THE COMPETITIVE ENVIRONMENT OF ROMANIAN CULTURAL ORGANIZATIONS: SOURCES OF OPPORTUNITIES FOR RAISING COMPETITIVENESS IN URBAN DEVELOPMENT CONTEXT

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Nowadays, more and more cities all over the world use cultural organizations promotion as instrument for improving urban image, stimulating development, attracting tourists and investors. This is due to the fact that over time, cultural organizations have become a key element in urban competition, due to their significant potential of generating local revenues thus boosting cities economy. Moreover, in developed countries, the measurement of quality of life in big cities cannot be carried out without taking into consideration the opportunities for culture, art and creative activities. Thus, cities with strong cultural infrastructure represent big polarization centres, which must be taken into account in all urban and regional development programs. Regarding these aspects, the present study reflects the main characteristics, cultural actors involved and evolution of the most important cultural sectors in Romanian cities: public libraries, museums and museum collections, entertainment arts and cinema industry. The study also presents a series of recommendations for raising Romanian cultural organizations competitiveness, which might contribute to the development and promotion of host cities.

Keywords: Cultural organizations, Urban promotion, Cultural sectors.

Introduction

In the economically developed countries, the recognition of high quality life in a big city is unthinkable without the existence of opportunities for culture, art, and creative expression activities. In order to attract investments and qualified human resources, as well as to search for engines for promoting the urban revival, are frequently used derivative terms (“creative cities”, “creative economy”, “creative class”) which are based on the understanding of decision makers of the importance of cultural vitality.

The cultural vitality of cities is reflected in the access to cultural assets (the cultural infrastructure is composed of performance halls, libraries, museums, exhibitions etc.), in the access to possibilities for artistic creation (artistic schools, training teachers, space and infrastructure for “creators”), and entrepreneurial opportunities of exploiting the products resulted from artistic activities (shows, exhibitions) or those based solely on the creativity of artists (“copyright products”).

The established associations, forums, extensive studies in the field are only some of the tools used in the campaigns for enhancing the quality of urban life through boosting the vitality of urban life. Moreover, the urban decision makers use more and more frequently different types of urban hierarchy in order to justify the appeal of a city (CRCC, 2008b, p. 3).

Starting from these aspects, local authorities from more cities around the world use the promotion of cultural organizations as part of the strategy to improve the urban image, to foster development, to attract
tourists and investors (Richards & Wilson, 2004). Last but not least, it must be mentioned that cities that have a cultural destination status have a regional, national and even global position that result in a significant number of benefits.

In this context, this study tries to show possible opportunities starting from a proper understanding of the current significance of cultural organizations, and to show several strategic activities of cultural organizations in order to meet at least two purposes: urban development, and subsequently, increase the competitiveness of cultural organizations.

Cultural Organizations

From the microeconomic perspective, “the cultural organization is a formal structure, in which people cooperate in order to achieve certain goals. This definition can be also used for a cultural purpose, for example: for theatres, orchestras, theatre groups, museums, galleries, multimedia companies and academies of art” (Hagoort, 2005, p. 27).

In his paper, “Marketing for cultural organizations”, Bonita M. Kolb (2005) made a clear difference between art institutions and cultural organizations (see figure 1), such as: “cultural organizations should be considered members of the community these are part of. Cultural organizations should see art as something they want to share, and not as something that was imposed by superiors (“from above”) (Kolb, 2005, p. 8).

![Figure 1. Cultural organizations versus art institutions.](Source: Kolb, 2005, p. 8)

Currently, at the international level, there are a multitude of cultural organizations, as follows Florescu (1999, p. 34):

- Depending on the context, interests, services, activities, cultural organizations are divided into: (1) performance organizations (theatre, film, music, dance, artistic groups, festivals, music fairs) and (2) organizations for dissemination of cultural information (heritage institutions, archives, museums);
- Depending on the extent of consumers' participation, cultural services fall into two categories: (1) which cannot be achieved without the presence of consumers (shows, fairs, festivals) and (2) which don't require the physical participation of consumers (TV shows);
- In terms of financial resources, cultural organizations are divided into: (1) institutions operating exclusively from public funds and (2) cultural institutions which are funded by the state to some extent, but which can support themselves from own resources and sponsorship (museums, theatres).

Cultural Organizations and Urban Promotion

In recent years, cultural organizations have become a key element in urban competition, thanks to their potential to generate significant local revenue, thus driving the economies of cities. Cultural organizations are a cultural and economic resource for their cities. Studies have proven that the economic impact of cultural institutions is different from one city to another, from one country to another, from local, regional and national level. Their role is very important, as they support promoting the cities as cultural centres on
The internal and external market (for visitors and investors), meeting the demands and expectations. This is why it can be said that organizations from the cultural area can act as “urban instruments” in the development process (Deffner et al., 2009, pp. 58-59).

Cultural organizations are also a stimulus for development of urban tourism. The desire to visit a certain cultural institution (museum, theatre, opera, etc.) will automatically make the visitors to be tourists in the cities where the cultural institution is placed, and will offer the possibility to visit other cultural locations as well. Usually, visitors who prefer cultural tourism come from higher social classes, with higher incomes leading to higher costs for holidays spent here.

An important role of cultural organization is the fact that they can become symbols for their cities (Louvre Museum, British Museum, Vienna State Opera etc.) (Hamnett & Shoval, 2003, pp. 223-226). The relationship between cultural organizations and their cities is symbiotic: cultural organizations offer the city a cultural an economic life, as well as jobs (which will decrease unemployment), and the city, in return, enables them to thrive.

Myerscough (1988, p. 54) underlines the fact that cultural institutions are a brick to the foundation of economic development in more cities.

Romanian Cultural Organizations

Cultural life in Romania during 1998-2012 is characterised by a series of successive transformations. There are periods of development of the cultural sector, as well as periods of stagnation or decline. These differences from year to year are based on the changes in the infrastructure, production and cultural consumption.

It must be said that cities with a strong cultural infrastructure are important polarisers’ centres, and must be taken into account in all statistics programs of human and regional development. Starting from this premise, we'll present a series of statistics regarding the infrastructure of the cultural sector which reflects recent developments in this field, in Romania.

A. Public Libraries Services and Resources

Libraries provide a convenient and economic access to written culture. However, in Romania, the number of libraries has decreased after 1990 (see figure 2), as well as the number of registered readers. Only the number of volumes available to subscribers of public libraries has slightly increased (see figure 3).

![Figure 2. Evolution of the number of libraries during the period 1990-2010.](Source: NIS, 2011, p.40)
After the Revolution of 1989, public libraries have experienced difficulties in terms of both financial and human resources. Currently, the public library system employs over 5000 persons, a number which is too small if we take into account that allocations should be made, according to the law, in conformity with the number of inhabitants, differentiated by the type of library.

**B. Museums and Museums Collections**

In 2006, in Romania there were 666 museums and public collections, according to the data from the National Institute of Statistics (NIS) (2010, p. 40). A year later, their number has increased to 679, in 2008 to 688, and in 2009 there were 694 such establishments. This boost was due to reopening new museums and public collections, as well as expanding the number of private museums, which have increased by 5 units in 2009 compared to 2005 (NIS, 2010, p. 40). In 2010 have remained only 687 museums (see figure 4).

The number of visitors to museums has decreased in 2009, compared to 2005, with approximately 300,000 visitors (see figure 5). Except for 2007, which represented a “cultural boom”, the number of visitors to museums is in free fall, inversely proportional with the number of museums which increases from one year to another.

Based on the statistics provided by the Ministry of Culture and National Heritage, tables 1 and 2 present top 10 of the most visited museums in Romania during 2010-2011.
Figure 5. Evolution of the number of visitors in Romanian museums (2005-2010).

Table 1. Top 10 the most visited museums in Romania, in 2010.

<table>
<thead>
<tr>
<th>No.</th>
<th>crt.</th>
<th>Museum</th>
<th>City</th>
<th>Specific</th>
<th>No. visitors 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td>Bran Castle Museum</td>
<td>Bran</td>
<td>History/Art</td>
<td>517.000</td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td>Brukenthal National Museum</td>
<td>Sibiu</td>
<td>History/Art</td>
<td>372.731</td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td>“Dimitrie Gusti” Village Museum</td>
<td>Bucharest</td>
<td>Folklore/Art/History</td>
<td>303.296</td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td>Peleș National Museum</td>
<td>Sinaia</td>
<td>History/Art</td>
<td>280.871</td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td>“Astra” National Museum</td>
<td>Sibiu</td>
<td>Folklore/Art/History</td>
<td>230.504</td>
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<tr>
<td>6.</td>
<td></td>
<td>Museum of the Romanian Peasant</td>
<td>Bucharest</td>
<td>Folklore/Art</td>
<td>94.200</td>
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<tr>
<td>7.</td>
<td></td>
<td>National Museum of Art of Romania</td>
<td>Bucharest</td>
<td>Art</td>
<td>82.000</td>
</tr>
<tr>
<td>8.</td>
<td></td>
<td>Bucharest History &amp; Art Museum</td>
<td>Bucharest</td>
<td>History/Art</td>
<td>80.000</td>
</tr>
<tr>
<td>10.</td>
<td></td>
<td>National Museum of Contemporary Art</td>
<td>Bucharest</td>
<td>Art</td>
<td>45.000</td>
</tr>
</tbody>
</table>

Source: data processing Cerban & Mitra, 2011

Table 2. Top 10 the most visited museum in Romania, in 2011.

<table>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td>Bran Castle Museum</td>
<td>Bran</td>
<td>430.000 (Jan-Aug)</td>
<td>550.000</td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td>“Astra” National Museum</td>
<td>Sibiu</td>
<td>348.626 (Jan-Oct)</td>
<td>400.000</td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td>“Dimitrie Gusti” Village Museum</td>
<td>Bucharest</td>
<td>246.372 (Jan-Oct)</td>
<td>300.000</td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td>Peleș National Museum</td>
<td>Sinaia</td>
<td>185.240 (Jan-SepT)</td>
<td>282.000</td>
</tr>
<tr>
<td>6.</td>
<td></td>
<td>Râșnov Citadel</td>
<td>Râșnov</td>
<td>120.000 (Jan-Oct)</td>
<td>-</td>
</tr>
<tr>
<td>7.</td>
<td></td>
<td>Museum of the Romanian Peasant</td>
<td>Bucharest</td>
<td>83.000 (Jan-Oct)</td>
<td>-</td>
</tr>
<tr>
<td>8.</td>
<td></td>
<td>National Museum of Romanian History</td>
<td>Bucharest</td>
<td>65.850 (01.01-18.11)</td>
<td>-</td>
</tr>
<tr>
<td>9.</td>
<td></td>
<td>“Grigore Antipa” Natural History Museum</td>
<td>Bucharest</td>
<td>59.835 (17 Sept.-17 Oct.)</td>
<td>-</td>
</tr>
<tr>
<td>10.</td>
<td></td>
<td>National Museum of Art of Romania</td>
<td>Bucharest</td>
<td>55.817 (Jan-Sept)</td>
<td>70.000</td>
</tr>
</tbody>
</table>

Source: data processing Cerban & Mitra, 2011

1 The National Natural History Museum "Grigore Antipa" was closed for rehabilitation and modernisation of its permanent exhibition during January 2009- September 2011. On the 17 th of September 2011, when it was reopened, it registered in the first month a record number of 59.835 visitors, figure which during 2000-2009 was the annual number of visitors.
National successes of these museums are beginning to lose their value when compared to worldwide museums. Even if we only talk about Europe, Romania, although has an increasing number of visitors, still lies at the bottom of the European top, ranked 15 out of 17 (see figure 6) in a study prepared by Centre for Research and Consultancy on Culture (CRCC, 2009a, p.3). According to the same study, the museum infrastructure (number of museum for 100,000 inhabitants) of Romania is underdeveloped, ranking 12 out of 17 (CRCC, 2009a, p.5).

![Figure 6. Museum visitor’s afflux in some European countries (2008). Source: CRCC, 2008a, p.8.](image)

C. Performance and Arts

According to the Government Ordinance no. 21/2007 “belonging to the performing arts are: theatre, contemporary dance, classic dance, opera and operetta”.

In 2010, the number of entertainment institutions (theatre, philharmonic, assimilated institutions) was 153 (see figure 7), recording a decrease of 1.9 % compared to 2007. In 2010, the number of performances and concerts was about 19,000, an increased number compared to 2007 (with 5%), while the number of viewers increased by two million (see figure 8).

![Figure 7. Evolution of the number of entertainment institutions in Romania (2006-2010). Source: NIS, 2010, p. 40 and NIS, 2011, p. 40](image)
Figure 8. Evolution of the number of spectators (2006-2010).


With regard to theatres, here are some relevant statistics:

- The Romanian theatre functions according to the rules before '89: the only shareholder is the state; the grants come either from the Ministry of Culture and National Heritage (National Theatre), or from the municipalities; the salaries are fixed and are granted based on seniority and category. Thus, a debutant actor has an average salary of 1,000 lei\(^1\) (about 250 Euros) (this amount can double under contracts that the actor can get in the independent theatre segment), while an experienced actor has a salary of 2,000 lei / per month (about 500 Euros);
- There are 41 repertory theatres (of which 15 are located in the capital), plus other 9 independent / private theatre companies, all with headquarters in Bucharest (an inferior number compared to Budapest, for example, which has 36 private theatres);
- Approximately 500 graduates receive an actor diploma every year, but only few of them get employed, while in recent years the state system no longer employs actors;
- The average cost to produce a repertory theatre play is about 30,000 Euros (while for a play staged by a small independent theatre, the cost varies between 250 and 1,000 Euros). 60% of the cost of a play is covered by the ticket sales. According to experts, in order to cushion entirely the costs to produce a play there are two options: (1) the performance must play sold out for at least 30 representations, or (2) the ticket price should be increased to 90 – 100 lei (20 – 25 Euros), this approach is excluded by authorities because it is said to reduce the occupancy rate by more than half;
- The ticket price varies between 10 lei (about 2.5 Euros) and 50 lei (about 12 Euros);
- Because the ticket price is more than affordable (the Romanian theatre is considered to be the cheapest in Europe), viewers have become more interested, and this has triggered a bigger number of plays and more international awards have been obtained;

The Union of Theatre People of Romania (UNITER) is the non-governmental organization that represents the theatre people in the country. It partners with the institutionalized theatre system, and also it unifies and energizes the movement of supporting the theatrical art. The programs organized by UNITER are: UNITER Awards Gala, The Youth Acting Gala, The UNITER Prize for Best Romanian Play, UNITER National Campaign “Artists for Artists” (aimed at raising funds for elderly artists faced with health and living problems), UNITER House of Artist (development of social welfare at home, creating club activities), UNITER National Theatre Festival\(^2\).

Regarding the opera, operetta and classical music (philharmonics), industry experts say that there is a very limited market. In Romania such performance institutions can be found only in large regional centres

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\(^1\) In August 2011.

\(^2\) Information taken from the UNITER website: www.uniter.ro.
of the country that have over 100,000 inhabitants (there are only 7 cities hosting such an institution). Not even the capital stands well in this aspect; it has an opera house, operetta, and a philharmonic.

D. The Film Industry

In Romania, many of the traditional cinemas have been closed or have lost the competition against the movie theatres that operate inside shopping centres.

The existing cinema network in late 2010 included 68 cinemas (see figure 9), down with four units compared to 2007 (5.6%). In 2010, the number of performances has increased with about 140,000 compared to 2007, while the number of viewers has increased with about four million (see figure 10).

![Figure 9. Evolution of the number of cinemas in Romania (2006-2010). Source: NIS, 2010, p. 40 and NIS, 2011, p. 40](image)

The offers of the cinemas are extremely smooth due to the effects of globalization (on average, at least 80% of spectators come to see American productions) and the interest in local productions or other countries, which is relatively small (CRCC, 2007, p. 20).

![Figure 10. Evolution of the number of cinema spectators in Romania (2006-2010). Source: NIS, 2010, p. 40 and NIS, 2011, p. 40](image)

The most favourable conditions for film fans on the big screen are in Bucharest. Here there are 17 cinemas (of which 10 are modern) and 82 modern cinema theatres. The number of places in modern halls in the capital (17,794) surpasses the rest of the country, at a national level there are only 12,000 places. Looking at these figures, which are reduced compared to other countries, we can draw the conclusion that Romanians aren't big moviegoers. There are two other figures that support this affirmation: in one year, a
resident of Western Europe goes three times to the movie, while an inhabitant of Romania's capital goes only once.

Next, there will be presented the figures that have characterised the film industry in the last years:

- In 2009, 442 feature films have been distributed in cinemas, of which 56 movies have been Romanian productions (47 entirely national movies, 9 films being co-produced), plus other 386 foreign films;
- In 2011, in Bucharest's cinemas have run 426 movies, of which 17.1% have been Romanian productions (compared to 10.6% in 2009);
- Bucharest's cinemas sell annually 3.5 million tickets, under the terms that, during the 12 month, the cinema halls are fully occupied only 25% of the time;
- At an average ticket price of 6 Euros, we can say that Romanians leave in cinemas 21 million Euros (in 2010 – the total revenue was 111.640.783 lei, in 2009 – 86.9 million lei, in 2008 – 53.1 million, in 2007 – 34.3 million, and in 2006 – 28.2 million).

Regarding the involved actors and the funding of the film industry, it is noted:

- **Film production.** Currently there are two big production houses (Mediapro Pictures and Castel Films) that have their own studios and produce big budgets films, as well as 5 – 6 small production houses which have produced movies that have reached international film festivals, and in some cases have succeeded to win awards;
- **Film distribution.** We can say that there are two major distribution companies (Intercomfilm Romania and New Films Romania), plus the Autonomous Company of Distribution and Film Exploitation "Romania Film" (institutionunder the authority of Ministry of Culture and National heritage, according to Article 67 of Government Ordinance no. 39 regarding cinema industry);
- Another player in the film industry is the **Romanian Filmmakers Union** which is a “non-governmental organization, with legal personality, formed to protect creative and professional work of material and moral interests of Romanian filmmakers”. The Union has 850 members and is composed out of 14 associations representing basic professions involved in the film;
- In the **non-profit sector,** the film industry has a series of representants that are visible especially in the film festivals that are organized by them. The organizer of the oldest festival of this kind is Dakino Foundation, set in 1991;
- **Financing.** Currently, in the Romanian film industry, on of the main source of funding is the National Center of Cinematography (CNC), which is a “specialised institution of central public administration in the cinematographic sector, a national public institution with legal personality, under the Ministry of Culture and National Heritage” (GO 39/2005). In order to provide the necessary resources for the development of cinematographic activities, as well as to fulfil the attributions CNC has, it has been set the Cinematographic Fund which “is set from its own income and the sums allocated for CNC from the state budget” (GO 39/2005).

**Discussions and Recommendations**

As we can see, the Romanian cities face many challenges in the cultural sector, however probably the most urgent situation is the lack of audience. The “audience crisis” in the Romanian cultural organizations has emerged as an expression of freedom of individuals. To this situation has also contributed the poor state of the infrastructure of cultural organizations (for example, in the case of museums we can say there is a moral wear of many exhibitions in the early 90's), as well as the economic crisis. As it could have been noted from the presented statistics, the economic crisis has influenced all the segments of the cultural sector. Another aspect of this cultural crisis, in terms of infrastructure, is that cultural organizations are facing the threat of bankruptcy. Self-financing, project management, efficiency,
marketing, public relations are a series of concepts that the representatives of these organizations need to be familiar with, and also to apply them. These issues will be further discussed.

The Impact of the Economic Crisis on Cultural Organizations

Of the three categories of activities – cultural elitist, mass, and non-cultural activities of leisure, the strongest decline was registered for the latter of these options. Non-cultural activities of leisure are the most expensive and also last as priority in terms of hierarchy of needs, thus the reduced participation in this type of activities may be a consequence of the two factors presented above. In 2009, has had the worst decline leisure travel (25%), visiting museums (20%) and body care activities (18%). Although, many performances play sold out, theatres are 15% emptier than in 2008, and going to the cinema has dropped with 17%. In 2010, most families have reduced their budget allocated to culture with 44%. The pronounced decrease in the frequency of going on a trip and body care, two of the most expensive activities, could confirm the importance of the economic factors. Regarding visits to museums, the decease could be caused by a smaller degree of diversity in the offers of museums, compared to public's needs. Going to the opera / operetta and disco type entertainment consumption have known the least decrease (8%). A possible explanation could be that these types of activities have a small and well defined audience (CRCC, 2009b, pp. 28-29).

Customer and Competitors of Cultural Organization

Although cultural organizations are not commercial organizations, they operate within a market. For consumers, the temptations are many: going to see a theatre play, visit an exposition, dine at a restaurant, watch a sport event, etc. This aspect is enhanced by admitting that, for a cultural organization, competition is perceived as such by visitors and should not be limited to institutions of the same kind. For example, if the individual consumer considers that a visit to a museum competes with taking care of the garden, or preparing a party for friends, then according to experts (Kotler & Andreasen, 1987), then these activities competes directly with that museum.

The attitude towards visitors must change. In those organizations where marketing is unimportant in the management approach (and in Romania these are the majority), consumer research is neglected. On the other hand, in the case of Romanian cultural organizations (for example, National Museum of Natural History, Museum of the Romanian Peasant, Brukental Museum) which have adopted a marketing strategy, marketing services aren't only focused to invest efforts in changing the consumers' needs, desires and perceptions, but also to anticipate them.

Currently, the main challenges that the management of cultural organizations is dealing with, from the consumers' point of view, take into account the following:

- **Cultural organizations versus governmental policy**: less and less money is available at a central level to fund the cultural organizations, and a commercial approach to generate income is essential. It is worth noting that despite the economic pressures, cultural organizations assume the social role of providing public access throughout the community;

Traditionally, cultural organizations have focused their energy and efforts to develop products, to the detriment of developing studies on the needs of current and potential customers. This approach should be changed quickly. Improving audience research methods is an opportunity to increase competitiveness of cultural organizations to enable them to fulfil their social and economic obligations;

- **The necessity to shift direction in marketing**: from product to audience.
Marketing Implementations within Cultural Organizations

In the past 20 years, marketing has become one of the most important components of an organization's strategy (Meghișan, Barbu & Meghișan, 2008), being appreciated as a legitimate tool for improving the visitor experience, the product portfolio, and assessing the cultural organization (Rentschler, 2007, p. 354). However, marketing or public relations activities are purely theoretic terms for many cultural organizations in Romania. The implementation of marketing within the cultural organizations in Romania has become a necessity and is attributed to four factors: the scale of cultural organizations, funding, competition and the need to know better the visitors.

Conclusions

The presented aspects lead to the conclusion that the conceptual shift from cultural institution to cultural organization is no longer only a theoretical discussion, but it's a consequence of the changes from the environment of cultural organizations. This environment has started to become competitive, “the consumers of culture” have become “customers”, the funding from the state budget is insufficient, and the leaders of this type of organization need to be “managers”. In this context, the managerial tools (which are used) must be aimed at achieving and enhanced competitiveness of this type of organization by correctly identifying the opportunities in the competitive environment and turn them into competitive advantages. The analysis of the cultural evolution in Romania, in the last years, has shown once more that there is a need to change the managerial paradigm within the cultural organizations. Moreover, the criteria for obtaining adequate competition must be appropriate to urban development policy; the mutual approach of these criteria could lead to efficiency and effectiveness in the cultural field.

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