

Uticaj pandemije COVID 19 na poslovne procese u kreativnim industrijama - analiza slučaja Kulturnog centra Beograda

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Apstrakt: Kulturni centar Beograda je nastao 1957. godine kao okosnica stvaranja kulturno-umetničkog sadržaja prestonice Socijalističke Federativne Jugoslavije u svojstvu epicentra promišljanja kulturnog delovanja. Njegova prvobitna misija promovisanja najviše umetničke i kulturne vrednosti u Beogradu se vremenom menjala kako su se kulturno-umetnička dostignuća transformisala u novi pojmovnik kreativnih industrija.

Dolaskom COVID 19 pandemije u Srbiju 2019. godine počinje serija kontra-epidemioloških mera koje po svojoj prirodi ili drastično smanjuju fizički protok ljudi zbog ograničavanja broja ljudi u zatvorenim prostorima ili transformišu tipologiju interakcije pojedinaca. S obzirom na to da Kulturni centar Beograda ima jedinstvenu programsku koncepciju i geografski se nalazi u samom centru Beograda, uticaj pandemije ima izrazit uticaj na finansijsko prihodovanje i konveržno na poslovne procese unutar sistema.

Seriya faznih reinženjeringa poslovnih procesa koji su stub kulturno-umetničkog delovanja se implementira kako bi se u post-COVID okruženju Centar vratio u normalne tokove kulturno-umetničkog života Beograda i regiona.

Ključne reči: Kulturni centar Beograda, COVID19, finansijsko poslovanje, reinženjering poslovnih procesa, kreativne industrije

Effects of COVID 19 on Business Processes in Creative Industries - case study of Cultural Centre of Belgrade

Abstract: The Cultural Centre of Belgrade was created in 1957 as the focal point of cultural and artistic development of the then capital of Socialist Federative Republic of Yugoslavia and an epicentre of contemplation of artistic foundations. Its original mission was the promotion of highest artistic and cultural values in Belgrade has changed over time as the very content of arts and culture have made a transition into the concept of creative industries.

With the arrival of COVID19 pandemic into Serbia in 2019, a series of contra-epidemiological measures have been implemented that have by their very nature either drastically reduced physical visits by people and/or have transformed the nature of human interaction. Given that the Cultural Centre of Belgrade has a unique programme concept and it is geographically located in the heart of Belgrade, the effects of the pandemic had a deep impact on the financial functioning and have thus affected the business processes in the system.

A series and phased reengineering programmes have been implemented in the business processes, as they are the main pillar of the sustainability of creative functioning and output so that the Centre can continue to fulfill its mission in the post COVID environment. Their functioning remains to be closely monitored.

Key words: Cultural Centre of Belgrade, COVID19, financial indicators, reengineering of business processes, creative industries

1. Introduction

Informative cultural center, as it was called in the middle of the twentieth century, the Cultural Center of Belgrade was improving and, as the focus and goal of its existence, directed its interest and activity towards the presentation and creation of cultural and artistic events both in the mother country of Serbia and outside its borders. The Cultural Centre of Belgrade, with its programs, which it really tried to make unique and never seen before, still organizes important cultural manifestations that are a mirror of the capital of Serbia. Five program units form the backbone of the program work of the Cultural Center of Belgrade and they are: art, music, literature, film and multimedia. All these units try to present domestic and foreign artistic creations to the public in their own unique way. The most significant among the mentioned entities is the October Salon, which is considered a traditional city event. In addition to it, the Guitar Art Festival, Flute Festival, Organ Days, and Poetry in Belgrade's everyday life are certainly no less important. That the Cultural Center is furthermore geographically placed in order to maximise its social impact and financial revenue (Lazzaro and Noonan, 2021). Some of such programs are: Young Art Scene, Fair of Cultural Periodicals, Child and Culture, Festival of a Writer.

Each of the mentioned manifestations requires HR input from people who work in the Cultural Center of Belgrade and their enthusiasm. Having existed for over 75 years the needs of its audience have transformed as in other similar institutions (Zeng and Yang, 2022). When we say material resources, of course we mean money, but in addition to money, we also need a space in which the events will take place. Therefore, from that point of view, the cultural center has over 2,000 m², and from that square footage, the aforementioned Belgrade showcase covers an area of 565 m², providing enough space for high-quality artistic work. In addition to the Belgrade storefront, Artget Gallery with its 280 m², IPS bookstore 340 m², studios and depots 350 m² and supporting rooms with a square footage of 366 m² provide maximum conditions not only for design and art value of such an institution (Huang and Jia, 2022) but also as diplomatic tool (González Fernández, 2021).

2. Organizational structure of the CCB

The organizational structure of the Cultural Center Belgrade, in addition to the Supervisory Board, the Board of Directors and the Director, also consists of organizationally positioned workplaces that ensure the high-quality work of the center. Below is a schematic representation of the organizational structure of the Belgrade Cultural Center.

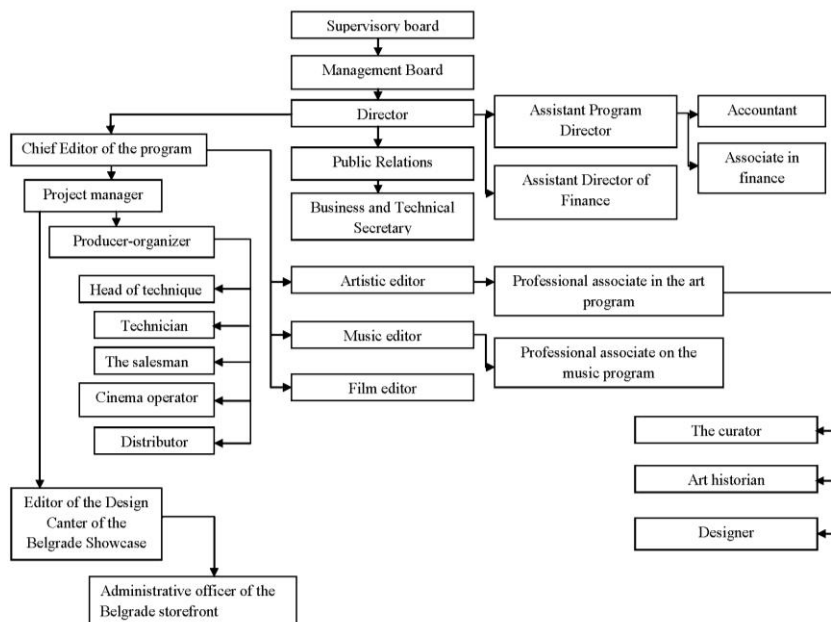


Figure 1: Organizational structure of the Belgrade Cultural Centre as adopted by the City Council of the City of Belgrade

Source: (CCB, 2022)

The aforementioned organizational schematic has been clearly designed bearing in mind the concept of defining an entrepreneurial ecosystem for creative institutions in order to maintain a level of self sustainability in neo-liberal economic systems (Brydges and Pugh, 2021). It can be noticed that there is a clear delimitation of artistic and creative activities (Churski, *et al.* 2017) that are supported by technical and administrative staff functions.

3. Financial revenues and COVID19 effects

The CCB is mainly funded as an institution from grants from the City of Belgrade Council, it experiences the same issues of free funding and crowd funding as other institutions in developing economies (Lazzaro and Noonan, 2021).

Issues of donations in Serbia are further complicated as not only that there are no financial incentives to donate to cultural institutions but there are further complications as these donations are subject to further taxation. It is also a wider issue in the sense that, although recognised, few academic papers have dealt with specificities of funding of creative industries (Wijngaarden, Hitters, and Bhansing, 2019).

The figure below shows the direct effects of COVID19 onto EBITDA of the Belgrade Storefront Shop in the sense that it shows the EBITDA in the year before the pandemic breakout, followed by the year of the outbreak and then two further years (2021 and 2022). Note that during the months of March and April, the curfews have had an absolute devastating effect of almost 0 (zero) EBITDA reported in the accounts for April. Also the projections by the Cultural Centre are that the EBITDA for 2022 August of 2022 will be that equivalent to 2019 (CCB, 2022).

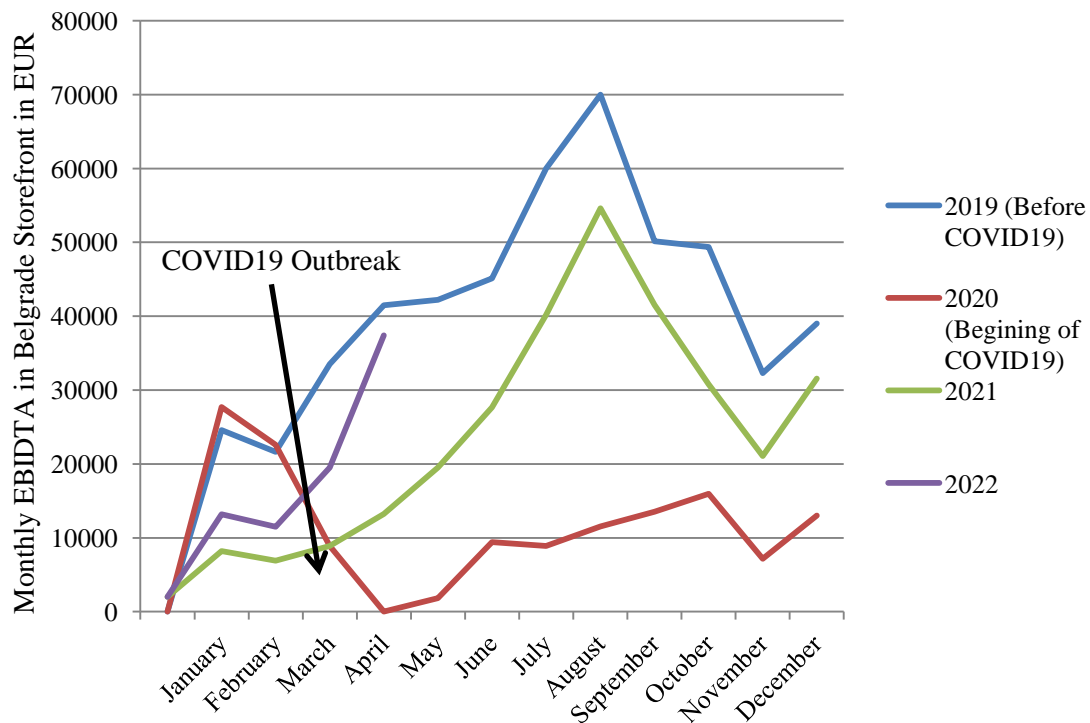


Figure 2: Monthly EBITDA of BCC Storefront Shop in Euro in the year before COVID outbreak, during the COVID19 pandemic and two following years

Source: (CCB, 2022)

In creative industries, effects of different creative components have specific impact on employment dynamics (Cicerone, Crociata, and Mantegazzi, 2021). Wellness and consumer habits (Eddy *et al.* 2021) for both cultural products and art reduced drastically which is in line with previous research relating to COVID and COVID patients families and friends (Stieger, Lewetz, and Swami, 2021).

Distancing regulations (Koivunen *et al.*, 2022) as defined by the UN have had further impact on the maximum numbers of persons allowed in enclosed spaces and this also had a profound effect on seating arrangements in cinemas and theatres (Upadhyay and Maroof, 2020). Furthermore, non COVID patients and their families have also changed their attitude towards creative industries (Adeke, Zava, and Etika, 2021).

As a direct result of the lack for need of executives in the sales department, cinema operators and distributors, several positions were automatically made redundant during the pandemic. As "lasting success requires not only foresight, but shaping future that is part of forward thinking " (Sokół and Figurska, 2021), the CCB has reshaped its organizational structure and in turn reengineered the financial processes to mitigate risks (Van Der Made, 2021).

4. Reengineering of processes relating to financial fluctuations

A set o reorganizational measures was observed immediately after the pandemic that had the following steps:

1. Non-essential staff were reassigned to new roles as support staff to the roles that were previously not filled;
2. Staff that had previously had direct contact with customers and clients were redirected to complete their annual reviews in the weeks to come so that once the CCB was open there was no time that was to be lost in administrative procedures;
3. Restocking and resupplying was to take place immediately as most of the competition was concerned and was not reordering standard supplies (therefore it would be cheaper as there was less demand);
4. Individual artists were to be given annexes to their contracts asking for higher output by volume and therefore per cost unit prices as they were most likely left without current contracts;
5. Annual maintenance that was to take place normally in the next 12 months was to be rescheduled in the next month;
6. Contracts were to be renegotiated and new financial deadlines set;
7. All contracts that can be terminated at a 30 days notice were terminated immediately.

The aforementioned reorganizational measures can be grouped in three main sets that are functionally separate units:

1. Those that pertain to financial debt restructuring and reorganizing of an entity that shares the same ownership structure as the original company but is a separate entity and thus allowing for a grace period amongst de-facto different departments of the same corporation to give each other grace periods (Kokorin, 2021). This was particularly important as unnecessary financial and legal burdens would be placed in motion between legal entities, all of which have been founded by the same body: Council of the City of Belgrade;
2. Human resource management policy (Scalabrini, Xu, and Northoff, 2021) shifted its focus from day-to-day maintenance and running to other aspects of the organizational functioning to those that were left for medium term maintenance and that reducing lag time in monthly contracts;
3. Services that would have otherwise higher costs were rushed as there was a wide spread uncertainty, and were thus reduced in their price.

The aforementioned functional groups had the following financial ramifications which had then in turn had post COVID financial ramifications:

1. Financial transactions between connected legal entities were frozen and thus costs did not incur;
2. Costs of human capital were reduced as the otherwise empty slots were rescheduled and reorganized;
3. Services that were to be paid at a higher cost were acquired earlier and thus at a lower cost at an annual level.

Therefore the simple steps of organisational reengineering that were then condensed into a set of functional grouping had a direct financial impact that allowed the following:

1. Once the post COVID19 operations resumed, no human resources were lost and thus the day to day operations could resume normally without hindrance;
2. Within on year of post COVID19 operating, in the second year, EBIDTA returned to its post COVID19 levels.

The aforementioned can be summarised as follows:

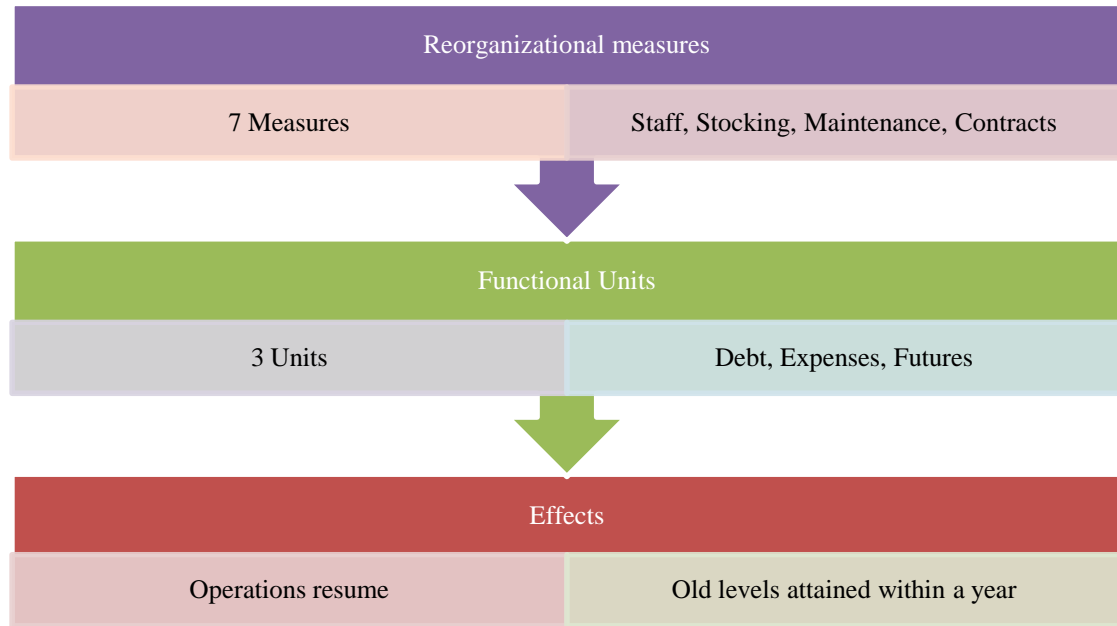


Figure 3: Condensational of the effects of organizational measures taken that have resulted in functional effects on the organization having ultimate fiscal/financial Effects

Source: (author)

5. Future Predictions

Based on the current data it is estimated that the new EBIDTA for 2022 will reach the levels of 2019 which was the year prior to COVID19 outbreak in Serbia:

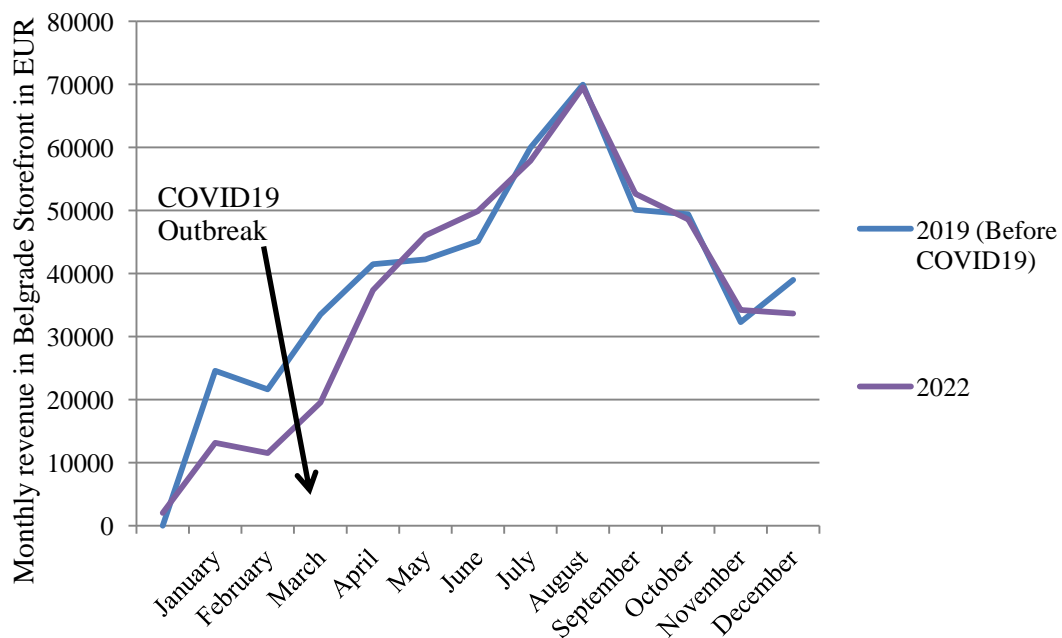


Figure 3: Predictions of monthly EBITDA of BCC Storefront Shop in Euro for 2022 and in the year before COVID outbreak

Source: (CCB, 2022)

6. Conclusions

The Cultural Centre of Belgrade is a cultural institution that forms the focal point of Belgrade's cultural and artistic community. As all other focal points of artistic creation and cultural life, it has transformed from a transactional 20th Century model of a cultural point to a transformational cloud of creative industries. As all centres of creative industries it has been heavily influenced by the COVID19 pandemic as all other communities that are people grounded.

Social distancing, police curfews, realignment of what is socially perceived as important, and general fear of future financial aspects have influenced its financial income relating to its EBITDA in its main store the Belgrade Storefront Shop.

The management of the Cultural Centre has implemented a set of carefully monitored 7 (seven) steps of organizational reengineering relating to staff, stocking, maintenance and existing contracts monitored carefully results in 3 (three) functional effects that are directly tied to reducing debt, offsetting expenses, reevaluating future expenses. All of the 3 functional effects have had a direct financial impact reducing the negative effects of the drastically reduced EBITDA in the year 2020 during the COVID19 pandemic. These functional effects have a direct effect on a fast rebound of operations to previous levels within one full year and within the next.

Therefore one can conclude that organizational reengineering caused by adverse effects, can result in functional overhaul that can in turn have mitigating influences and effects on financial functioning, that can in turn have mitigating effects on the negative external influences that are beyond the control of the organization, its design, and purview.

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