

The performance of Italian conservatories: a methodological proposal

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Abstract: This paper aims to analyse the theme of management control in the Italian conservatories as cultural companies, using the financial statement analysis with ratios to measure and summarise the performances achieved. The analysis is structured into two stages: the first stage analyses the indicators for a better control management; the second one shows the data obtained from the application of these indicators. The research topic is developed into two levels: a qualitative one and quantitative one. In the first level, we analyse the existing ratios for the financial statement analysis of conservatories; in the second level, we examine the results of the financial statement analysis of the 15% of Italian conservatories. The paper proposes practical evidence to support the financial statement analysis as a management control tool for the conservatories. The approach taken for the development of performance reporting system is intended to detect the aggregate results through logical indexes.

Keywords: financial statement analysis; management control; conservatories; ratios; performance; cultural companies.

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1 Introduction

The aim of this paper is to analyse the management control system in Italian conservatories, using a tool to measure and summarise the performance achieved: the financial statement analysis with ratios.

According to Turco (2004), the planning and control activities (Zanda, 1974; Zanda, 2009) carried out by companies have guided the top company managers towards the achievement of differential performance, and towards the creation of long-term value.

Today, the corporate decision-making process is based on the use of instruments that are mandatory (Onida, 1974; Furga, 1991; Lacchini, 1994; Dezzani et al., 2001; Zanda, 2007; Giunta and Pisani, 2008), and voluntary (Hinna, 2002; Zambon, 2002; Cruz and Boehe, 2008).

But, the complexity of reality in business is being done, and companies have requested more instruments and mechanisms suitable to identify both representation and interpretation of the economic, and non-economic results achieved in the execution of many activities (Dagnino, 2004; Lombardi et al., 2015).

The management control is based on the internal control that through the financial results analysis for the overall management or special processes makes judgements appropriate to achieve the objectives effectively and efficiently.

According to the logic of financial statement analysis, in this paper was integrated the standard ratios used in the financial statement analysis with specific ratios and representative of the situation economic-financial of the Italian conservatories.

The management control allows analysing the economic-financial results from the use of specific ratios.

In this paper the financial statement analysis allows to verify the effectiveness, efficiency and economy of the Italian conservatories.

To them, as represented, this contribution aims to detect the analysed financial statement indexes used, a management control tool able to assess, control and direct the activities of conservatories towards obtaining satisfying performances in the long period.

Through a quali-quantitative research method, with an inductive and deductive approach, our proposal is to identify the best reporting ratios of performance of the Italian conservatories. The proposal is to identify some ratios in terms of revenue, spending and sectorial. Therefore, the research questions are:

Q1: What are the management control tools in conservatories?

Q2: What result does the empirical evidence show from the financial statements analysis of conservatories in Italy?

The paper has the following structure: after the introduction, Section 2 provides a literature analysis. Section 3 describes the research approach. Section 4 proposes the findings and the implications of the research. Section 5 provides conclusions, limitations and suggestions for further research.

2 Literature review

2.1 Management control in public companies

Until the 1990s, in public companies the control function has been characterised by the development of various external controls, based on regulations governing the administrative behaviour (Farneti, 2004; D'Alessio, 2008).

The new model of public administration that emerged from the 1990s, based on the marked distinction of roles and functions between management bodies (the so-called elected bodies) and government bodies (the so-called bureaucratic organs), has radically changed and innovated, introducing the programming and control systems based on efficiency and effectiveness verification of the results achieved.

Until the reform of the accounting organisation of local authorities introduced by Legislative Decree No. 77/95 management control was not perceived as an obligatory public organisation, but as an internal process of rewarding managerial performances and creative (Miraglia, 1995), always aimed in doing do better (Volpato, 1987).

The term management control takes on a double meaning. On the one hand, in the broadest sense (Anthony and Dearde, 1976; Dente and Giorgi, 1985) it is attributable to the formation of the estimate and subsequent verification of operating performance by comparison with the results; on the other, the strict sense is the process by which

management ensures that resources are obtained and used in accordance with efficiency and effectiveness, the pursuit of economy conduct in enterprise management (Anthony et al., 1984).

Although the configurations assumed by the functions of planning and control are distinct from each other (Zamprognà, 1988; Vergara, 2004). In fact, the programming tasks, or planning, is the stage where you define the goals and the means to achieve them and in taking strategic decisions (Trequattrini, 2004; Zanda, 2006), also looking at the results achieved in the previous exercise (Lizza, 2004); while the control activity (Lizza, 2007) is the analysis of variances arising from the comparison between the results obtained and the budgeted objectives.

It is also true that the management control has been transformed from a mere supervisory tool in the policy of the company management tool, intended as a means to guide the activities and the work done to any business organisation level, fulfilling programmatic functions, guide, coordination, monitoring and evaluation.

In management control, internal control is based on a 'positive feedback' mechanism (Farneti, 2001; Zanda, 2006; Marchi, 2012), in which the actually achieved results are measured, compared to the objectives with the results once the possible corrective action to eliminate undesirable deviations in the future is chosen. The action of the feedback allows initiating corrective action only after actual results occurred and the gap between the expected results and the actual results can't be eliminated.

In addition, according to Zangrandi (1984), it is that particular type of internal control that through the analysis of economic performance for the overall management or special processes permits achieving the objectives effectively and efficiently.

Despite the considerable political, institutional and economic differences, existing between the companies and public offices, to which all are applied logic and economic business instruments, to support decisions and control (Orelli and Visani, 2005), with possible adjustments related to the specificities company considered. The managerial tools used to measure performance (Brusa and Zamprognà, 1991; Marchi, 1993; Brusa, 2000) results from the definition of performance to be achieved, from the measurement of the performance obtained and the correlation between objectives.

Although in the current doctrinal views the issue of measuring the company's performance has been widely debated (Lynch and Cross, 1991; Busco et al., 2008; Marasca et al., 2009), including through the classification of the company's information tools (Marchi, 1993; Garrison and Noreen, 2003), it shows a significant interest to public administration (Borgonovi, 1996; D'Alessio, 1997; Marasca, 1998; Donato, 2000; Pozzoli, 2001; Farnsworth, 2004).

To date, there shows an indisputable difficulties off the pursuit of culture of the three Es – effectiveness, efficiency and economy – and the logic programming, the results for objectives, and management and control (Gay and Sammartino, 2001), despite the concrete formalisation of management control occurred with the Legislative Decree No. 286/99, which is a more appropriate structure in the administrative regularity control and accounting, management control, strategic control and supervision of financial balances of management.

The causes that have greatly hindered or slowed the protestations of these control systems are attributable to the absence of a real market; the difficulty of measuring the outputs of the activities (Gay and Sammartino, 2001); the non-competitive environment in which they move public administration, which makes the urge to check the results almost entirely absent; and the inability to recognise the economic entity that exercises

the supreme power (Propersi, 2004; D'Alessio, 2008; Anselmi, 2012), moreover to the same administration and direct control of operations (Farnsworth, 2004).

These difficulties have also affected the spread on practical studies on the topic of management control in public administration. In some situations management control systems have intentionally been avoided because of its financial character, which may be something employees and volunteers find not being in line with the organisation's mission and their own ideals (Speckbacher, 2003). However, in recent years the awareness and implementation of different management control system in public organisations has increased.

Assessment tools of corporate economic performance can be summarised as follows:

- Cost accounting/analytical accounting;
- Budget analysis through indicators;
- Budgeting and reporting tools;
- The Capital Budgeting;
- The Activity-Based Costing;
- The Balanced Scorecard.

The analytical accounting or cost accounting, asserted at the beginning of the 20th century (Bertini, 1990), is a subsystem of management accounting which can process information of specific activities or organisational areas. It is a method to determine the cost of a project, a process or of an object, its aim is to allocate the costs and revenue recognised from the general ledger to specific cost centres, in order to assist the manager in decisions (Trequattrini, 1999).

The budget analysis through indicators is traceable to the management control system in which managers at various levels ensure that corporate management is being done in conditions of efficiency and effectiveness which enable the achievement of the basic objectives of the same management, established in the strategic planning stage (Brusa, 2000). It is a complex activity carried out with use of mainly quantitative data processing techniques, with which you carry out investigations on the financial statements (comparison of data over time and space) to get information on the management and on the company. Through the comparative analysis of the various budget elements available, you can get to the formulation of a 'judgement' on the company's status (Fazzini, 2011; Caramiello, 1993; Pozzoli, 2001). This analysis may tend to have employed myopic behaviour in terms of profit maximisation (Ateş, 2004), being an analysis based on indexes derived from historical data.

In the 1920s, in order to implement the corporate programs and to perform information functions of management control, it was started the use of the budgeting and reporting system (Azzone, 1993). The first sets out the ways in which it is associated with the heads of the various joints undertaking a set of objectives and resources required for their achievement. The reporting system by contrast compares the results achieved with the objectives and provides information about the possible corrective actions.

Only in half of the 20th century with the introduction of the Capital Budgeting systems it subsided the gap left by the previous management systems (Russo et al., 2012). Such systems analyse the economic and financial viability of the investment of the different business areas using the Net Present Value (NPV), the Internal Rate of Return (IRR), the payback period and Discounted-Cash-Flow (Amaduzzi, 1986; Mella, 1986; Zanda et al., 1997).

In the 1980s the company began to be perceived as a set of activities aimed at customer satisfaction and create competitive advantages and the value in the long term (Porter, 1980). In this respect, it conceptualises Activity-Based Costing (Brusa, 1995; Farnsworth, 2004). It is a methodology for the measurement of cost through two stages of imputation: a first stage in which you attach the basic costs of operating unit of assets denominated, and, in the second, the costs related to the assets are allocated to the final production (Moisello, 2008).

A modern measuring and control system is represented by an innovative tool of Balance Scorecard (Kaplan and Norton, 1996), created by Norton and Kaplan (Kaplan and Norton, 2000; Kaplan and Norton, 2001; Lucianetti, 2004; Kaplan and Norton, 2006).

The objective of the BSC is to become a strategic company instrument (Normann and Ramirez, 1993) capable of integrating the economic-financial indicators with the intangible drivers, with a view to achieving future company performance of a traditional and immaterial nature (Thomas, 2008; Granelli et al., 2008; Trequattrini et al., 2016).

The Balanced Scorecard (Norreklit, 2000) can translate the company mission (Porter, 1991) into a communication model of strategy company.

Basically, Formisano et al. (2013) argue: 'the Balanced Scorecard examines the cause and effect relations between the objectives and the measures identified in the strategic analysis perspective. Every measure chosen belongs to a chain of cause and effect relations that allow for communication to the organization of the company strategy'.

2.2 Key indicators in the field conservatories

This study uses for the control of conservatories management of the financial statement retrospective analysis (Fontana and Rossi, 2004). In particular, we use some indicators based on final data.

The indicators can be determined at the final stage using values derived from the statement of operations and, in particular, from the balance sheet, and are based on final appropriations (settled) or the amount of the commitments and assessments.

Since the composition indices the general construction results in a relationship between the assumed values, possibly in percentage terms. Normally the indicator relates consistent accounting information; in fact, it considers, to the numerator it's expression value, that the analysis has to carry out, and the denominator of the respective aggregate figure, not even one level higher (Fontana and Rossi, 2008).

The different indicators are determined to lead to three different levels of analysis:

- ✓ By Titles
 - Relevant Titles/Aggregate Value of Current Operations
- ✓ By Category
 - Relevant Categories/Aggregate Value of Current Operations
 - Relevant category or categories/Reference Titles
- ✓ By Resource
 - Resource or Relevant Resources/Aggregate Value of Current Operations
 - Resource or Relevant Resources/Reference Titles
 - Resource or Relevant Resources/Reference Category

For a more detailed analysis we will identify the input indices; the expense ratios and sectoral indices, which they consider more indicators simultaneously trying to offer useful suggestions for a structural survey on set, managerial and environmental entity.

Among the entry indices the following indicators are identified:

- Index of financial autonomy;
- Autonomy index taxation;
- Tax revenue per capita;
- Tariff autonomy own index.

A first significant indicator is due precisely to the index of financial autonomy, calculated as the ratio of the sum of the Tax Revenue (Title I) and Non-Tax Revenue (Title III), and the Total current revenue (Title I + Title II + Title III).

Tax Revenue (Title I) + Non-Tax Revenue (Title III)/Current Revenue (Title I + Title II + Title III)

This indicator compares its revenue available to the institution with the set of current revenues, highlighting the relative incidence and measuring, in a concise and direct manner, the institution's autonomy in making the entity, while indirectly independent from the entity from current transfers coming from different subjects.

In other words, it highlights the ability of each one to acquire autonomously the finance one needs for the expense.

This index uses values between 0 and 1 with the exception of values close to the end, as a value of 0 would correspond to the situation of non-existence of tax revenue and extra tax, as opposed to a value equal to 1 correspond to the situation of specular inexistence of revenue from transfers.

The fiscal autonomy index can be considered a second-level indicator, which allows us to understand and deepen the meaning of index of financial autonomy, by measuring how much of the current revenues, other than government transfers or other public sector entities widened, it is determined by their income for taxes.

This is the relationship between Tax Revenue (Title I) and Total Current Revenue (Title I + Title II + Title III).

Tax Revenue (Title I)/Current Revenue (Title I + Title II + Title III)

The value of this index can range theoretically between 0 and 1, even if the current rules that regulate the area of taxation in local government actually prevent the approach of the unit result.

The tax burden per capita, on the contrary, is made equal to the ratio between tax revenue and the size of the reference population, measures the average amount of contribution that each student is submitted, or, in other words, the amount paid on average by each citizen for local taxes substantially during the year.

Tax Revenue (Title I)/Population

It is interesting to calculate this index to determine the tax burden, which is the compulsory levy on average carried out by the local authority in charge of every resident to finance its operating activities, as well as to develop analytical space-time on the same entity or entities that are physical, economic and social homogeneous.

A further indicator to be taken is represented by the index of its tariff autonomy, the ratio of Non-Tax Revenue (Title II) with Total Current Revenue (Title I + Title II + Title III), because it is the complement of that of fiscal autonomy, and because it highlights the participation of its revenue in the formation of current revenues.

Non-Tax Revenue (Title III)/Currents Revenue (Title I + Title II + Title III)

The value, expressed in decimal terms, is comprised between 0 and 1 and is correlated with that relating to the index of fiscal autonomy. Particularly high levels of the latter demonstrate a good ability to resort to revenue from public services provided or by careful management of its assets.

Other indicators, complementary to those surveyed, are linked to the index of financial dependence and the levy per capita transfers: the financial dependency ratio, the ratio of Transfers Revenue (Title II) and Total Current Revenue (Title I + Title II + Title III).

Transfers Revenue (Title II)/Current Revenue (Title I + Title II + Title III)

This indicator measuring the impact of current transfers on all the current revenue takes values between 0 and 1. The interpretation of the results obtained is presented opposite to that of the index of financial autonomy, since a value of unity corresponds to a situation of total financial dependence on third economies, while a value equal to 0 identifies a situation of absolute independence and financial autonomy of the institution.

While the figure for current transfers related to the population could provide information about the average amount of transfers received by the local authority in the period, if properly compared to the constituent population the reference community.

Transfers Revenue/Population

Among the expense indexes, the reports that are of most interest and relevance are related to the following indicators:

- the rigidity of current expense;
- the impact of interest on current expense;
- the impact of staff costs on current expense;
- the average expenditure of personnel;
- the percentage to cover current expense with the government transfer;
- current expense per capita;
- the expense of investment per capita.

The spending indexes permit to analyse the different levels of use of the institution's resources, drawing suitable judgements and estimates.

The rigidity of current expenditure measures the percentage of fixed expense (personnel and interest) on the Current Expense (Title I).

General Administrative Functions, Management and Control (Function 01)/Current expense (Title I)

The value can vary, tentatively, taking into account the new limits introduced with the redefinition of deficit parameters, between 0 and 0.75. The more the value is close to

0.75, the lower the possibility of the administration operation that is behind much of the current resources already used for the financing of staff costs and interest expense.

Analysing separately the incidence of each of the two terms of the numerator (personnel and interests) compared with total current expenditure is possible to identify the impact of interest expense on current expenses and the impact of staff costs on current expenditure.

The index that measures the impact of interest expense on current expenditure is the given interest expense that the entity is required to pay annually for the loans earlier compared to current expenditure.

The reading of the results shows that in front of very high values to invest in past years it subtracts current resources to future management and limits the ability of current expense.

Interest/Current Expense (Title I)

The ratio of personnel expense on the total of current expenditure is possible to increase the analysis on the rigidity of the expense of Title I.

Personnel Expense/Current Expenditure (Title I)

The ratio of personnel expense to total current expense at the aggregate level provides guidance on the participation of this factor of production in the distributive process entity. Analyse the average expense per employee allows for an even more complete information.

Personnel Expenses/Number of Employees

This value represents, for each year, the expenditure on salaries and accessories on average paid to each employee.

Other indicators relate to the percentage of current expenditure coverage with the transfers of the government and other public sector entities widened; the current per capita expenditure and investment expenditure per capita.

The first, by comparing the total current transfers and total current expenditure, offers insight into the government partnership, the region and other public sector entities expanded to the ordinary management of the institution.

Current Transfers/Current Expenditure (Title I)

The current expenditure per capita, the ratio between current expenditure and the population, is a further indicator particularly useful for a space–time analysis of budget data. It measures the scale of expenditure incurred by the body for normal operations compared to the number of citizens.

Current Expense (Title I)/Population

In a broad sense this indicator measures the burden that each citizen assumes, directly or indirectly, to finance the ordinary activities of the institution and it provides, when compared with the figures for previous years, and useful insights on the composition of expenditure of the entity.

In order to obtain detailed information on programming entity, the index of capital expenditure per capita built as the ratio of spending on capital investments that the entity expects to incur total inhabitants.

Capital Expenditures/Population

This value is relevant when analysed by comparing more years, as it allows outlining the historical and trends affecting the investment policy implemented by the administration.

Finally, the expense indexes are aimed at the identification of different areas of investigation, for each of which is proposed a specific type of indicators. The proposed research areas are:

- management autonomy aimed at highlighting the degree of reliance on entity transfers c/thirds, as well as the institution's capability to procure themselves the sources of financing;
- the incidence of tax revenue on the administered population, showing the direct participation in financial terms of the entity administered community;
- the rigidity of the budget, aimed at defining the administration's ability to manoeuvre in the short term;
- the relevance of fixed costs, to know the composition and the actual governance of the expenditure;
- the propensity to spend, to lead to the knowledge about the destination of the expenditure incurred by the administration;
- environmental parameters, those macro-endogenous and exogenous indicators able to measure the effects on the institution's management of variables not directly controllable by the administration.

3 Research approach

The methodology approach used is qualitative (Maylor and Blackmon, 2005, Myers, 2013) and quantitative (Anderson et al., 2012; Myers, 2013). The qualitative research approach is based on an analysis of the literature related to management control systems with special reference to the identification of the best ratios to the financial statement analysis with ratios in the conservatories. The quantitative research approach is based on the application of the ratios on the sample selected. The sample is composed of the 15% of the Italian conservatories, based on nine cultural companies (Table 1) selected with a casual extraction from the 54 Italian conservatories.

Particularity, we have retrieved the balance sheet of the cultural companies of the sample referring to the years 2013–2014.

The objective of this paper is to analyse the importance of management control in the conservatories. These aspects have been investigated through a method approach; data acquisition (Yin, 2014) was collected through secondary research sources. The following sources were used:

- Scientific books and articles (national and international);
- Public sources such as specialised websites, databases (ebSCO, jstor, Google scholar, science direct), news and various documents.

Table 1 Sample of Italian conservatories

Cultural Companies 1	Conservatorio of FIRENZE ‘Luigi Cherubini’
Cultural Companies 2	Conservatorio of FROSINONE ‘Licinio Refice’
Cultural Companies 3	Conservatorio of GENOVA ‘Nicolò Paganini’
Cultural Companies 4	Conservatorio of MILANO ‘Giuseppe Verdi’
Cultural Companies 5	Conservatorio of MONOPOLI (BA) ‘Nino Rota’
Cultural Companies 6	Conservatorio of PIACENZA ‘Giuseppe Nicolini’
Cultural Companies 7	Conservatorio of REGGIO CALABRIA ‘Francesco Cilea’
Cultural Companies 8	Conservatorio of TRAPANI ‘Antonio Scontrino’
Cultural Companies 9	Conservatorio of UDINE ‘Jacopo Tomadini’

Specifically among all adoptable indicators, the most identifying ones of the situation of Italian conservatories, 30 ratios have been identified that fall into three main categories.

As detailed below detailed we identify revenue indexes, expense indexes and sectorial indexes.

In particular, for the income indexes, we identify different ratios in reference to the Current Revenue and the Total Revenue, as detailed in Table 2.

Table 2 Indexes of revenue composition

Revenue indexes	Student Contribution/Current Revenue
	MIUR Erasmus Contribution/Current Revenue
	Government Transfers Revenue/Current Revenue
	Revenue C/Thirds/Current Revenue
	Student Contribution/Total Revenue
	MIUR Erasmus Contribution/Total Revenue
	Transfers Revenue/Total Revenue
	Revenue C/Thirds/Total Revenue

The revenue indexes enable to identify the composition of revenue identifying the relative weight of current revenues and their composition.

From these indicators it is possible to make a number of considerations on conditions of autonomy and financial independence of the conservatories examined.

In fact, the indicators exhibit the ability to attract revenue from students, government transfers, subcontracting revenue and revenue for national and community contributions.

A further variation of the indicators assesses the relative importance of the type of revenue over total revenue, including those related to assets.

Moreover, for the spending indexes (Table 3) we select some ratios to underline the impact to some expenditure items on the current spending and – the same expenditure items – on the total spending.

Table 3 Indexes of expense composition expense indicators

	Administrative Expense/Current Expense
	Teaching Expense/Current Expense
	Student Loan/Current Expense
	International Projects/Current Expense
	Artistic Events and Artistic Productions/Current Expense
Expense indicators	Administrative Expense/Total Expense
	Teaching Expense/Total Expense
	Student Loan/Total Expense
	International Projects/Total Expense
	Artistic Events and Artistic Productions/Total Expense
	Maintenance Tools + Purchasing Tools/Total Expense

The spending indexes allow to identify the composition and the concerning weights to current spending and the areas of spending for the functioning of the core business of the conservatories.

Finally, with regard to the type of sectorial indexes, they have been considered the indicators included in Table 4.

Table 4 Indexes of sector

	Current Revenue/Current Expense
Sectoral indicators	Total Revenue/Total Expense

The functional analysis conducted by the indicators presented in the table permits to analyse the composition and the relative weight between revenue and spending aimed at a specific area.

These indicators, as known, permit to expose the functional balance conditions of the different areas of with the current management.

4 Findings and discussion

The results of research originate from an analysis and the application of the previously indexes. The need to carry out management control in the conservatories is generated by the difficult diffusion of financial statement analysis in the public company, whose objective is to analyse differential results that cannot be reached by the conservatories.

- Starting from the revenue indexes we have retrieved the following results for the period analysed (Tables 5 and 6).

Particularly, analysing the indicators above, the result they emphasise is the composition of revenue, or to analyse the incidence of majority voices of revenue on current revenue and total revenue.

The table shows, for all examined conservatories, the prevalence of ‘Student Contributions’ in the composition of revenue. Similarly for all, it is possible to detect that the major item on the ‘sheet’ is by far lower. The revenues are minimal for third party and for artistic production, and are non-existent those derived from fundraising activities.

Table 5 Indicators of revenue: type of revenue/current revenue – period 2014/2013

<i>Type of indexes</i>	<i>Student contribution/ current revenue</i>		<i>MIUR Erasmus contribution/ current revenue</i>		<i>Government transfers revenue/current revenue</i>		<i>Revenue C/ Thirds/ current revenue</i>	
	2014	2013	2014	2013	2014	2013	2014	2013
Cultural companies								
Cultural companies 1	0.7305	0.7309	0.0000	0.0000	0.1499	0.0625	0.0986	0.0005
Cultural companies 2	0.5650	0.5072	0.0452	0.0174	0.2207	0.0387	0.0232	0.0222
Cultural companies 3	0.5159	0.5139	0.0394	0.1226	0.0495	0.0604	0.1899	0.0317
Cultural companies 4	0.6026	0.5471	0.0138	0.0324	0.0585	0.0225	0.0295	0.0091
Cultural companies 5	0.5007	0.4849	0.1366	0.1657	0.0245	0.0259	0.0127	0.0120
Cultural companies 6	0.6347	0.5721	0.0000	0.0000	0.1026	0.2115	0.0000	0.0001
Cultural companies 7	0.4228	0.7003	0.0000	0.0327	0.0000	0.0000	0.0000	0.0000
Cultural companies 8	0.3522	0.3616	0.0805	0.0257	0.0000	0.0000	0.0000	0.0000
Cultural companies 9	0.3399	0.3888	0.0740	0.0235	0.0587	0.1599	0.0533	0.0016

Table 6 Indicators of revenue: type of revenue/total revenue – period 2014/2013

<i>Type of indexes</i>	<i>Student contribution/ total revenue</i>		<i>MIUR Erasmus contribution/ total revenue</i>		<i>Government transfers revenue/ total revenue</i>		<i>Revenue C/ Thirds/ total revenue</i>	
	2014	2013	2014	2013	2014	2013	2014	2013
Cultural companies								
Cultural companies 1	0.7296	0.4533	0.0000	0.0000	0.1497	0.0387	0.0984	0.0003
Cultural companies 2	0.4926	0.4126	0.0394	0.0142	0.1924	0.0315	0.0202	0.0181
Cultural companies 3	0.4730	0.4249	0.0361	0.1014	0.0454	0.0500	0.1741	0.0262
Cultural companies 4	0.5398	0.5085	0.0123	0.0301	0.0524	0.0209	0.0264	0.0084
Cultural companies 5	0.1070	0.0975	0.0292	0.0333	0.0052	0.0052	0.0027	0.0024
Cultural companies 6	0.1433	0.0830	0.0000	0.0000	0.0232	0.0307	0.0000	0.0000
Cultural companies 7	0.4058	0.5184	0.0000	0.0242	0.0000	0.0000	0.0000	0.0000
Cultural companies 8	0.2909	0.2669	0.0665	0.0190	0.0000	0.0000	0.0000	0.0000
Cultural companies 9	0.2893	0.3754	0.0630	0.0227	0.0499	0.1544	0.0453	0.0015

A further reading shows that the percentage of individual items of revenue is not considered on revenue divergent considering separately and the total current revenues. This characteristic allows you to highlight the low impact that the capital revenue and revenue for four matches in the Italian conservative sector.

Having particular regard to the composition of revenue it is evident that the greatest contribution is attributable to revenue students contributions. In fact the incidence of student contributions is, mainly, more than 50% of current revenues, or more than 40% of total revenue.

The application of the expense indexes permits us to retrieve the results included in Tables 7 and 8.

Table 8 Indicators of expense: type of expense/total expense – period 2014/2013

<i>Type of indexes</i>	<i>Administrative expense/total expense</i>		<i>Teaching expense/total expense</i>		<i>Student loan/total expense</i>		<i>International projects/total expense</i>		<i>Artistic events and artistic productions/total expense</i>		<i>Maintenance tools + purchasing tools/total expense</i>	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Cultural Companies												
Cultural Companies 1	0.0938	0.0975	0.0124	0.0276	0.0293	0.0373	0.0000	0.0000	0.0842	0.1127	0.0744	0.0547
Cultural Companies 2	0.1026	0.0855	0.3669	0.2383	0.0187	0.0164	0.1878	0.1204	0.0176	0.0150	0.0094	0.0382
Cultural Companies 3	0.1367	0.1329	0.2698	0.1801	0.1866	0.0352	0.0716	0.0063	0.0000	0.0000	0.0144	0.0248
Cultural Companies 4	0.0997	0.0927	0.0924	0.0905	0.0140	0.0300	0.0145	0.0274	0.0645	0.0630	0.0539	0.0526
Cultural Companies 5	0.0272	0.0344	0.0322	0.0245	0.0125	0.0100	0.0268	0.0244	0.0000	0.0080	0.0066	0.0066
Cultural Companies 6	0.0592	0.0293	0.0098	0.0006	0.0098	0.0028	0.0006	0.0004	0.0240	0.0072	0.0172	0.0151
Cultural Companies 7	0.0000	0.1138	0.0000	0.2520	0.0000	0.0207	0.3248	0.0072	0.1152	0.0392	0.0000	0.0103
Cultural Companies 8	0.1266	0.1049	0.4559	0.3663	0.0000	0.0000	0.0420	0.0453	0.0511	0.0429	0.0127	0.0994
Cultural Companies 9	0.0730	0.0919	0.0991	0.0624	0.0453	0.0522	0.0459	0.0409	0.1223	0.0687	0.0885	0.0872

By analysing the results of current expense indicators, it shows a double reading of the current expense composition. In fact, about 50% of the current expenses of the Italian conservatories are attributable to administrative expenses, expenses for education and expenses for international projects.

The examination table shows a trend constancy of the increase of administrative expenses. The costs for education in the budgets of institutions appear higher in only three conservatories. This circumstance is largely dependent on the quality and training supply quantity dispensed.

These results lead to the formulation of some reflections on different levels. First it is necessary to point out that the conservatories internationalisation activities are very low except in two cases. There also emerges a reduced artistic creation resulting from the lack of revenue from activities from third parties.

The analysis with regard to expense on education has shown that about 60% of the sample considered 'excess expenditure' for collaboration contracts – albeit with a slight decline compared to 2013 – and for the compensation for the additional teaching.

The percentage of individual items of revenue respectively on current revenue and total revenue, including the percentage of individual items of expenditure on current expense, is almost the same as that they have on the total expense.

The considered period has a low propensity to maintenance and purchase of instruments; the investment, in fact, is never higher than 10%.

The analysis has revealed a total absence of outputs for the purchase of publications and intellectual property, over that of revenue for the sale of publications, and creative works.

At the end, it is based on the application of sectorial indexes of the sample. The results proposed are included in Table 9.

Table 9 Indicators of sector: current revenue /current expense total revenue /total revenue

Type of indexes	Current revenue/current expense		Total revenue/total expense	
	2014	2013	2014	2013
Cultural Companies				
Cultural Companies 1	1.1662	0.8221	0.8934	1.2833
Cultural Companies 2	1.0176	1.0867	0.9897	0.7649
Cultural Companies 3	0.9437	1.0274	0.9322	1.0178
Cultural Companies 4	1.0737	1.0184	0.9511	0.8804
Cultural Companies 5	1.3053	1.1523	1.0634	1.0028
Cultural Companies 6	1.2056	1.1443	1.2848	0.9891
Cultural Companies 7	0.4656	0.6255	0.4685	0.6853
Cultural Companies 8	1.0085	0.9250	0.9952	0.9273
Cultural Companies 9	1.0111	1.0677	0.9437	1.0264

From a first comparison period between 2013 and 2014 of the relationship between current revenues and current expense of the sample considered, there is a growing monetary return for every euro of current expense. The index analysed for each single conservatory suggests as an improvement of only 35% for the year 2014.

In reference to the relationship between total revenue and total expenditure it registers a typical behaviour of the public company characterised by a more or less sharp gap between the items in question.

Overall, the situation for the period is on average not be changed from 2013 to year 2014; while in the specific it improves in the year 2014 to about 60% of the sample and is, moreover, greater than unity for the 33% of the latter.

5 Conclusions, limitations and further research

This research shows that the music academies are highly dependent on the contributions of the students rather than to the contributions of third parties and government transfers.

The literature analysis showed the absence of exclusive studies of management control in conservatories, especially considering the Italian context.

In order to fill up this gap we have adopted some indicators used for management control in public entities, in the conservatory category.

These indexes have identified the composition of revenue and expenditure arising from operations, as well as the weight taking from certain output voices on the different revenue.

It must be noted that the calculated measures express the whole a good inclination to the reduction of revenue from third parties and inclination to the reduction of activity aimed at achieving appropriate valuation policies of intellectual capital transferable under the artistic and musical production and integration with other musical activities.

In terms of research, type and quantitative, it is necessary to state that that adding fails limited to the analysis of financial statements, for the years 2014 and 2013, only nine of Italian music conservatories which represent 15% of the total.

Therefore, future research will be aimed at expanding the analysis, selecting a larger sample and a time horizon of at least three years, in order to make possible space-temporal comparisons punctual.

Finally, further study would require the identification of an analysis method that can enable the evaluation of the intellectual capital of the conservatories, identifying suitable indicators and formal development itself.

The survey demonstrates that the conservatories examined, depend on income which derives from the students contribution, instead of the very limited artistic production and third party appears. On the expenditure side emerges a reality for which the institutions examined, except a few cases, spend very little for the internationalisation projects and the artistic production.

Therefore, it is necessary to reflect on the need to implement policies that develop the added value share of the relational capital of the conservatories.

The analysis also highlights the almost total absence of adequate political fundraising and networking activities on the part of examined music conservatories.

Behavioural analysis shows the need for these institutions to create policies and indicators to measure the value of the relational capital and social capital of these institutions.

So future researches about more accurate policies from music conservatories in order to develop social and environmental contexts favourable to networking and fundraising would be needed.

In this sense procedures for the preparation of a social balance sheet or of the mission of the conservatories in order to assess the effectiveness of policies aimed at the added social value that is tangible in both terms of intellectual capital and added social value would be necessary.

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