

**“LUCIAN BLAGA” UNIVERSITY OF SIBIU  
FACULTY OF ECONOMICS**

**The Management of Opera: a Comparative  
Approach of the Managerial Paradigms in  
Romania and Austria**

**ABSTRACT**

**Ph.D. thesis**

**Ph.D. Supervisor:**

**Prof. univ. dr. Doina BANCIU**

**Diana FLOREA**

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As competition for each market segment has become increasingly fierce in recent years, an increasingly critical role has been played by measures of economic performance which must be now addressed by all organizations wishing to increase their productivity. The chance to survive in this competitive environment will increase significantly only for those (for-profit or non-profit) organizations that wish to reduce their economic vulnerabilities and manage to implement a set of performance tools designed to facilitate the identification, understanding and reducing of all deficiencies existing at their institutional management level. These managerial deficiencies may be intractable when they co-occur with imperfect, fast-changing legislation, with occasional political interference with ongoing economic processes as well as with the structural instability of our contemporary society, all currently characterizing the business environment in Romania.

Under these circumstances, the Opera House has been increasingly and more determinedly required to ensure a balance between creativity and financial performance so as to become economically more efficient. This move has become all the more necessary due to varied factors, impacting on the new global economy, such as: economic liberalization, globalization, the shift from an industrial economy to a knowledge-based economy as well as further social and ecological challenges. Such further, broader forces, caused by sustainable development needs, the financial crisis felt worldwide, have brought about not only a set of changing conditions for all opera houses but have also led to diversifying the latter's responsibilities towards various categories of stakeholders and towards the society as a whole.

Opera management structures to date have been heterogeneous, possessing a multidimensional nature, resting on the distinction between substantial and procedural

aspects, on the one hand, and between efficiency and effectiveness, on the other. The efficiency refers to the acquisition and use of human and financial resources (supply), whereas effectiveness is determined by public satisfaction indicators (demand). Organizational performance is thus emerging as a concept that encompasses both its artistic and commercial dimensions and is defined according to the balance between the commercial and artistic objectives of the lyrical theatres. Consequently, measuring performance in this context is difficult, as commercial success may interfere, and it often does, with the Opera house's artistic success.

At an artistic level, by uniquely and harmoniously combining theater with music and literature, the Opera promotes the highest form of art and satisfies a complex humane need for culture. The prestige, taste for and dissemination of opera throughout the world will continue to exist, despite the financial, management, cultural and governance challenges that opera houses are faced with nowadays. The artistic process displays the following features:

- *physical characteristics* (hall architecture, acoustics, stage construction, lighting, etc.);
- *musical characteristics* (on-stage and off-stage performers);
- *dramatic features* (performance, stage direction);
- *visual features of lyrical productions* (scenery, costumes, lights, etc.);
- *economic features* (different sources of income, society-economy-state model).

Lyrical theaters, particularly Romanian ones, are constantly faced with cultural, managerial, financial and governance issues and, as the cultural stakes are very high, the following question becomes essential; should lyrical theaters remain museum-like institutions, whose main mission is to merely preserve, not create cultural values? And if so, then to what extent are opera houses still creative nowadays and why are private and public funds still needed to secure the substantial and smooth operation of the theaters? How much curatorial initiative (*curatorship*) is associated with a good manager's profile? These are but two of the questions within the cultural-artistic sphere to which the economic analysis of the financial performance of the lyrical theater could provide both answers and entirely new perspectives.

*The subject of this research* is motivated by the fact that any examination of opera management must be deeply seated in the current economic context which is better and more

visibly apt to reflect the lyrical theater performance. Making its way through a yet understudied area in Romania, the thesis will demonstrate the need to address a cultural-economic management, which rigorously applied, could resuscitate the high performance of this central cultural institution. By turning to a Western well-performing managerial model, the *added value* of this research lies in a successful model whose design of tested managerial effectiveness activities can be adopted by the Bucharest National Opera. This thesis research architecture will address the horizontal levels of a number of key issues related to artistic and technical development, lyrical production, audience and public dissemination, financing mechanisms, management structures, performance, options and strategic perspectives in two opera houses, one in Vienna and the other in Bucharest. The originality and the systemic vision of its scientific approach are represented mainly by addressing these indicators in an economic vision from the perspective of one who examines the Opera as an institution but knows it from the inside, as a promoter, practitioner and artist alike. Through the multi-role synergy of this study, the economist's rigorous and functional perspective is ideally doubled by the artist's perception and inside knowledge of the mechanism that moves the complex lyrical production.

Our proposed research, entitled: "THE MANAGEMENT OF OPERA: A COMPARATIVE STUDY OF THE MANAGERIAL PARADIGMS IN ROMANIA AND AUSTRIA", falls into the field of cultural management and was conducted on two basic dimensions that intertwine and complement each other: *the analytical-descriptive dimension*, which involves an examination of the organisation forms and existing methods of a lyrical theater and provides a blueprint overview of the architecture, organizational structure and managerial paradigms of the opera houses, and the *model design dimension*, which consists in developing and projecting new directions for achieving institutional effectiveness. The *main objective* of this study is to provide an in-depth examination of the economic, managerial, artistic and administrative causes that prevent the National Opera of Bucharest from rising today to the standards of the Vienna State Opera (despite the admiration and recognition enjoyed by all Romanian interpreters who perform abroad) and to identify ways to streamline an effective management of the Bucharest National Opera. The *specific objective* is to identify, by reference to the Vienna State Opera model, the solutions and most effective ways to streamline the management of the Bucharest National Opera so as to revive its effectiveness as a cultural activity in the social and market economy fields. At social and cultural levels, the thesis aims at improving the relationship between the artistic product and the audience

through a set of specific management tools. The research conducted on the two above mentioned dimensions, *the analytical-descriptive dimension* and the *model design dimension*, has shown that there is a need to streamline the activities in the lyrical theater that address specific management instruments, which may lead to both opera product improvement and a significant increase in opera public consumption.

The paper is divided into six Chapters, each representing a distinct stage of research.

Chapter One, entitled „FEATURES OF OPERA MANAGEMENT”, sets out to explore the content, specifics and evolution of the OPERA MANAGEMENT concept. The fundamental issues of opera management (functions and features) are addressed along an overview of the cultural management studies in Romania at this stage. Likewise, the general principles of organization, operation and management of the lyrical theatre are examined at decision-making and planning levels, as well as at other levels pertaining to the strategic objectives, organizational design and human resources, budget, operations and financial management of the opera house. The first chapter also describes the organizational analysis model proposed for the case studies, a model based on five indicators which is designed to contribute to a robust and rigorous institutional framework analysis as well as to identifying key issues for the functioning and/or malfunctioning of several departments on existing opera house operational levels.

The Second Chapter, entitled „SOCIO-ECONOMIC ASPECTS OF OPERA LYRICAL PRODUCTION”, dovetails into a brief history of European opera which sets several development landmarks in the context of the cultural history of this genre. Against this background, the chapter makes a foray into the state of the art of the structure and diversity of the lyrical theaters and a breakdown of the main indicators that will support the managerial model that we will propose for the National Opera of Bucharest. These indicators: *location*, *personnel*, *public(audience)*, *budget* and *repertoire* are defined by several approaches to the traditions, globalization, economic constraints, funding models, artistic and financial (production) policies, and artistic quality of the lyrical theater. Two emerging categories of parameters: 1) economic and administrative-organizational and 2) musical-artistic ones have been defined and special attention was allotted to the economic constraints in organising and promoting the artistic product as well as to the decisive role played by the musical traditions of the main opera houses on both the American and European continents.

The Third Chapter, entitled „CASE STUDY: VIENNA STATE OPERA (WIENER STAATSOPER)”, examines the Vienna State Opera on the basis of a model resulting from identifying the key elements of organizational analysis of the previous chapters, a model inclusive of both economic, administrative-organizational and musical-artistic parameters of the lyrical theater institution. The analysis model examined the Vienna State Opera on a number of indicators: LOCATION, PERSONNEL, PUBLIC(AUDIENCE), BUDGET AND REPERTOIRE that influence the opera production, determine the institution's managerial policies and are examined on the following levels: Legal status and organisational history/ Architecture and location/Organigram: board of directors, decisional structure, personnel structure/ Box-office, public/ Financing sources, income and expenditure/ Financial and artistic planning, SWOT. Premised on a twofold definition of the opera, as cultural institution on the one hand and artistic product on the other, the model covers selective issues and features of the artistic and technical development, lyrical production, audience and public dissemination, financing mechanisms, management structures, performance, options and strategic perspectives of the Vienna State Opera.

Chapter Four, entitled „CASE STUDY: THE NATIONAL OPERA OF BUCHAREST', presents the National Opera of Bucharest on the basis of the same model and pursues a systematic review of all economic, administrative-organizational and musical-artistic parameters of the institution. In the light of the results and indicators reported in recent years, additional difficulties in attracting a large number of spectators, the opera consumers' profile and repertoire and programs features are examined.

Chapter Five, entitled „A COMPARATIVE ANALYSIS OF THE TWO CASE STUDIES” makes a comparative approach of two opera houses on the five relevant levels to which the previous chapters have led. The complex research architecture, aimed at assessing the performance and interconnections between the financial and non-financial constraints and opportunities of the lyrical theatre, is based on five elements (background history/ architecture and location/management/financing models/SWOT) and pursues both contrasting economic, organizational and managerial elements and similarities between the two institutions.

Chapter Six, entitled „MAKING MORE EFFECTIVE THE MANAGERIAL COMPONENT

OF THE NATIONAL OPERA OF BUCHAREST”, presents, in the first part, the model for lyrical production optimization (resting on the relevant information captured for the five indicators selected for the comparative approach: LOCATION, PERSONNEL, PUBLIC(AUDIENCE), BUDGET AND REPERTOIRE, and in the second part, proposes several ways for its implementation, along with other dissemination, digitalization and promotion forms of opera performances and a possible (however necessary) organizational and cultural transformation of the ONB.

The thesis is grounded upon library research, aimed at identifying and examining the steps to be taken towards a more effective management and „productivity” of the lyrical theater. Three main directions identified are: *the artistic one*, which is directly reflected in innovation, *the economic one*, reflected primarily through a balanced budget, and *the social-artistic one*, concerning the audience and repertoire diversification. It is shown that the artistic goals may conflict with the planned economic and marketing indicators and may thus lead to a decrease in participation and income, however through a careful *diagnosis and horizontal actions*, the balance between quality and budget, and that between artistic excellence and widening access and participation can be maintained. The relationship between the institution and the (future) audience is examined through the lens of the economic and marketing objectives of the opera house and is further explored against the backdrop of the increasing operational costs of the opera house and the decreasing income of the institution. Likewise, the adverse repercussions of the *income gaps* and *cost-disease* in the landscape of the economic difficulties the Romanian opera house is going through are explored along with the solutions that may be provided by more and better public and diversified education programs which represent a tool for social inclusion and the opera house’s major responsibility towards the community.

The study of the structure and diversity of the lyrical theaters as well as the examination of the theoretical and practical elements pertaining to the traditions, globalization, economic constraints, funding models, artistic and financial (production) policies and artistic quality in the lyrical theater has enabled the creation of a general framework suitable to address the specific research objectives by highlighting the decisive role of the musical traditions specific to each lyrical theater and by outlining the complexity of the managerial act deriving from the difficulty of keeping the balance between economic constraints and artistic production processes. Along these lines, an opera house manager must conduct an active monitoring of,

but not limited to, the following activities:

- Recognition and understanding of ongoing demographic changes and their importance;
- Reviewing of pricing structure for performances organized so as to gradually diminish the economic barrier represented by costs;
- Development of programs and processes conducive to deepening the artistic experience for the audience dedicated to the arts (classical music, opera, ballet, etc.), so called *omnivores*<sup>1</sup> of the arts;
- Networking with the public by using (even operating) digital resources;
- Establishing partnerships by working closely with foundations, councils and sponsors to ensure opera house sustainability through additional funding.

The proposed model for the two case studies is based on identifying five organizational analysis indicators and pursues the economic, administrative-organizational and the musical artistic parameters of the lyrical theater. This model rests on five indicators: LOCATION, PERSONNEL, PUBLIC(AUDIENCE), BUDGET AND REPERTOIRE that have been pursued within an analysis paradigm that is made on the following levels for the two case-studies (OSV and ONB):

1. Organizational history and legal status
2. Architecture and location
3. Organizational structure; board of directors, personnel
4. Sources of financing; expenditure
5. Box-office; public; repertoire
6. Decision-makers, financial and artistic planning
7. SWOT

The model is a flow analysis and optimization scheme that seeks to streamline the operational management of the National Opera of Bucharest. Our comparative research has shown that both cultural spaces, the Western and the South-Eastern European one, are home to rich cultural-artistic traditions that have enjoyed world recognition throughout time. The unique manner in which the artists are trained as well as the ever innovative vision of the opera

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<sup>1</sup>Term used by Richard A. Peterson, R. (1992) in “Understanding Audience Segmentation: From Elite and Mass to Omnivore and Univore”, *Poetics*, 21, 243-58.



houses performances, make these two cultural institutions display many similarities, but also many elements of differentiation, especially regarding the managerial policy of each opera house, the criteria for the selection and training of their young musicians, management policies, performance promotion and artistic collaboration with national / international theaters, the inter-dependency between quality and quantity and between their economic and artistic-aesthetic objectives, etc.

The proposed indicators within the analytical model employed have pointed to the fact that the two institutions are distanced in terms of their *management* and *economic activities*. Although both theaters rely on the European funding model (at macro level), the Vienna State Opera is closer to a hybrid European model and although benefiting from public subsidy (which is lower than in other European theaters), it enjoys considerable autonomy and greater economic profitability.

By way of conclusion, the National Opera of Bucharest has had serious difficulty in monitoring revenues and expenditures, despite significant annual grants. Most of its expenditure goes on human resources costs (65% associated with salaries costs), space management is deficient, the number of spectators is not sufficiently increased by effective managerial policies, most departments remain understaffed, and last but not least, a total or partial lack of competencies has been reported and characterizes some sectors, etc.

The research outcomes have enabled the definition of a model that prioritizes differently the ratio, degrees of importance and the management strategy of the National Opera of Bucharest and conditions the budget subsidy percentage on the achievement of a new indicator - *the number of spectators*. It is shown that this indicator is complex and determines different managerial approaches, based on which any opera managers are requested to set clearer, more rigorous and detailed marketing plans designed to facilitate their institution's access to the public budget money. Likewise, with a view to withstanding the national and international competitive market, the entrepreneurial skills projected in this model become essential in developing demand-stimulating strategies on the market and force the opera house manager to apply a management oriented towards the maximization of quality and towards the raising of opera audience.

The research methodology has allowed for the application and use of a series of principles

and tools. Thus, in applying the *principle of unity between quantity and quality* we have achieved a smooth optimal combination of *qualitative* (Chapters 1- 2) and *quantitative* research (Chapters 4-6). The final chapters of the thesis rest on the *comparative analysis* of the case studies and on a number of models designed to streamline the management component of the National Opera of Bucharest, on the basis of several mixed research methods which allow for the convergence of the two case studies results arrived at independently of each other. Also, *longitudinal methods* are used in each chapter, by presenting the concepts and the evolution in time of the established performance indicators. The *non-participating observation* method sustained different theoretical presentations and the *participant observation* led to some partial conclusions at the end of each chapter. The essential research processes in developing this Ph.D. thesis are: the *literature review*, *library-research* and *data collection and processing*, *synthesis* of theoretical and research results using graphics (tables, figures, graphs) and is based mainly on *observation*, *investigation*, *case study*, *questionnaire* and *interview*, etc. The research is carried out on areas of interest and represents a *fundamental* research in the first part (Chapters 1-2) and an *applicative research* (Chapters 3-6) for the rest of the study.