

Financing and Management of Cultural Events: Needs and Opportunities for Cultural Institutions and NGOs

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Abstract: *Festivals contribute to the economic and social development of the regions where they take place, and adequate funding is an essential condition for their organization. This study presents the results of a survey that investigated the interest and needs of cultural event organizers, public cultural institutions, and non-governmental organizations in accessing funds, the need for training, as well as the specific management characteristics of institutions in this field. Data was obtained by applying a survey and interpreting the results for an equal number of respondents from two categories of organizations: public institutions and non-governmental organizations. The statistical analysis reflects the opinions of the organizers of eight annual festival events in the city of Cluj-Napoca. The results indicated that although there is experience in fundraising, there are difficulties in project implementation, with differentiated needs between the two categories regarding financial support for event organization, marketing, and promotion. Crowdfunding platforms and community donations can represent important sources of funding, and the specific management of performing arts requires continuous training of organizers.*

Keywords: *cultural event, financing, public cultural institutions, non-governmental organizations (NGOs)*

JEL Classification: *Z11, Z19*

Introduction

Cultural events organized periodically in the form of festivals are recognized for their significant contribution to the cultural life of a region and play an important role in promoting cultural diversity, artists, and performers, as well as in strengthening local communities. This study aims to understand the specific needs of cultural operators and identify opportunities for improving the financing and management of cultural projects, making a comparison between the different needs of organizers: cultural institutions and non-governmental organizations (NGOs).

Public cultural institutions have defining economic characteristics of their operating mode: they are largely funded by public funds from the state or local budgets for operational costs, staff salaries, collection conservation, and event organization. It is possible to generate their own revenues

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through ticket sales, organizing special events, renting spaces for various activities, and selling products. Efficient management and diversification of funding sources are essential for ensuring the sustainability of festival events. Securing additional funds through grants, sponsorships, or partnerships with the private sector is necessary for organizing festival events. It should be emphasized that the operation of cultural institutions requires significant investments in infrastructure, including buildings, equipment, and technology, which are often supported by public funds and can be supplemented through projects.

NGOs that carry out cultural activities secure their funding from a variety of sources: grants and subsidies provided by governments, international institutions, foundations, and corporations. These funds are often dedicated to projects comprising a wide range of activities, from organizing cultural events to heritage conservation. Own revenues can be generated through the sale of products or services, membership fees, fees for participating in courses or workshops, and donations from individuals and company sponsorships, which represent an important source of income. Efficient resource management is crucial for the success of cultural NGOs, with the primary objective of the organization being the creation of added value.

Literature review

Festivals play an essential role in the life of communities, with their impact on regional economic and cultural development being highlighted by numerous authors. The development of tourism, local businesses, and the integration of cultural values (Tsiftelidou et al., 2024; Alonso & Calatayud, 2024; Gamble, 2022) positively influence the local economy.

Although state-funded festivals have numerous benefits, their impact on the social, cultural, and economic value generated is little known. Prioritizing economic value over social and cultural value can be counterproductive (Safari et al., 2021), which is why professional training for specialists in line with modern management requirements is necessary (Bakhmat et al., 2024). Executive and artistic directors in nonprofit art and cultural organizations understand and fulfill their roles in organizing a cultural event, relying on interpersonal exchanges and decision-making, roles that need to be expanded by including self-management activities (Labaronne & Müller, 2023) and developing organizational skills (Anufrieva et al., 2024). Specific professional competencies in the artistic field, areas of knowledge, strategies, and skills required for international arts/culture management require specialized training (Mandel & Lambert, 2020).

The quality of the event is an important aspect, with studies showing that aspects related to the level of artistic performances, interaction, outcomes, and physical environment are determining factors in creating memorable experiences and reinforcing positive perceptions of events and destinations (Elhosiny et al., 2023).

The financing and management of festivals are influenced by variables such as institutional complexity and performance management (Knardal, 2020). Theoretical foundations and management methods play an important role in optimizing the balance between financial, logistical, and artistic aspects (Alçada-Almeida et al., 2024).

Funding for cultural festivals supported by cultural institutions and NGOs is essential for their success and sustainability (Ashton, 2022). By ensuring the necessary financial resources, organizers can offer high-quality, diverse events with a significant impact on the community. Investments in culture not only enrich cultural life but also stimulate the economic and social development of regions (Luonila et al., 2021).

Combined funding allows for the support of a large number of creators with relatively small amounts, thus facilitating transparency and community engagement (Loots et al., 2022). Crowdfunding and other forms of collaborative financing have become important tools for supporting festivals. New funding models and digital fundraising technologies are considered essential techniques for adapting to the current needs of the cultural sector (Loots et al., 2022; Donelli, et al., 2022).

Recent studies highlight the importance of marketing and promotion strategies that contribute to creating an audience for these events (Swartjes, 2024). These strategies contribute to increasing the visibility of festivals and are essential in building audience diversity. Marketing and promotion practices intersect with marketing mix variables, such as attracting tourism and promoting the community (Stewart et al., 1993). Although there is no universal recipe for success, these strategies help organizers improve the quality and attractiveness of festivals.

Methodology

The research was based on a *Needs Analysis Questionnaire for the financing and development of cultural operators for the period 2014-2024*. This questionnaire was structured with ten questions related to: the organization's capacity to obtain funds, the sources of financing used, and staff training in project management. The questionnaire was distributed to staff involved in organizing impactful festivals in Cluj-Napoca (Opera Aperta, Cluj Modern, Elektro Arts, Clujotronic, Zilele Imago, Caolin, TIFF, UNTOLD), which are initiated by public institutions or non-governmental organizations during the periods 2017-2019 and 2021-2023. The analysis sample included 30 respondents from each category, and the responses were analyzed statistically using the SPSS (Statistical Package for the Social Sciences), version 2.0. In the statistical interpretation, the organizers' responses were initially coded as 0=No and 1=Yes, with descriptive tables displaying the number of affirmative and negative responses from the respondents.

Results

The *Needs Analysis Questionnaire for the financing/development of cultural operators* investigated the sources of funding that cultural operators benefited from in the previous period, their familiarity with different types of projects, and the training needs for staff in cultural institutions regarding fundraising. The investigation was based on the respondents' experience in accessing funds, specifically identifying the types of non-repayable funding they have received (table no.1).

Table no. 1. Types of Non-Repayable Funding Accessed

	Public institutions	NGOs
EU Funds	33,3%	56,7%
Structural Funds	13,3%	33,3%
National Funds	46,7%	30%
Local Budget Funds	56,7%	56,7%
Donations	46,7%	86,7%
Sponsorships	66,7%	83,3%
Other	26,7%	80%

Source: made by author based on data from questionnaires

Identifying the funding segments that organizers are interested in is essential, as institutions can increase engagement and participation in their projects by focusing on specific areas aligned with

their own strategy. In this regard, one of the questions addressed was: What areas are you interested in accessing projects for? This study will detail the responses obtained from the questionnaires concerning: investments, material resources, human resource funding, and creating added value.

The aspect of investments can be approached from two perspectives: "broad" and "narrow." In the broader sense, investment refers to expenditures made to create or acquire assets of quite substantial value and long lifespan, in most cases. In a more extended framework, investments are associated with human actions aimed at directing funds to achieve something new, with the goal of producing goods (either material or intangible) that will facilitate the generating of additional revenue.

From the responses of the interviewees, it emerged that organizers of funded festivals are significantly more interested in accessing projects for investments (76.7%) compared to those involved with non-governmental festivals (16.7%) (tables no.2 and 3); (fig. no.1).

Tabel no. 2. Festivals organized by public institutions

	Frequency	Percent	Valid Percent	Cumulative Percent
.00	7	23.3	23.3	23.3
Valid 1.00	23	76.7	76.7	100.0
Total	30	100.0	100.0	

Source: own projection, using SPSS

Tabel no.3. Festivals supported by non-governmental organizations

	Frequency	Percent	Valid Percent	Cumulative Percent
.00	25	83.3	83.3	83.3
Valid 1.00	5	16.7	16.7	100.0
Total	30	100.0	100.0	

Source: own projection, using SPSS

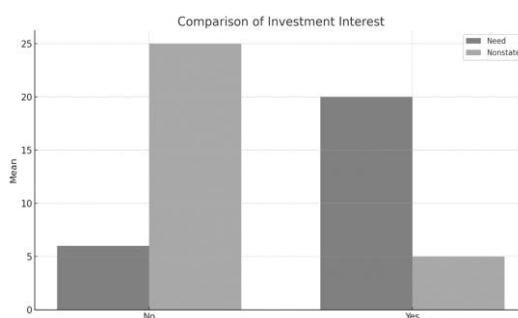


Fig.no.1 Accessing investment funds

Source: Own elaboration using data from SPSS analysis

The term "cultural resources" is used in relation to heritage, the "cultural legacy" at various levels (urban, national, European), and is generally divided into material (infrastructure, institutions, spaces for public cultural activities) and immaterial (intangible heritage: traditions, cultural creations, and representations) coordinates (Strategy for Culture and National Heritage 2016-2022). Organizers of funded festivals are more interested (76.7%) in accessing projects aimed at developing cultural resources compared to organizers from NGOs (60%) (tables no.4 and 5); (fig. no.2).

Table no. 4. Festivals organized by public institutions

	Frequency	Percent	Valid Percent	Cumulative Percent
.00	7	23.3	23.3	23.3
1.00	23	76.7	76.7	100.0
Total	30	100.0	100.0	

Source: own projection, using SPSS

Table no. 5. Festivals supported by non-governmental organizations

	Frequency	Percent	Valid Percent	Cumulative Percent
.00	12	40.0	40.0	40.0
Valid 1.00	18	60.0	60.0	100.0
Total	30	100.0	100.0	

Source: own projection, using SPSS

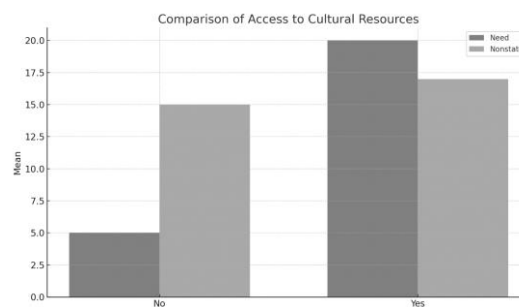


Fig.no.2 Cultural resources

Source: Own elaboration using data from SPSS analysis

Funding for **human resources** supporting a cultural project is approached differently by respondents: organizers of festivals supported by NGOs are significantly more interested in accessing projects primarily aimed at human resources (93.3%) compared to those funded by public sources (only 23.3%) (tables no.6 and 7); (fig. no.3).

Table no. 6. Festivals organized by public institutions

	Frequency	Percent	Valid Percent	Cumulative Percent
.00	23	76.7	76.7	76.7
Valid 1.00	7	23.3	23.3	100.0
Total	30	100.0	100.0	

Source: own projection, using SPSS

Tabel 7. Festivals supported by non-governmental organizations

	Frequency	Percent	Valid Percent	Cumulative Percent
.00	2	6.7	6.7	6.7
Valid 1.00	28	93.3	93.3	100.0
Total	30	100.0	100.0	

Source: own projection, using SPSS

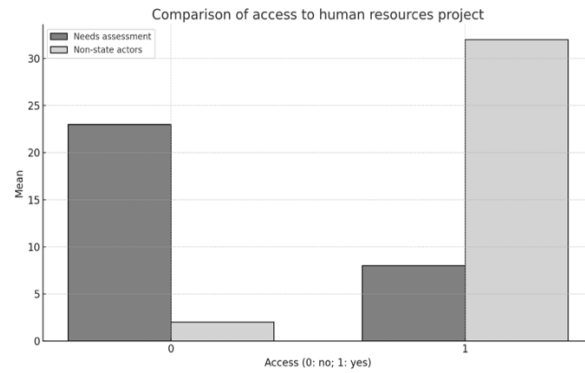


Fig.no.3 Human resources

Source: Own elaboration using data from SPSS analysis

Creating added value is essential for the success and sustainability of festivals, as it ensures a competitive market position and contributes to the economic and cultural impact of the event. Cultural operators from NGOs that support festivals are significantly more interested in accessing projects that lead to the creation of added value (93.3%) compared to the other category of organizers, who are interested only 20% of the time (tables no.8 and 9); (fig. no.4).

Table no. 8. Festivals organized by public institutions

	Frequency	Percent	Valid Percent	Cumulative Percent
.00	24	80.0	80.0	80.0
Valid 1.00	6	20.0	20.0	100.0
Total	30	100.0	100.0	

Source: own projection, using SPSS

Table no. 9. Festivals supported by non-governmental organizations

	Frequency	Percent	Valid Percent	Cumulative Percent
.00	2	6.7	6.7	6.7
Valid 1.00	28	93.3	93.3	100.0
Total	30	100.0	100.0	

Source: own projection, using SPSS

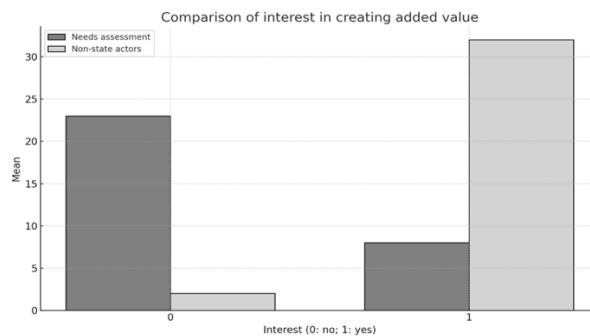


Fig.no.4 Creating added value

Source: Own elaboration using data from SPSS analysis

One of the aspects studied in this survey was the level of staff participation in informational sessions regarding existing funding opportunities and areas of interest for domain-specific training. NGOs showed a higher level of interest, with significant attendance at informational sessions

(66.7%), compared to representatives from public institutions (40%). For NGOs, the areas where additional training is desired are predominantly in cultural field preparation as well as in marketing and promotion (table no.10).

Table no. 10. Interest in Informational Sessions on Funding Opportunities

Sesiuni de informare	Public institutions	NGOs
Scriere de proiecte	53,3%	56,6%
Implementare de proiecte	33,4%	36,7%
Formare specifică, training-uri	43,3%	40%
Organizare de evenimente culturale	43,3%	80%
Marketing și promovare	20%	70%

Source: made by author based on data from questionnaires

Since the results showed major differences between the last two items of the questionnaire (see Table 10), we find it necessary to measure, in comparison, the organizers' interest in accessing projects for this purpose as well as their willingness to participate in training courses in this direction.

In the case of financial support needed for organizing events, festival organizers supported by NGOs are significantly more interested in accessing the necessary funds for organizing cultural events (80%) compared to those receiving state subsidies (only 26.7%) (tables no.10 and 11); (fig. no.5).

Table no. 10. Festivals organized by public institutions

	Frequency	Percent	Valid Percent	Cumulative Percent
.00	22	73.3	73.3	73.3
Valid 1.00	8	26.7	26.7	100.0
Total	30	100.0	100.0	

Source: own projection, using SPSS

Table no. 11. Festivals supported by non-governmental organizations

	Frequency	Percent	Valid Percent	Cumulative Percent
.00	6	20.0	20.0	20.0
Valid 1.00	24	80.0	80.0	100.0
Total	30	100.0	100.0	

Source: own projection, using SPSS

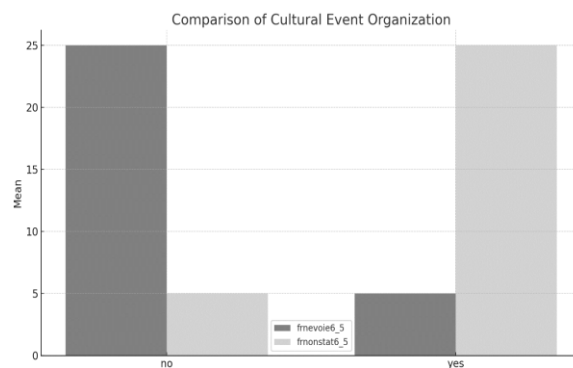


Fig.no.5 Organizing cultural events

Source: Own elaboration using data from SPPS analysis

Regarding support in promoting events, unlike organizers of cultural events funded by public sources, who do not indicate a need for support in marketing and event promotion (only 6.7%), organizers from NGOs consider this area important (66.7%) (tables no.12 and 13); (fig. no.6).

Table no. 12. Festivals organized by public institutions

	Frequency	Percent	Valid Percent	Cumulative Percent
.00	28	93.3	93.3	93.3
Valid 1.00	2	6.7	6.7	100.0
Total	30	100.0	100.0	

Source: own projection, using SPSS

Table no. 13. Festivals supported by non-governmental organizations

	Frequency	Percent	Valid Percent	Cumulative Percent
.00	10	33.3	33.3	33.3
Valid 1.00	20	66.7	66.7	100.0
Total	30	100.0	100.0	

Source: own projection, using SPSS

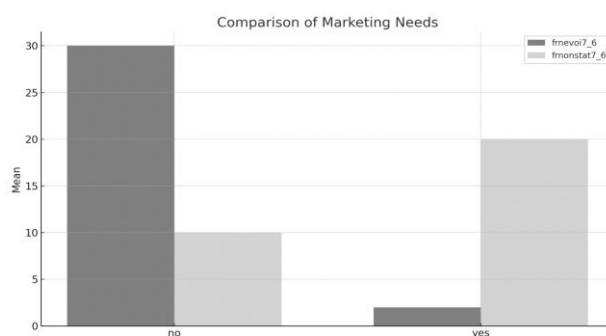


Fig.no.6 Marketing and promotion

Source: Own elaboration using data from SPSS analysis

Conclusions

Cultural management is facing new challenges; the complexity of institutions in this field and the specific management of performing arts require the continuous training of organizers (Ancelin-Bourguignon, 2020). Additionally, the performance measurement system faces multiple evaluation directions, necessitating a reshaping of the role of performance management (Knardal, 2020). Currently, aligning with available resources is a key factor in decision-making, and managers must ensure that the organization has sufficient resources to implement and sustain planned projects.

Many cultural institutions access external funding through cultural projects financed by the European Union, international organizations, or private foundations to diversify funding sources, facilitating the implementation of large-scale cultural initiatives that would otherwise not be possible. Managers make choices regarding investments, material resources, human resource funding, and value creation, with their interest in being efficient in their decisions stemming from the desire to access funds in this direction. To avoid financial, operational, and market risks, there is a growing interest among NGOs in funding human resources and creating added value (table no.14):

Table no. 14. Areas of interest for accessing funds

Areas:	Public institutions	NGOs
Investments	76,7%	16,7%
Cultural Resources	76,7%	60%
Human Resources	23,3%	93,3%
Creating Added Value	20%	93,3%

Source: made by author based on data from questionnaires

The implementation of projects presents different challenges for organizers: for public institutions, the challenges are ranked starting with the need to ensure cash flow, followed by the lack of human resources, and bureaucratic procedures, whereas NGOs place the top three difficulties as: ensuring cash flow, lack of partners, and securing co-financing (table no.15).

Table no. 15. Difficulties in the preparation and implementation of funded projects

Difficulties:	Public institutions	ONG
Bureaucratic Procedures	56,7%	36,7%
Securing Co-Financing	56,7%	36,7%
Ensuring Cash Flow	66,7%	70%
Lack of Information	36,7%	16,7%
Lack of Partners	13,3%	63,3%
Lack of Human Resources	63,3%	13,3%

Source: made by author based on data from questionnaires

Managers consider the long-term sustainability of projects, ensuring that they not only bring immediate benefits but also contribute to the organization's long-term growth and stability. Therefore, there is an interest in developing knowledge in the field of fundraising for:

- Coordinating a cultural event, increasing revenues, and improving operational efficiency as elements of the sustainability of a cultural event;
- A marketing and promotion strategy which, when built effectively, will generate added value for the organization.

Further research can focus on the following areas: review the implications of external funding on the strategic planning and execution of cultural initiatives, identify successful strategies for securing funding for large-scale cultural projects, determine the key competencies and skills required for managing cultural institutions effectively.

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