mission

and vision of the theatres have lead to understanding the values that the six theatres. According to Klamer (2014), cultural organisations should follow the concept of “phronesis” (from ancient greek *wisdom*). This concept elaborated in the manuscript of *Doing the right thing* (2014) suggests to: identify and articulate values. Once they are identified the organisation has to aspire to the do the good thing for the organisation and therefore to evaluate if the values chosen are the ones that should be followed. When this first step is done the organisation can realize its cultural, societal and financial values (all fundamental) and finally can adjust them according to internal and external needs.

Therefore, to respond to the proposed research question, the *teatri di tradizione* risk not surviving in the long-term because there is not a sufficient elaboration of values. Without clear values it is difficult to express our identity and our goals. Therefore, the theatres are often not able to reach all the spheres of interests (oikos, social, market and government) with the same intensity. Therefore, the break-even point even if ensured today might become impossible to reach, because if their credibility and their status is not shaped by values in presented spheres, they will slowly lose the support of stakeholders that circulate around their business. In fact, these people with held beliefs in their values now have a partial lost and might have the necessity to find alternatives with the same value goals.

However what is important or even fundamental of the findings is that all the 6 participants of the research have already perceived this dangerous situation which might jeopardise their survival in the long-term. They have therefore reacted to the uncertain conditions and already found solutions and strategies that are helping them to re-establish their values necessary to reach their mission (as the cooperation between theatres, the lowering of costs of production). What is also happening is a rebalance and redistribution of values between the different spheres. The *teatri di tradizione* are approaching all the spheres more realistically. They are focusing their attention on their audience by involving it in many actions, they are approaching the market by becoming more “merchandisable” (for example by renting the space for private events), taking care of the governmental needs, knowing that public supporters are often crucial and are taking into consideration the oikos sphere by

looking at their organisation internally, assessing their deepest values. This is happening because they have realized that for survival it is important to have the support of everyone and not only one of a favourite sphere. Therefore, these theatres have all started to react to this unsustainable situation, to work on their values and on their potentiality. They are all working to involve the values of the other stakeholders who are the ones who keep the theatres alive.

Lastly, what is extremely important to mention about this situation is that these new strategies, movements and reactions have started to work during the economical crisis. The time of global financial crisis did not become an additional element of weakness for the theatres but it has been the point of shock that has lead them to understand that it was necessary to start making changes. The organisations under analysis have in fact seen the crisis as a real danger for their survival because it has taken away the support that they had always enjoyed (from private, public and social support). Therefore, the crisis has lead them to think about what they could do to ameliorate their sustainability. This situation has taken them to focus on their values, on what they were doing well and what they were doing wrong. They have finally started to think on a larger scale that is not focused anymore on some spheres of element of interests, but also on integrating many perspectives which will surely lead them to understand the importance of their mission and their values.

6. Limitations and suggestions for further research

Even though the research has followed the right approach, there are some limitations that need to be taken into consideration. Firstly, the collection of the semi-structured interviews can be further developed. I have created a model for my interviews based on the literature read and on the information retrieved from newspapers and personal knowledge. What I think is that the opinions, or some information given directly, from experts on the field can be considered missing. In fact after I have made the interviews and I have started to decode the material I have understood that some question could have been left out and some more could have been included, if I had had a wider knowledge from an internal point of view. Moreover, the lack of time has been a significant factor as it has not given me the opportunity to enlarge the scope or to organize further meetings with the interviewees. The strain is also given by the fact that the people under analysis all live in Italy and the thesis has been mostly developed in the Netherlands. I had the possibility to interview some of the directors in person, however because of the distance and the short time period it was problematic to elaborate the entire research process with face-to-face meetings, which would have been helpful to uncover the topic further.

Another significant limitation is given by the “reliability” of the interviews. I am certain that the interviewees report true and trustful information, because they all are reliable and professional people. However, their passion and their involvement in the theatres can be considered as risks with this type of conversations, because the directors might tend to show the positive aspects more than the negative ones. It could happen because of a genuine “pride of their job” that dedicated and motivated people have. Moreover, it is difficult for the researcher to also be objective in the choices of the information. It has been difficult to consider some data and compare them between the theatres. Therefore, I recommend for further research to consider the use of a mixed method analysis, which could include interviews (fundamental to reach the deepest data about the theatres) and also multiple choice questionnaires to receive data from a wider scope.

Another limitation is given by the particular typology of the chosen theatres. There is no other specific research done on the topic that could support my investigations or could be used as additional material.

Therefore, for further research on the topic it is suggested to investigate the subject for a longer time and to leave more space to the interviews. It would also be important to create similar research for other regions that host the same type of theatres with a particular attention for the territories where theatres have lost their rights to be *teatri di tradizione*. In fact, thanks to this it would be possible to know if these organisations have approached the strategies, the tactics and the necessary elements on time, when it was extremely needed for their survival during the critical years. This element could help to confirm the findings of this thesis and to prove that for surviving, the abovementioned drastic changes are necessary or in a case for different reasons (that lead to the loss of the rights to be *teatri di tradizione*) it would improve the findings and reveal new results.

7. References

- Aspers, P., Beckert, J. (2011), *TheWorth of Goods: Valuation and Pricing in the Economy*, Cambridge: Cambridge University Press.
- Baumol, W., J., Bowen W., G. (1966). *Performing Arts: The Economic Dilemma*, New York: The Twentieth Century Fund.
- Bodo, C. (2015). Sector specific legislation. In *Compendium Cultural policies and trends in Europe – Italy* Retrieved from:
<http://www.culturalpolicies.net/web/italy.php?aid=532>
- Bonet, L., Donato, F. (2011), The Financial Crisis and its Impact on the Current Models of Governance and Management of the Cultural Sector in Europe. *Journal of Cultural Management and Policy*, 5-12,
http://www.encatc.org/pages/fileadmin/user_upload/Journal/JOURNAL_ART_BONET_DONATO_2011.pdf
- Cowen, T., (1996), Why do I not believe in the cost-disease. *Journal of Economics*, 20 207-2014, <http://link.springer.com/article/10.1007%2FBF00153847#page-1>
- Daigle, P., and Rouleau L. (2010). Strategic Plans in Arts Organizations: A tool of Compromise Between Artistic and Managerial Values. *International Journal of Arts Management*, 12(3), 13-30
- David, F., R. (2011). The business Vision and Mission. In Yagan, S., Svendsen, E., *Strategic Management, Concept and cases*. (40-57)
- Dubini, P. (1999) *Economia delle aziende culturali*, Etas: Milano

- Frey, B., S. (1996) Has Baumol's Costs disease disappeared in the performing arts?
Institute of Empirical research, University of Zurich 50 173-183,
http://bsfrey.ch/articles/C_272_1996.pdf
- Frey, B., S. (2003): Chapters 7 and 8. In *Arts and Economics*
- Fondazione I Teatri Reggione Emilia (2011). *Statuto*, retrieved from: <http://www.iteatri.re.it/>
- Fondazione Ravenna Manifestazioni (2002). *Statuto*, retrieved from:
<http://www.teatroalighieri.org/>
- Graetz, F. (2002). Strategic Thinking versus Strategic planning: Towards Understanding the Complementaries. *Management Decision* 40(5), 456-462
- Grampp, W.D. (1989), 'Rent-seeking in Arts Policy', *Public Choice*, 60, 113–21.
- Hutter, M. and D. Throsby (2008), *Beyond Price: Value in Culture, Economics and the Arts*, Cambridge:Cambridge University Press.
- Klamer, A (2004). Cultural Goods are Good for more than their Economic Value. In Rao, V., Walton, M. (2004) *Culture and Public action*. Stanford Social Sciences, Stanford University Press, Stanford California.
- Klamer, A. (2012). *The Mode of Financing matters. What is the Right Thing to Do?*
Retrieved from www.klamer.nl
- Klamer, A. (2013) The art of persuasion: valorizing the arts in four logics,
- Klamer, A. (2014). Cultural organisations, *Seminar*
- Klamer, A. (2014). Doing the right thing. *Manuscript*

Klamer, A. Mignosa, A. & Petrova, L. 2007. Funding the Arts and Culture in the EU,
Journal of Cultural Economics, 5 1-100

Langeveld, C. (2014). *Pricing in the performing arts*. Amsterdam: Shaker.

Langeveld, C., Belme, D., Koppenberg, T. (2014). Collaboration and Integration in
Performing Arts: A Qualitative Analysis of the Dutch performing arts sector!
*Research Project in the Economics of the Performing Arts (1-125) Erasmus
University Rotterdam*

Last, A., K., Wetzel H., (2011). Baumol's cost disease, efficiency, and productivity in the
performing arts: an analysis of german public theaters. *Journal of Cultural
economics*, 25 185-201, [https://www.econbiz.de/Record/baumol-s-cost-disease-
efficiency-and-productivity-in-the-performing-arts-an-analysis-of-german-public-
theaters-last-anne-kathrin/10003968709](https://www.econbiz.de/Record/baumol-s-cost-disease-efficiency-and-productivity-in-the-performing-arts-an-analysis-of-german-public-theaters-last-anne-kathrin/10003968709)

Madden, C., (2009). *Global financial crisis and recession: Impact on the arts* (Report n.
37). Retrieved from: www.ifacca.org

Osservatorio dello spettacolo, MiBACT (2014). *PanoramaSpettacolo, Una analisi della
distribuzione territoriale dell'offerta di spettacolo dal vivo e di spettacolo
cinematografico*, Ministero dei beni e delle attività culturali e del turismo

Osservatorio dello spettacolo, (2015) *Teatri di tradizione*. Retrieved from:
<http://www.spettacolodalvivo.beniculturali.it/index.php/teatri-di-tradizione>

Osservatorio dello spettacolo (2013) *Relazione sull'utilizzazione del Fondo Unico per lo
Spettacolo 2013*, Retrieved from:

<http://www.spettacolodalvivo.beniculturali.it/index.php/osservatorio-dello-spettacolo/relazioni-parlamento-fus/424-relazione-2013>

Osservatorio dello spettacolo (2012) *Relazione sull'utilizzazione del Fondo Unico per lo Spettacolo 2012*

<http://www.spettacolodalvivo.beniculturali.it/index.php/component/search/?searchword=Relazione%20sull%27uti&ordering=oldest&searchphrase=exact&limit=30>

Osservatorio dello spettacolo (2011) *Relazione sull'utilizzazione del Fondo Unico per lo Spettacolo 2011*, Retrieved from:

<http://www.spettacolodalvivo.beniculturali.it/index.php/component/search/?searchword=Relazione%20sull%27uti&ordering=oldest&searchphrase=exact&limit=30>

Osservatorio dello spettacolo (2010) *Relazione sull'utilizzazione del Fondo Unico per lo Spettacolo 2010*, Retrieved from:

<http://www.spettacolodalvivo.beniculturali.it/index.php/component/search/?searchword=Relazione%20sull%27uti&ordering=oldest&searchphrase=exact&limit=30>

Osservatorio dello spettacolo (2009) *Relazione sull'utilizzazione del Fondo Unico per lo Spettacolo 2009*, Retrieved from:

<http://www.spettacolodalvivo.beniculturali.it/index.php/component/search/?searchword=Relazione%20sull%27uti&ordering=oldest&searchphrase=exact&limit=30>

Pirrelli, M. (2014, September 14), Fondazioni bancarie a sostegno della cultura, in leggero calo gli investimenti. *Il sole 24 ore*, Retrieved from <http://www.arteconomy24.ilsole24ore.com>

Porter, M., E. (1998). What is a strategy?. HBR's Must-Reads on Strategy, *Harvard Business Review* (November-December) 2-22

Ritala, P. (2012). Coopetition Strategy – When is it Successful? Empirical Evidence on Innovation and Market Performance *British Journal of Management*, 23, 307–324

Teatro Comunale di Ferrara (2015), *Statuto della fondazione comunale di Ferrara*.
Retrieved from: <http://www.teatrocomunaleferrara.it/>

Teatro comunale di Modena (2011). *Statuto della fondazione comunale Modena*, retrieved form: <http://www.teatrocomunalemodena.it/>

Teatro Regio Parma (2013), *Fondazione Teatro Regio Parma, statuto*, retrieved from: <https://teatroregioparma.it/>

Towse, R. (2011). *Handbook of cultural economics, second edition*, Cheltenham, UK - Northampton, MA, USA: Edward Elgar

Towse, R. (2010). *A textbook of cultural economics, second edition*, New York: Cambridge University Press

Yfantopoulos, J., N. 1987). The economic dilemma of the greek performing arts pricing and subsidizing policies. *National Centre of Social Research*, 27, 123-143
http://digilib.lib.unipi.gr/spoudai/bitstream/spoudai/455/1/t37_n1-2_123to143.pdf

Vecco, M. (2014). Cultural Entrepreneurship. *Seminar* (November)

Vecco, M. (2014). Cultural Entrepreneurship. *Slides seminar* (December)

Werck, K., Plaats Stultjes M., G., and Heyndels, B. (2001). Baumol's "suppressed form of the cost disease" and programmatic choices by Flemish subsidised theatres. *Vrije Universiteit Brussel* <http://www.vve.be/nl/vveDag/2.7.%20werck.pdf>

Zan, L., Bonini Baraldi, S., Ferri, P., Lusiani, M., Mariani, M. M., (2011). Behind the scenes of public funding for performing arts in Italy: hidden phenomena beyond the rhetoric of legislation. *International Journal of Cultural Policy*, 76-92, <http://www.tandfonline.com/loi/gcul20>

Websites

www.thinkaboutpricing.com

<http://www.teatripiacenza.it/>

<https://teatroregioparma.it/>

<http://www.teatrocomunaleferrara.it/>

<http://www.teatroalighieri.org/>

<http://www.teatrocomunalemodena.it/>

<http://www.iteatri.re.it/>

<http://www.spettacolodalvivo.beniculturali.it>

8. Appendix

Appendix 1

Report 2007, 2010, 2011, 2012, 2013 FUS Subsidisation FUS to *teatri di tradizione Emilia Romagna. From 2005 to 2013*

(Report 2007, data about 2005-2007)

Tabella 2. Teatri di tradizione						
Regione	Prov.	Città	Beneficiario	2005	2006	2007
Abruzzo	CH	Chieti	Ist.ne Deputazione Teatrale Teatro Marrucino	160.000	155.000	165.000
Calabria	CS	Cosenza	Teatro Comunale A. Rendano	300.000	150.000	127.000
Emilia Romagna	FE	Ferrara	Ist.ne Teatro Comunale	700.000	600.000	600.000
	MO	Modena	Fond. Teatro Comunale di Modena	845.000	825.000	825.000
	PC	Piacenza	Comune di Piacenza	520.000	490.000	540.000
	PR	Parma	Fond. Teatro Regio di Parma	1.430.000	1.375.000	1.375.000
	RA	Ravenna	Fond. Ravenna Manifestazioni (Teatro Alighieri)	650.000	600.000	610.000
	RE	Reggio nell'Emilia	Fond. I teatri di Reggio Emilia	915.000	1.100.000	900.000

(Report 2010, data about 2008-2010)

Tabella 2. Teatri di tradizione (Fus)						
Regione	Prov.	Città	Beneficiario	2008	2009	2010
Abruzzo	CH	Chieti	Ist.ne Deputazione Teatrale Teatro Marrucino	165.000	162.000	130.000
Emilia Romagna	FE	Ferrara	Fond. Teatro Comunale	600.000	580.000	575.000
	MO	Modena	Fond. Teatro Comunale di Modena	835.000	820.000	825.000
	PC	Piacenza	Fond. Teatri di Piacenza	535.000	525.000	505.000
	PR	Parma	Fond. Teatro Regio di Parma	1.375.000	1.360.000	1.325.000
	RA	Ravenna	Fond. Ravenna Manifestazioni (Teatro Alighieri)	610.000	525.000	590.000
	RE	Reggio nell'Emilia	Fond. I teatri di Reggio Emilia	900.000	890.000	890.000

(Report 2011, data about 2009-2011)

Tabella 2. Teatri di tradizione						
REGIONE	PROVINCIA	CITTA'	SOGGETTO	2009	2010	2011
Abruzzo	CH	Chieti	Teatro Marrucino	162.000	130.000	135.000
Calabria	CS	Cosenza	Teatro di Tradizione Alfonso Rendano	-	-	70.000
Emilia Romagna	FE	Ferrara	Teatro Comunale di Ferrara	580.000	575.000	585.000
	MO	Modena	Teatro Comunale di Modena	820.000	825.000	830.000
	PC	Piacenza	Teatri Piacenza	525.000	505.000	500.000
	PR	Parma	Teatro Regio di Parma	1.360.000	1.325.000	1.350.000
	RA	Ravenna	Ravenna Manifestazioni	525.000	590.000	600.000
	RE	Reggio Emilia	I Teatri di Reggio Emilia	890.000	890.000	910.000

(Report 2012)

Tabella 2. Teatri di tradizione				
REGIONE	PROVINCIA	CITTA'	SOGGETTO	2012
Abruzzo	CH	Chieti	Teatro Marrucino	140.000
Calabria	CS	Cosenza	Teatro Di Tradizione Alfonso Rendano Teatro Comunale Di Cosenza	60.000
Emilia Romagna	FE	Ferrara	Fondazione Teatro Comunale Di Ferrara	573.000
Emilia Romagna	MO	Modena	Fondazione Teatro Comunale Di Modena	830.000
Emilia Romagna	PC	Piacenza	Fondazione Teatri Piacenza	500.000
Emilia Romagna	PR	Parma	Fondazione Teatro Regio Di Parma	1.350.000
Emilia Romagna	RA	Ravenna	Fondazione Ravenna Manifestazioni	600.000
Emilia Romagna	RE	Reggio Emilia	Fondazione I Teatri Di Reggio Emilia	910.000

(Report 2013)

Tabella 2. Teatri di tradizione				
REGIONE	PROV.	CITTA'	BENEFICIARIO	CONTRIBUTO (C)
Abruzzo	CH	Chieti	Istituzione Deputazione Teatrale Teatro Marrucino	125.000
Emilia Romagna	FE	Ferrara	Fondazione Teatro Comunale Di Ferrara	550.000
Emilia Romagna	MO	Modena	Fondazione Teatro Comunale Di Modena	800.000
Emilia Romagna	PC	Piacenza	Fondazione Teatri Piacenza	465.000
Emilia Romagna	PR	Parma	Fondazione Teatro Regio Di Parma	1.300.000
Emilia Romagna	RA	Ravenna	Fondazione Ravenna Manifestazioni	570.000
Emilia Romagna	RE	Reggio Emilia	Fondazione I Teatri Di Reggio Emilia	850.000

Appendix 2

Guideline of the interviews

Aprile 2014

INTERVISTA TEATRI DI TRADIZIONE

1. Qual è la sua occupazione all'interno del teatro?	1. What is your position in the organisation?
2. Da quanti anni lavora all'interno di questo teatro?	2. Since when do you work for this theatre?
3. Chi sono i più importanti portatori di interesse per il vostro teatro? (pubblico, fondazione, donatori, sponsor, partner, governo?)	3. Who are the main stakeholders of this theatre? (Audience, foundations, donors, sponsor, partner, government etc)
4. Quali sono le principali voci d'incasso?	4. What are the main revenue streams of the theatres?
4 a. (Se possibile rispondere) Quanto è l'incasso annuo?	4 a. (If you can answer) how much is your annual revenue?
4 b. Sono cambiate queste voci nel periodo di crisi economica?	4 b. Have these revenues changed during the period of the economic crisis?
5. Quali sono le principali voci di costo?	5. What are the main annual costs?
5 a. (Se possibile rispondere) Intorno a quale cifra si aggirano i costi annui?	5 a. (If you can answer) how much are your annual costs?
5 b. Sono cambiate queste voci nel periodo di crisi economica?	5 b. Have these costs changed during the period of the economic crisis?
6. Generalmente attraverso gli incassi riuscite a raggiungere il break even point?	6. Do you usually reach the break-even point?
7. Secondo una teoria esposta da Baumol e Bowen (1966) i teatri, o meglio, il settore delle arti performative è in una continua crisi, dovuto (sinteticamente) al fatto che i salari continuano ad aumentare mentre la produzione rimane sempre simile o cresce lentamente. Pensa sia una situazione simile all'interno del suo teatro?	7. According to a theory expounded by Baumol and Bowen (1966) theatres, or better, the performing arts sector are living in a continuous crisis, due (briefly) to the fact that wages continue to increase while production remains similar or grows slowly. Do you think your theatres lives a similar situation?
8. Quanto incide l'aiuto dello Stato (FUS) sul vostro teatro?	8. How much does the state support (FUS) matters for your theatres?
9. Durante il periodo di crisi economica che stiamo affrontando, ci sono stati particolari cambiamenti? Se sì quali?	9. During the period of the economic crisis that we are facing, were there any particular changes inside the theatre? If so, what type of changes?
10. Avete intrapreso nuove strategie a livello artistico, organizzativo e di marketing?	10. Have you undertaken new artistic, organizational or marketing strategies?
11. Quanto è importante la sovvenzione a livello del privato? Pensate che per il futuro sarà più importante di quella pubblica?	11. How important is the support from private? Do you think in the future it might become more important than the public?
12. Quali sono la <i>mission</i> e la <i>vision</i> del vostro teatro?	12. What are the mission and values of your theatres?
12 a. E' facile rispettarle in questo periodo di grandi	12 a. Is it easy to follow them in this time of great

difficoltà?	difficulty?
12 b. Il vostro pubblico ed i vostri sponsor si ritrovano in esse?	12 b. Do you think that your audience and your sponsors find themselves in them?
13. Da chi è composto il vostro pubblico?	13. Who is in your audience?
13 a. E' cambiato in questi ultimi anni?	13 a. Has it changed in recent years?
14. La biglietteria è rimasta stabile nei prezzi? Ha aumentato o diminuito le tariffe?	14. Did you keep the ticket price stable or have you changed it?
15. Il teatro di tradizione ha vantaggi o svantaggi rispetto ad altri teatri?	15. The <i>teatro di tradizione</i> has advantages and disadvantages compared to other types of theatres?
16. Avete progetti per il futuro?	16. Do you have plans for the future?
17. Ci sono collaborazioni con altri teatri?	17. Do you make collaborations with other theatres?
18. Seguite dei modelli economici o organizzativi?	18. Do you follow any economic or organisational models?
19. Qual è la carta vincente del vostro teatro?	19. What is the trump card of your theatre?
20. Pensa che manchi qualcosa al vostro teatro?	20. Do you think that something is missing in your theatre?
21. Ritieni ci sia un particolare teatro in Italia, in Europa o nel Mondo da emulare?	21. Do you think there is a particular theatre in Italy, in Europe or in the world that should be emulated?
<i>Desidera che questa intervista rimanga anonima?</i>	<i>Would you like to keep your name stays anonymous?</i>

La **ringrazio** calorosamente per la collaborazione!
Spero che la mia tesi possa essere in seguito un contributo al lavoro che eseguite con premura ogni giorno.

Thank you for the collaboration!
I hope my thesis will become a useful contribution for your activity.

Marta Manfredi
Studente Master in Cultural Economics and Entrepreneurship
Erasmus University, Rotterdam

Appendix 3

Essential requirement for teatri di tradizione

AMBITO MUSICA

Tabella 12. Indicatori per valutazione qualità artistica settore Teatri di tradizione, articolo 19

ASSE	OBIETTIVO STRATEGICO	OBIETTIVO OPERATIVO	FENOMENO
PROGETTO	1. Qualificare il sistema di offerta	Sostenere la qualità del personale artistico	Qualità della direzione artistica
		Sostenere la qualità del progetto artistico	Qualità professionale del personale artistico e/o degli artisti ospitati
		Innovare l'offerta	Qualità artistica del progetto
		Stimolare la multidisciplinarietà	Innovatività dei progetti e sostegno al rischio culturale
	2. Sostenere, diversificare e qualificare la domanda	Intercettare nuovo pubblico	Organizzazione di corsi e concorsi
		Incrementare la capacità di fruizione	Multidisciplinarietà dei progetti
SOGGETTO	9. Valorizzare l'impatto mediatico e il progetto di promozione	Rafforzare la strategia di promozione	Rapporti con università e scuole e avvicinamento dei giovani
		Integrare la strategia di promozione	Interventi di educazione e promozione presso il pubblico
	10. Sostenere la capacità di operare in rete	Incentivare reti artistiche e operative	Apertura continuativa delle strutture gestite
			Strategia di comunicazione (sito internet, campagna di comunicazione, nuovi media e social network, dirette streaming degli spettacoli, ecc.)

AMBITO MUSICA

Tabella 12. Indicatori per base quantitativa settore Teatri di tradizione, articolo 19

Dimensione	Indicatore
Input	Giornate lavorative
	Oneri sociali
Output	Recite/ concerti/ rappresentazioni
Risultato	Spettatori

retrieved from: Gazzetta ufficiale della Repubblica Italiana (2014, September 19th)

Ministero dei beni e delle attività culturali. Gazzetta ufficiale

Appendix 4

The 7 interviews

The interviews are available only under request due to privacy reasons.