A PILOT STUDY TO EVALUATE THE CURRENT MODEL OF FUNDING FOR STATE CULTURAL INSTITUTIONS IN THE FIELD OF THE PERFORMING ARTS IN BULGARIA

Asya Ivanova
'Prof. Asen Diamandiev' Academy of Music, Theatre and Fine Arts – Plovdiv, asiaiv71@gmail.com
ORCID ID: 0009-0005-3649-9119

Abstract: The aim of this study is to examine the expert assessments and practical experience of managers of state cultural institutions in the field of the performing arts regarding the adequacy, effects and necessary changes to the current funding model for theatres and opera institutions in Bulgaria. The article presents a pilot study conducted between May and July 2026, designed to test the feasibility of a questionnaire developed for a subsequent large-scale study. The research instrument consisted mainly of open-ended questions designed to explore the expert assessments of managers and the practical experience of their teams regarding the funding of these cultural institutions. The respondents represented theatres and opera or musical theatre institutions and included directors, deputy directors and managers with varying levels of professional experience. The data collected were analysed using thematic content analysis, involving the coding of responses, the grouping of similar statements, the identification of recurring categories and the comparison of expert positions. The results show that the current funding model is perceived as stimulating institutional activity, audience development and the generation of own revenue, whilst at the same time creating an excessive reliance on quantitative indicators. The main weaknesses highlighted by respondents include the growing gap between income and expenditure, outdated financial standards, insufficient recognition of institutional differences, financial unpredictability in the arts, administrative burdens and the risk of commercialisation of the repertoire. The findings suggest that the existing model may limit artistic risk-taking, experimental productions, educational initiatives and socially oriented activities. All respondents supported the introduction of guaranteed funding for fixed costs, whilst acknowledging the need for a performance-based component linked not only to attendance and revenue, but also to artistic quality, public value, regional functions, audience development and professional recognition. The study concludes that the pilot methodology is relevant and capable of identifying the main financial, organisational and artistic effects of the current system, although the small and uneven sample does not allow for generalisations about all state cultural institutions. It is recommended that the questionnaire be refined by clarifying several concepts, reducing the number of open-ended questions and combining qualitative responses with structured scales and ranked criteria. The preliminary results support the development of a differentiated hybrid funding model, combining a stable core component with additional funding based on artistic, social, organisational and financial outcomes.
Keywords: funding of cultural institutions, performing arts, arts management, financial management

1. INTRODUCTION

Cultural institutions in the field of the performing arts that are funded by the state or local authorities fulfil a range of functions – artistic, social and public. They create and stage musical, performing arts and theatre productions; they employ creative and management teams; they build audiences; and they contribute to regional development. These are the reasons why their funding is considered vital to society and provides added value to people's lives; therefore, this funding should not be viewed in the same way as funding for other commercial activities. This activity is a combination of artistic and creative objectives and economic constraints. As Plovdiv was the European Capital of Culture for Bulgaria and Europe in 2019, the mapping of the city's cultural and creative industries revealed a significant diversity of organisations, including differences in their economic activity, scale, resources and position within the local cultural ecosystem. These differences suggest a need for specific management and financial approaches tailored to the profile of individual organisations (Kazashka et al., 2017). A subsequent analysis of arts organisations in Plovdiv also highlights differences in their legal, organisational and resource profiles, which influence their ability to plan, attract and manage financial resources (Ruseva et al., 2018). Research into financial management in Bulgarian arts organisations shows that insufficient financial and managerial capacity can pose risks to the proper use of resources, the implementation of projects and the achievement of organisational goals (Kazashka, 2019). The funding of state theatres and opera institutions in Bulgaria is based on a combination of budgetary subsidies, own revenue, project funding, donations, sponsorship and other supplementary sources. In practice, public funding remains of paramount importance due to the specific nature of the performing arts and the high relative share of fixed costs. These costs include salaries and social security contributions, maintenance of buildings and stage infrastructure, technical equipment, rehearsals and production activities, copyright fees, costumes, sets, transport and communication with audiences. Their scale and structure vary significantly between drama, puppet, musical and opera institutions.

International research confirms that public support for the performing arts should not be viewed solely as compensation for a financial shortfall. An analysis of performing arts organisations in eleven European countries has found that public spending on culture has a positive impact on the technical efficiency of these organisations. At the same time, the results show that efficiency depends on organisational scale, accumulated experience and the characteristics of the institutional environment (Fernández-Blanco et al., 2023). A study of Italian theatres, opera houses and production organisations also finds a positive correlation between public subsidies and technical efficiency. However, the effect of subsidisation varies significantly across the different sub-sectors of the performing arts, with the return on public support differing for opera institutions, permanent theatres and production organisations. This supports the view that a single financial standard can hardly reflect the specific characteristics, production structure and public functions of the various types of cultural institutions (Castiglione et al., 2024).

The current model for funding state cultural institutions in Bulgaria links the allocation of a portion of budgetary funds to quantitative indicators of activities carried out, attendance figures and own revenue (Article 23a of the Law on the Protection and development of Culture). This approach may stimulate institutional activity, the dissemination of cultural output and efforts to attract audiences, but it may also foster a strong dependence on revenue and quantitative indicators. This creates a tension between the institutions' economic sustainability and their artistic mission. Financial pressure may encourage the inclusion of popular and more marketable titles, thereby limiting opportunities for artistic experimentation, contemporary works, educational initiatives and socially oriented productions. Consequently, a system in which financial performance is determined primarily by current demand may underestimate the long-term educational and social function of performing arts institutions. Cultural policy should create conditions for equal participation in cultural life, freedom of creative expression and the preservation of cultural diversity, which implies the need for periodic review of its objectives, mechanisms and financial instruments (Kazashka & Kazashka, 2021).

The research problem addressed in this study stems from the need to determine the extent to which the current funding model corresponds to the actual economic, organisational and artistic environment of state cultural institutions. It is necessary to assess whether the financial standards cover actual costs, whether they take account of the differences between theatres and opera houses, and how they influence repertoire policy, artistic risk, managerial behaviour and opportunities for long-term planning. Of particular significance to the study are the assessments provided by the directors of cultural institutions, as they directly implement the existing rules and bear responsibility for the artistic, financial and organisational outcomes. Their practical experience can reveal problems that cannot be identified solely through an analysis of regulatory documents and financial statements. Expert assessments make it possible to examine the effects of the model on day-to-day management, the structure of expenditure, repertoire selection, audience development, own revenue and project activity. To this end, a pilot study was conducted on the topic 'Analysis of the methods of financing state cultural institutions in the field of the performing arts. Conclusions and recommendations'. Due to the limited number of participants, the pilot study does not aim to present statistical generalisations for all state cultural institutions in Bulgaria. Its function is methodological and exploratory. It serves to establish the applicability of the research tool, to identify key thematic categories and to prepare for a subsequent, larger-scale study. The data obtained provide a basis for formulating more precise questions and for developing an analytical framework through which to assess the feasibility of applying a differentiated hybrid funding model, combining a stable core component with indicators of artistic, social, organizational and financial outcomes.

2. MATERIALS AND METHODS

The study was conducted between May and July 2026 using a standardised questionnaire distributed electronically to directors and managers of state cultural institutions in the field of the performing arts in Bulgaria. The research design is exploratory and predominantly qualitative. The chosen approach was determined by the aim of identifying the expert assessments, arguments and practical experience of the directors of theatres and opera institutions, rather than merely measuring the degree of agreement with pre-formulated statements. The questionnaire contained a total of 23 questions. The first four questions gather information on the participants' professional profiles: position held, type and status of the institution, and length of managerial experience in the cultural sector. The following 19 questions focus on the substantive aspects of the study and are open-ended. The survey focuses on several interrelated areas: the strengths and weaknesses of the current model; the alignment between financial standards and actual costs; the need for differentiation according to the type, scale and regional function of the institutions; the impact of funding on the repertoire and artistic risk; the limitations on own revenue and project funding; as well as the possibilities for introducing a guaranteed basic funding component and an additional performance-based component; key financial risks; revenue opportunities from ticket sales, projects, sponsorship, donations and partnerships; recommendations to the Ministry of Culture; and examples of good practice and problematic situations.

Respondents in the pilot study were from theatre institutions (80 per cent) and from opera or musical theatre institutions (20 per cent). The selection of participants was purposive rather than probabilistic. The sample is not considered representative of all state cultural institutions in Bulgaria. Their professional profiles include directors (60 per cent), deputy directors (20 per cent), and administrative and financial managers (20 per cent). The respondents' management experience is as follows: up to five years – 20 per cent; between six and ten years – 40 per cent; between eleven and twenty years – 20 per cent; and over 20 years – 20 per cent.

The data collected was analysed using thematic content analysis. This method allows for the systematisation of textual responses, the identification of recurring issues and the comparison of expert positions. The analysis was carried out in several consecutive stages. In the first stage, all questionnaire forms were read in full to gain a general understanding of the content and logic of the responses. In the second stage, units of meaning were identified – individual statements, arguments, assessments and suggestions relevant to the research objectives. In the third stage, the units of meaning were coded using brief analytical labels. Codes relating to the main themes of the study were used, including: stimulation of activity, financial predictability, actual cost price, fixed costs, capital expenditure, artistic risk, commercialisation, experimental productions, artistic quality, attendance, audience development, social impact, institutional differentiation, regional function, own revenue, project funding, core funding, performance-based funding and multi-year planning. In the next stage, codes with similar content were grouped into broader analytical categories. For example, statements regarding inflation, price rises, and costs for energy, materials and external services were combined into the category 'discrepancy between the financial standard and the actual cost price'. Responses relating to popular titles, a quick financial return and the restriction of the experimental repertoire are included in the category 'the impact of funding on artistic risk'. Following the grouping, recurring themes and differences between respondents' positions were identified. When presenting the results, the number of participants for whom a given theme was present was noted. Due to the small sample size, the results are presented primarily as absolute values, for example 'four out of five respondents', rather than as percentages, which might create a false impression of statistical representativeness. The reliability of the analysis has been enhanced through the use of pre-defined thematic blocks, consistent coding of all questionnaire forms, and a re-check of the initially identified categories. During the analysis, checks were carried out to ensure that each code corresponded to the actual meaning of the response and that similar statements were assigned to the same category.

The pilot study also serves a methodological purpose. In addition to the content of the responses, the design of the questionnaire itself was evaluated. Attention was paid to questions where participants provided ambiguous, partially overlapping or differently interpreted responses. Particular attention was paid to the wording relating to the distinction between theatres and opera houses, the relative share of core funding, the criteria in the subsidy formula, and multi-year contractual funding. The methodology allows the study to be replicated using the same questionnaire, identical criteria for selecting respondents, and the described procedure for coding and thematic analysis. In a subsequent large-scale study, it would be advisable to include a greater number of theatres and opera institutions, representing different regions and institutions of varying organisational scale. This would allow for comparisons between individual groups and a verification of the robustness of the categories identified in the pilot phase.

The main limitations of the method used are the small number of respondents, the uneven representation of theatres and opera institutions, the targeted selection, and the self-reported nature of the data. Consequently, the results are not used for statistical generalisation, but rather to validate the research instrument, identify key problem areas and prepare for a subsequent, more extensive study.

3. RESULTS

The responses received showed a relatively high degree of thematic repetition. All respondents indicated that the current financial standards did not adequately reflect the actual cost of stage production. The most frequently underestimated costs were those relating to salaries and social security contributions, energy, building maintenance, technical equipment, set design, transport and capital investments. All participants supported the need for more precise differentiation in funding. In their view, theatres and opera houses should not be treated according to the same standards, as they differ in terms of cost structure, the size of their ensembles, the complexity of their repertoire, and infrastructure requirements. Other factors cited as relevant included the regional context, the size of the market and the public function of the institution.

A key finding of the study was the unanimous support for the introduction of guaranteed core funding. The preferred model was a hybrid one, incorporating artistic, social, organisational and financial indicators.

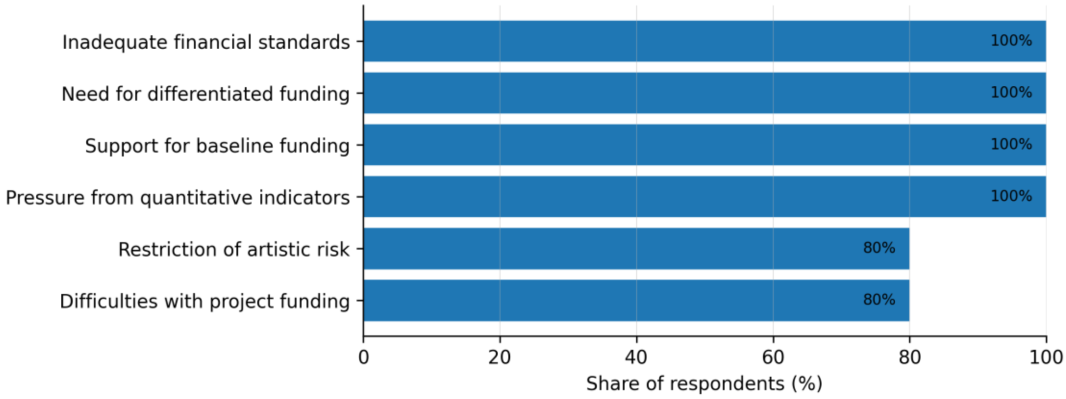
Crowdfunding expands the financial opportunities available to cultural and creative organisations, but its effectiveness depends on the national institutional environment, cultural policy and public attitudes towards giving (Cicchiello et al., 2023).

Crowdfunding should therefore be viewed as a complementary tool for engaging audiences and delivering individual projects, rather than as a substitute for sustainable public funding (Cicchiello et al., 2023).

The co-funding model, in which a public institution supplements the resources raised by citizens, can increase trust, public participation and cultural projects' access to funding (Dalla Chiesa & Alexopoulou, 2022).

At the same time, linking public support primarily to the popularity of projects may put artistically significant, experimental or socially oriented initiatives at a disadvantage; the state should therefore retain its strategic and corrective role (Dalla Chiesa & Alexopoulou, 2022).
The pressure to focus on quantitative indicators was also noted by all participants. They pointed out that reliance on attendance figures and revenue stimulates institutional activity, but simultaneously creates conditions for the commercialisation of the repertoire. Respondents (80 per cent) noted that the model limits artistic risk and hinders experimental, educational and socially oriented productions.
Difficulties with project funding were identified by 80 per cent of respondents. The most frequently cited issues were the administrative burden, complex procedures, tight deadlines and limited capacity for project preparation and reporting. This indicated that project funding was perceived as a useful but insufficient supplementary mechanism. Diversifying income through public grants, project funding, donations and own revenue does not automatically guarantee sustainability, as managing multiple sources can increase the administrative burden and financial uncertainty faced by cultural organisations (Ashton, 2023). This ‘portfolio uncertainty’ limits opportunities for long-term planning and underscores the need for a stable core component within the funding system (Ashton, 2023).

Fig. 1 Summary of results



Source: Author

The pilot study showed that the current model was perceived as stimulating activity, but also as insufficiently responsive to actual costs, institutional differences and the public mission of the performing arts. The results supported the need for a differentiated hybrid model that combines a stable core component with an assessment of artistic and public outcomes.

4. DISCUSSIONS

The results of the pilot study show that the assessment of the current funding model is not merely a question of whether it stimulates the activity of state cultural institutions. The more significant issue is the extent to which the existing mechanism creates conditions for the sustainable fulfilment of their artistic and public mission. The expert opinions gathered highlight a tension between quantifiable results and those effects of their activities that manifest themselves through artistic quality, audience development, regional access and social impact. The unanimous assessment of a mismatch between financial standards and actual costs points to a structural, rather than a temporary, problem. The costs of theatres and opera institutions are influenced by different production models, the size of their ensembles, infrastructure and the complexity of their repertoires. Consequently, the application of insufficiently differentiated standards creates a risk that some institutions will be systematically placed at a disadvantage. This finding is consistent with research highlighting the varying impact of public funding depending on the type and organisational profile of the cultural institution. Support for a guaranteed core component indicates that respondents do not reject results-based funding, but are calling for a change to its structure. The underlying logic is that fixed and statutory costs should be secured in advance, whilst additional funding should incentivise quality, activity and public contribution. Such a hybrid model would limit the risk of institutions increasing the number of performances and their own revenue at the expense of artistic sustainability.
The reported impact on repertoire policy is particularly significant. When financial stability depends primarily on attendance and revenue, management decisions may be directed towards safer and more commercially recognisable titles. This does not mean that a popular repertoire is incompatible with artistic quality, but rather that the financial mechanism may limit an institution’s willingness to take risks. In this sense, experimental, educational and socially oriented productions should be regarded as part of the cultural institution’s public function, rather than merely as activities with insufficient market viability. The results also confirm the need for a broader evaluation system. Attendance figures and revenue provide important information on demand and

organisational activity, but do not, on their own, measure artistic value or social impact. The inclusion of professional recognition, festival participation, audience development, regional function and educational contribution would allow for a more balanced assessment of outcomes. The main challenge remains the development of indicators that are simultaneously measurable, transparent and applicable to different types of institutions. Evaluations of project funding show that it plays a complementary, but not a substitute, role. Projects can provide resources for innovation and individual productions, but do not offer the necessary stability for ongoing costs. The administrative burden and unpredictable timelines further limit the project mechanism's ability to compensate for the shortcomings of core funding. The pilot nature of the study means that the results should be interpreted with caution. The small number of participants and the predominant representation of theatre institutions do not allow for generalisations to be made about all state cultural institutions in Bulgaria. Nevertheless, the high degree of agreement on key issues indicates that the questionnaire identifies significant problem areas and can be used as a basis for further research. The academic significance of the pilot study lies primarily in the development of an analytical framework for assessing funding for the performing arts. This framework comprises four interrelated dimensions: financial adequacy, institutional differentiation, artistic autonomy and public value. The follow-up study should test the robustness of these categories using a larger and more balanced sample and assess the potential for transforming them into specific funding criteria.

5. CONCLUSIONS

The main problems identified by the pilot study are outdated financial standards, reliance on quantitative indicators, financial unpredictability, administrative burden and the risk of restricting artistic experimentation. The results also showed that project-based funding plays a complementary role but cannot replace the sustainable coverage of running costs.

The significance of the study lies in identifying four key areas for future analysis and reform: financial adequacy, institutional differentiation, the protection of artistic autonomy, and the measurement of public value. Incorporating these into a future funding model could contribute to greater sustainability, predictability and efficiency of state cultural institutions in the performing arts.

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