

Subsidies and efficiency of Italian theatrical firms. A bootstrap and conditional DEA approach

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Abstract ID: 136

Inviato: 24/03/2023

Evento: XXI Workshop Annuale SIEPI

Argomento: 1. Analisi sull'industria italiana e internazionale

Parole chiave: Performing arts firms; Italian theatres; efficiency; subsidies; efficiency determinants; bootstrap and conditional DEA.

This work evaluates the effect of subsidies on efficiency of a set of 126 Italian theatrical firms (theatre production companies, permanent theatres and opera houses) over the period 2006-2014, by applying Data Envelopment Analysis (DEA) frontier approach and its extensions. We use balance sheet data to measure an output-oriented technical efficiency. The empirical results, that account for the efficiency determinants in conditional DEA framework, demonstrate that Italian theatres are 82% efficient, implying that subsidies and other firm characteristics influence the frontier detrimentally. Accordingly, we found using both the double-bootstrap and conditional DEA that public spending increases efficiency of all theatres and theatre production companies, thus excluding the rent-seeking behaviours of theatre management but that the effect is higher at higher level of public funding. Moreover, younger theatrical companies, and those organised as corporations are more technically efficient than the others, while the conditional DEA results indicate that larger companies are more efficient than the small and micro firms indicating that theatre companies should better exploit their scale economies. Finally, theatres in the South of Italy are less efficient than those located in the North or centre of Italy as expected. From these findings, some policy implications are discussed.