

Unaccomplished Transition of Instrumental and Institutional Functions of Belgrade Theatres

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Introduction

National governments and various funds subsidize theatre organizations today following the idea that, in addition to the production and distribution of performances, financed programs should also contribute to the redefinition of traditional funding based on the abstract idea of the social functions and missions of theatre. Thus, one of the goals of their financial support is “creating a (new) relationship between cultural policies and theatre institutions, based on systematic investment in certain theatre functions and encouraging synergies, partnerships, mobility, innovation and nurturing the audience” (Klaić, 2016, p. 11). This means encouraging theatre organizations to achieve broader social benefits and increase their capacity to adopt a “culture of innovation”¹⁵.

The strategic activities proposed in this context are 1) diversification of financial sources; 2) development of theatre educational functions; 3) adoption and use of technical and technological innovations in theatre production and organization; 4) strategic planning of the entire experience of a performance (including its artistic, but also spatial and temporal aspects, for the duration of the performance, as well as periods before and after); 5) strategic changes in the repertoire; 6) development of marketing activities, etc. One common factor in all listed activities is their ultimate goal, which is to deepen the relationship with the existing audience, and attract new target groups. The other is the fact that they are preconditioned by a strategic orientation toward cooperation and an entrepreneurial orientation in organizing theatre business.

Implementing such a model of development calls for the diversification of theatre functions, classified as: artistic (internal), instrumental (external, social) and institutional (organizational)¹⁶. For any non-commercial theatre organization, the artistic functions

¹⁵ This implies innovations from 4 aspects: 1) in the domain of the audience; 2) in the development of art forms; 3) in value creation and 4) in management, which refers to innovation in the field of business models, financial strategies, organizational structures, etc. (Bakshi, Throsby, 2010, p. 13).

¹⁶ The artistic functions are the following: encouraging art form innovations, engaging in art experiments, preserving cultural heritage (especially drama heritage), education and talent development, enabling artist mobility, enabling production, transfer and transmission of knowledge about theatrical art, nurturing and developing audiences and affirming, creating and preserving expressions of cultural diversity.

The instrumental functions are: contribution to social cohesion and cultural emancipation, contribution to social inclusion, initiation of critical thinking, initiation of dialogue and public debate, revision of formal history, re-examination of myths and traditional patterns of thinking; as well as functions related to the positive economic externalities of theatre business such as: reducing unemployment, revitalizing the community, improving the image of society or its segments, strengthening the cultural, social and human capital.

The institutional functions of public theatre are: establishing an audience-focused business, adopting a culture of innovation, developing a business model based on a combination of strategies to achieve synchronous economic and artistic sustainability, affirmation and development of partnerships and cooperation in culture, enabling education and continuous professional development of employees, and implementation of new technologies.

are those of first-class relevance, but when it comes to planning their development strategies, the other two groups become particularly important. This is because the production of internal values of a theatre, within the contemporary socio-economic context, is conditioned by 1) the production of its public value and 2) the generation of values related to establishing theatre organization sustainability, as well as the sustainability of the broader institutional network.

Models of Achieving Sustainability of Public Theatre Today

For public theatres (and public theatre systems), faced with the task of reforming their structures, relations and cognitive systems, the application of “modern” (previously drafted) strategies of planning and managing development is challenging. At best, European (public, non-commercial) theatres receive 80% of subsidies, and most often these subsidies do not exceed 45% to 50% of the total proceeds (Klaić, 2016, p. 32). The discrepancy between public subsidies and operating costs is continuously growing, so – summarizing the conclusions of different authors, we can identify a number of typical ways in which theatres solve this problem, and categorize them into three groups:

1. solutions related to the diversification of external sources of financing – sponsorships (which, even when successful, rarely provide more than 2% to 6% of the operating budget), development of partnerships with other cultural organizations or organizations from other domains (suppliers, bars, restaurants, etc.);
2. solutions related to the diversification of internal sources of financing and reduction of operating costs – renting space and co-organizing events, developing secondary products and services, reducing the number of new productions and shortening the duration of a season, reducing the budget for new productions, shortening the period of the preparation/rehearsal process, avoiding staging plays that require payment of high prices of copyrights, outsourcing certain segments of work such as set design, decor, costumes;
3. solutions related to the expansion and diversification of the audience – attracting audiences by creating ticket bundles, providing discounts on subscription tickets, discounts for students, retirees, etc.; attracting audiences by creating a repertoire modelled after those of commercial theatres: hiring stars, attractive marketing campaigns, etc.

However, as mentioned earlier, sponsorships rarely bring in more than 2% to 6% of the operating budget; partnerships are most often reduced to in-kind sponsorships; while the practical impacts of the second group of solutions are limited by the specific economics of non-commercial theatre. Namely, the way of doing business in the domain of non-commercial performing arts is practically based on the standard principle of non-profit organizations: not expecting a positive economic return from invested capital, but focusing on fulfilling certain social functions (see Baumol & Bowen, 1965, p. 497). In addition to market earnings from ticket sales, touring and secondary activities, public theatres also have *unearned incomes*, which come from a variety of sources including state and local government, foundations, individuals and businesses, but which

(only) cover the *earnings gap*, i.e. the difference between expenses and their earned revenues (McCarthy, 2001, pp. 78–79). Accordingly, reducing this gap, and indirectly doing business “in the plus”, would mean a reduction in costs, which – in a situation where external sources of funding have already been reduced – has already been done. Also, the constant need to preserve quality on one side, and the constant rise of production costs on the other are complex to maneuver, due to it being impossible to significantly raise the ticket price, as a consequence of the (third) constant need to expand and develop the audience.

When it comes to solutions for widening and diversifying the audience, they are often equated with imitating the model of commercial theatre, which is undoubtedly inaccurate, primarily because, unlike its non-commercial counterpart, commercial theatre has profit as, if not the main, then one of its main objectives. Although the performances of this type of theatre vary in genres and styles, they most often tend to offer the audience entertainment and an escape from reality, while the objectives of non-commercial public theatre are: “revealing reality”, pointing out the characteristics of the phenomena that surround us, engaging in artistic experiments and discovering new forms, mediation in creating participatory citizenship and initiating public debate. However, such a task is quite arduous, since the modern audience has been transformed into “cultural omnivores” (Peterson, 1992) – with many interests, high expectations and (often) limited financial resources, as well as limited free time. Thus, the questions arise: How to approach and satisfy a modern individual? And should the objective of widening the existing scope of theatre audience be the starting point of strategic activities oriented toward the development of public theatre?

The majority of theatre practitioners, as well as researchers in the field of theatre management and theatre policy, agree that the strategic development of public theatre should be conceptualized as a transition from organization-focused to audience-focused business. In this sense, various activities are proposed, and examples of successful practices are given. For instance, to avoid the emergence of “repertoire standardization” (Bennett, 1997, p. 111) or “classic fatigue” (Klaić, 2016, p. 89), but also as an alternative to large investments in “safe” productions of questionable cost-effectiveness (such as adaptations of earlier famous productions or Broadway hits) it is suggested: modelling the repertoire in (thematically) conceptual entities (Klaić, 2016); refreshing the repertoire with plays written by authors from different (minority, endangered) social groups; strategic planning of guest productions instead of ad-hoc decisions on that matter; and affirmation of innovative works of art that have the potential to influence artistic trends and lead to the creation of new artistic styles¹⁷.

¹⁷ A possible danger of innovation in the repertoire is that these new forms (staging plays by unknown and young authors, significantly innovative and different interpretations of famous works, dealing with post-drama theatre, experimenting with new technologies or the relationship between performers and audiences, etc.) could jeopardize the relationship established with the existing theatre audience. On the other hand, this group of plays, although potentially less popular, often attracts significant public attention, and even initiates the generation of new audiences. The risk control in this case could be a moderate ratio between productions that are assumed to be able to achieve success at the box office and risky productions; or lowering ticket prices for non-classical performances. Also, the subsidy system becomes important here, and the extent to which a financial loss on programming is allowed determines the abilities of programmers to effectively develop audience tastes (van den Hoogen et al., 2015, p. 353).

In addition to innovations of the repertoire, research studies analyze different examples of innovation in everything that is “around the repertoire” – in the theatres’ surroundings, their spatial resources and additional content that affects the experience of watching a theatre performance, but also the experience of “pre-performance” and “post-performance” (Bennett, 1997). Nowadays, theatres offer comfortable foyers and cafés with free Wi-Fi, libraries with expert literature, and exhibition spaces for various types of art; they cooperate with neighbouring organizations in creating the local environment and providing mutual support in the promotion and creation of seasonal themes. Also, along with renting, theatres use their entire space for secondary purposes – organizing other cultural programs, educational programs and visits “behind the stage” intended for tourists, occasional and regular audiences interested in the history of the institution and the processes of preparation and performance of a play.

Another strategic direction is implementing new technologies in order to improve organizational and artistic processes in accordance with the changes in the patterns of cultural consumption and the requirements of the audience. Theatres offer online ticket reservations; produce and publish online trailers and documentaries about the preparation of performances; actively exploit the possibilities of their websites and social networks; use modern software to monitor and analyze audience characteristics. Still, contemporary tendencies in this regard go even further, creating new possibilities in the field of theatrical work distribution, using the resources and capacities of the digital environment to attract new audience groups and the social (re)positioning of theatre (for example: live audio-visual broadcasts of performing arts – online, in cinemas or on TV, experiments with VR sets etc.).

Designing and implementing the above mentioned and other innovative strategic activities requires the constant development of theatre employees and ongoing work on educating and engaging the audience. It requires a strategic commitment of public theatre to educating the audience, artists, and theatre employees, while these processes also contribute to strengthening the human capital of the local society. Also, whether we analyze how theatre could attract and educate the audience, become the central hub of a community’s cultural life, or apply new technologies – all actions require adequate partners and constant cooperation. Accordingly, the types of possible (and necessary) theatre partners vary a lot – partners from public, private or civil organizations; organizations or individuals; those that belong to the domain of culture or some other domain.

Common for all strategic activities analyzed above is also their reliance on the innovative, more efficient and effective exploitation of theatre resources, suggesting a strategic orientation toward discovering, evaluating and exploiting “entrepreneurial (lucrative) opportunities” (Shane & Venkataraman, 2000, p. 218). Therefore, the key questions arising about the development of European theatres are those of the principles of entrepreneurial organization of theatre activities and the specific characteristics of the entrepreneurially oriented theatre manager. The answer to them

could be found in the intersection between theories of entrepreneurship and social entrepreneurship practices¹⁸. Thus, entrepreneurial management of public theatre demands constant work on increasing the institution's capacity to achieve artistic excellence, produce social benefits and diversify funding sources by creating functional organizational relationships and processes, effectively using resources and competitive advantages of the institution, discovering and using opportunities and expanding the network of associates and partners. From the aspect of human resources, this means that an entrepreneurially oriented manager of a public theatre has to 1) continuously work on the analysis of external and internal situations; 2) clearly formulate problems and potential solutions; 3) plan and predict the results of strategic activities; 4) provide relevant data for decision-making; 5) verify their decision through communicating with the "authorizing environment" (Moore & Khan-gram, 2004, p. 6) and influence that environment with professional guidelines based on (positively evaluated) decision results¹⁹.

Case Study: System of Public Theatres of the City of Belgrade

The entrepreneurial organization of theatre activities and the overall orientation of public theatre toward redefining its mission in the contemporary socio-economic context implies a direction toward the development of instrumental and institutional functions of theatre. This paper raises the question: To what extent do Belgrade theatres fulfil these functions and in what way do they approach diversification? The analysis includes eight theatres founded by the Belgrade City Assembly: Atelje 212, Yugoslav Drama Theatre, Belgrade Drama Theatre, Zvezdara Theatre, Terazije Theatre, Bitef Theatre, Cultural Institution "Vuk Stefanović Karadžić" and Youth Theatre Dadov. The subjects of the analysis are 1) their specific practice and 2) personal attitudes of the theatres' managers on the topic of the development of public theatre's

18 Advocacy for the application of entrepreneurship principles in the context of cultural institution management could be criticized from several aspects. The first one concerns the very meaning of the term "entrepreneur", which Peter Drucker defines as one who seeks change, responds to it and exploits opportunities, using innovation as a specific tool (Drucker, 1973, 1990, 2006); and Mark Casson, as one who specializes in making judicious decisions about coordinating deficient resources (Casson, 2003, p. 20). However, in a narrower sense, the term describes a person who establishes their own business and manages it (Raičević & Glomazić, 2012, p. 12), which leads us to doubt the terminological accuracy of calling a manager (director) of a public theatre an entrepreneur, since public theatres are a public good and, for the most part, financed from public funds. The second possible aspect of dispute refers to the significant differences between entrepreneurial business and the business of a cultural institution. The desired outcome of an entrepreneur's activity is financial profit, while in the case of theatre activity it is long-term value – the overall effect it has on society as a whole and its cultural, economic or educational goals (Stefanović, 2013, p. 186). This dilemma can be solved by introducing characteristics of a social entrepreneur into the model of entrepreneurial behaviour that we are designing. The term "social entrepreneur" stands for an entrepreneur who innovates in order to create collective value and for whom social influence is not incidental, but the main goal. Different definitions of a social entrepreneur appear in the literature, and their point of intersection is that they see social change as the focus of an entrepreneur's interests, and not the realization of economic value (see Raičević & Glomazić, 2012). Thus, while theories of entrepreneurship are predominantly focused on the economic sector, social entrepreneurship is most often associated with the non-profit sector.

19 Within the theory of public value, Mark Moore emphasizes that managers in the public sector have less discretion when it comes to determining the meaning and goal of the organization, i.e. that they are surrounded by an extremely complex system of an authorizing environment. This environment includes a large number of people in positions along the vertical and horizontal decision-making axes, whose function is to authorize the decisions made by public managers, and allocate adequate resources to carry out the necessary activities.

functions in general²⁰. Starting from the thesis that the fulfilment and development of the analyzed functions of public theatre are manifested through the specific activities of the theatre, and that it depends on decision-makers and employees, we will present the results as responses to three questions: What does the practice say? What does management think? And instead of the conclusion: What are the orientations of the founders regarding these issues?

What Does the Practice Say?

1. The findings on the current practices of theatres indicate that their development of instrumental functions is an active but insufficient process with poor results. Although managers of Belgrade theatres rate the importance of positioning theatre as the central cultural hub of a certain part of the city with a high average grade, initiatives that would encourage such an orientation are in reality very rare. In the experiences of these organizations, we did not find any: collaboration with local businesses (tourism organizations, cafés, restaurants etc.) on refurbishing the neighbourhood in which they are located; collaboration with local artists and cultural organizations on creating joint projects and programs; theatres' own marketing and other activities focused specifically on the local audience. In general, we could notice a lack of recognition of the importance of added value of this kind of content, which is a consequence (and indicator) of unfulfilled functions related to cultural emancipation, social cohesion and creating better conditions for exchanging opinions within the local community.

The exception to this “rule” is the Bitef Theatre, which is the only one among the analyzed theatres that is officially (in its Statute) and practically oriented toward cooperation in general, and thus cooperation with the local art and cultural scene. Moreover, this institution formally plans (and in practice implements) the strategy of expanding its influence starting from the closest local community, so, for example, the project *Bitef Zone* was conceived in alignment with this strategy. Activities of the cultural institution “Vuk Stefanović Karadžić” (hereinafter referred to as UK Vuk) are strategically similar, and thus (despite its entirely different program orientation to Bitef's), as Bitef, it is directed toward making deeper connections with the neighbourhood. The institution has been producing diverse additional programs intended for the local community (such as programs on the plateau in front of its building in the summer months or during the New Year's holidays), offering its space for exhibitions of local artists, cooperating with local civil societies, etc. As these types of activities are often perceived as alternative ways of using spatial resources, the example of Atelje 212 is also worth mentioning. For many years, this institution has been working on the project of adapting the summer stage

²⁰ A survey has been conducted among employees and managers of selected theatres, with the aim of collecting data on how the institutions operated. In addition to questions related to their practices, the survey for managers also contained a section dedicated to their personal views on the functions that public theatres should fulfil. The questionnaire for employees in the marketing sector was followed by interviews, with the goal of obtaining the necessary clarifications of their answers to the questionnaire, as well as insights into their informal attitudes. In order to create a more complete picture and collect data that could not be found in theatres, the research included interviews with employees of the Secretariat for Culture of the City of Belgrade – theatre advisor and lawyer, as well as an interview with the advisor for contemporary arts at the Ministry of Culture and Information of the Republic of Serbia. The research was conducted from March to July 2017, as part of the preparation of a PhD thesis defended at the Faculty of Dramatic Arts in December 2018.

(that has been inadequately used as additional storage space) into a café, bookstore – a multipurpose space intended for organizing additional programs, gathering theatre lovers and the local community. Still, the project is yet to be realized due to technical, financial, legal and many other problems (see more: Marković, 2014, pp. 247–248).

The remark about the insufficient orientation of public theatres toward the development of their socially inclusive and socially cohesive functions is also evidenced by the finding that – systemwide – additional programs are meagrely diversified. Programs aimed at attracting the younger population are the most developed, although they mostly consist of organized visits of high school students. In addition to Dadov, which is program-oriented toward high school students and older middle school students, the Bitef Theatre has a specific relationship with young audiences as well – its acting school was founded to encourage a new generation of theatre creators and audience members. Also, UK Vuk organizes a musical theatre school and offers a significant number of performances by students and graduates of drama academies, which are intended for the younger population.

When it comes to additional programs intended for the adult audience, they are sporadic – reduced to occasional lectures or public debates with authors, after a performance and (usually) as part of a celebration or an anniversary. Theatre tours created to promote a theatre's history and introduce visitors to the processes of preparation and performance of plays are organized as a form of education for students of dramatic and applied arts (future directors, set designers, sound designers etc.). At the same time, there are almost no other permanent educational or tourist programs of this kind. Activities geared toward attracting elderly citizens, people with special care needs, marginalized social groups, etc. are mostly limited to reduced ticket prices. A universal agreement among survey respondents was that organizations strive to attract vulnerable and minority groups and that the task of public theatre is to contribute to social cohesion. However, in practice, except in rare cases, theatres do not offer performances or additional programs that are intended for specific social groups. The Bitef Theatre is an exception in this regard as well, with significant experiences in the production of plays that include people with special care needs, Roma people, immigrants and others in their creative process. The Yugoslav Drama Theatre and Zvezdara Theatre are also exceptions in this matter, offering subtitled performances (in Serbian) for people with hearing impairments²¹.

2. In the case of the development of institutional functions, similarly, the findings are relatively negative and inconsistent in terms of declarative attitudes and real experiences. For example, managers evaluate with a high average rating the statement that the increase and exploitation of social capital by public theatre is a precondition for its development; furthermore – employees in the marketing sectors report having previous experience with various types of collaborations; nevertheless, a more detailed examination into the theatres' partners and collaborative projects speaks of their modest

21 The Yugoslav Drama Theatre is also the only theatre with a permanent offer of performances subtitled in English.

scope. Cooperation with educational institutions mainly pertains to organizing group theatre visits and providing reduced ticket prices; while the cooperation with universities – through internship programs – is somewhat more developed (especially the cooperation with dramatic arts academies through which theatres support the production and promotion of students' performances). Cooperation with tourism organizations has been reduced to the promotion of theatre programs (by handing out leaflets, exhibiting posters with monthly repertoires at tourist sites etc.) and the theatres occasionally participating in certain city events. Experiences of collaboration with other entities in the cultural field are those related to organizing their program on theatre stages at the available dates or using theatre foyers and other premises for the promotion of books, exhibitions, commemorative events, anniversaries, etc. Even the cooperation of theatres within their own system is not sufficient but simply limited to repertoire coordination and occasional technical support.

The development of a business model oriented toward cooperation and partnership is one of the institutional functions in itself, but it is also a precondition for the development of other instrumental and institutional functions. The same applies to the cluster of functions with the goal of ensuring sustainable work of a theatre institution, and one of those functions is the diversification of financial sources. In this regard, it is possible to notice that when it comes to the experiences of the theatres in fundraising, they are infrequent and even negative. Practically, regardless of the fact that the funds they receive from their founder are insufficient, these institutions still mostly rely on that type of financing. The research results show that this is an implication of: 1) bad experiences, fear and lack of knowledge about taking part in open calls for grants from various domestic and foreign funds (which makes the problem of insufficient cooperation with the civil sector particularly evident); 2) limited cooperation with the business sector, which has been reduced to in-kind sponsorships and rare and small donations; 3) distrust toward the potentials of the diversification of secondary products and services, and entering other markets (both due to the opinion that this cannot bring significant results, and inadequate knowledge needed to exploit these potentials); 4) the imperative of preserving the existing and attracting new audiences and 5) the inherited idea that it is the responsibility of the government to maintain the work of cultural institutions.

An important instrumental function is the development of an audience-focused business model. Activities identified in this regard relate to conducting promotion campaigns, communicating through new media, and lowering ticket prices, i.e. they represent a classic set of activities of the marketing sector, and do not reflect an orientation toward the development of innovative models of communication and audience diversification. Such a model would imply continuous work on determining and then satisfying the cultural needs and wants of the citizens, which would also mean establishing a business based on objective goals and results, which is a crucial point of strategic development planning. However, our findings indicate that the practices of public theatres do not include explicit strategic planning at all; there are no defined identifiers for (self) evaluation of the work of these institutions; there is a lack of cooperation with the founder on these issues, as well as a lack of cooperation with relevant organizations in

the field of science and education when it comes to conceptualizing the methodology of data collection and processing²². The existing criteria for the theatres' performance is reduced to the number of new productions, the number of tickets sold²³, the number of awards won, etc. The only compulsory evaluation procedure is the annual report of achieved goals to the City Assembly, but the impression based on the conducted research is that these reports are written (and read) only to satisfy the formal request and not to enable objective evaluation. Also, in most cases, the institutions do not post these reports to their official websites – although they are legally obliged to do so. This leads to the conclusion that even the function of affirming a transparent way of doing business is not being fulfilled.

Lastly, almost all managers believe that the organizations they manage have decent opportunities when it comes to providing support for the professional development of technical and administrative staff. However, the experiences of employees show that the function of employee development and education is satisfied at a fairly low level. Participation of employees in programs of this type either does not exist or is extremely rare (except for the general education of technical staff when procuring new equipment). More often than not, theatres support their technical services employees to educate themselves on new trends in the work they do; the same applies to employees in marketing, HR or financial sectors. They are expected to master the skills of fundraising, project writing, communication in foreign languages, etc., still, without having adequate additional education in those areas provided to them.

What Does Management Think?

Among the functions of public theatre, the artistic functions are seen as the most important. The crucial functions are *contribution to the development of the audience*, *production of top artists* and *artistic innovation*. Although these functions are not the focus of this paper, since the artistic function that was rated the highest was *nurturing and developing the audience*, and since this corresponds with the high grade of the (institutional) function of *developing an audience-focused business model*, it is important to look at these findings too. A practice that would be an adequate response would be programming the (main and additional) offer starting from the tastes and needs of the audience, which should be determined by actively monitoring the reactions to the offered content. Indeed, managers evaluate with a high average score (4.17) the statement that in developing the program for the next season theatres start from the results of the previous one. However, it is not clear what those results refer to. Reactions of professional audiences as a measure of success are, on an average, evaluated as of low importance (2.83), but the same average grade (and almost the same individual grades) is given when assessing the importance of the taste of wider audiences too. Referring to before mentioned

²² The surveyed directors (managers), in general, consider the existence of performance indicators moderately important; they do not agree that the development of indicators is a task for the founder, and demonstrate a neutral attitude toward the standpoint that there is a strong connection between how public theatre is funded and its role in society.

²³ Moreover, theatres mainly do not have continuity in precisely detecting the audiences' interest in a particular play, because this is determined by the number of occupants in theatre halls, and not by the exact number of tickets sold at full price versus free tickets, group tickets and tickets purchased at special prices.

findings on specific practices in this context, we can conclude that the declared orientation toward nurturing and developing the audience refers to nurturing and developing not a realistic audience, but an ideal one, “tailored to fit the theatre”.

In the set of instrumental functions, the average grade of the importance of *general social functions* is 3.33, while the importance of *positive economic externalities of the work of theatre* is 3.83. Almost all functions in the second category are rated with high average and individual grades. On the other hand, findings indicate low grades of *social-corrective functions* related to the *de-monumentalization of cultural memory*, *correction of ideological patterns* and *importance of the role of theatre in initiating dialogue and public debate*. This finding was unexpected because the listed functions are in fact directly linked to the development of critical thinking and freedom of expression – which theatre creators usually insist on, while they mainly expressed negative attitudes toward socio-economic benefits of theatrical activities.

According to the respondents, the general social functions that public theatre should fulfil are *affirmation*, *creation and preservation of the expression of cultural diversity*, *contribution to social cohesion* and *cultural emancipation*. According to them, theatre’s contribution to social inclusion is less important, and such an attitude is aligned with the presented findings on specific practices regarding this matter. The one rated as the least important among the general social functions is *enabling oblivion (of current problems)* and *entertaining the audience*. Moreover, we identify a negative attitude with all issues related to this topic, i.e. the standpoint that the role of public theatre is to develop artistic excellence, which excludes having intentions to entertain and relax the audience (usually associated with commercial intentions).

When it comes to the institutional functions of public theatre, their average grade is 3.44; the most important functions within this group are *implementation of new technologies in organization development*, *affirmation and development of cooperation* and *development of an audience-focused business model*. The function of *developing a business model based on a combination of strategies in order to achieve synchronous artistic and economic sustainability* is graded as the least important, and thus, it could be interesting to analyze managers’ attitudes regarding different strategic activities in regards to ensuring the sustainability of theatre. In the offered set within this group of activities²⁴, *nurturing and developing the audience* is (again) seen as the most important, followed by *innovation in the exploitation of resources* and *increase and exploitation of social and cultural capital*. However, the highly evaluated importance of innovation in the exploitation of resources is not accompanied by a high grade of *development of programs and services* (graded as moderately important), and thus the question arises: What exactly does the innovative approach to resources refer to? Similarly, the high grade of the importance of the exploitation of social and cultural capital is not accompanied by an adequate grade of the activities related to *the development of different types of cooperation and partnerships*,

²⁴ Determining internal and external potentials; development of different types of partnerships; innovations in resource exploitation; increase and exploitation of social and cultural capital; continuous education of employees; diversification of funding sources; program and service development; nurturing and developing the audience.

which is (on the contrary) identified as the least important in strategic work oriented toward ensuring the sustainability of theatre institutions. Still, the identified contradiction requires a note that, in the survey, statements about the importance of partnership development and development of programs and services are given in the context of their contribution to achieving economic sustainability, which gives off the impression of the respondents' distancing themselves from attitudes that could be related to the importance (or imperative) of mapping new ways of financing public theatre business.

Instead of a Conclusion – What Are the Orientations of the Founder?

Attitudes of the founder (or cultural policy-makers in Serbia) toward the development and diversification of the functions of art and culture could be analyzed based on particular articles of laws and bylaws that specify the basic principles and general interests of culture, as well as criteria for awarding funds or honorary status (to institutions, associations and individuals) in the field²⁵. By analyzing these documents we can conclude that cultural policies in Serbia stimulate cultural and artistic works, programs and projects that provide: 1) creating high artistic values (recognized by the professional audience); 2) nurturing and enriching the expression of national Serbian culture and cultures of national minorities (proven by the contribution to the preservation of identity, cultural and heritage symbols of the Serbian people, as well as minority peoples living on the territory of the Republic of Serbia) and 3) establishing cultural dialogue and ensuring access to expression for other cultures to the domestic audience (manifested through the contribution to the improvement of Serbia's image, international cultural exchange and integration of Serbian culture in the broader European and global framework). In addition to this, desirable and affirmed (and thus also subsidized) are the works, programs and projects which contribute to: 1) satisfying and developing the cultural needs of all types of audiences; 2) education in culture; 3) implementing new technologies; 4) establishing partnerships at all levels and 5) diversifying financial sources. Other documents that regulate the manner of operation of theatres founded by the state at any level of territorial administration, also clearly indicate the obligation of developing a transparent and evidence-based business that can be monitored based on objective identifiers, as well as the importance of the cooperation between theatres, and their cooperation with the founder, other (public, private and civil) cultural organizations and organizations in the field of education, tourism, science and economy. Accordingly, it is possible to notice that there is a decent legal framework to support the development of the analyzed functions of public theatres.

However, the law is applied in such a way that theatres are not obliged or encouraged to focus on these objectives. Moreover, the application and monitoring of formally set guidelines have been disturbed (and even disabled) by instrumentalized interpretations of legal provisions and the compromised institution of competition by the presence of etatism in culture. In practice, this has reflected on: the marginalization of projects

²⁵ *The Law on Culture, The Law on the Budget System, (the adopted draft of) The Strategy of Cultural Development of RS, The Decrees on the Criteria and Methods of Selection of Projects in Culture Financed From Public Budgets, Decree on Conditions, Criteria and Methods of Acquiring or Revoking the Status of Institution of National Importance, theatre statutes, etc.*

aimed toward audience research or mapping of potential partners in culture; marginalization of projects oriented toward the development of cooperation and raising the business capacity of organizations; insufficient development of mechanisms for creating a framework that would enable the exploitation of the socio-economic potentials of theatre; continuous and exclusive application of unchanged financing instruments, which persistently keep theatre in the status quo; the influence of political interests on the placement of managers and management boards of institutions; practical dependence of programs and plans on the election cycle (changes and cancellations of plans and decisions due to changes in the composition of governments at the local and republic levels).

Both researchers and cultural employees mostly agree that the problems of culture in Serbia – from the perspective of contemporary arts – are reflected in the inability to: adequately regulate the relations and roles of public, private and civil sectors; diversify cultural goods and services; expand audiences; diversify funding sources and partners in culture; provide affirmation of expertise and knowledge, talent development and education of people working in the cultural sector (Avramović, 2013, pp. 235–236; Koković, 2013, pp. 294–295; Stevanović, 2013, p. 316). In that sense, in addition to the general inhibiting factors in the process of adaptation of theatre systems to current circumstances, the Belgrade theatre system is further negatively conditioned by unresolved legal, social and economic relations. These include problems related to 1) insufficient autonomy of public cultural institutions; 2) inefficiency of inter-ministerial and inter-sectorial cooperation; 3) inadequacy of mechanisms for the development of funding sources; 4) insufficient work on the development of employees in culture; 5) lack of evidence-based decision making; 6) the continuous survival of an etatist approach in culture. Accordingly, the conclusion is that the unaccomplished transition of culture (Avramović, 2013) as the sum of the all above listed, negatively conditions the transition of instrumental and institutional functions of theatre, affecting the quality, quantity and public importance of theatre production.

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