

# Modeling and Investigating the Economy and Production Structure of Iran Public Theater: A System Dynamics Approach

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## ABSTRACT

Cultural productions are considered as a sign of civilization in modern societies. Theater is known as an important type of cultural productions, playing important role in the cultural economy of a society. Due to complexities of socio-economic interactions, this sector needs dynamic investigation to illuminate different aspects of possible potentials and threats. The present paper tries to find relationships between Iran public theater economy and production structure based on a dynamic model including all economic stages, namely production, distribution, and consumption to achieve a solid perception of Iran theater position. The authors use System Dynamics to create a model that can explain or mimic the behavior of the system in order to evaluate policies. Since Tehran City Theater complex is the sole place for the public theater in Iran, the authors assess it over the period 2012-2015 and predict its behavior to 2022. On the other hand, the investigation in this context is being directed in accordance with microeconomics principles. The results indicate that the position of Iran public theater is undesired due to vague managerial policy. Also, the findings offer insights into the problems and suggest practical solutions.

## KEYWORDS

Cultural Economics, Cultural Production, Iran Public Theater, Performing Arts Production, System Dynamics, Theater, Theater Economics

## 1. INTRODUCTION

In the modern era, culture is of a socio-economic formation, thus cultural activity can be considered as a vocation. Durrant (1954) believes four elements constitute the civilization: economic provision, political organization, moral tradition, and the pursuit of knowledge and the arts. It is imperative that theater as an important artistic-cultural activity receives a great attention due to these very reasons that the potentials of theater in civilizing society, nurturing constructive thoughts, and creating political and societal attitudes are undeniable. On the other hand, cultural producers need an abundant financial supply because producing cultural products like theater needs a substantial capital. Owing to the fact that economics deals with the studies of production, producers, and their relationships, therefore all cultural products, including theater, can be considered as goods and services following a specific trend determined by a particular socio-economic system.

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Socio-economic systems investigate the relations of economics to social value and culture. This investigation is characterized by interacting patterns which usually compound environmental, behavioral, and dynamic relationships. Therefore, System Dynamics (SD henceforth) approach is an appropriate tool for studying and understanding socio-economic systems. The application of SD has been proved to be functional in modeling cultural and artistic phenomena erathwhile (see Wyburn & Roach, 2013; Haslett, 2012). The aim of SD is to achieve the standards of controllability and dynamic behavior which are commonplace in engineering systems (Coyle, 1996). SD is a way of combining all available information including written description and personal experience with computer simulation to yield a better understanding of social systems (Forrester, 1976). By means of the result obtained from simulation, a lucid perception of system's future behavior will be achieved so that the policy analysis will be more effective.

The objective of this paper is to study the relationships between Iran public theater economy and production structure based on a dynamic model including the stages of production, distribution, and consumption in order to achieve practical and theoretical solutions for the dilemmas of the public theater. The production process is defined as all economic activities that aim to satisfy human needs directly or indirectly. Therefore, in this context production is equivalent to the birth of a cultural product. Before going any further, it is essential to categorize Iran theater to gain a comprehensive cognition. Sadeghi (1997) presents a thorough classification of Iranian national theater as follows:

1. Commercial theater
2. Academic theater
3. Festival theater
4. Private theater
5. Public theater

The public theater which is replete with knowledge, skill, creativity, and intellectual theme can be considered inspirational and as a pattern for other types of theater. This segment needs financial support as the government funds it through a subsidy system. In Iran, state supports the public theater via Iran's Dramatic Arts Center, but the vague economic policy has eventuated in a low efficacy and has qualified the market place. Hence, this research is being directed to answer these questions: (1) How do economic elements of Iran public theater influence one another? (2) What are the threats and dilemmas of Iran public theater and how they can be confronted? Finding answers for these questions forms the motivations behind this study.

The rest of the paper proceeds as follows. Background section reviews the literature germane to this study. In the third section the dynamic model is presented. This is followed by model analysis. Finally, the last section concludes the paper.

## 2. BACKGROUND

The research has started in the area of cultural economy and some analyses have been applied to conundrums in arts and culture. Economists subsume cultural services under the category of service industries, or better still, tertiary sector of industry in which intangible goods are produced. In other words, this sector gives special services to customers. This area of research has been widely studied by scholars such as Becker (1984), Menger (1999), Lena and Lindeman (2014). Baumol and Bowen (1966) are the first who discuss the implications of general policy on theater economy. Theater economy is a multidisciplinary branch of a wider area called the economy of art. Zuidervaat (2010) seeks answers concerning questions like why should government provide funding for theater and other arts? He indicates a vigorous case for government funding based on crucial contributions the arts make to a civil society. According to Feder and Katz-Gerro (2012), it is true that the funding of

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