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Sustainable financial management of tangible cultural heritage sites

Rand Eppich
Escuela Técnica Superior de Arquitectura,
Universidad Politécnica de Madrid, Madrid, Spain, and
José Luis García Grinda
Patrimonio Arquitectónico, Universidad Politécnica de Madrid, Madrid, Spain

Abstract

Purpose – There are many threats to cultural heritage including armed conflict and natural disasters such as earthquakes, fire and flooding. It is understandable that these dramatic events frequently capture the world's attention. However, a far more considerable danger is inadequate management a lack of financial resources to conduct continuous conservation and maintenance. The purpose of this paper is to gain an understanding of the current state of financial sustainability at a limited selection set of tangible immovable cultural heritage sites and investigate why this critical aspect is deficient. Case studies have been identified where management improved, and a level of financial sustainability is achieved.

Design/methodology/approach – To improve the conservation of tangible immovable cultural heritage sites, a specific definition of financial sustainability is required, which significantly differs from the management of for-profit activities and even other non-profit cultural institutions such as museums, and takes into account the special requirements for conservation and education, additional values, site access and the wide variety of places that range from archaeological sites to single structures. The methodology began with researching the definition of financial sustainability from non-profit institutions then refining through the application it to a defined and limited selection set of World Heritage properties. World Heritage properties were selected, given the wealth of data readily available. Following this larger selection, several evaluation case studies were selected for further investigation including an analysis of the management circumstances and how greater financial sustainability was achieved. The investigation initially relied on secondary sources including academic articles, thesis, management plans, nomination dossiers, reactive monitoring mission reports, newspaper articles, periodic reporting and required State of Conservation Reports. The case study investigation relied on primary sources including observational site visits and interviews using an informal questionnaire. Findings were later verified by follow up interviews.

Findings – The research led to a definition of financial sustainability specifically for tangible cultural heritage sites that included five components, namely, management planning, revenue identification, expenditure analysis, administration and strategic planning, and, most importantly, alignment and support of cultural, educational and conservation mission. A majority of World Heritage properties in this study fall short of this definition of financial sustainability and do not sufficiently address this issue. Research revealed that there is a need for more dialogue with informed data on the financial aspects of managing tangible cultural heritage sites as most locations studied are not able to efficiently manage funds or take full advantage of possible opportunities. However, a few sites have achieved greater financial sustainability. The research describes the identified five critical circumstances in further defining financial sustainability: a conducive and open planning environment, knowledge and education, positive perceptions concerning the importance of finance, managerial autonomy and public interest. These circumstances permitted better management of existing funding and an environment for innovation.

Research limitations/implications – Research limitations during the initial study included a hesitation or unwillingness to discuss financial details, a general lack of statistics, a lack of knowledge related to finance, a prejudice against the topic and a concern over the commodification of cultural heritage. However, as the case studies identified achieved greater financial sustainability, this was less of a limitation. Additional limitations included the necessity to conduct interviews via telephone and in European languages, English, Spanish and Italian. The final limitation was that this study only focused on single tangible cultural heritage sites and excluded larger sites such as entire cities and intangible or movable cultural heritage.

Practical implications – The circumstances, which comprise the definition, identified during the research lead to a number of possibilities for improving the financial sustainability. The first is not to place emphasis on a management plan but in fostering an environment that encourages financial planning. The second

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circumstance is to improve the knowledge and education of finance for site managers. Third, a positive perception of finance, standard business practice and surplus generating activities must occur. Fourth, financial management must be devolved to individual sites. Finally, the public must be involved to ensure financial sustainability. There must be initiatives to frequently include the local community and encourage participation.

Social implications – Most cultural heritage sites are financially dependent upon the state, and this will likely continue, but it is improbable to expect full financial support ad infinitum. Overdependence on highly variable top-down funding leaves cultural heritage vulnerable and open to uncertainty. While it is unrealistic to expect most sites to become financially self-sufficient or that managers will suddenly become entrepreneurs, it is reasonable to expect some improvement. The goal should not be to create a business from cultural heritage but to improve financial management for greater sustainability. Financially sustainability ensures that sites are conserved and maintained for future generations.

Originality/value – The need to preserve cultural heritage is widely recognized by many different segments of society. However, the availability of financial resources to sustain conservation is often deficient or overlooked. Without taking measures for continued financial support, tangible cultural heritage is at risk as preventive maintenance is ignored and essential personnel and their skills are lost. Commodification of cultural heritage is of great concern and, when used as a means of generating income, it can compromise other values. Thus, a critical balancing act must be achieved by those who care about the historic, aesthetic and scientific values.

Keywords Cultural resource management, Sustainable development, Financial sustainability, Heritage management, Strategic property management

Paper type Case study

1. Introduction problem statement

Sustainable development signifies the cautious and responsible use of resources to ensure present-day environmental, economic and social well-being without compromising their use by future generations (United Nations, 1987). This well-known mantra was later extended to include culture (United Nations, 1993). Connections between sustainability, economics and culture began to first appear in charter documents including the International Cultural Tourism Charter of 1999 (ICOMOS, 1999) as a results of large numbers of visitors. The connections between these fields culminated most recently as the central theme within the ICOMOS Paris Declaration on Development. The document states the challenge of "integrating heritage and ensuring that it has a role in the context of sustainable development" (ICOMOS, 2011). This solidifies the connection between conservation and culture with development as the ingress for sustainability within the international charters developed to guide the profession.

The complementary aspects and associations of these fields are still in their nascent stages, yet research has yielded a broad diversity of theories and themes including value assessment, appraisals, impacts and policy recommendations (Klamer and Wim Zuldhof, 1998; De la Torre and Mason, 1999; Palumbo, 2000; Klamer, 2003; Donovan and Cheong, 2011; Nijkamp, 2011; Wright and Eppink, 2016). An increasing number of highly relevant publications are focusing on the intersection of economics and cultural heritage at the urban level including *The Economics of Uniqueness* in the Urban Development Series (Licciardi and Amirtahmasebi, 2012) published by the World Bank, *Urban Heritage, Development and Sustainability* (Labadi and Logan, 2015), the *Cultural Heritage Counts for Europe* publications (Cultural Heritage Counts for Europe consortium, 2015) and *Culture Urban Future: Global Report on Culture for Sustainable Urban Development* (UNESCO, 2016). Additional recent publications that focused specifically on World Heritage and economics include *World Heritage and Sustainable Development: New Directions in World Heritage Management* (Larsen and Logan, 2018) and the *Hangzhou Declaration Placing Culture at the Heart of Sustainable Development Policies*,(Hangzhou International Congress, 2013) However, it is Throsby (1994, 1995, 1997) who makes a strong case for cultural sustainability by defining culture and its connection with economics (and possibly finance) in terms of capital: "Cultural capital can be defined as an asset which embodies, stores or gives rise to cultural value in addition to whatever economic value it may possess" (Throsby, 2003).

Therefore, if culture can be defined as an asset, should it not take advantage of management applications and methods similar to other forms of capital? Not in order to achieve profitability but greater sustainability. Yet, in-depth technical and practical discussions of management receive insufficient discourse within cultural heritage. Zan (2015a, b) states: "The lack of real dialogue between the heritage disciplines and scholars of management and organization has led to misunderstandings and neglect of crucial issues for understanding organizations and outcomes on both sides." This includes financial sustainability. The often neglected question of finance should be at the core of sustainability for cultural heritage management.

There are many threats to cultural heritage including armed conflict and natural disasters such as earthquakes. It is understandable that these dramatic sudden events frequently capture the World´s attention. However, a far more considerable danger is the slow, inevitable lack of financial resources to conduct continuous conservation and maintenance. The State of Conservation reports submitted to UNESCO (2017a, b) by state signatories of the World Heritage Convention identifies the number one threat as "management and institutional factors" including financial resources. Inadequate management is recognized as a threat twice as often as other events including war, natural disasters, and new buildings and development. In a Statistical Analysis Report, UNESCO (2014a, b), states that 3 out of 4 properties are negatively impacted by insufficient management affecting 359 properties located in 122 different states, indicating that "this threat is widely spread and not limited to any specific region" (Table I).

An in-depth look at contributing threat factors reveals that financial resources are singled out as one of the most significant concerns, listed 160 times at 56 sites in 48 percent of all reports. Unsurprising, a majority of states that report financial concerns are lower income, but comprising nearly one-third are middle- or high-income with many properties in Europe considering themselves to be under financial pressure (Young, 2016). In addition, 26 percent of properties on the World Heritage in Danger List, a list of properties under extreme threat, included concerns of financial resources over multiple years. The archaeological site of Butrint in southern Albania listed financial resources as a significant threat for eight consecutive years beginning in 1996 and was placed on the Danger List in 1997 (UNESCO, 2017a, b). International assistance followed with the creation of the autonomous Butrint Foundation and financial and expert support from the World Heritage Fund. Butrint was finally removed from the Danger List in 2005, yet it still struggles with financial sustainability.

Table I. Threats to outstanding universal value as reported by state parties between 1983 and 2017

Threat category (culture and nature)	Number of reports	State parties (193 states as of January 2017)
Management and institutional factors (including financial resource management)	2,246	134 (69% of all states report in this category)
Buildings & Development	1,213	110
Other human activities (including civil unrest, war)	1,026	83
Social/cultural uses of heritage	912	92
Transportation Infrastructure	823	91
Biological resource use/modification	715	74
Physical resource extraction	508	54
Services infrastructures	409	70
Pollution	345	57
Sudden ecological or geological events	324	58
Local conditions affecting physical fabric	260	47
Climate change and weather	246	55

Source: UNESCO (2017a, b)

1.1 Research aim

The aim of this paper is to understand the current situation at cultural heritage sites and identify those places which are more financially sustainable. This is followed by an analysis of the circumstances in which these places exist in order to propose solutions with regard to financial sustainability. There are many unrealized benefits that could be gained through improving financial management including better efficiency in using existing resources, identification of new revenue streams, implementation of surplus generating initiatives and capture of funds lost through non-contributing yet dependent adjacent private enterprises. Such gains can enable lower cost preventive maintenance, thus improving long-term conservation, and could even result in higher community engagement – as long as there are appropriate managerial mechanisms to ensure alignment with the goals of conservation, open access and education to prevent over-commercialization.

2. Defining financial sustainability

In order to determine financial sustainability, it was necessary to define it in the context of cultural heritage and clarify its difference from cultural economics. This was revealed as a frequent source of confusion during interviews and within the literature review. Cultural economics provides a theoretical macro viewpoint in order to address policy issues, while finance operates on a more micro scale and is used to establish a course of action, performance evaluation, risk assessment and capital allocation (Mazzanti, 2002). Finance focuses on the acquisition of funding, the study of its management and its use and flows through organizations.

2.1 Expanding and applying the definition

This definition was further developed and combined with other sources including UNESCO (2008) Business Planning for natural World Heritage properties, Four Pillars of Financial Sustainability by the Nature Conservancy (MacLeod *et al.*, 2001) and the American Alliance of Museums Standards for Financial Stability (Merritt, 2015) along with the authors' experiences. Five categories were included in this definition: revenue identification; expenditure analysis; administration and reporting; strategic planning; and alignment and support of the mission.

Revenue identification answers the question: What are the inputs into a cultural heritage site? According to Klamer and Wim Zuldhof (1998), there are three types – pricing, donating and subsidizing. Pricing characterizes the market sphere and extrinsic opportunities; it establishes that something is given for something received. This includes entry tickets, gift shops or cafés. Donating or intrinsic opportunities is what people do for personal fulfillment, not expecting anything in return. Subsidizing indicates the role of government upon which most World Heritage properties usually depend.

Expenditure explains where the funds are being spent. For daily operations, ongoing conservation projects, site personal salaries, capacity building and security. Administration of funds, the third category, comprises accounting and reporting: balance sheet, income statements, financial condition and cash flow. It also includes ratios such as current expenditure/revenues. Such ratios are important indicators of performance over time.

The fourth category of sustainable financing, strategic planning, anticipates income and expenditures and assists in taking advantage of income opportunities, identification of vulnerabilities, risks and contingency planning.

Finally, the support of the mission of cultural heritage is the most critical category. Cultural heritage has many other values which are more significant than financial considerations. This category was created in order to assess if a site was in danger of becoming over commercialized. Advice on business planning is usually written for enterprises "aimed solely at making money; in contrast, the primary objective of World

Heritage sites is to achieve effective in-situ conservation and income generation is instead a means to that end" (UNESCO, 2008).

This definition and its categories were used as a basis for interviews and to evaluate secondary sources. If a site manager, expert or management plan included a majority of categories, it was determined to have sufficient elements to constitute a direction toward greater financial sustainability even if not explicated stated. On this basis, the following findings are presented.

3. Methodology

In order to address the research problem, the following methodology was adopted taking into account the literature review and initial investigations. This methodology began with a refinement of the problem statement followed by a theoretical framework taking into account the type of research problem, field of study and research paradigm. This theoretical framework was qualitative in nature as it deals with human organization structuring and design within governing bodies that impacts management and conservation of historic places. As stated in Maxwell (2008), a qualitative study is characterized by "activities of collecting and analyzing data, developing and modifying theory, elaborating or refocusing the research questions, and identifying […]" (p. 214). In a qualitative study, "research design should be a reflexive process operating through every stage of a project" (Hammersley and Atkinson, 1995, p. 24). Therefore, this framework was selected as most appropriate to address the research problem. A case study research approach was also chosen as according to Creswell it involves issues to be researched and explored through a bounded system (Cresswell, 2007, p. 73): "Case study research is a qualitative approach in which the investigator explores a bounded system (a case) or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving multiple sources of information (e.g. observations, interviews, audiovisual material, and documents and reports), and reports a case description and case-based themes."

In addition, the case study approach is normally accepted within the disciplines of conservation, management and tourism. Cresswell (2007) further states the types of case studies must be bounded or within distinguished group or activity. In this research, the case studies are bound in multiple dimensions as they are interrelated through history, geography, their need for conservation and their outstanding universal values as World Heritage properties. The type of case study approach utilized the instrumental approach as it focuses on the specific topic of financial sustainability. This approach allows for different and varied perspectives on the same issues, even given the difficulty of generalization in different contexts. Even given this bounded selection set, there were still too numerous sites to investigate in-depth; therefore, a further selection was made of only specific sites that were managed by a single responsible entity with an identifiable manager willing to take part in interviews[1].

This selection set resulted in research at 28 cultural tangible immovable World Heritage properties in and around the Mediterranean including groups of structures, archaeological sites and well-defined elements of urban centers such as fortifications or religious establishments. Tangible immovable World Heritage properties were chosen as they should represent best practice having already undergone a rigorous selection process with recognition for their outstanding universal value. Sites in and around the Mediterranean were selected because of the geographic diversity with a wide range of country incomes, yet pragmatic, given proximity and accessibility by the authors, widespread use of major European languages, and willingness of site managers and experts to participate. World Heritage properties were also selected, given the amount of data publically available and the frequent reporting mechanisms and management plans required by UNESCO.

The investigation relied on primary sources: 22 observational site visits, and 36 in-depth interviews with the appointed site managers which were structured as a questionnaire (Table II). However, the interviews were conducted informally and open-ended, given an often hesitation or lack of knowledge to discuss details concerning financial management. Additional primary sources consisted of direct observation of management practices including possible extrinsic or intrinsic revenue opportunities, memberships and local event calendars.

This was supplemented with additional telephone interviews and e-mails with upper level managers and external experts known to be familiar with sites. Secondary sources included: official management plans, World Heritage nomination dossiers, reactive monitoring mission reports, newspaper articles, periodic reporting and State of Conservation Reports required by UNESCO and available in their database. Sources also included a literature review of management guidelines, declarations and a review of training curriculums. This was followed by the second round of interviews to verify findings.

4. Findings

In total, 28 World Heritage properties, in and around the Mediterranean, were investigated through interviews, site visits and other secondary sources using the definition of financial sustainability described earlier. This revealed that while many sites have management plans, the majority fall short of financial sustainability.

Identifying components and sub-elements contributing to financial sustainability

Major categories	% of sites which include these aspects
0 – management plans	80
1 – revenue identification	*23 (average)*
Income diversification, grants, multiple levels of government public and private funding	30
Value analysis	10
Intrinsic and/or extrinsic opportunities identified or in place	40
Optimum (visitor) pricing policy – willingness to pay survey, segmentation, carrying capacity	20
Visitor plan including recurrent visitation, membership, events	24
Income forecasting	15
2 – expenditure identification	*59 (average)*
Personnel	80
Conservation needs	76
Short-, medium- and long-term implementation	32
Preventive maintenance	43
Security	65
3 – administration	*13 (average)*
Reporting – balance sheet, income statement, financial condition, cash flow	13
Reporting cycles	10
Responsibilities	25
Operating budget/reserves	15
Ratios/indicators	5
Tax identification	8
4 – strategic planning	*18 (average)*
Financial risk assessment	18
Vulnerabilities identification	20
Contingency plan	15
5 – alignment and support of cultural, educational and conservation mission	*45*

Table II. Components of financial sustainability

The analysis of the data led to the finding that most sites do not sufficiently identify existing revenue, account adequately for expenditures, have little or no financial reporting and do not carry out financial planning. Most importantly, more than half do not seek to align the goals of conservation, access and education with finance. Therefore, most sites studied are not able to efficiently manage the funds they are allocated or take full advantage of possible opportunities. A majority are over financially dependent upon direct subsidies from the state. This led to further investigations into those sites that do meet the definition of financial sustainability and in what circumstances they exist.

An additional analysis of context of the sites including location, proximity to transportation hubs such as highways or airports, and greater economic and political situation was also undertaken to determine the impact on financial sustainability. Cultural heritage sites in conflict zones, such as those in Syria and Libya, were not included in this study as these sites could not be expected to achieve financial sustainability and are outliers that would distort any results. As expected, there was a positive correlation between tourism and financial sustainability. However, a high number of tourists do not assure greater financial sustainability as numbers of sites with high visitation did not meet the definition of financial sustainability. A positive correlation also extended to greater macro-economic stability. However, there was a considerably weaker correlation between location/ease of access and financial sustainability.

This analysis led to further investigations into these sites to understand their management structure, approach and situation. The conclusion is that there are five circumstances were identified as being critical to contributing toward greater financial sustainability, thus refining the definition:

(1) conducive, open planning environment;

(2) knowledge and education concerning finance;

(3) positive perceptions and acknowledgment of the importance of finance;

(4) managerial autonomy; and

(5) public interest in the cultural heritage site.

4.1 Planning environment

The first circumstance identified as essential for greater financial sustainability was an environment that encouraged planning. The Operational Guidelines to the World Heritage Convention require "an appropriate management plan or other management system as essential […]" (UNESCO, 2012a, b). A majority, 80 percent of all the properties investigated, had some type of management plan[2]. However, the existence of a management plan did not guarantee financial planning or create an environment conducive for financial planning. One manager expressed the need to "check the box[3]" in order to satisfy World Heritage requirements. It is the environment to encourage future planning that is an important circumstance leading to greater financial sustainability. Management plans were studied for financial information and surprisingly, a majority, over three-quarters, contained little or no data concerning financial operations such as revenue, expenditures, reporting or risk planning[4]. This lack of information related to financial operations revealed a gap in that those responsible for these sites that either do not realize the importance of financial information, or have limited information or insufficient capabilities to include or analyze financial information.

The submitted periodic reports required of World Heritage properties by UNESCO were also analyzed. The 2014 periodic reporting (second cycle) stressed in Financial and Human Resources (Section 4.4) with requests for data on "costs related to conservation"

(UNESCO, 2014a, b). This was enlightening in that 90 percent of the studied sites had some limited information concerning financial management. This was a stark contrast to the management plans and revealed that required standardized forms often contain additional necessary financial information. This greatly assisted the research in determining which cultural heritage sites were managed in more favorable circumstances to be financially sustainable.

4.2 Knowledge and education

Knowledge concerning financial planning was the second circumstance deemed necessary. During interviews and site visits, it became apparent that most site managers were well-informed about their individual sites, history, conservation problems and international standards. They were also aware of specific monetary outflows for single projects. However, advanced topics such as accounting reports, pricing access, income diversification, willingness to pay studies or financial vulnerabilities were unknown to them.

The reverse was true at the sites investigated that had significant elements of financial sustainability. The managers at these sites were well aware of the number of visitors by season, break-even visitation and contribution percentages of overall revenue of various activities, such as entry ticket prices or other extrinsic opportunities. They were also knowledgeable about current and future expenditures and were actively seeking new revenue opportunities including grants, private tours or opening up new areas of their properties for visitation.

This lack of knowledge concerning financial management was supported by the literature review: Effectively managing a cultural heritage site requires additional skills "beyond those related to conservation; concepts such as financial planning and management are new to many site managers" (Aloisi de Larderel, 2012). A recent call for more professional discourse between management and heritage sought to address the: "less heroic issues of administration" (Zan, 2015a, b). But it was acknowledged that this was likely to raise problems, given the relative lack of skills in the following: accounting, business and finance, which are: "crucial issues for organizational sustainability and they are outside the vocabulary of most professionals in the field." This lack of knowledge was also acknowledged by UNESCO (2008): "A cursory evaluation of a typical site manager's background will often reveal a gap in terms of overall business planning capacity […]," "including weakness in financial planning."

Short heritage management courses were investigated that including finance. One example deserves mention. An international initiative of UNESCO, Business Skills for Natural World Heritage, involved field-level capacity building programs during which site managers from World Heritage properties received training on business planning including finance. These courses were held from 2009 to 2017 and were explicitly aimed at managers with no prior business knowledge. The teaching materials contained practical information on creating a financial plan, its importance, developing budgets and reporting statements (UNESCO, 2008). This demonstrates that this issue is recognized; however, the drawback is that this program was limited to natural World Heritage properties and did not include managers for tangible immovable World Heritage properties.

4.3 Positive perceptions

A third circumstance required for greater financial sustainability is a positive perception of active financial management. During the course of the interviews, this aspect of management often carried negative connotations and was associated with profit making or economic exploitation of cultural heritage. Financial arrangements or income generating activities such as cafés, concessions, gift shops or multi-tiered entry pricing was seen as contrary to the goals of conservation, access and education. During one exchange, this aspect of management was referred to as "done by the bean-counters[5]," a derogatory term for accounts. This attitude is somewhat understandable, given that it is often difficult to balance income generating activities with important cultural, scientific and educational values of heritage sites – values that should override financial considerations. Cultural heritage places belong to the public and should be readily available for their enjoyment and education (Eppich and García Grinda, 2015). There are also many inappropriate examples where commercialism has overwhelmed all other values. Site managers are therefore justifiably wary of degrading heritage as profitability can quickly lead to exploitation and over commodification (Addison, 2008).

However, the perception was distinctly different at those sites investigated which were deemed more financially sustainable. Surplus generating activities (as opposed to profit making) were seen in a positive light in order to provide additional resources for conservation or extended hours. It was noted "Visitors expect a certain level of service and these should be seen as opportunities, not obligations[6]." Such services including interpretation or refreshment are often costly and compete for limited funding alongside conservation. The for-profit sector offers a model, not to be copied, but adapted: "The main difference between for-profit and non-profit is that surplus generating activities are reinvested to accomplish a mission" (León, 2001). The primary objective is to achieve effective conservation and income generation is a means to that end. "In these conditions, the concept of business planning becomes less about generating income and more about overall effective management of financial resources. Rather than showing increased profits, the site manager´s business is to achieve maximum effectiveness in attaining the sites´ overall objectives and conserving the major values" (León, 2001). If left to the bean-counters rather than heritage professionals, it is highly likely that cultural heritage sites will become overly exploited.

A good example of positive perceptions is the World Heritage property of the Works of Antoni Gaudí; seven properties built by the architect in Barcelona that testifies to the architect's exceptional creative contribution (UNESCO, 2017a, b), in particular, Casa Milá or La Pedrera in Barcelona, which is managed by an autonomous private foundation supported by events, ticket sales, special visits and extrinsic opportunities. A gift shop is sensitively integrated into the historic structure and sells Gaudí inspired trademarked products (often at higher margins) which directly contribute to conservation. This level of financial sustainability has funded 100 percent of the recent labor intensive 11-month €1,250,000 restoration of the façade[7] (Societat, 2014) (Plate 1).

4.4 Autonomy

Decision making and financial independence over staff, external contracts and administration at the local level is the fourth circumstance fundamental for fostering financial sustainability. In nearly, three-fourth of the sites investigated most management and financial decisions were made off-site at another, a higher level of governance. In addition, financial inflows from these non-autonomous properties, such as entry tickets and concessions, were frequently delivered back to a central authority and often to a general budget not dedicated to cultural heritage. This may indicate that those in other higher levels of governance are aware of local limitations concerning financial skills or it may simply be the administrative tradition of centralized accounting. What is worse, in a few cases, World Heritage properties were seen as cash cows to extract revenue without future investment.

At a majority of the sites investigated, 75 percent were heavily dependent upon direct state funding for upwards of 90 percent of their budgets. However, at the more financial

Plate 1. The gift shop at La Pedrera

Notes: The 11-month, €1.25m restoration of the façade was funded entirely by the private Fundació Catalunya-LaPedrera
Source: Image courtesy of la Fundació Catalunya-LaPedrera, Xavier Bas Sarrá)

sustainable properties, the opposite was true with most funding coming from local initiatives. Centralization does have advantages: it provides a means for redistribution of financial resources from richer to poorer sites and mitigates market failure associated with positive externalities – sites not financially sustainable are centrally supported in order to provide a public good for the surrounding economy (Zan *et al.*, 2007). However, the lack of autonomy decouples management responsibility from financial authority. Site managers are often in the best position to set priorities and allocate resources based on a site's needs. Greater financial autonomy also offers flexibility and control over resources thus bypassing burdensome administrations. Most importantly, autonomy encourages innovation and allows for the possible development of surplus generating activities and some control of adjacent non-contributing but dependent businesses.

One such example is the Alhambra in Granada, Spain, which is autonomous and financially self-sustainable: "Income from visitors 95%. Payments by commercial operators 0.85%. Others 4.15%" (UNESCO, 2014a, b)[8]. Another good example is the Society of Friends of Dubrovnik Antiquities, Croatia. Founded in 1952, it was created to raise awareness for preservation with a focus on the city fortifications. The activities of the Society are "financed by its membership fees, income from the sale of tickets for guided tours of the City Walls and voluntary contributions" (Veramenta-Pavisa, 2016). While management at these two sites coordinates with the city and state, they also operate with an unprecedented level of autonomy. They both manage concessions and establish entry prices and access, which then provides over 90 percent of their income.

With this autonomy, they direct a majority of their revenue into conservation projects[9] even contributing substantial funds back to the government. While Dubrovnik and the Alhambra are good examples, they also receive a large number of visitors, thus facilitating greater financial sustainability (Plate 2).

4.5 Public interest

Finally, the remaining circumstance deemed necessary to foster greater financial sustainability is public interest to visit cultural heritage sites combined with a concern for conservation. Early in the research, it was determined that tourism was frequently used to refer to international visitors (and their hard foreign currency). At sites with high visitation, tourism often had a negative connotation or was viewed as an unpleasant necessity, conjuring up images of large foreign groups with tour guides or inexpensive souvenir shops. At less visited sites, tourism was viewed as an opportunity to increase revenue. Undoubtedly, international tourism is one of the most important revenue streams for cultural heritage sites, but this singular focus often ignores the surrounding community, their frequent use, contributions through taxes and local involvement. Therefore, a more inclusive concept, public interest, was adopted to include both international tourists and local participation.

Public interest is very difficult to ascertain, but several factors were decided upon to approximate this. The first was if there was an active membership program or volunteer organization, either organized by a concerned community or management. The second factor was if there was a program in place for recurrent visitation such as lectures, special tours, concerts or other events to encourage repeat local use. Another factor that contributed to evaluating public interest was if there was an established system of intrinsic opportunities (methods to donate) for conservation. Finally, the easiest factor investigated was simply visitor numbers. Unfortunately, available statistics did not often parse visitors into local or international.

These factors were qualitatively amalgamated to form an idea of public interest. The findings indicate that public interest has a positive correlation with other aspects of financial sustainability. It is true that there is also a strong correlation between more visitors and greater financial sustainability; however, some places have achieved a high level of financial sustainability with low visitation. The Monastery of Poblet in rural Spain which receives less than 200,000 visitors per year yet nearly 80 percent of their budget is generated from local or regional use (La Vanguardia, 2014; Periodic Report, 2014)[10]. The Monastery has strong local public interest, a membership program and is

Plate 2.
Walls of Dubrovnik managed by the Society of Friends of Dubrovnik Antiquities

Note: 90 percent of all funding is locally generated with 80 percent going directly to conservation autonomously managed by a public/private foundation. Inversely, the research revealed that many sites with high numbers of visitors frequently fail to achieve financial sustainability (Table III).

5. Discussion and conclusion

Most World Heritage properties are financially dependent upon the state, and this will likely continue, but it is improbable to expect full financial support *ad infinitum*. Overdependence on highly variable top-down state funding leaves tangible cultural heritage vulnerable and open to uncertainty. On the other hand, it is unrealistic to expect most properties to be financially self-sufficient or that site managers will suddenly become entrepreneurs. Yet it is reasonable to expect some improvement in financial sustainability in-between. The goal should not be to create businesses out of cultural heritage but to improve financial management which will allow better planning, resource allocation and to take advantage of missed income opportunities. The examples identified during this research clearly show that it is possible to achieve some level of financial sustainability and what circumstances must exist to foster improvement.

The commodification of cultural heritage is, understandably, of great concern and when culture is used as a means of generating income as it can compromise other values (Hughes and Carlsen, 2008). The critical balancing act is to ensure the objectives of conservation, access and education are met while avoiding over-commercialization. If those who care about the historical, aesthetic and scientific values do not take control of the financial value, someone in the marketplace who is less sensitive will.

The circumstances identified through the research contributed to a definition of financial sustainability for tangible cultural heritage sites. This definition leads to a number of opportunities for improving the financial sustainability of cultural heritage sites. The first step is not to stress a management plan but foster an environment that encourages future financial planning. The second circumstance that must occur is to improve knowledge and education concerning finance. This could simply be addressed through adapting existing initiatives such as UNESCO's business course or developing new programs. Finance must also be a required subject within graduate cultural heritage management programs. For such training to take root the third circumstance concerning positive perceptions of finance, standard business practice and surplus generating activities must be in place. These can be helped with good practice examples, such as those mentioned in this research, that highlight the benefits of financial sustainability. A major circumstance that will take time is the devolution of financial management to individual properties. However, financial responsibilities do not have to occur for an entire site but can be tested with well-defined individual elements such as the walls of Dubrovnik.

The identified five circumstances are starting points for future research. In practice, the research could be used to prepare advanced courses on business skills for World Heritage property site managers and tailored courses at the university level. The research can also be used by public administration and site managers to identify their weak points in financial sustainability.

Finally, public interest must become a priority. International tourism will remain critical for much-needed income, but there must also be initiatives to include the local community and encourage frequent use through events and membership programs.

Such circumstances as outlined above should allow site managers to become more innovative in better managing their existing funding, begin a search for additional funding sources and plan for the future. Improving financial sustainability will not solve every issue, but it will address one of the most identified threats – that of a lack of financial resources and their management. In order to ensure access for future generations to cultural heritage, there must be a move toward greater financial sustainability (Plate 3).

Table III. Evaluation of elements of financial sustainability at 28 World Heritage properties

No.	Country	Sites/property	1. Planning environment	2. Knowledge and education	3. Positive perceptions	4. Autonomy	5. Public interest	Visitors/year	% direct state funding	% locally generated funding	Significant elements of Financial sustainability
1	Albania	Butrint		X		X		130,000 (2015)	na		No
2		Gjirokastra (fort)	X			X		35,000 (2014)	90	10	No
3		Berat (fort)						45,700 (2015)	100		No
4	Bosnia and Herzegovina	Mostar					X	540,000 est. (2014)	100		No
5	Croatia	Dubrovnik (Walls)	X	X	X	X	X	1,100,000 (2016)		100	Yes
6	Cyprus	Troddos	X				X	na	100		No
7		Pafos	X				X	na	100		No
8	Egypt	Cairo (Citadel)			X				100		No
9		Memphis (Giza)	X						100		No
10		Thebes			X			1,500,000 (2012)	100		No
11	France	Carcassonne	X	X		X	X	4,000,000 (2015)			Yes
12	Greece	Corfu (fort)	X		X			869,000 (2012)	100		No
13		Rhodes	X				X	1,608,000 (2012)	na		No
14	Israel	Acre (Akko)	X	X	X			360,000 (2015)	na		Yes
15		Masada	X	X	X		X	786,000 (2011)	60	40	Yes
16	Italy	Pisa	X	X	X						Yes
17		Villa Adriana				X		300,000 (2012)			No

(*continued*)

No.	Country	Sites/property	1. Planning environment	2. Knowledge and education	3. Positive perceptions	4. Autonomy	5. Public interest	Visitors/ year	% direct state funding	% locally generated funding	Significant elements of Financial sustainability
18		Pompeii	X	X		X	X	4,100,000 (2015)			No
19	Jordan	Petra	X		X		X	464,154 (2016)	na		Yes
20	Lebanon	Byblos					X		na		No
21	Morocco	Volubilis	X		X			200,000 (2016)	100		No
22		Rabat (walls)			X			na	100		No
23	Malta	Valletta (fortifications)	X	X	X		X	(2016)	na		Yes
24	Spain	Gaudi (La Pedrera)	X	X	X	X		430,000	0	100	Yes
25		Alhambra	X	X	X	X		4,000,000	0	100	Yes
26		Poblet	X	X	X	X	X	200,000	23	77	Yes
27	Turkey	Bursa	X		X			800,000 (2012)	80	20	No
28		Istanbul (walls)	X	X	X			100,000 (2016)	100	0	No

Table III.

Plate 3.
Financial benefits derived from private enterprises, such as this independent gift shop at Volubilis, Morocco, are adjacent dependent yet non-contributing

Note: Volubilis receives over 100,000 European visitors per year with an entry price of €1 without any extrinsic or intrinsic opportunities available

Notes

1. World Heritage Cities, as a whole, were therefore not included as they contain many properties with many different managers whereas a single archaeological site such as Volubilis, Morocco was included as it has one manager. Likewise, specific elements within a World Heritage City were selected such as the walls of Dubrovnik as this also only has one manager.
2. Many management plans were dated or limited in scope but did have some planning component.
3. Interview with Site Manager, March 16, 2017.
4. During many interviews, it was stated that this was confidential information; however, at financially sustainable sites, the managers not only had the recent financial figures, but could also remember past years.
5. Interview with cultural heritage manager/expert, May 29, 2017.
6. Email interview, July 20, 2017.
7. Interview with Xavier Xavier Bas Sarrà, Subdirector general, Director de Gestió de Públics Fundació Catalunya La Pedrera on July 5, 2017 and November 11, 2017.
8. Site visit to the Archives of the Alhambra, March 15, 2017.
9. Site visit to Dubrovnik and interview with project manager, March 4, 2017.
10. Correspondence with the Monasterio management on July 2, 2017.

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Corresponding author
Rand Eppich can be contacted at: rr.eppich@alumnos.upm.es