‘Philanthropic’ Support for the Arts: Views from the Corporate Sector

A thesis submitted in partial fulfilment of the requirements for the degree of Doctor of Business Administration

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August 2009
DECLARATION

I certify that except where due acknowledgement has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program; any editorial work, paid or unpaid, carried out by a third party is acknowledged; and ethics procedures and guidelines have been followed.

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Abstract

Corporations that allocate some of their resources to benefit the not-for-profit sector have been described as engaging in corporate philanthropy. The motives for such corporate behaviour are varied and can range from altruism to enlightened self-interest. The purpose of this study was to explore the meanings of corporate philanthropic and similar giving to the not-for-profit arts sector in Australia.

The first section of the study was a review of the context within which corporations operate. Corporations operate within legislated frameworks, and are subject to influences such as globalisation, the general state of the economy and changing political ideology (in this instance a trend towards neo-liberalism). Other contemporary influences -corporate social and other forms of responsibility- have also emerged. The complexity of this context as a potential source of influence on corporate giving strategies was explored in this thesis.

The objective of the second section of the study was to review government and corporate contributions to the not-for-profit arts sector in Australia. Influenced by neo-liberal ideology, the Australian Federal Government (both Labor and Liberal governments), implemented policies to influence corporate participation. While the role of corporations in the support of the arts is acknowledged, their main characteristics have largely remained unknown. To suggest that the characteristics of the support provided by the Australian Federal Government and corporations in Australia to the not-for-profit arts sector were unique would ignore international trends. For this reason, characteristics of both government and corporate support for
the arts in the USA and Britain (societies comparable to Australia in many respects) were also investigated, allowing situation of support for the arts in a global context.

An Interpretivist methodological approach was used in this study. It is a descriptive study designed to understand the main features or highlights of current corporate philanthropy to the not-for-profit arts sector. Data was generated through semi-structured interviews with representatives from companies, agencies of government and private philanthropy. These three sectors represent key sources of support derived by the not-for-profit arts sector. An abductive research strategy was used to analyse the data: epistemologically, the researcher derived categories from the research participants’ meanings understood within mutually constructed realities.

The study’s findings have led to the formation of a view that for the study participants, corporate support for the arts in Australia is predominantly considered to be sponsorship (perhaps mirroring structural changes in wider society) or sometimes philanthropy. In recent times, support for the arts has become a new, focused and strategic venture for some companies. A consequence of this change has been the implementation by corporations of an organisational structure to sustain their decision-making about arts support, and diminishing the impact of informal influences on decision makers.

The responses from the study participants signal a change in the pattern of corporate philanthropy for the not-for-profit arts sector. In some instances companies decided not to increase the total dollar value of their funding to philanthropic initiatives
instead, diverting some funding previously targeted to sporting entities towards support for the arts.

The meanings expressed by company representatives demonstrate a clear focus in the value of their giving to the not-for-profit arts sector. They recognise their own organisational benefits and the possibility of leveraging those benefits. One form of leverage for their support of not-for-profit arts organisations is that corporate executives have an opportunity to associate with representatives of government and industry that would not normally be available to them.

The Australian Federal Government passed legislation in 1999 enabling the creation of a new form of charitable fund. This made it easier for private individuals and companies in Australia to establish and administer charitable foundations. It may be too early to consider what benefit corporations have gained as a result of the legislated changes and any perception of imitating conditions, particularly such as those in the USA may be premature.

Corporate social responsibility has been cited as a key driver for support to the not-for-profit arts sector and may also be a response to the prevailing neo-liberal political ideology. However, the willingness to communicate an explicit strategy outside the company was not shared by all the participants.

The number of requests for support received by corporations and the escalation in the number of requests from not-for-profit arts organisations was a concern for the participants. The reasons for this were: it was not possible to respond to each request;
there was a limit to the amount of funds available; every request was subject to a review process; and many requests lacked enough information to be seriously considered.

The findings have three main implications: arts organisations need to carefully consider whom they approach for funding; the companies they are approaching view their support as being either strategic (it focuses on delivering an outcome) or meeting a business need that already ‘speaks’ to the public about the company (rather than strictly philanthropic), and this could be communicated more effectively by corporations; companies are proud of their associations with the arts and value the benefits they receive from it. Distribution of this information will allow arts organisations to leverage it to their advantage to boost their general support from the corporate sector.
Acknowledgements

The writing of this thesis has been a long held goal, one that may not have been realised were it not for the support of many people. I would like to acknowledge the skill and expertise of my academic supervisor, Erica Hallebone, whose patience and encouragement has led to the achievement of that goal. I would like to thank my second supervisor, Lynne Bennington, for constructive feedback. Thanks to Chris McAuliffe for taking the time to read an early draft and whose understanding and agreement of the need for flexible work hours went unquestioned. I would also like to acknowledge the editorial advice of Campbell Aitkin. Thank you to my friend and fellow DBA candidate Ros deVries, for her advice and for adding an extra dimension to the journey.

On a more personal level, I would like to thank my mother for her continued encouragement whilst facing her own challenges. Thank you to the friends who patiently observed from the side. They have been ‘at the ready’ to create diversions when needed. To Boots and George, whose companionship made the late nights not so lonely. Finally I would like to acknowledge the contribution and support of my partner Philip, without whom this journey would not have been possible.
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Chapter One - Introduction

1.1 Introduction

When a corporation allocates some of its resources for the benefit of the not-for-profit sector, it is engaging in corporate philanthropy (Ricks & Williams 2005). The aim of this study has been to explore the meanings of corporate philanthropic and similar giving to the not-for-profit arts sector in Australia.

This is an Interpretivist study in which semi-structured interview techniques were used to generate data. Interviews were conducted with representatives of corporations, agencies of the Australian Federal Government and private philanthropy. This first chapter sets out the background, stating the problem, describing the significance of the study, and a brief statement about the methodology used. The chapter concludes with comments on the limitations of the study and reference to key words and terms used in this thesis, and the layout of the thesis.

1.2 Background to this Study

As background to the study, this section provides a review of academic and industry research into corporate and other support for the arts in Australia. Commencing with a background to corporate support for the arts, it also incorporates the concept of, and influences on, corporate philanthropy.
Academic research on the topic of corporate support for the not-for-profit arts sector in Australia consists most of qualitative studies relating to the sustainability of the arts in Australia: these have focused on the contribution of the arts and government relationships with the arts (Ferres & Adair 2007; Gallasch 2005; Hunt & Shaw 2008). Qualitative research into cultural planning and public cultural policy has focused on state and local government initiatives (Johanson & Glow 2008; Stevenson 2005).

Australian cultural policy in the broader national context and in particular the concept of cultural capital as an equivalent to human, natural and physical capital has been a theme of research conducted by Throsby (1999), who also studied contingent valuation models for measuring non-market demand for cultural goods and artists as small business firms (Throsby 2003, 2006). The literature on the Australian arts sector makes reference to themes of sustainability, the role of the state and the contribution to the wellbeing of society. The impact business can have on the arts sector has not been fully explored in the literature and remains relatively unknown.

Industry research into the arts in Australia by the Australian Federal Government has primarily been conducted through formally structured inquiries, or informed or provided with feedback through an agency such as the Australia Council. Agencies of the Federal Government, such as the Australia Council and the Australian Business Arts Foundation (AbaF), occasionally commission research into the arts
in Australia. An example is the Saatchi and Saatchi (2000) report for the Australia Council, which describes a study of the Australian public to measure the value of the arts to Australians. The final survey sampled 1,200 representatives from the general public and consulted with 200 people from the arts sector. Key findings were that people in the arts held outdated and stereotypical views of the public and the disinclination of the public to engage with the arts. Saatchi and Saatchi also concluded that the future of the arts relied on looking beyond the existing boundaries for new supporters and markets. The terms of reference for the study did not include any requirement to understand how the business sector viewed the arts.

In 2008 AbaF commenced a new survey of the arts sector. The objective of the survey (to be completed by arts organisations annually) is to learn more of the characteristics of corporate donor behaviour. The survey was adapted from a format and methodology used by Arts & Business in Britain (AbaF 2008). Annual repetition of this survey will generate a longitudinal dataset that can be used in international studies employing comparable methodologies.

An inquiry into the contemporary visual arts and crafts sector (chaired by Myer) reported to the Federal Government in 2002. The report made a significant contribution to knowledge about Australia’s diverse and dynamic arts sector (Commonwealth Department of Communications, Information Technology and the Arts 2002). The terms of reference for this inquiry included the examination of the cultural and economic contribution of the sector and specified a report on key
issues that could impact on the future sustainability of the sector as a whole.

Recommendations from this inquiry included the need to broaden the funding base by encouraging support from the philanthropic sector and from corporate sponsorship, and to promote a greater awareness of the tax incentive programs (Commonwealth Department of Communications, Information Technology and the Arts 2002, p.328).

The recommendations of the visual arts and crafts inquiry identified that the resources available through philanthropy and corporate sponsorship were vital to the sector and that the arts needed to establish links to gain access. The concepts of philanthropy and in particular corporate philanthropy in Australia have until recent times relied on a small body of knowledge. An early study by the Australian Bureau of Statistics (ABS) conducted in 1997 was a national population survey on giving (a component of the Australian Nonprofit Data Project). The ABS did not publish any data from this survey or make it available until 2004 (Lyons, McGregor-Lowndes & O’Donoghue 2006). The next national survey was the Business Generosity Survey by the ABS in 2001. This survey was an attempt to understand the link between business and philanthropic giving and used a mail out survey to generate data. It sought to collect information on not only money but the in-kind or dollar-equivalent values of non-cash support, and was claimed to have been the first survey of its kind in Australia (ACOSS 2004, p.6). The study was the first to measure business giving, and identified three forms: donations, sponsorship or as a partnership (ACOSS 2004, pp.31-32). Some of the known limitations of the data from these studies were differing definitions of the not-for-profit sector and the
fields within it, differing definitions of giving itself, and the different time frames for when the studies were conducted (Smith 2006).

The dependency by the arts and cultural sector in Australia on philanthropic sources of funding had already been acknowledged by Lyons (2001) and by Myer (Commonwealth Department of Communications, Information Technology and the Arts 2002). The Australian Prime Minister’s Community Business Partnerships (PMCBP) having recognised the existing body of knowledge on philanthropy was limited, initiated the research project ‘Giving Australia: Research on Philanthropy in Australia’ (ACOSS 2005). The study sought to generate data on philanthropy using themes such as donations, volunteering, sponsorship and in-kind support. The project was designed to generate data from business with the intent to understand the links between business and philanthropy. It was intended to be more than just a record of giving by Australian individuals and business.

The ‘Giving Australia’ project used a combination of techniques to collect data. Random samples of individuals and business were surveyed with a mail out questionnaire. Qualitative data were generated through non-random interviews with individuals and representatives of not-for-profit organisations. Industry research companies Roy Morgan Research and McNair Ingenuity Research also participated in the project (ACOSS 2004, p.5). The research output from the study established a credible evidence base and identified gaps in individual and business philanthropy and enabled targeting of messages and initiatives. The ‘Giving Australia’ (ACOSS 2005) report identified an upward trend toward giving by individuals and business,
with key motives for giving found to be altruism, organisation image and publicity and relationships with clients and other stakeholders. The report identified a link between philanthropy and business support to the arts, and noted the main forms of business giving to the arts were prioritised as money (donations), followed by sponsorship and community projects.

Whilst these Australian studies have contributed to knowledge about philanthropy, and the importance of philanthropy – and especially corporate philanthropy – has been acknowledged in the literature, but the topic of business support for the arts and the meaning of this support remain unclear. The nature of the contribution of the corporate or business sector to the Australian not-for-profit arts sector is a prime topic for research and one of the key questions addressed in this thesis.

Using data from the ‘Giving Australia’ (ACOSS 2005) report, Sargeant and Crissman (2006) analysed patterns of business donations, and concluded that Australian business giving had some similarities to international patterns (after unique and local conditions have been taken into account). International academic studies on motives for corporate philanthropy have focused on variables such as altruism (Campbell, Gulas & Gurca 1999; Shaw & Post 1993), strategic utility (Saia, Carroll & Buchholtz 2003) and managerial utility (Campbell, Moore & Metzger 2002; Sargeant & Jay 2004).

The literature makes reference to influences on the corporation such as the effect of neo-liberalism, where deregulated markets seek to achieve equilibrium and efficient
resource allocation (Stiglitz 2002). In a de-regulated environment corporations may undertake corporate social responsibility (CSR) voluntarily, which then leads to the building of social capital. Advocates of CSR have written of the preparedness of companies to contribute to the communities in which they operate as a response to their social responsibilities (Carroll 1991; Lantos 2001). Corporations respond to changes in their contextual environment and the reaction of a company to a change such as a prevailing political ideology of neo-liberalism may influence corporate philanthropy.

In contemporary Australia (a country with a predominantly neo-liberal ideology), funding of the arts has been brought into focus through the task that has faced the Board and management team of the Museum of Contemporary Art. Located in central Sydney, the museum has been seeking $50 million dollars for capital works, of which $27 million had been raised by October 2008 (Strickland 2008a). The key donors are two private philanthropists contributing $5 million dollars each, the New South Wales state government ($10 million), and the Sydney City Council has contributed $1 million (Strickland 2008a). The source(s) of the balance of $6 million dollars are not made known but there is no evidence that the corporate sector is responsible.

The use of the word ‘philanthropy’ may stimulate an image of selfless giving or altruism (Myer 2007), but in turn it could also be giving with the expectation of leading to new business opportunities (Asia-Pacific Centre for Philanthropy and Social Investment 2006). A question of interest to the researcher was whether
corporations have views of the term ‘philanthropy’ and whether they consider ‘sponsorship’ as ‘philanthropy’.

The way in which businesses make a contribution to society whilst meeting the needs of their shareholders is not always clear. Whilst Australian studies have contributed to the knowledge about philanthropy, the topic of business support for the arts and the meaning of this support remain poorly understood. The contribution of the corporate or business sector to the not-for-profit arts in Australia and what role corporate philanthropy has and how it happens was of particular interest to the researcher. The researcher’s interest in the topic developed as a result a direct association in a not-for-profit arts organisation after a long period of professional employment in the corporate sector. The researcher has first-hand experience of the operational context for not-for-profit arts organisations and the challenge arts organisations face to remain innovative and relevant to society in a context where strong competition exists for financial and other resources. The ways in which connections between business and the arts happen and the meaning companies attribute to their corporate support for arts in Australia were the primary motivations for this study.

1.3 The Statement of the Problem

In the absence of knowledge about the mechanics of corporate giving of financial and other support to the not-for-profit arts sector, what perceptions on this topic do corporate representatives through their everyday experiences hold about their
relationship with the arts? How do they interpret their social reality and how do they negotiate the meanings for their actions? What was sought from key informants in the study were descriptions given, forming a range of meanings, rather than a quantitative measurement of these meanings. Interpretations of several areas were included, for example whether any interpretations of philanthropy were held and if they included any understanding of definitions of philanthropy; whether any patterned relationships were developed; what may have influenced corporate decision making; and what were the participants’ perceptions of the company’s contribution with respect to its reputation as a responsible corporate citizen?

An Interpretivist methodology was selected for this study as the aim (as an exploratory study) was to develop an understanding, within the Australian context, of corporate support of the not-for-profit arts sector and the motives for such support.

1.4 The Professional Significance of this Study

It is considered that this study will make a contribution to knowledge of how corporations view their responses, meanings and actions relevant to the determinants of the corporate support for the not-for-profit arts in Australia in several ways:

- The study aims to extend the body of knowledge of corporate philanthropy and sponsorship through its focus on the not-for-profit arts sector.
- It will inform practitioners in companies responsible for company giving programs. The study also seeks to inform companies who may be planning to provide support to the arts.
- The study should be of value to arts management practitioners to improve the understanding of determinants of corporate decision-making as it relates to support for not-for-profit arts organisations.
- The study aims to provide information that may sustain existing relationships that ultimately maximise the strengths of both entities.

Participants in the study were, at the times of the interviews, representatives of large corporations that have a history of providing support for the not-for-profit sector. The participants, as representatives of their companies, were given the opportunity to articulate in detail the support their companies had provided and preferred. Additionally, agencies of the Australian Federal Government who actively participate in the delivery of arts policy accepted the invitation in order to contribute their perspectives. Representatives from private philanthropy have added their own descriptions of their own giving behaviours and their views of the giving behaviours of the corporate sector.

In summary the thesis makes a contribution to scholarship by increasing knowledge of the nature of corporate support for the not-for-profit arts in Australia.
1.5 An Overview of the Methodology

The aim of this research was to explore how the Australian corporate sector engages with the Australian not-for-profit arts sector. The research was designed within an Interpretivist paradigm. Chapter Four outlines how the methodology was applied, discussing the use of a semi-structured interview technique as the tool for data generation and the subsequent data analysis using an abductive research strategy (Blaikie 2000, 2007).

1.6 Limitations of the Study

The limitations of this research study relate to two facets: the characteristics of the sample and the interpretation of the data.

The sample of companies was not drawn from a single industry sector because the researcher perceived that just one industry sector would not provide enough companies willing to participate in the research.

The interpretation of the data generated and in particular during the thematic process construction may have been influenced by the analyst (Blaikie 2000).

1.7 Key Words and Terms Used

The meaning of key terms used throughout this study is set out below.
The term philanthropy is used ambiguously in the literature. In its purest or theoretical form it could be regarded as the love of mankind (Myer 2007) (but this definition does not presume any associated action). A more complex conception of philanthropy may have concepts such as social investment, social development and sustainable community services embedded in it (Raiborn, Green, Todorova, Trapani & Watson 2003). A more detailed discussion - including some definitions of philanthropy - is contained in Chapter Two.

Some consider the arts as being all types of visual, performance and media regardless of whether the practitioners are commercial businesses or part of the not-for-profit sector (Myerscough 1988; Hunt & Shaw 2008). The word ‘arts’ has multiple meanings, so for the purposes of this study a definition of the term has been constructed from the definitions given in the literature and detailed in Chapter Three.

The words ‘corporation’, ’company’ and ’business’, are used interchangeably throughout the thesis and refer to large companies and corporations.

The term ‘peak arts’ is intended to include the repositories of national cultural heritage - museums, libraries, archives and galleries; national performing orchestras, dance, opera and theatre companies are also included. Examples of peak arts organisations at the national level are Opera Australia, Bangara Dance Company, and the National Archives. Peak arts organisations at the state level
include The National Gallery of Victoria, State Archives and the Sydney Dance Company.

The word adjacency is used in section 5.2.4. This word was used by an interview participant to describe one of the meanings provided for their support for the arts. Adjacency refers to the concept that through support for the arts, businesses create an opportunity for senior management to link with, to sit next to and communicate with members of national and state political parties.

1.8 Organisation of the Thesis

Chapter One introduces the reader to the topic and the research.

Chapter Two is a review of the literature that relates to influences on the corporation as an organisation. The influence of politics (especially neo-liberal ideology) is reviewed, characterised in Australia by privatisation of industry and services, as are the impacts of economic policy and corporate governance and social influences such as corporate social responsibility and the creation of social capital. Such influences may contribute to a corporation’s ability to contribute to the not-for-profit arts sector or define corporate behaviour.

Chapter Three is a review of the models of support for the arts, relying on aspects of the model of government and business support from an Australian national perspective, shared with an international perspective using the examples of the
USA and Britain. Australia shares a main language and a broader cultural heritage with the USA and Britain, and the growth and development of the arts in the three countries has largely been an outcome of the contribution of government policy and resources, financial and non-financial. The arts also have an international context through cultural exchange and the global transfer of management and operational practices and policies.

A description of the study, including the methodology, research paradigm and sample population and data analysis is given in Chapter Four.

The study’s findings are set out in Chapter Five, followed in the concluding chapter by a discussion of the findings in Chapter Six - which includes useable knowledge for actual and potential corporate philanthropic and arts sector managers and leaders.
Chapter Two - Literature Review

2.1 Introduction

This chapter is divided into two parts - a review of the concept of philanthropy, followed by a discussion of some of the recent influences on the theories of the structure and operation of a company as an organisation.

In part one, the review of the concept of philanthropy provides a context and begins with a review of selected definitions of philanthropy in action. Meanings of the term include concepts such as altruism, charity and enlightened self-interest. Suggested motives for philanthropy - especially corporate philanthropy - have included enlightened self-interest, managerial utility and social responsibility. These motives have also been reviewed.

The second part of the chapter is a review of recent influences that have had an effect on theories of the structure and operation of the company as an organisation and may influence corporate philanthropy. The section commences with a brief statement of context, followed by a discussion of key concepts that have influenced and possibly changed the operational context of companies (especially recently), such as neo-liberalism, economic influences, governance, corporate social responsibility, and social capital. The chapter concludes with a summary.
2.2 Philanthropy

In the literature the word philanthropy has been given meanings such as sponsorship, giving of money and donations, sometimes interchanging the words within the same document (ACOSS 2005; Lyons 2001). The Australian Federal Government appears to struggle with the term philanthropy, as the most recent and comprehensive report into giving in Australia has highlighted. Titled ‘Giving Australia: Research on Philanthropy in Australia’ (ACOSS 2005), the report has included as philanthropy concepts such as partnerships or community projects, sponsorship, philanthropy, donation of money, donation of goods/services, and volunteering (ACOSS 2005, p.3). The concepts of giving and philanthropy are embedded in the title and the word ‘philanthropy’ appears to have been used in the report title as an umbrella term. Recognising that this issue of nomenclature has the potential to influence the perceptions of the reader, the next section is a review of some definitions of philanthropy.

2.2.1 An overview of philanthropy

The aim of this review of selected definitions of philanthropy is to introduce the concept and provide an overview of the meanings for philanthropy. The definitions were selected from the academic literature and the discussion includes concepts such as altruism, rent-seeking behaviour, enlightened self-interest and sponsorship. Philanthropy has been viewed as a conceptual continuum (ACOSS 2005; Smith 2006) with altruism at one end and enlightened self-interest at the other, and in
between are concepts such as generosity, charity, stewardship, patronage and endowment.

Lyons (2001) defined philanthropy as a “… voluntary gift of time or money to advance the public good” (2001, p.91), a definition that embraces the concept of selfless giving. Time can be measured and given a unit value: people often express the sentiment that they are ‘time poor’, thus the gift of time may have a value (if necessary, monetary). Defining exactly what the time and money are targeted at can be problematic. Lyons (2001) described philanthropy as a form of pluralism in which either money or services can ‘advance the public good’. ‘Public good’ could mean the eradication of a communicable disease, help for those less fortunate, or the provision of labour to construct sets for a local theatre group.

In attempting to narrow the concept of ‘public good’, Raiborn et al. (2003) identified that business connections could be made to philanthropy as well as individual and personal connections, stating:

“…philanthropy reflects voluntary donations to a foundation related to or formed by the business, to unrelated NFPs, or sometimes to specific individuals known or unknown. Such donations exemplify the largesse of the business to others less fortunate in society; causes in which the business (management and possibly employees) believe, or causes that could be self-serving to the business” (Raiborn et al. 2003, p.48).

In contrast to the concepts of business giving, motives of largesse, and self-serving behaviour expressed by Raiborn et al. (2003), Myer (2007, p.61) defined philanthropy as “love of mankind manifested in deeds of practical beneficence”. 
Myer recognised that in the original Greek meaning of the term philanthropy has an ‘in practice’ element, making it more than just a theoretical construct.

Bernholz (2004) defined philanthropy as an equation and stated “philanthropic inputs + existing conditions = better outcomes for others” (2004, p.19). The definition of a ‘philanthropic input’ was not made clear; it could be interpreted as the application of a resource, such as money, time or goods, to a known set of existing conditions that would lead to change and improvement.

Corporate philanthropy has been viewed as the allocation of corporate resources for the benefit of the not-for-profit sector (Ricks & Williams 2005). The Asia-Pacific Centre for Philanthropy and Social Investment at Swinburne University, Melbourne (2006) defined philanthropy as a concept that:

“…extends beyond ‘giving’ by encouraging new forms of social investment, in which commercial enterprise is being shaped by social as well as financial goals, to create innovative models of sustainable community services, environmental protection and social development, as well as new business opportunities” (2006, p.2).

This definition recognises the importance of the corporation and its participatory role in corporate social responsibility, and views corporate philanthropy as a means to create opportunities as a commercial benefit.

The word ‘sponsorship’ is not specifically included in these definitions; Quester and Thompson (2001) considered sponsorship as neither patronage nor philanthropy and defined it as:

“…an investment, in cash or in kind, in an activity, person or event (sponsee), in return for access to the exploitable commercial potential associated with that activity, person or event by the investor (sponsor)” (2001, p.34).
Myer (2007) also drew a distinction between philanthropy and sponsorship, and considered sponsorship as being an exchange for a commercial return with links to a corporation’s goals.

The range of meanings for philanthropy has highlighted the subtlety of this complex and ambiguous concept. No single definition emerges clearly from the literature on philanthropy; to settle on any one definition would be at the cost of ignoring concepts embedded in others. The concepts and meanings include altruism, giving without expectation of reward (Myer 2007); social investment (Raiborn et al. 2003), new business opportunities and enlightened self-interest (Asia-Pacific Centre for Philanthropy and Social Investment 2006).

The next section considers some of the known motivations for philanthropy, with a focus on the motivations for corporate philanthropy.

### 2.2.2 Motivations for philanthropy

The objectives of giving can be altruistic and made with no expectation of a reward, as occurs when people give anonymously (Myer 2007; Sargeant & Jay 2004). Altruism may not even be an achievable behaviour, but only a concept against which other behaviours can be compared (Smith 2006).

Generosity may be a quality possessed by an individual or a company and used to describe giving in contrast to patronage and endowment in philanthropy, which often attracts public recognition and acknowledgement and as such, the financial
support confers credibility to an organisation or event (Smith 2006). When there is an expectation of a measurable financial reward, sometimes referred to as enlightened self-interest, giving can still be linked to community benefits (Quester & Thompson 2001; Sargeant & Jay 2004; Smith 2006).

Altruism and enlightened self-interest are motives that may explain why business makes connections with the community through participation in or contribution to community activities. Business participation may enhance brand identity and reputation (Lantos 2001). Not all these motives sit well together - some are contradictory and oppose one another.

2.2.2.1 Motivations for corporate philanthropy

Corporate giving or corporate philanthropy has been described as someone else giving away your money (Friedman 1970; Gan 2006; Shaw & Post 1993). This economic view is in sharp contrast to the moral or ethical position that corporations have a responsibility to contribute to society, as stated by Lyons (2001).

Numerous motives for corporate philanthropy have been suggested. Three key motives for corporate philanthropy were identified by Wolch (1995), the first being corporate social responsibility, which Wolch describes as having arisen as the corporate sector became more aware of its social obligations and the needs of different interest groups in society. The second motive identified by Wolch was corporate profit maximisation: the globalisation of economic activity has made both
national and international corporate financial competitiveness more important and created a motive for differentiation from competitors. The third factor was owner and or manager utility, where the personal motives of owners or managers are translated into actions by the company.

Campbell, More and Metzger (2002) suggested there were four main motivational traits for corporate giving: strategic, political and managerial utility and altruism. Strategic motivation was defined as relying on the specific goals of the corporation; political motivation was considered to be the prevailing corporate or political environment; managerial utility was seen as how an owner’s or manager’s personal perspective might influence the corporation’s giving strategy; and altruism was viewed as giving with no requirement for acknowledgement.

The importance of philanthropy to the community was considered of such significance by Shaw and Post (1993) that a moral basis was sufficient motivation for corporate philanthropy. Having formed this view they did not ignore the more traditionally held views on motivation for corporate philanthropy, regarding them as an amalgam of altruism, good citizenship, prudence and sound investment strategy (Shaw & Post 1993).

Corporate philanthropy can be a strategy, in which competitive advantage can be derived (Porter & Kramer 2002; Ricks & Williams 2005); both sets of authors advocated that philanthropy had wide ranging and positive impacts for business. This model of support as business sponsorship requires a match between what the
business wants to achieve from a marketing perspective and what the organisation receiving the sponsorship wants to achieve.

Frumkin (2006) agreed that corporate philanthropy could be strategic but also recognised that corporate philanthropy, when motivated by political intent such as the desire to preserve corporate power, could potentially implement an undemocratic version of philanthropy. Philanthropists could, through the application of significant resources, implement their own version of public good by developing private initiatives as an alternative to the growth of governmental authority and limiting interference from government in the free enterprise system. Himmelstein (1997) recognised this point almost a decade earlier, and wrote:

“Corporations are likely to support highly visible educational and cultural projects that clearly boost the company image. If they fund health and human services, the money is likely to target the company’s employees and their communities” (1997, p.148).

In contrast, in Britain, Moir and Taffler (2004) identified two motivations for corporate philanthropy - profit seeking in a marketing sense, and the use of community based activities to gain legitimacy. The marketing and sponsorship model of support promotes the concept of corporations being able to gain leverage, primarily through marketing themselves as a result of the sponsorships they undertake. On the separate topic of motivation for corporate support for the arts, Moir and Taffler (2004) asserted there had been few specific studies undertaken on motivation for corporate philanthropic support of the arts, and suggested that the needs of arts organisations were similar to those of the overall not-for-profit sector.
The motivation for corporate philanthropy was considered to be a form of ‘speech’ about the intentions and aspirations of donors, and not their worldly achievements or results (Frumkin 2006). This was also the opinion of Moir and Taffler (2004) who argued that donors, through the act of giving, met their own needs.

In summary, the key motivations for corporate philanthropy can be theoretically categorised into five themes: strategic, profit maximisation, owner or manager utility, political utility, and altruism.

The next section considers what (if any) influences from government that may motivate corporate philanthropy, especially in a neo-liberal political environment.

**2.2.2.2 Government influence as a motivator for corporate philanthropy**

Changes to the patterns of corporate giving have been traced to the early 1980s in Britain and the USA when reductions in public funding for the not-for-profit sector occurred (Caesar 1987). The effect of the reduction in government funding highlighted the weakness of a single source of support and the need for alternate and multiple funding sources which included the private sector (Caesar 1987). In Australia the need for corporate philanthropy has been particularly emphasised as 

“charities are involved in a ceaseless quest for funds as they struggle to meet their social objectives. In an era of increased competition for private consumer donations and declining government support, charities are increasingly looking to the business sector for support” (Bednall, Walker, Curl & LeRoy 2001, p.172).
Similarly, Dollery and Wallis (2003) stated that contemporary Western governments - through their reduction in financial support - had created an opportunity for corporations, instead of government, to sustain standards within the community.

The impact of the reduction in government financial support to the not-for-profit sector is a consistent theme in the literature as a motive for more significant engagement with the corporate sector.

2.3 Summary

This review of definitions of philanthropy has included several perspectives. Philanthropy was defined as giving without the expectation of a return by Lyons (2001) and Myer (2007). The Asia-Pacific Centre for Philanthropy and Social Investment (2006) valued the new forms of social investment for the benefit of the community and business and included them in their definition. Quester and Thompson (2001) and Myer (2007) argued that sponsorship should not be regarded as philanthropy, but the definitions in the literature do not clarify this point. Thus philanthropy remains a difficult term to define with no one dominant definition.

Motivations for philanthropy include moral and ethical values, (Shaw & Post 1993), altruism (Lantos 2001; Myer 2007), strategic and political utility (Campbell et al. 2002; Frumkin 2006; Ricks & Williams 2005). The motivations for corporate philanthropy consistently identified in the literature were: strategic benefit, profit
maximisation, owner or manager utility, political utility and altruism. In addition to these five themes, the effect of government policy on corporate philanthropy has been acknowledged. The reduction in government funding for the not-for-profit sector since the early 1980s in the USA, Britain and Australia has highlighted the need for alternate funding sources (Caesar 1987). The argument that the reduction of state support and the consequent impact on the not-for-profit sector has had a negative impact for all stakeholders as echoed by Bednall et al. (2001) and Dollery and Wallis (2003).

As previously mentioned, the second part of this chapter is a review of selected literature relating to recent influences on the theories of the structure and operation of a company as an organisation. These include political, economic and social influences such as neo-liberal ideology, globalisation of the corporation, and attempts to construct and/or maintain corporate social responsibility and social capital and may contribute as motives for a corporation to support the not-for-profit sector.

2.4 Influences on Theories of the Organisation

2.4.1 Introduction

This section is a review of the literature pertaining to some of the influences on the theories of the structure and organisation of corporations that may act as a stimulus and influence corporate giving. It establishes a context that includes some historical
developments as experienced in Britain, the USA and Australia. As Jamrozik (2001) commented, the social policies of industrialised Western countries combined with the effects of the economic theory applied by international capital produced a rigorous form of economic rationalism that focused more on the interests of the individual rather than society. The emergence of neo-liberalism in Australia in the early 1980s signified a change to the role of government (O’Neill & Moore 2005). This change represented a new economic rationalism that included a change in the ownership of public assets, standards of corporate governance in the absence of formal regulation and a more prominent role for corporate social responsibility (Johanson & Glow 2008; Swann 1988; Wu 2002).

The next section commences with a review of neo-liberalism as an external influence on the corporation as an organisation. Subsequent sections review the influence of a changed political context and economic influences, corporate governance, corporate social responsibility and the creation of social capital.

2.4.2 The state (neo-liberal)

The literature suggests that the spread of neo-liberal ideology was influenced by the free trade, flexible markets and employment policies of the Thatcher government in Britain in the early 1980s.

Neo-liberalism represented a paradigm shift from the Keynesian concepts of full employment and an equitable distribution of resources (Beeson & Firth 1998;
The spread of neo-liberal ideology to the USA was influenced by the Thatcher era in Britain (Béland 2007; Wu 2002) and in Australia neo-liberalism has been traced to the reform of the public sector in the era of the Whitlam government in the 1970s (O’Neill & Moore 2005).

Neo-liberalism was perceived as being a series of markets without government regulation or intervention. These markets would facilitate equilibrium and ensure efficient resource allocation (Stiglitz 2002). A decrease in the role of the state and the deregulation that came with it would lead to an increase in market forces; this in turn would see the emergence of alternate sources of capital and the growth of wealth creating opportunities (Peterson 2003). To further understand the impact of neo-liberal ideology the next part of the discussion considers the emergence and influence of neo-liberalism in Britain, the USA and Australia.

Industrial Britain after the Second World War was in part made up of nationalised industry sectors (Wu 2002). New entrants were controlled, especially to those sectors in which the government controlled resources such as, but not limited to, the radio spectrum, airspace and harbour facilities (Beesley & Littlechild 1997). One feature of government-owned components of the post-war British economy was the concept of cross-subsidisation, which was considered necessary for the delivery of essential services and products as a community benefit (Beesley & Littlechild 1997). This pattern of restricted ownership and barriers for new entrants continued into the early 1970s when some vehicle manufacturing and oil production was taken over by the Government. The motives for a policy of
nationalisation lay in the belief that government policy could be better achieved through ownership of these factors of production (Swann 1988). The major political parties in Britain maintained that a policy of public ownership facilitated sharing of wealth and created a sense of public ownership (Swann 1988).

Against a background of extensive government ownership of infrastructure and manufacturing, the neo-liberal policy shift in Britain of the early 1980s brought about a significant change in the transfer of wealth. The gradual withdrawal by government from asset ownership and the transfer to private ownership was accomplished with the belief that the market and its competitive forces were the best means of determining the cost of goods and services, which would lead to a larger pool of providers to choose from (Ashburner 1997). State-owned entities that passed from public ownership in Britain included service companies in communications and travel, and manufacturing companies in motor vehicle and aircraft production (Bakan 2004).

In the early part of the twentieth century in the USA, federal laws were used in an attempt to limit the concentration of power then evident in the private sector (Swann 1988). The legislation sought to improve competition and outlaw monopolies in industries such as transport and communications (Swann 1988). In 1935, the new policy settings of the ‘New Deal’ saw the rise of managerialism and brought an era of democracy (Mizruchi 2004). As a measure of how far the 1935 reforms went, support for union organised events was also endorsed. (1935 was also the year in which the first federally funded arts program in the US of any scale,
the Federal Arts Project (FPA) - was set up under the control of the Works Progress Administration (WPA) (Wu 2002). Subsequent presidencies maintained this program with little change until the creation of the National Endowment for the Arts in 1965.)

In the USA, the move from a regulated economy occurred almost simultaneously with changes in Britain in the early 1980s and by the mid 1980s, the momentum for de-regulation had been well established (Swann 1988). Béland (2007) wrote that by 2007, under President George W. Bush, the neo-liberal economy in the USA was thriving. Commenting further, Béland (2007) maintained that George W. Bush’s ‘ownership society’ was underpinned by a policy to increase home ownership rates and increase the percentage of people who own shares. This platform relied upon the belief “…US cultural repertoire centred on personal responsibility, possessive individualism and self reliance” (Béland 2007, p.95).

In the middle of the twentieth century, Australia could be compared to Britain in its proportion of publicly-owned entities in industry sectors such as banking, aviation, rail transport, and energy generation and infrastructure such as ports. Some of these entities were in competition with the private sector and others were monopolistic providers. The model of public sector ownership in Australia has since been largely dismantled; the start of the neo-liberal reform agenda dates to the Whitlam era and in particular the Coombs report of 1976 on public sector reform (O’Neill & Moore 2005).
The dismantling of Australian state-owned entities took time and in some instances the Australian Federal Government retained majority ownership of an entity for an extended period of time. Examples of the organisations that have passed from government to private ownership are Qantas in 1996, the Commonwealth Bank, in two separate tranches (1993 and 1998), and Telstra in three stages from 1997 to 2000 (Walker & Walker 2001). The transfer of such infrastructure to the private sector represented a significant transfer of wealth, with only those able to purchase the shares in the new companies receiving an economic advantage (Walker & Walker 2001).

The change in the role of government through the divestment of enterprises and amendments to legislation has been a key influence in economies across the world (Béland 2007). Australia has exhibited similar traits to its international partners in the implementation of neo-liberal ideology of divestment of assets (O’Neill & Moore 2005). From this period of change emerged a new way of thinking about the national economy and its management and the ideas which influenced public policy in Australia (Beeson & Firth 1998). This included: privatisation, deregulation, the development of the enterprise culture, with a reliance on individualism, scaling back contributions to the not-for-profit sector, changes to the education system and what was taught, and the restructure of industry policy such as through the further reduction of tariff protection (Beeson & Firth 1998; Bray & Walsh 1998).

The next section considers some of the influences of government on corporations because - in addition to the policy setting role played by government - the
corporation operates within a formal policy framework, due in part to society’s lack of trust that business will always do the right thing (Lantos 2001).

2.4.3 Central government policy influences on the corporation

The connection between policy and politics was considered by Lowi (1964) to be so close that he thought policy created politics. In contrast, there is a view that an institutional setting such as a parliamentary system can mobilise interest groups sufficiently for them to react when creating new policy or adjusting an existing policy (Weaver 2000). The effects of political influences on partnerships, deregulation, competition, and free enterprise are discussed in this section.

A central tenet of the predominant view of the company is that it is a private entity able to pursue its own goals (Friedman 1970; McCann 2005). These business goals have been constructed within a regulatory environment overseen by government. State enabling factors such as legislation relating to tariffs and tax, employee minimum work conditions and the limitation of corporate liability have been traditional factors over which governments have traditionally exercised some control (McCann 2005). In return companies have agreed to carry on business subject to that regulation. The state may also permit access by corporations to publicly owned resources such as government finance (grants and loans), government contracts and land which can be used to promote development of the economy (Perrow 1986).
Policy changes such as privatisation of government services and deregulation resulted in opportunities for free enterprise, and stimulated competition, effectively making governments responsible for less (Bednall et al. 2001; Caesar 1987; Swann 1988). The adoption of neo-liberal principles by governments in Britain, the USA and Australia created considerable change (previously discussed in section 2.4.2) and included an economic policy of globalisation and transnationalism (Higgins 2006). To ensure the spread of globalisation and transnationalism, policy makers looked to where the decisions were made about trade barriers and regulations. An outcome was the progressive removal of restrictions such as tariff protection that created a new order for free enterprise and competition (Bray & Walsh 1998). It also meant that it was a ‘whole of nation’ response where policy took account of the linkages between domestic and international policy (Beeson & Firth 1998).

Higgins (2006) viewed the development of globalisation positively and maintained that it had extended the deregulated free enterprise environment beyond national boundaries and had created the transnational company.

Public-private partnerships between government and companies became a component of economic policy as a means to deliver public infrastructure without governments having to totally fund and manage the projects (Elsig & Amalric 2008). The benefit of such a policy to participating companies was the opportunity to be engaged with numerous and various stakeholders, including access to representatives of government, for a common purpose. Sidelining government in the delivery of key infrastructure at a cost to the local community was acknowledged as one of the risks of this style of partnership (Elsig & Amalric 2008).
The development by government of a policy of free enterprise and competition was recognised as the preferred economic policy of the future (Swann 1988). As a critic of such a policy, Jamrozik (2001) advocated a return to an environment where there was more government regulation and certainty. Commenting on corporate excess created through a deregulated business environment and the perceived loss of control by government, Lynberg (2005) cited the example of the dot-com bubble with the Enron and WorldCom collapses in the background. Lynberg (2005) stated:

“In the past the proven solution was government supervision, but governments today cannot easily return to many of the forms of ownership, price regulation, and direct market controls that they have recently abandoned” (Lynberg 2005, p.15).

A national policy in which a transition occurred from public to private enterprise as providers of infrastructure in the pursuit of profit did not always bring with it benefits for all. It was capable of creating inequality, especially for those at a disadvantage (Lynberg 2005).

In Australia, the Business Council of Australia (an employer lobby group) was a strong advocate of neo-liberal policies, an example of which was their advocacy for individual negotiation rather than enterprise-based bargaining between employer and employee (Bray & Walsh 1998). Industry responded to the challenge of deregulation through initiatives such as outsourcing of functionality, increased mobility to locate and relocate operations and an increase in access to information (Weaver 2000).
These policy changes have been recognised in their political context but each change has potential economic impacts, which are discussed in the next section.

2.4.4 Economic influences on the corporation

Large companies are often diverse, multi-unit business enterprises (as a part of their economic reality), with a professional management team clearly separate from the ownership structure. The literature suggests several economic influences on the corporation as an organisation.

Drucker (1993) noted that while the large corporations do not control a majority of the nation’s business, their prosperity determines the prosperity of the nation. Drucker (1993) added “Profit and profitability, for instance, fulfil the same function under any system of economic organisation; they are respectively the risk premium and the yardstick without which economic life simply cannot go on” (1993, p.12).

If profit maximisation remained the prime driving force of the corporation (Drucker 1993; Friedman 1970), it would then be possible to conclude that both classical and neo-classical theory exclude the possibility of a significant use of the corporate assets and mechanisms for social purposes.

In contrast to the economics of the profit maximisation theory, as referred to by Drucker (1993), is the agency theory of economic management. The separation of control of a company has highlighted for owners the problem of how to get managers to maximise returns for the benefit of shareholders. Jensen and Meckling
(1976) recognised that company managers can have motives very different from the owners (shareholders) and that an alignment between the motives of the two groups would be a solution. This could be reflected in suitable incentives but monitoring and managing such incentives would be the challenge (Jensen & Meckling 1976; Shleifer & Vishny 1997). Options to monitor performance and incentives include ownership of company stock by the management; the value the market places on the business as reflected in the share price, and governance by the board of directors. The goal to preserve and increase shareholder wealth is, as Mizruchi (2004) identified, a primary concern for shareholders where expectations held by shareholders about the management of the firm can be a key economic factor in the shareholder investment decision.

In a discourse on neo-liberalism, Jessop (2002) asserted that deregulation of economic transactions was worldwide, and was not just a breakdown of national barriers but included the liberalisation of trade barriers across national borders. Free trade agreements, such as the one between Australia and the USA, are examples of how trade barriers have changed. In Australia, an impact of that free trade agreement has been the standardisation of the terms of copyright between the two nations. The outcome for Australia has been adoption of the US standard, where copyright has been extended to the life of the creator plus seventy-five years after their death (Weatherall 2005). This focus on the commercial interests of intellectual property rights has meant the value to copyright owners of the assets under their control has been improved and extended. For cultural institutions in Australia such
as visual arts institutions this has had an impact on the way they can publicly manage and interpret their collections.

Keynes (1936) advocated for government to invest in public works programs, where investment by the private sector was in decline, as a means of stimulating a lagging economy - these types of investments being ones the free markets have traditionally not been good at providing, often referred to as public goods. Their value is hard to identify and usually allocated among beneficiaries in rough proportion to the benefits received, even as others are able to enjoy them without sharing in their cost (Ferres & Adair 2007). These public goods could include national defence, parks, public schools, hospitals, airports, freeways, museums, galleries, theatre companies and orchestras.

The growth of public-private partnerships (PPP) has been an aid to the delivery of sustainable social and environmental goods; however, this type of relationship between government and industry was perhaps not what Keynes (1936) considered as the stimulus required for a private sector in decline. The economic impact of such a mechanism was the development of a shared public-private relationship that reduced business costs through economies of scale (Elsig & Amalric 2008).

Commercial advantage is a key theme that can be recognised in the literature on the development of relationships between corporations and the not-for-profit sector (d’Astous & Bitz 1995; Lantos 2001; Quester & Thompson 2001). Having already recognised the monetary and commercial qualities of such relationships for the
corporation, Quester and Thompson (2001) studied the way in which sponsors leverage this activity for commercial advantage in the arts and concluded that the choice of event was critical to success. Sponsorship activity was perceived to be less self-serving than the commercialisation benefits that advertisers expected.

An issue at stake in relation to corporate patronage is that of the different meanings that art takes on in the social milieu of commercial space. Art bought by corporate capital and housed in commercial spaces could not be anything more than self-promotion and high-style decoration (Throsby 1994). The exercise of economic power in art can be converted ultimately into status and legitimacy, or as Bourdieu and Passeron (1977) argued, cultural capital can include a value or prestige value resulting from a well executed art practice. In recognition that cultural capital has a value, Bourdieu and Passeron (1977) and Throsby (1999) have asserted that capturing that value with the intent of incorporating it into accounting methods would contribute to the economic modelling process of the firm.

Views of the economic responsibilities of the corporation vary and range from profit maximisation (Friedman 1970) to the creation of cultural capital (Throsby 1999). Support of the arts by corporations has been recognised as having the capacity to deliver economic benefits for the latter (d’Astous & Bitz 1995; Quester & Thompson 2001). Ellis and Thompson (1997) argued that how completely a particular policy was adopted relied not just on society’s political and economic settings, but on the prevailing socio-cultural settings. What is good for business may not be good for the population.
An important component of the corporation is its employees. The motivations of employees and their contribution to the benefit of their employer are considered in the next section.

### 2.4.5 Psychological theories of motivation in the corporation

Concepts of employee motivation such as social motivation, agency theory and individualism are consistent themes in the literature. Differences between ownership and management of the corporation and what motivates the management and employees of the company to do their best for the benefit of the owners can be traced to Adam Smith in the 18\(^{th}\) century (Giddens 1999).

Since Adam Smith, the knowledge about employee and individual motivation has been developed further. The bureaucratic organisation has benefited and developed - through the application of rational logic, order and legitimate authority - as a replacement for political control of the economy was extolled by Weber (Wren 1987). Furthermore, advocacy for rules and definitions surrounding roles of individuals highlighted the benefits of rules that could be widely understood, applied fairly and with the belief all employees would be able to contribute to the organisation through the implementation of an orderly structure devoid of self-interest (Wren 1987). Definitions of roles separate the person from the position, enabling employees to act within a given framework without reference to a higher authority. Formal means of communication and the role of record keeping would
lead to the development of a body of knowledge about the company and retained by the company, not the person.

The Hawthorne study of employee motivation (conducted in the 1920s) tested a theory about the relationship between work output and work conditions (Wren 1987). Results from the study revealed that employees, whilst being complex individuals, were also concerned about the work they did and the reasons they were motivated not only by economic but also social reasons (Anderson 1989).

In studying the motivation of people, Maslow (1968) formed the theory of a hierarchy of needs to explain human motivation. Maslow’s five tier hierarchy commenced with basic physiological needs - water, food, oxygen, rest, sleep; then safety needs, belonging needs, esteem needs and finally self-actualisation needs. Maslow’s theory holds that as each level of needs are satisfied people begin to focus on the next level until attainment of the top level (Maslow 1968). Whilst a more in-depth discussion about the hierarchy is outside the scope of this study, it is possible to assert that shareholders, managers and employees are attempting to meet needs at the higher levels of the hierarchy and even self-actualization.

The separation of ownership and management in the corporation was studied by Berle and Means (1932). To better understand this relationship Jensen and Meckling (1976) investigated the concept of agency, including consideration of the agency cost to the firm. The relationship was explained as a contract under which one or more persons (the principals) engage another person (the agent) to perform
some service on their behalf (Jensen & Meckling 1976). The process also involves
the delegation of some decision-making authority to the agent. The cost of this
relationship was determined by how much the principals were willing to pay,
reducing the relationship to a financial transaction (Wren 1987).

Adopting a view of the firm as a set of contractual relationships (albeit complex
and where conflicting objectives of individuals prevail) means any attempt to
personalise the firm with a question along the lines of ‘does it have a social
responsibility?’ is misleading, as the firm itself is a collective not an individual.
Agency theory is based on self-interest and information can be regarded as a
commodity and has risk implications. Organisations have uncertain futures and
agency theory does extend organisational thinking by pushing the ramifications of
outcomes of uncertainty to their fullest including implications for risk creation
(Wren 1987).

The emergence of the knowledge economy (in the late 20\textsuperscript{th} century), and the Third
Way (where the development of trust networks brings financial and social support)
gave rise to a new brand of individualism (Giddens 2000). In contrast to Weber,
Giddens (2000) has maintained that for business to benefit from trust networks,
“coordination costs are lowered through shared norms rather than through
bureaucratic hierarchy” (Giddens 2000 p.78). Employees remain motivated, but to
remain so requires a willingness by employees to commit to sharing, especially in
collaborative environments (Giddens 2000).
Whilst the bureaucratic organisation style advocated by Weber may impart order, legitimacy and control (Wren 1987), and the formality of agency relationships defines employer/employee needs, the development of the knowledge economy and sharing of knowledge produces greater rewards for employees (Giddens 2000).

The principles of corporate governance, where external demands on the corporation as an organisation converge with internal demands, will be considered in the next section.

2.4.6 Corporate governance

Governance relies on the freedoms given and trust placed in companies to act responsibly and ethically (Gill 2008). Corporate governance has links to all the stakeholders of a company and in the literature definitions of corporate governance varies; to improve understanding the theoretical construct of governance, selected definitions from the literature have been reviewed to support the discussion on corporate governance in practice.

Corporate governance has evolved as a response to changes in economic and political theory and management and business practices (Jessop 1998). In an international or transnational perspective of corporate governance, the OECD (1999) described the general principles of corporate governance as improving economic efficiency through relationships between a company’s management, its board, its shareholders and other stakeholders. Corporate governance also provides
the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance (OECD 1999). Key components of this explanation of corporate governance are responsibility and accountability managed through mechanisms such as rules and procedures.

In what appears to be an endorsement of the themes of the OECD as an explanation of corporate governance, the Australian Stock Exchange (ASX) has described corporate governance as:

“…the framework of rules, relationships, systems and processes within which and by which authority is exercised and controlled in corporations. It encompasses the mechanisms by which companies, and those in control, are held to account. Corporate governance influences how the objectives of the company are set out and achieved, how risk is monitored and assessed, and how performance is optimised” (ASX 2007, p.3).

This definition extends the meaning of governance to include the concepts of value creation and risk. The success of corporate governance relies on the contribution of the individual, the corporation and society in conjunction with the mechanisms that keep these components in harmony. In support of this idea, Cadbury (2003) explained:

“In its broadest sense corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society” (2003, p.3).

Each of the definition makes reference to the internal and external structures and systems that will ensure accountability and control. Differences between definitions appear to be subtle, but embedded in each is the recognition of the stakeholders and their responsibilities to one another.
The complex structure of many organisations, coupled with the recognition that owners, boards of directors and managers may not share the same interests, has long been recognised as being at the centre of corporate governance as an issue of agency conflict (Jensen & Meckling 1976; Shleifer & Vishny 1997). In the wake of corporate collapses in the USA, (Enron, for example), there were calls for corporate governance to move its focus beyond the agency conflict to include concepts of accountability, disclosure, ethics and transparency (Gill 2008).

The problems created by the escalating freedom of the market economy in the twenty first century, as has occurred in the USA, are exemplified by the reasons for the introduction of the Public Company Accounting Reform and Investor Protection Act 2002, (commonly referred to as Sarbanes-Oxley) (O’Brien 2005). The act sought to correct irregularities in governance and to increase responsibilities for auditors and members of the board, while providing protection for whistleblowers. An increase in criminal liabilities against board members, whilst punitive, was seen as an important measure that would help restore confidence (O’Brien 2005), as was the restoration of ethical imperatives (Dobel 2005). A new focus on corporate governance required some reform within corporations to provide transparency and greater scrutiny of the corporation (Gill 2008). Any company that operates from outside the USA but trades their securities in US markets is also subject to the requirements of the Act and as such, governance regulation in the USA (McDonough 2005).
The USA has not been the only country to experience corporate failure. In Australia the collapse of the large insurance company HIH in 2002, greatly diminished investor confidence. Corporate collapses in Australia have created an unresolved problem: Dignam (2005) observed that “Corporate collapse has been followed by reform but with little effect on the overall pattern of collapse and reform every decade” (2005, p.765). Dignam suggested that regardless of the measures implemented to protect the stakeholders of a company, a cyclical pattern of corporate failure exists - due in part to the failure of corporate governance. The stagnation of management skill has been cited as another reason for the frequency and regularity of corporate governance failure in Australia (Dignam 2005).

The Australian Federal Government continues to maintain a policy of prudential regulation instead of legislative reform, in keeping with the spirit of market deregulation (Buck 2005). Current policy is the Australian Securities Investment Commission (ASIC) has delegated the authority to monitor compliance with the governance regulations to the ASX (ASX 2007).

Explaining corporate governance, Coller and Esteban (1999) stated it was “taming chaos by chaos” (1999, p.173), meaning environments change rapidly and are often laden with competing and conflicting demands. For corporate governance to succeed, it needs to rely on the level of freedom and trust given to the creativity of the participants. Gill (2008) identified that corporate governance has become closely linked to corporate social responsibility because of the focus on stakeholder
friendly policy and practice. The influence of corporate social responsibility cannot be ignored and is discussed in the next section.

2.4.7 Corporate social responsibility

The first part in this section reviews some of the definitions of Corporate Social Responsibility (CSR). The second part is a review of some the weaknesses in the arguments for CSR as highlighted in the literature and queries the perceived benefit companies receive for their socially responsible actions.

In the early 1970s the Council of Economic Priorities in the USA started publishing the first rankings of the social and environmental performance of US companies in the pulp and paper, electricity, banking and military contracting industries. Drucker (1993) wrote:

“…institutions of the modern society of organisations also have in common is that they function and perform within a larger society and community and thus face what we now call social responsibilities such as information processing or telecommunications” (1993, p. xvii).

Since the 1970s, CSR or social responsibility (SR) or Corporate Responsibility (CR) have entered the language of business. The World Business Council for Sustainable Development (2000) defined CSR as “the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life” (World Business Council for Sustainable Development 2000, p.10). Developing further the concept of business expectations of CSR, van Marrewijk (2003) wrote
of a version of CSR as being a panacea to solve global poverty, social exclusion and environmental damage.

In an optimistic interpretation of the expectations of CSR, Dennis, Intino, Houghton, Neck and Boyles (2008) considered that firms have an obligation to be involved in activities that expand social and environmental worlds.

CSR can be diagrammatically depicted as a four-part pyramid (Carroll 1991). At the base is economic responsibility, meaning the firm should be profitable. The second tier relates to the legal responsibility for the company to obey the laws of society. The next tier relates to the ethical responsibility of the company to do what is right, and at the apex is the philanthropic responsibility of the company through contributions to social, educational, recreational or cultural purposes. Whilst each component is important, there are dynamic relationships between them all and when interpreting meaning, as applied to a corporation, the pyramid should be viewed in its entirety and not on a unit by unit basis (Carroll 1991).

A feature of CSR is that it is an ambiguous concept and, as such, the practice of CSR is one that is correspondingly controversial. Carroll’s (1991) interpretation was challenged by Wood (1991) for merely categorising corporate behaviour instead of establishing principles. Margolis and Walsh (2004) highlighted several criticisms of CSR, one being the distraction from profit maximisation initiatives by employees caused by the desire for compliance with CSR. Another criticism was that CSR represents a transfer of a role of government to the corporate sector.
McBarnet (2005) considered there was an element of rhetoric in the debate about CSR, especially when a corporation can proclaim its public charity activities but carefully avoid taxes and so affect the amount available for re-distribution via government-supported funding.

The benefit of socially responsible initiatives for the shareholder was questioned by Barnett (2007), who identified that - despite many years of research - it remained unclear if a dollar of investment in social initiatives returned a like benefit to the shareholder. Barnett (2007) also asserted that the allocation of corporate financial resources to the not-for-profit sector during times of harsh business conditions was not the best use of corporate resources and remained sceptical of the perceived benefits to the shareholder.

KPMG’s international survey of corporate social responsibility, released in 2005, noted the general coverage of social issues was superficial when contrasted against coverage of the environment (KPMG 2005). The report also identified Britain as one of the top countries in terms of separate corporate responsibility reporting. An incentive for corporate participation in social responsibility in Britain was the introduction of mandatory reporting under the Companies Act (2006). In response to this legislation, Franklin (2008) considered the concept of cheque book philanthropy. He speculated that it may only be a response to a compliance matter, raising doubt about the value companies receive from their giving. Franklin (2008) also argued that employees wanted to be involved in company CSR programs and
that shareholders wanted to know what and where the funds they have given had been spent.

Corporate social responsibility relies on the willingness of business to commit resources that have a general benefit for society (Dennis et al. 2008; Drucker 1993). CSR remains a controversial concept especially with respect to its return to shareholders (Barnett 2007; Margolis & Walsh 2004).

2.4.8 Social capital and the corporation

This section explores the concept of social capital, which includes the meaning of social capital followed by an exploration of social capital and its benefits, including a possible link to philanthropy.

As previously mentioned, corporate governance and social responsibility have contributed to the corporate response to the perceptions held by the public of the commitment by corporations, to also be a benefit to society. A third contribution by the corporation is that of the creation of social capital. The benefits of social capital have been variously described as enhancing health, improvements to child welfare and a reduction in tax evasion. The Productivity Commission (2003) described social capital as

“…the institutions, the relationships, the attitudes and values that govern interactions among people and contribute to economic and social development. Social capital, however, is not simply the sum of institutions which underpin society it is also the glue that holds them together. It includes the shared values and rules for social conduct expressed in personal
relationships trust and a common sense of ‘civic’ responsibility that makes society more than just a collection of individuals” (Productivity Commission 2003, p.ix).

Coleman (1990) described social capital as a series of entities within the one social structure and this structure facilitates the actions of individuals.

Woolcock (1998) stated that members of a liberal and participatory society are given the skills and information needed to make decisions about their contribution to that society, including about how they use their own social capital. In a study on local government in Italy, Putnam, Leonardi and Nanetti (1993) argued that the performance of political institutions was influenced by citizen engagement in community affairs. Fukuyama (2004) stated that social capital is sourced from within culture and that state intervention in the economy lowers the stock of social capital and so the inverse would also applies: the less there is of state intervention, the higher the stock of social capital. Social capital was considered by Fukuyama (2004) to:

“… pervade organisations and is critical to their proper functioning. Individuals working within organisations have very complex utility functions that include individual economic interests, as well as commitments to group goals and values” (2004, p.63).

The Australian Federal Government Productivity Commission (2003) recognised the difficulties of measurement of social capital, which in turn made it difficult to measure the effectiveness of any specific initiatives implemented to stimulate it. Factors that contribute to the difficulty of measuring social capital are the speed and means by which individuals and communities transact and share information;
coupled with globalisation, modern communications have made it possible to identify common problems that require a group effort to address (Bandura 1995).

Social capital has been considered to be the product of the interactions in society and globalisation, in which ideas, cultures and practices cross borders, enlarging groups and fostering trust (Fukuyama 2004). Any link of social capital to corporate philanthropy lies primarily in a shared value that the employees of a company have to change and improve something and which they collectively set about achieving.

In section 2.2.3 of this thesis, a definition of philanthropy from Swinburne University, identified the principles of social responsibility and social development as integral components of the meaning for philanthropy and have tentatively created a link to social capital. The change in approach by corporations to the creation of social capital was described by Giddens (2000) as

“they have treated the third sector as a ‘dumping ground’ for ‘spare cash, obsolete equipment and tired executives on their way out’. Such philanthropy at arm’s length has made little dent upon America’s enduring social problems. The new paradigm … is quite different. It involves using social needs as a basis for the development of ideas, technologies and long-term investments. The firms concerned are using their best people and cutting-edge technologies” (2000, pp.82-83).

Giddens (2000) views corporations and their creation of social capital, with inputs such as money and physical resources could be considered as a stimulus for innovation and development. Ferres and Adair (2007) asked the question “can the benefits that individuals derive from their participation in the arts be linked to wider social impacts and the creation of public value?” (2007, p.5). The authors thought the answer to that question was seen as being conditional and reliant on the
role patronage (in all its guises) would play, which in turn would depend on the public and its involvement with and commitment to the arts.

Social capital extends beyond personal values and needs. The inclusion of shared values and relationships contribute to the achievements of the wider community.

2.5 Summary

The focus of this chapter was a review of the concepts of philanthropy and recent influences that have shaped the behaviour of the corporation.

To inform this study, some selected meanings of ‘philanthropy’ were applied. In the literature, philanthropy does not have a single agreed meaning: it embraces concepts such as giving (Myer 2007) and donations (Quester & Thompson 2001). Myer (2007) and Quester and Thompson (2001) did not consider sponsorship as a component of philanthropy and other definitions do not clarify this point. One’s perspective on a meaning may reflect the context from which the topic is approached. In conclusion, no dominant definition of philanthropy exits (Bernholz 2004; Raiborn et al. 2003).

Motivations for giving in general include altruism, charity, patronage and endowment (Smith 2006), but the literature highlights additional motivations for corporate giving. Corporate motivations for giving include the moral basis (altruism), strategic reasons (including the enhancement of brand recognition and
corporate profile), political utility and owner or manager utility (Campbell et al. 2002; Ricks & Williams 2005; Shaw & Post 1993; Wolch 1995). Changes in government policy have also been recognised as a motivation for corporate giving. One change that has had a particularly powerful impact is government’s retreat from the task of supporting the not-for-profit sector (Bednall et al. 2001; Cas ear 1987).

The second section of the chapter was a review of influences on the corporation as an organisation in recognition that a company does not operate in isolation. The implementation of neo-liberal ideology and its effect in a global market have altered the way companies operate (Béland 2007; Swann 1988). Market deregulation has provided a new focus for corporate governance (Higgins 2006; Lynberg 2005; Margolis & Walsh 2004). Corporate social responsibility and social capital are controversial terms and the role these factors play within companies is not always clear. Challenges to accepted CSR theory such as by Wood (1991) and Lantos (2001) highlighted an imprecise understanding of CSR and identified that companies may have assumed a new accountability for societal welfare. Companies have begun to manage the effect of their operations within communities (Dennis et al. 2008) but the value of such contributions to stakeholders and in particular shareholders of companies has been disputed (Barnett 2007; Mc Barnett 2005). The challenge has been for corporations to integrate into their business operations the effects of neo-liberal ideology, corporate governance and CSR rather than making them a feature of a marketing strategy. For many corporations, contributions to the not-for-profit sector and corporate philanthropy have become common practice as a
demonstration of their commitment to the community. Nevertheless, constraints upon the company as to how it can contribute make its involvement conditional.

Motivations for corporate participation in the not-for-profit sector have been identified and noted. The not-for-profit sector includes the arts – the focus of this thesis - and the next chapter explores the not-for-profit arts sector and the key forms of support it receives from government and corporate philanthropy in particular. Models of support from government and corporations for the arts sector in Australia the USA and Britain are reviewed in order to place the Australian models in a wider context.
Chapter Three – The Arts – Contemporary Context

3.1 Introduction

Chapter Two reviewed the academic literature relating to definitions of philanthropy and influences on the structure and operation of the corporation. The aim of Chapter Three is to provide a contemporary context for the arts. The chapter consists of four sections.

The first section sets out to define the arts, drawing upon industry studies and reports, and explores several definitions to convey how complex the task of defining the arts can be. The section concludes with a definition of the arts that will be applied throughout the thesis.

The second section consists of an overview of the contributions made by agencies of the Australian Federal Government, which are separate from the already substantial direct contributions to the arts through the provision of infrastructure and ownership of collections. Indirect government support to the not-for-profit arts controlled by the Australian Federal Government encourage business to link with the arts sector through agencies such as the Australia Council, AbaF and Art Exhibitions Australia (AEA). This is followed by an overview of giving in Australia by philanthropic foundations and corporate support for the arts.

Sections three and four provide overviews of the main components of government
and corporate support for the arts in the USA and Britain respectively. The
inclusion of descriptions of government and business support for the arts in the
USA and Britain provides a wider or broader context for the models of funding and
support for the arts in Australia. Differing policy models offered as solutions
stimulate debate, as Craik (2007) explained:

“…typically, one country’s lament over its inadequate policy model is
another country’s ideal or proposed solution. America envies levels of
funding in Europe. Countries with arms’ length arts councils envy American
patronage. Direct funded countries envy both. The UK’s lottery approach has

The discourse in Chapter Two about influences on the corporation as an
organisation included references to global trends and conditions, and recognition
that neo-liberal ideology has created an international operating context for business
where “…deregulation promotes a new approach: cultural industries that compete
on the “level playing field” of a global economy” (Craik, McAllister & Davis 2003,
p.22). While the debate over an appropriate model of support for the arts
continues, the Australian Federal Government has supported the growth and
development of the arts in Australia through policy and allocation of resources,
(both financial and non-financial). The neo-liberal policies of small government
and privatisation of industry and services (Beeson & Firth 1998; Bray & Walsh
1998) created a perceived demand for the commitment of company resources for
social benefit such as the arts.

The arts also have an international context through the global transfer of
management and operational practices and policies which, for the visual arts, has
extended to events such as the Venice Biennale, overseas studios in Europe and the
USA. Performing arts companies travel extensively and the release of Australian literature and films into international markets has spread Australian culture. Increasing global cultural integration is enabling national populations to contrast their cultures with those of other countries, giving them a greater understanding of their own practices (Lievesley 2001). Britain’s model of support for the arts has been adapted in countries such as the USA and Australia (Chong 2002).

Business practice in general has been influenced by elements such as neo-liberalism, globalisation, corporate governance and social responsibility (all discussed in Chapter Two). As governments gradually changed and reduced support for the not-for-profit sector (including the arts), alternate models of support have had to be implemented. Private charity has become an important component of funding for the not-for-profit sector in the USA and Britain (Rose-Ackerman 1996). In this thesis the inclusion of the USA and Britain recognises the international influences on policies for the arts in Australia and the influence of market forces in the development of the arts sector in USA and Britain (Towse 1994).

The chapter concludes with a summary of the points made and ends by posing the research question for this study. The next section establishes an understanding of what the term ‘arts’ can mean and forms a definition of the arts for the purpose of this thesis.
3.2 The Arts - Definitions

3.2.1 Introduction

The references in the literature to the arts as a sector and a creative industry imply that while the arts can lack definitional cohesion and consistency, it can be labelled as a large and sometimes disparate collection of organisations and people across a range of activities and practices. The literature contains a range of definitions of the arts as noted in a report by Saatchi and Saatchi (2000) on how Australians in general view ‘the arts’:

“…to have a meaning which is rarely questioned but which is extremely indeterminate. Using it as a blanket category, some people assume that others value the arts as they do, or, even worse, assume that others have no capacity to value the arts as they do” (2000, p.2).

Saatchi and Saatchi found that the general public ascribed meaning to ‘the arts’, but because what constitutes the arts is so problematic, they allowed the participants “to devise, and reflect on, their own definitions of the arts” (Saatchi & Saatchi 2000, p.27). The next section considers some useful definitions of the arts.

3.2.2 Selected definitions of the arts

Myerscough (1988) viewed the arts as a broad sector that “…covers the museums and galleries, theatres and concerts, creative artists, community arts, the crafts, the screen industries, broadcasting, the art trade, publishing and the music industries” (Myerscough 1988, p.5). Myerscough’s definition not only embraces the fine arts,
performing arts and the not-for-profit sector of the arts, but recognises the commercial sector of the arts in broadcasting, film and music. Major national and state (or ‘peak’) performing theatre companies, orchestras and dance companies are included along with community based arts organisations. Hunt and Shaw (2008) wrote of a sustainable arts sector and defined the arts in very broad terms:

“It includes all modes of performance, visual and media arts; all those practising their art as sole traders, as employees within a not-for-profit structure, a commercial business or working purely for fun and recreation. We recognise the government funded arts … as a key element in a broader cultural sector that incorporates libraries, museums, heritage and other forms of cultural expression. Artists and not-for-profit cultural organisations, as well as commercial creative businesses, are also core to the rapidly growing knowledge economy and to the creative industries” (2008, p.5).

This definition coalesces the work of a range of contributors; it expands the meaning to include the contribution of the arts to the knowledge economy.

In contrast to the definitions above, the Australian Bureau of Statistics (ABS), when collating data on the arts, has treated the arts as part of a set of categories grouped under the cultural sector “…as those industries in the ‘Heritage’ and ‘Arts’ Divisions of the Industry Classification of the Australian Culture and Leisure Classifications” (ABS 2008, p.2). Museums, environmental heritage (zoos, botanic gardens), libraries and archives, performing arts, design, film and video, broadcasting, arts education, literature and print media, music composition and visual arts and crafts have all been included in the ABS cultural sector category.

Linking the terms arts and culture, Richards (2006) demonstrated how uneven the profile of the arts can be and defined the arts in two parts, the first
being: “...traditional aesthetic forms such as painting, classical music, opera and theatre, which interests a relatively narrow and elite section of society and is of little interest to most Australians” (Richards 2006, p.17). Richards’ second definition of the arts rejected the elitist understanding, instead advocating a much wider and everyday perspective:

:“...the arts are integral to the lives we all live everyday, encompassing everything from the patterns on our curtains and bedspreads to the design of our parks and public buildings, and from music we hear on radio, and even in lifts, to the design of the cars we drive” (Richards 2006, p.17).

The definitions of the arts given above are a selection from those in the literature. To minimise any confusion, the definition for the arts that best suits the purpose of this study is a version of the definition by Hunt and Shaw (2008) modified with respect to its for-profit components, as the research described in this thesis was based on the not-for-profit arts sector. A modified version of the definition of the arts by Hunt and Shaw (2008) is:

“It includes all modes of performance, visual and media arts; as employees within a not-for-profit structure, or working purely for fun and recreation. We recognise the government funded arts ... as a key element in a broader cultural sector that incorporates libraries, museums, heritage and other forms of cultural expression. Artists and not-for-profit cultural organisations are also core to the rapidly growing knowledge economy and to the creative industries.” (adapted from Hunt & Shaw 2008, p.5).

The next section is an overview of the contribution to the arts in Australia made by agencies of the Australian Federal Government and business, and is intended to provide an understanding of the contribution made to the arts by government and business. This is also relevant for the observation made in this thesis to the effects, expressed via government and business, of neo-liberal changes in policy towards arts funding.
3.3 Arts Funding and the Australian Experience

3.3.1 Introduction

Australian federal and state governments directly fund arts organisations - including peak national and state companies through to community based organisations - as a form of arts patronage (Rowse 1985). More discreet or indirect government support through arm’s length agencies such as arts councils and departmental arrangements also occurs (Craik 2007). Strategies designed to foster philanthropy and partnerships between private agencies and the public sector and communities to support the arts have been implemented (Ferres & Adair 2007). Government policy at all levels has encouraged the private sector to participate in supporting the arts, thereby improving access to the arts (Hunt & Shaw 2008).

As previously acknowledged in Chapter Two, concepts such as neo-liberalism, corporate governance and corporate social responsibility have in recent times become more evident in the literature as theoretical constructs and powerfully influenced corporate policy and practices. These influences include political and legislative change and incentives such as corporate foundations and business giving. The next section will examine recent influences and changes that have impacted on mechanisms for supporting the arts in Australia, commencing with support provided by the Australian Federal Government (Australia Council 2008a).
3.3.2 Government support for the arts in Australia

Australian Federal Government policy for the arts has had an impact on the sector (Gallasch 2005). The policy combines direct financial assistance and indirect assistance, and these factors are discussed in this section.

3.3.2.1 Changes in Government and changes in policy for arts support

Direct government patronage has been and remains a key component of the delivery of the arts in Australia (Caust 2003; Craik 2007). The Keating Labor Government of the early 1990s identified opportunities the Australian arts and cultural communities could offer in the development of a national identity and further international cultural exchange for Australia, especially with its Asian neighbours. The ‘Creative Nation’ policy of 1994 provided a framework to develop Australia’s national and international cultural reputation (Radbourne 1997).

Conceived in a political environment of neo-liberal ideology, ‘Creative Nation’ recognised the future of the arts in Australia was not in funding the production costs of the arts but in funding initiatives that improved public awareness, access and demand for the arts and ultimately its commercialisation (Radbourne 1997).

A change in government interrupted the implementation of Labor policy for the arts under ‘Creative Nation’. In the first term of the Howard Liberal prime ministership, an inquiry into Australia’s major performing arts organisations (the Nugent Inquiry) identified a sector that was under-resourced and under-funded with declining audiences (Craik et al. 2003). An outcome of the Nugent Inquiry was a
new funding model for production costs that implemented performance targets with business planning and financial modelling tools to be used in return for an increase in the value of direct government patronage (Craik et al. 2003). Despite an economic climate of neo-liberalism and economic rationalism, the performing arts were able to increase the dollar value of direct patronage by the Australian Federal Government.

Ferres and Adair (2007) perceived governments as being increasingly reluctant to fund the arts as they consider them to be ‘non-essential’ services, instead encouraging private investment in essential infrastructure as telecommunications, health and prisons. Johanson and Glow (2008) have argued that Howard Liberal Government policy sought to engage the community and deliver arts to the community without the government having to pay: this transformed the arts into an industry where the user pays and operational costs became economic impacts that could convert to a threat to their success (Johanson & Glow 2008). The commercialisation of the arts has been “infused with the rhetoric of economic rationalism by stealth through strategies aimed at demonstrating community benefit, measuring performance and evaluating outcomes of government support.” (Craik 2007 p.13). Nevertheless, government remains a committed player in the provision of cultural infrastructure, whether in the form of the built environment, bandwidth or funding for pillar organisations such as orchestras (Ferres & Adair 2007, p.8).
In late 2007 the Labor party was elected with Rudd as Prime Minister. The Labor party arts policy has a focus on community engagement via access and participation. This policy differs from previous the Howard Liberal Government’s policy preference to support big cultural institutions (Craik 2007).

Successive Australian Federal Government arts policies have stressed their commitment to the arts whilst critics of the policy have consistently highlighted the lack of financial support contained in their policies. A description of components of the delivery of government policy for the arts follows, commencing with the Australia Council.

3.3.2.2 The Australia Council as a component of government policy on the arts in Australia

The Australia Council was designed to find ways to engage the public with the arts, to shape cultural life in Australia and encourage excellence in arts production (Rowse 1985). The literature suggests that whilst the key elements of the production of and engagement with the arts remain, components of the role of the Australia Council have changed. This section explores some of the ways the Australia Council has contributed to the arts.

In support of its role as an advisor to government on cultural policy, the Australia Council has played an active role in arts sector research. Commenting on this change in role for the Australia Council, Johanson and Glow (2008) stated the
report prepared for the Australia Council by Saatchi and Saatchi (2000) signified this change.

Saatchi and Saatchi were commissioned to survey Australians to determine their views of the arts and how they would like to see the arts develop in the future. Recommendations from that report (over sixty) constitute valuable lessons for the arts sector, especially with respect to the ways in which Australians prefer to engage with sport rather than the arts. Elitism and lack of accessibility were identified as obstacles or reasons for the lack of engagement by the public with the arts (Saatchi & Saatchi 2000); the same obstacles were included in the Australia Council submission to the ‘Australia 2020 Summit Creative Australia’ in April 2008 (Australia Council 2008b), highlighting both the magnitude of the task of changing attitudes towards the arts and the slowness of the process of change.

The Australia Council has a role in cultural planning across Australia, as evidenced by the establishment in 2003 of a partnership with the Australian Local Government and Shires Association. The objective of this partnership was to create a national cultural plan at the local level that embodied the principles and priorities of cultural policy held by the Australia Council (Stevenson 2005). Whilst this partnership did not achieve its objective of a national cultural plan, Stevenson (2005) asserted the real outcome of the partnership was that the topic of cultural planning had been raised at the local level, which had then firmly placed it firmly on the national public agenda.
As an agency of the Australian Federal Government, the Australia Council is not purely an operational entity implementing government arts policy. It has also assumed the role of advisor to government thereby relieving the government of having a direct role in policy development (Gallasch 2005; Johanson & Glow 2008). The role of the Australia Council has also been that of administrator of most of the direct funding by the Australian Federal Government to the arts. The complexity of the task of distributing funding was highlighted by the growth in the number of eligible recipients for Australia Council funding in the 1990s, - annual demand for funding outstripped supply (Radbourne 1997). In an environment of ‘high arts’ versus community arts, subsidised versus amateur, and established artists versus the young and the new, the challenge has been for the Australia Council to support innovation and development beyond these dichotomies (Radbourne 1997).

The level of government funding to the arts via the Australia Council as acknowledged by Johanson and Glow (2008), has for some time remained static and the effect of this has diminished the role of the Australia Council, especially in its grant making activity. Much of the Australia Council’s recent research has been directed at audience development and the marketing of the arts and arts content in the digital era. Commenting on the role of the Australia Council, Gallasch (2005) recommended a review of its role suggesting that is had much work to do on market development nationally and internationally. Gallasch (2005) also queried the perception that the Australia Council could further assist projects it has been
associated with by sourcing funding from philanthropy and corporations as a substitute for diminished funding from the Australian Federal Government.

The Australia Council works with AbaF to develop the arts sector, but AbaF has a particular focus on business and the arts and is discussed in the next section.

3.3.2.3 Contribution by the Australian Business Arts Foundation

AbaF was established in 1995 under Paul Keating’s Creative Nation policy (Radbourne 1997; Strickland 2008b): released in 1994, Creative Nation had an impact on the entire cultural sector in Australia. Creative Nation portrayed the sector as a valuable component of the national economy that provided employment opportunities and a cultural identity (Radbourne 1997).

AbaF forms a component of federal cultural policy but is ‘at arm’s length’ from government. AbaF is the recipient of an annual and substantial operating grant for operating purposes from the Australia Council. Once a grant making body, a review of AbaF in 2000 under the Liberal Prime Minister John Howard resulted in its function of awarding grants and policy development removed (Strickland 2008b).

A key function of AbaF is linking business to the arts and the arts to business, creating connections and networks; however, getting the business community to accept that culture has relevance to them has been difficult (Craik, McAllister & Davis 2003).
AbaF’s links to the Australia Council extend beyond direct funding for its operations. In 2003 the two organisations developed the project Artsupport Australia, designed to encourage cultural philanthropy or giving (Hunt & Shaw 2008). Through Artsupport, AbaF has recognised that the experience and capability of the staff are the most important qualities of a successful arts organisation (Hunt & Shaw 2008).

Building on that knowledge, AbaF has encouraged a partnership through the creation of training and skills development programs for arts management staff. Improving the skills of arts management staff is an important component in the development of credibility in a sector that has been increasingly exposed to the formalities and ways in which companies and philanthropists conduct their business (AbaF 2004). AbaF runs a range of skill development programmes, especially for those in the arts fundraising area: these include raising skills and business expertise in leadership and teamwork.

Decentralised through a national network of offices, AbaF is able assist smaller arts organisations an opportunity to access potential partners or supporters from the business community, but AbaF is not a broker for such services. Advocacy about sponsorship opportunities, the production of publications to champion the practice of business sponsorship for the arts, and lobbying government on behalf of its members and the arts and business sector are key components of AbaF’s operational activities (AbaF 2008).
Recognising that Australia has a poor record acknowledging its philanthropists, AbaF deliberately recognises its ‘philanthropists’ through an annual awards ceremony - an event that publicly recognises the contribution the corporate sector makes to the arts in Australia, and gains national media coverage. The AbaF awards allow leaders of industry and the arts community to share in the recognition of the development of relationships over the previous year (AbaF 2004). However, the value of the AbaF sponsorship awards is viewed somewhat negatively by Craik (2007), who stated “Most recipients of AbaF sponsorship awards have gone to the ‘Big End’ of the culture business and, arguably, exacerbated the plight of small and medium arts and cultural organisations” (2007, p.20).

AbaF’s research generates information relating to the business and arts sector. In May 2004, AbaF released details of a survey about private support for the arts and culture. The most common response by the corporate participants in the survey, when asked to state which single objective was the primary reason for support of arts was, ‘the contribution to the company’s reputation’ (AbaF 2004). To keep abreast of trends in the sector, in July, 2008, AbaF released the results of another survey conducted on private support for the arts in Australia. This survey measured the levels of private support (on a recurring basis) for not-for-profit arts organisations. It was completed by representatives of the not-for-profit cultural sector organisations that embrace all art forms of all sizes across all state and territory boundaries. The study estimated that the value of private sector support to the arts in financial year 2006-07 equalled AUD $171.1 million. This figure included all contributions such as money, in-kind sponsorship, corporate donations,
and grants from trusts, foundations and private individuals but excluded a value for volunteering (AbaF 2008). Changes to the 2008 survey format from the format previously used in a 2004 survey, have made difficult any attempt to compare data on contributions.

In tables 1 and 2 (see section 3.5.3.2) the estimate for business giving to the arts in the financial year 2003-2004 was AUD$303 hundred million (ACOSS 2005). AbaF has acknowledged the dramatic disparity between the figures from ‘Giving Australia’ report using date generated in 2003-04 and the 2006-07 figures, but argued methodological differences (differing time frames and criteria) made comparison invalid. The earlier ACOSS (2005) survey was about company responses; the AbaF survey in 2008 reflected the views from the not-for-profit arts sector. This in practice example highlights the difficulty of consistent and comparable data generation in this sector, as previously mentioned.

To contribute further to the body of knowledge about corporate support for the arts in Australia, AbaF intend to repeat the 2008 survey of Australian not-for-profit arts and culture organisations annually. The design, methodology and format of the survey is the same as that used by Arts & Business in Britain (AbaF 2008), so will allow international comparison of data collected using common methods.

In contrast to the public visibility of the Australia Council and AbaF and their roles in the arts sector, is a more discreet form of federal government support through the
agency of Art Exhibitions Australia (AEA). A brief overview of AEA and its participation in the arts follows in the next section.

3.3.2.4 Art Exhibitions Australia

Art Exhibitions Australia (AEA) is a company established by the Australian Federal Government that has a more discreet profile than the Australia Council or AbaF. The enabling legislation allowed for the creation of a non-profit company limited by guarantee to arrange and manage major art exhibitions and other cultural events. The chairman’s report for the calendar year 2005 (AEA 2005) recorded that for the first twenty-five years of operation, AEA - in executing its aim to contribute to the cultural life of Australia through access to the fine arts - had presented fifty six exhibitions in Australia and overseas, attended by more than ten million people. The AEA had raised AUD$42 million in arts and distributed AUD$16.5 million to art galleries and museums in Australia (AEA 2005).

The AEA model ‘packages’ exhibitions (sourced from overseas institutions), for display in Australian museums and galleries. Once the content of the exhibition has been agreed, AEA locates sponsors, develops marketing plans and advertising budgets and delivers the package to the entity staging the event. An example of the type of exhibition AEA has supported is the Melbourne Winter Masterpieces series of exhibitions staged at the National Gallery of Victoria (AEA 2005). The responsibility for the risk of such projects remains with the Australian Federal Government through the Australian Government Indemnity Scheme, which
arranges the indemnity insurance for the art works coming from overseas. (This scheme is much the same as that operated by Federal Council on the Arts and Humanities in the USA) This form of support can be represented as commodifying the arts through its packaging of the product: it has an emphasis on public access to the arts rather than an investment in arts practice (Caust 2003).

The integrity of the operation of AEA relies on its relationships with the Australian government, corporations and cultural agencies within Australia and internationally. A major contributor to the success of the AEA model of arts exhibition has been its relationships with business sponsors (AEA 2005). AEA invite potential sponsors -only one company per industry sector per exhibition - to participate: this has the effect of creating a sense of exclusivity for each sponsor in return for their support, in conjunction with a perceived competitive advantage.

3.3.3 Forms of business support for the arts in Australia

As previously mentioned in section 3.3.1, the funding for the Australian arts sector has a reliance on each of the tiers of government, along with private philanthropy and business. Gersh (2007) has recognised the opportunities that exist for Australian business leaders to act as lobbyists on behalf of the arts, with government, and it would appear that one of the perceived benefits of business support for the arts is gaining access to a political agenda (Frumkin 2006; Chong 2002; Bednall et al. 2001).
The complexity of arts funding is demonstrated through the recent fund raising campaign (launched in 2007) for redevelopment of the Museum of Contemporary Art, located in Sydney, seeking AUD$50 million dollars (see section 1.2). A lack of corporate support for this campaign has been evident.

Incentives for business to support the arts, such as legislative change, have simplified the creation and running of corporate philanthropic foundations, and a review of some financial data on corporate giving to the arts is discussed in the next section.

3.3.3.1 Corporate philanthropic foundations in Australia

Giving by public and private foundations in Australia has not been widely promoted or well understood (Smith 2006). For the long established foundations the pattern of giving reflects an interpretation of the wishes of trusts’ founders; some notable examples are the Felton Bequest, the Archibald Portrait Prize and the Myer Foundation. It should be noted that until 1999, a requirement for all charitable foundations was that they could receive donations only from the public (Meachen 2006). In 1999, enabling legislation for the Prescribed Private Fund (PPF) was passed by the Australian Federal Government; these new charitable funds could be established by corporations and individuals without any requirement to seek public donations (Meachen 2006). They did not replace existing foundation structures but were an addition to those structures.
The sole purpose of a PPF must be to provide money, property or benefits to eligible funds, authorities or institutions which are deductible gift recipients (DGR). It is the Australian Tax Office which approves DGR status. Having DGR status entitles the organisation to receive tax deductible donations. It should be noted that a PPF is only able to make a grant to an organisation that has DGR status or is an endorsed charity (Meachen 2006). This is an important distinction for all not-for-profit organisations as they must meet one of these criteria to be able to receive funding from a philanthropic foundation.

Between the change to legislation in 2001 and July 2008, seven hundred and sixty-nine PPFs had been formed (Queensland University of Technology 2008). For a corporation, the use of a PPF represents a formal change in control of the funds they donate. The company make a tax deductible donation to a PPF which in turn can grant or give money to organisations that have DGR status or are charities (Meachen 2006).

The Private Charitable Trust is another form of foundation. It enjoys tax exemptions on its income and is entitled to refunds of franking credits but does not have DGR status and as such no deduction or tax advantage is available to the donor (Meachen 2006).

PPFs and Private Charitable Trusts are two examples of the forms of foundations that can be established. It is a complex area subject to many considerations. The most recent valuation of foundation giving to deductible gift recipients is for the
calendar year 2007 in which AUD$301 million dollars was distributed of which the culture sector (which includes the arts) received AUD$52 million (Queensland University of Technology 2008).

3.3.3.2 Corporate response to giving in Australia – including the arts

In 2004 the Australian Federal Government initiated the project called ‘Giving Australia: Research on Philanthropy in Australia’ to review the state of philanthropy in Australia; an expected outcome was a better understanding of how individuals and business contributed. The findings from this study were released in October 2005, and included the following description of ‘Business Giving’:

- The total value of giving for the survey period 2003-04 equalled AUD$3.3 billion (up from AUD$1.446 billion in 2000-01)
- The breakdown of giving by the categories of money, goods and services was as follows: 68 percent money, 16 percent in goods and 16 percent services.
- The breakdown of giving by the main categories of donations, sponsorship and community business projects was as follows: 58 percent donations, 25 percent sponsorship and 17 percent community business projects.

The application of the funds was of particular interest. Arts and cultural associations received 9.3 percent out of a total of AUD$3.3 billion or
approximately AUD$303 million. There is no breakdown of this figure into the different categories of arts.

In their analysis of the data on donations in the ‘Giving Australia’ study, Sargeant and Crissman (2006) identified two barriers for company giving. The principal barrier was that business resources were committed elsewhere and the second was that companies did not believe that it was their responsibility to make donations. The evidence from the ‘Giving Australia’ study also showed that the majority of companies claimed an altruistic motive for their support. The more commonly known motives of enlightened self-interest, organisational image or employee or client morale were less important (Sargeant & Crissman 2006).

The growth (in dollar terms) of philanthropy between 2000 to 2005 could be an indicator of the extent to which government policy was successful in encouraging giving by business, or conversely it could be an indicator as to how much government has withdrawn from funding the not-for-profit sector. Table I provides a summary of the findings from the ‘Giving Australia’ study (ACOSS 2005). The value of an average donation is not provided, nor is a valuation of the in-kind support such as time, professional expertise and goods. Despite these limitations, future Australian government policy towards philanthropy is expected to be influenced by the results of the ‘Giving Australia’ study (Hunt & Shaw 2008).

The statistics in Table 2 make it is possible to see which industry was the most generous supporter and the preferences of companies within the sector for the
application of their funds. Manufacturing is a strong supporter of the arts along with professional services engaged in business and property development. Of interest is the separate classification of the individual sportsperson separate from the Sport and Recreation categories. Sports stars are able to achieve a level of corporate giving that entitles them to a separate category, whereas musicians, actors and performers cannot.

The popularity of cultural events in Australia is reflected in statistics prepared by the Australia Council who reported that eighty-five percent of all Australians over the age of 15 attended a cultural event or venue in the financial year 2005-06 (Australia Council 2008b): six million attended performing arts and 3.6 million attended visual arts events (ABS 2008). In 2008, the visitors to the National Gallery of Victoria and is equivalents in Queensland and New South Wales totalled 4.25 million people (Strickland 2009).

The Australian Major Performing Arts Group (AMPAG) recently identified a shift in corporate sponsorship for the nation’s largest performing arts companies. A survey undertaken by AMPAG of the nation’s touring performing arts companies, such as the Australian Ballet, Circus Oz, Opera Australia and state based orchestras, theatre and dance companies, revealed that corporate sponsorship had fallen for the second year in a row (Australia Council 2008a). Happily, the report also identified that philanthropic support had increased by more than double over the previous five years and that this more than offset the decline in corporate sponsorship.
The figures from the Giving Australia (ACOSS 2005) study estimate the level of business support to the arts is just over nine percent of total giving. The arts in Australia face several challenges including - as Gonski (2003) highlighted - competition from other sectors such as sport.

Table 1 Value of Business Giving by Recipient sector by Type of Giving
(Values are in Australian Dollars $000s)

<table>
<thead>
<tr>
<th>Value of Business Giving by Recipient sector by type of giving</th>
<th>Donations</th>
<th>Community Projects</th>
<th>Sponsorships</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts and Culture</td>
<td>219,895   (11.5%)</td>
<td>6,773 (1.3%)</td>
<td>76,849 (9.5%)</td>
<td>303,517 (9.3%)</td>
</tr>
<tr>
<td>Health</td>
<td>369,360 (19.5%)</td>
<td>109,255 (20.2%)</td>
<td>122,295 (15.1%)</td>
<td>600,910 (18.5%)</td>
</tr>
<tr>
<td>Community Service and Welfare</td>
<td>773,970 (40.7%)</td>
<td>119,101 (22.1%)</td>
<td>97,110 (12.0%)</td>
<td>990,181 (30.5%)</td>
</tr>
<tr>
<td>Sports and Recreation</td>
<td>154,488 (8.1%)</td>
<td>48,695 (9.0%)</td>
<td>354,371 (43.7%)</td>
<td>557,554 (17.1%)</td>
</tr>
<tr>
<td>An Individual Sports Person</td>
<td>-</td>
<td>-</td>
<td>18,634 (2.3%)</td>
<td>18,634 (0.6%)</td>
</tr>
<tr>
<td>Environment</td>
<td>16,513 (0.9%)</td>
<td>8,753 (1.6%)</td>
<td>4,914 (0.6%)</td>
<td>30,180 (0.9%)</td>
</tr>
<tr>
<td>Education and Training</td>
<td>106,892 (5.6%)</td>
<td>22,263 (4.3%)</td>
<td>34,356 (4.2%)</td>
<td>163,511 (5.0%)</td>
</tr>
<tr>
<td>Other/Not Stated</td>
<td>260,043 (13.7%)</td>
<td>225,141 (41.7%)</td>
<td>102,036 (12.6%)</td>
<td>587,220 (18.1%)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,901,161</strong></td>
<td><strong>539,979</strong></td>
<td><strong>810,566</strong></td>
<td><strong>3,251,706</strong></td>
</tr>
</tbody>
</table>

(adapted from ACOSS 2005, p.26)

In summary the Australian Federal Government, continues to use established entities such as the Australia Council and AbaF to deliver cultural policy. The Australian Major Performing Arts Group (Australia Council, 2008b) survey results highlight a recent decrease in giving by corporations, although this was offset by private individual giving. Corporate philanthropic foundations are yet to become a substantial source of support to the arts in Australia.
Support for the arts in Australia remains strongly dependent upon government policy but as Ferres and Adair (2007) have asserted, government has increasingly demonstrated a reluctance to contribute. Whilst still delivering cultural policy, government has initiated links between business and the arts as a means of filling the funding gap it has left.

Government has clear links to ways in which business support for the arts occurs. The next sections (after Table 2), is a description of government and business support for the arts in the USA, and has been included to provide a context for the forms of support for the not-for-profit arts sector in Australia.
Table 2 Business Giving by industry sector to Arts and Culture

(Values are in Australian Dollars $000s for the 2003-2004 year)

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>Arts and Culture</th>
<th>Health</th>
<th>Community Service &amp; Welfare</th>
<th>Sports &amp; Recreation</th>
<th>An Individual Sports Person</th>
<th>Environment</th>
<th>Education and Training</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>296</td>
<td>1,094</td>
<td>1,120</td>
<td>3,128</td>
<td>0</td>
<td>89</td>
<td>952</td>
<td>9,743</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>20,082</td>
<td>21,679</td>
<td>65,116</td>
<td>73,372</td>
<td>3,317</td>
<td>7,469</td>
<td>24,654</td>
<td>247,925</td>
</tr>
<tr>
<td>Electricity, Gas, Water</td>
<td>54</td>
<td>146</td>
<td>451</td>
<td>145</td>
<td>15</td>
<td>119</td>
<td>68</td>
<td>1,043</td>
</tr>
<tr>
<td>Construction</td>
<td>7,186</td>
<td>48,673</td>
<td>295,084</td>
<td>58,544</td>
<td>673</td>
<td>1,192</td>
<td>61,616</td>
<td>528,706</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>2,010</td>
<td>17,875</td>
<td>32,371</td>
<td>88,988</td>
<td>5,005</td>
<td>821</td>
<td>7,709</td>
<td>159,316</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>4,748</td>
<td>166,479</td>
<td>196,275</td>
<td>56,303</td>
<td>2,681</td>
<td>3,002</td>
<td>5,516</td>
<td>505,385</td>
</tr>
<tr>
<td>Accommodation, Cafes, Restaurants</td>
<td>4,238</td>
<td>5,025</td>
<td>26,052</td>
<td>21,477</td>
<td>209</td>
<td>547</td>
<td>919</td>
<td>136,492</td>
</tr>
<tr>
<td>Transport Storage</td>
<td>12,964</td>
<td>42,913</td>
<td>59,780</td>
<td>75,560</td>
<td>3,730</td>
<td>446</td>
<td>13,689</td>
<td>223,137</td>
</tr>
<tr>
<td>Communication Services</td>
<td>777</td>
<td>3,996</td>
<td>3,371</td>
<td>9,722</td>
<td>0</td>
<td>372</td>
<td>1,048</td>
<td>26,068</td>
</tr>
<tr>
<td>Finance Insurance</td>
<td>9,950</td>
<td>36,452</td>
<td>45,135</td>
<td>32,716</td>
<td>134</td>
<td>950</td>
<td>6,447</td>
<td>251,585</td>
</tr>
<tr>
<td>Property, Business Services</td>
<td>189,397</td>
<td>99,158</td>
<td>118,778</td>
<td>84,646</td>
<td>418</td>
<td>1,607</td>
<td>22,012</td>
<td>667,536</td>
</tr>
<tr>
<td>Education</td>
<td>268</td>
<td>256</td>
<td>2,095</td>
<td>2,153</td>
<td>5</td>
<td>49</td>
<td>588</td>
<td>9,873</td>
</tr>
<tr>
<td>Health, Community Services</td>
<td>624</td>
<td>119,458</td>
<td>29,120</td>
<td>3,200</td>
<td>240</td>
<td>11,750</td>
<td>6,464</td>
<td>192,555</td>
</tr>
<tr>
<td>Cultural Recreational Services</td>
<td>48,942</td>
<td>28,847</td>
<td>34,830</td>
<td>39,902</td>
<td>2,161</td>
<td>1,630</td>
<td>11,522</td>
<td>178,893</td>
</tr>
<tr>
<td>Personal/ Other Services</td>
<td>1,978</td>
<td>10,856</td>
<td>80,604</td>
<td>7,499</td>
<td>46</td>
<td>136</td>
<td>308</td>
<td>113,449</td>
</tr>
<tr>
<td>TOTAL</td>
<td>303,517</td>
<td>600,910</td>
<td>990,181</td>
<td>557,554</td>
<td>18,634</td>
<td>30,180</td>
<td>163,511</td>
<td>3,251,706</td>
</tr>
</tbody>
</table>

(ACOSS 2005, p.17)
3.4 Government and Business Support for the Arts in the USA

Ivey (2008) asserted that in the USA the focus of the funding argument had become too narrow, seeing only the supply-side requirements of elite arts organisations, and argues this was an effect of a neo-liberal environment. With no centralised cultural ministry to represent the arts in the USA (NEA 2004) non-government sources of funding are vital. This section is a review of key components of funding for the arts in the USA.

Global integration promotes a better understanding of local cultural practices (Lievesley 2001) and as previously noted (in section 3.1), the model of support for the arts in the USA is one that has been adapted from Britain. To provide a context for the not-for-profit arts sector in Australia, aspects of practices for the support for the arts in the USA will be reviewed in this section.

3.4.1 Introduction

The development of a program of government funding of the arts in the USA can be traced to the second half of the 19th Century (Alexander 1996). More recently, the federal-government sponsored national funding body, the National Endowment for the Arts (NEA), has been a major contributor to the delivery of government cultural policy. Business has developed its own relationship with the arts through the creation of its own advocacy group and corporate philanthropic foundations.
have also made a contribution (Chong 2002). This section explores these points, commencing with government support for the arts in the USA.

### 3.4.2 Forms of government support for the arts in the USA

Government funding to the arts in the USA can come from the federal, state and local levels. The NEA have estimated government support from the three tiers of government to the arts represents 13 percent of the total of all support provided in the USA but even at this level remains behind levels of support in the 1990s (NEA 2007). The NEA is a peak national cultural organisation supported by the federal government, but one that operates at arm’s length from government; it will be discussed further in the next section.

#### 3.4.2.1 The National Endowment for the Arts

The NEA was founded in 1965 to address the perceived lack of availability of art and improve public access to art (Chong 2002). Assuming a role in arts funding, the federal government started the NEA with a modest vote of funds, but the NEA has since become the most recognisable government contributor to the arts of any of the levels of government (Borgonovi & O’Hare 2004).

By 2005, federal government funding to the NEA had grown to approximately US$ 120 million. Grants are made to individual artists and arts organisations with the requirement that the recipients match the NEA funding (Borgonovi & O’Hare
NEA block grants are made to state and local governments to fund the arts on the same matched funding condition (McCarthy, Ondaatje & Novak 2007).

The US federal government’s rationale has been that a vibrant arts sector is a social good. It has been speculated that support from the NEA has had a negative impact on contributions from private and institutional supporters (Borgonovi & O’Hare 2004). The NEA, in support of their own funding model, has asserted their support has the opposite effect and disagrees with the view of Borgonovi and O’Hare. The NEA maintains that government support acts as a signal to potential private and institutional supporters of the significance of the contribution to society being made by an artist or arts organisation, and they should participate and match NEA funding (NEA 2004). Despite speculation about the impact of the NEA, Borgonovi and O’Hare (2004) concluded that giving to the arts from the private and institutional sectors was not influenced by the pattern of funding by the NEA.

The expectation that the arts should provide not just a social good but an economic benefit has led to arts organisations to seek new partners (Ivey 2008; McCarthy et al. 2007). In the USA, government support for the arts has been enabled through legislated reforms. The next section considers some initiatives arising from that support.

### 3.4.2.2 Other forms of government support for the arts in the USA

As recognised in the previous section, the NEA is a key component of the delivery
of cultural policy in the USA. Other initiatives of government to develop and promote the arts have included support for touring art exhibitions nationally and internationally and changes to copyright law, and these are reviewed in this section.

The Federal Council on the Arts and Humanities (FCAH) underwrites insurance costs for large international exhibitions coming into the USA and for any major exhibition a United States museum may send offshore. The recognition of the risk inherent in travelling exhibitions and clarifying the ownership of liability has had a lasting impact, enabling exhibitions of international standing to be staged in the USA (Wu 2002). Programs of outreach and community service are empowered and valuable components of the operation of many cultural institutions function through presenting various forms of art from a variety of cultural backgrounds, making them more accessible to the public (Wu 2002).

Copyright law in the USA changed in 1998 to provide increased protection to the creator. Twenty-five years was added to the copyright protection period, which became the life of the creator plus seventy-five years (Cowen 2005). This legislation has, as Cowen (2005) asserted, when enforced, turned information as a public good into a commodity with a value.

Support for the arts at the national or federal level is directed at many different components of the sector, some with a low profile. The next section considers ways in which business support for the arts occurs in the USA.
### 3.4.3 Forms of business support to the not-for-profit sector including the arts in the USA

Larson (1996) noted a subtle shift within corporations in managing their giving to the arts in which specialised giving staff had been replaced by professional marketing and sales staff for corporate policy development. Commenting on the changing nature of business philanthropic support and using IBM to exemplify the significance of the change, Franklin (2008) observed that in 1993, 95 percent of the total philanthropic giving by IBM was in cash, but by 2007 this had reduced to 35 percent. Additionally, during the 1990s, all of IBM’s philanthropic spending was in the USA, but by 2007, 60 percent of it was applied elsewhere.

The opportunity for companies to meet public expectations about their role in society has also become a tool for expanding traditional goals of corporate giving. This has been perceived as contributing to the enhancement of company reputation and increased brand awareness whilst supporting the not-for-profit sector (Frumkin 2006). Surveying over 700 executives on their business giving objectives, McKinsey & Co. (2008) reported that nearly ninety percent of the respondents looked for business benefits from their programs of support. In the same survey, when asked about which issues they were addressing through their philanthropy, ‘culture and the arts’ was the least popular choice (education came first). Despite the discouraging findings reported by McKinsey & Co. (2008), the Business Committee for the Arts (BCA) reported that business support for the arts in 2006 totalled US$3.16 billion, vastly more that all NEA funding in 2005 (US$120 million) (BCA 2007).
The BCA was established to foster a dialogue between business and the arts in the USA. The next section reviews the contribution of the BCA to that dialogue.

3.4.3.1 Business and the arts in the USA - the Business Committee for the Arts

The not-for-profit trade association of corporate patrons of the arts in the USA is the Business Committee for the Arts (BCA), which exists to encourage and develop business support for the arts and to increase the visibility of corporate arts intervention in the USA. Formed in 1967, just two years after formal federal government recognition of the arts came into being through the creation of the NEA, the BCA identified that the arts offer opportunities to develop client/customer relationships, attract and retain employees and stimulate creative thinking (BCA 2007).

The BCA calculated that business support to the arts in 2006 was valued at US$3.16 billion (BCA 2007); this represented a decline in support since 2003, when US$3.32 billion had been allocated to the arts (McKinsey & Co. 2008). A decline in the number of companies making contributions to the arts was also detected, from 74 percent in 2003 to 69 percent in 2006 (McKinsey & Co. 2008).

Corporate or business support to the arts can be influenced by factors external to the company, which may include political influences, legislation, and taxation. The next section reviews some of these, commencing with political influences on business support for the arts in the USA.
3.4.3.2 Political climate and influences on business support for the arts in the USA

The political climate and the funding of the arts in the USA appear to be interconnected. The complexity of arts funding in the USA was highlighted by the NEA in the introduction to a report issued in 2007 as “…complex, decentralised, diverse and dynamic. It combines federal, state, and local government support with private subvention from individuals, corporations, and foundations, as well as box office receipts” (NEA 2007, p.v).

In the USA, private funding support for the arts in 2006 amounted to 31 percent of funding and a further 44 percent of funding was derived from sales of tickets, 13 percent sourced from government, nine percent from foundations and three percent from corporations (NEA 2007). Government policy towards arts funding has meant the arts sector must constantly find alternative funding sources which have included the corporate sector and a wider selection of companies. The NEA has described the funding for the arts in the USA as follows: “…the American system uses a regime of incentive grants and relies on a principle of decentralisation. There is no cultural ministry, and no single agency or institution controls more than a small percentage of the funds distributed” (NEA 2004, p.3).

Changes to tax legislation, whilst not specifically targeted to the arts, have progressively improved the incentive for private individuals and corporations to give to the not-for-profit sector and have been identified as one of the largest forms of support for the arts (Alexander & Rueschemeyer 2005). The next section
contains a brief description of the taxations incentives for business to support the arts in the USA.

3.4.3.3 Taxation incentives for business support for the arts in the USA

This discussion is restricted to some of the tax incentives by the federal government in the USA, setting aside the topic of state and local taxes. The Federal Revenue Act 1935 established tax deductions for corporate donations to charitable causes. For companies making either cash or benefit in kind or combinations of both, the ceiling for such contributions was up to five percent of a firm’s taxable income (Wu 2002, p.52). Adjusted in 1981, the Economic Recovery Tax Act raised the deduction ceiling for charitable contributions for companies, either cash or benefit in kind, from 5 percent to 10 percent of a firm’s taxable income. Any excess contribution of more than 10 percent in a given year could be carried over to each of the following five years (Wu 2002, p.52). These changes provided the opportunity for companies to leverage these tax concessions as a part of their corporate philanthropic strategy.

Another mechanism of support for the arts in the USA is the corporate foundation, and a discussion of the contribution of this follows.
3.4.3.4 The corporate philanthropic foundation as an incentive for business support for the arts in the USA

The importance of corporate foundation giving to the arts, especially in an environment in which competition for funding has increased, was emphasised by Frumkin (2006), who also stated:

“Using a corporate foundation can be a way for donors to connect their business interests to their social concerns, although there are features of corporate philanthropy that make this link sometimes hard to establish. Chief among these is the tension within corporate foundations between the desire to do good and the desire to look good” (2006, p.231).

Corporate foundations rely on the parent company for financial support, and as such, are not immune to the changes in the economic or financial worlds around them. As Frumkin (2006) highlighted in his commentary on the giving strategy of the corporate foundation, “Corporate foundations cannot and do not make arbitrary grants. Every grant has some instrumental value, even if this value is relatively small” (Frumkin 2006, p.231). Commenting on foundation giving, McCarthy et al. (2007) recognised that foundations had progressed to making their grants conditional, with specific social goals. This move has replaced more liberal and general grants as a response to closer monitoring and scrutiny of the system of grants and how they are awarded. This scrutiny came about because of speculation about whether there had been any public benefit or good derived from this form of giving (McCarthy et al.2007).

Lawrence and Mukai (2008) provided a view of foundations in the USA, making a point about the growth in the number of active grant-making foundations. In 1996 there were an estimated 41,588 foundations in the USA that gave away nearly
US$16 billion. By 2006, the number of foundations had grown to 72,477 and they distributed an estimated US$ 39 billion in that year; the number of corporate foundations was estimated to number 2,548 giving US$ 4.4 billion. Lawrence and Mukai (2008) estimated that of the US$ 4.4 billion given by corporate philanthropic foundations in 2006, the arts and culture sector received twelve percent, well behind sectors such as education, health and public society benefits. A key feature of foundation grants to charitable organisations in the USA is that they are tax free because of their contribution to the public good.

3.5 Government and Business Support for the Arts in Britain

As the model of support for the arts in countries such as the USA and Australia have been adapted from the British model, the inclusion of components of the British model provide a context for a greater understanding of the practices in Australia. Historically the arts in Britain have relied on government as the key source of funds and despite a model of a mixed economy, government support remains dominant (Mirza 2006; Stanziola 2007). Government has also been instrumental in connecting business to the arts with the creation of Arts & Business (to be discussed later) (Chong 2002). These influences that have contributed to the forms of support for the arts are reviewed in the next section, commencing with government support for the arts.
3.5.1 Forms of government support of the arts in Britain

At the national level, government support for the arts in Britain takes many forms, examples of which are the Arts Council, Arts & Business and the Heritage Lottery Fund. This section reviews these key components of government support for the arts at the national level, commencing with the Arts Council.

3.5.1.1 The Arts Council England (Arts Council)

A long standing means of delivering cultural policy in Britain, the Arts Council of Great Britain was, in 1994, formally broken into smaller councils representing Wales, Scotland, Northern Ireland and England. The focus of this section is the Arts Council of England.

The Arts Council has the responsibility to act independently of government and in operational terms can “delegate powers and functions to regional councils which when combined with its own network of regional arts councils act as a means to implement Arts Council policy” (Arts Council 2007, p.13). The purpose of the Arts Council England is to get more art to more people in more places. To achieve this purpose, the Arts Council develops and promotes the arts across England, acting as an independent body at arm’s length from government. This highlights the importance of public access to the arts in England and the role of the Arts Council.
The funding for the Arts Council stems from two key sources. The first source is grant-in-aid income from the government. These are funds supplied from revenue the government raises through its taxes, levies and charges (Arts Council 2008, p.60). The second source is a share of the proceeds from the National Heritage Lottery Fund, sourced from levies and charges on gambling (discussed in section 3.5.1.3). Grant-in-aid funding accessed by the Arts Council England is considerable - £423 million for the financial year 2007/2008 (Arts Council 2008, p.61).

An important attribute of the Arts Council is that it is registered as a charity and through this has been granted exemption from taxation on its income (Arts Council 2008, p.72). This charitable status has enabled it to attract funding from sources such as private individuals, corporations and foundations. The income the Arts Council receives in any one year, after deducting the administrative cost burden, is allocated to arts organisations with a strategic importance and where multi-year funding agreements have been put in place. The balance of the funds is then typically allocated as one-off grants.

The Arts Council aims to improve participation rates in cultural activities among priority groups, especially people with low incomes and low skills (Belfiore 2006). The type of arts activities thought to be useful for improvement in participation rates through innovation and diversity has been disputed by Heartfield (2006), who has questioned the purpose behind the motives, suggesting that the perceived economic benefits were really for the arts, not the community.
The Arts Council does not foster a direct financial relationship with business, but is an independent body of the government charged with implementing cultural policy; however, the government recognised the benefit of a relationship between business and the arts, which led to the creation of Arts & Business, to be discussed in the next section.

3.5.1.2 Arts & Business: government and business link together

Arts & Business, originally known as the Association for Business Sponsorship of the Arts was created to connect business with the arts (Wu 2002). The creation of the Arts & Business signalled that the state could not sustain a healthy and growing arts sector if the only major funding source for the arts was the government. When Arts & Business was founded (in 1976) the first corporate supporter was British Tobacco and the value of investment by business in the arts was estimated to be £600,000 per annum. The corporate strategy behind the application of that funding at that time was indiscriminate and lacked focus (Arts & Business 2007, p.2). Seed funding from the government created an opportunity to encourage and develop business support for the arts and to increase the visibility of corporate arts support in the community.

From a modest start the estimated value of the support provided from the business community channelled through Arts & Business has grown to an estimated annual value of over £150 million (Arts & Business 2007; Chong 2002). In comparison, giving by the top 500 corporate donors in Britain for the 2005/2006 year amounted
to £1.1 billion pounds (including cash donations and gifts-in-kind) for all corporate socially responsible activities (McCaffrey 2007).

Arts & Business initially was offered only financial support from business as the means of connecting the arts with business, but has developed into an organisation that:

“…offers member services such as advocacy on sponsorship opportunities, produce publications to champion the practice, lobby government on behalf of its members for increased tax incentives and improved sponsorship credits in the media” (Arts & Business 2008, p.7).

Ongoing research by Arts & Business into the cultural sector has focused on the value of culture within business and the business of cultural organisations. Arts & Business has been able to offer a range of skills development programmes, especially for those in the arts fundraising area. These include raising the skills and business expertise in communications, leadership and teamwork. The intention of the development of these skills is to improve running of boards and management committees in the arts.

A feature of the operation of Arts & Business and how it supports development of the arts, “is the network of offices which provides the smaller remote arts organisation access to potential partners or supporters from the business world and the resources funded by business” (Arts & Business 2008, p.12). Through the operation of this network, Arts & Business has recognised a growing awareness of the social responsibility agenda within companies, and how business can meet the agenda through their support for the arts.
Concern has been expressed at the reduction in the grant of funds from the Arts Council (one third reduction) and the impact this could have on its program for support in the community (Arts & Business 2008, p.23). The demise of Lehman Brothers, which had been a major supporter of the arts in England, was cited by the Chair of Arts & Business as a worrying sign for the future of business funding (Arts & Business 2008).

In addition to fostering relationships between business and the arts, the British government has increased direct financial support through the Heritage Lottery Fund. How this works and its impact are discussed in the next section.

3.5.1.3 The Heritage Lottery Fund in Britain

A significant contribution to the funding of the arts in the United Kingdom has been through the National Lottery. This funding link between the Lottery fund and the arts (established in 1994), marked a change in the funding of cultural policy in Britain. Lottery funding was applied to projects in addition to, not instead of, government funding; this recognised the windfall nature of the Lottery earnings, as it was stated that development and public funding would be “maintained in addition to the Lottery earnings” (Wu 2002, p.277). It is possible to hold the view that something such as the National Lottery as a sort of “voluntary” tax (Wu 2002, p.277).
At first the funds from the Lottery were primarily applied to capital works projects through the construction of new buildings and infrastructure or the upgrade of existing facilities. This created pressure on local communities and corporations, as the management teams from the arts set about raising the necessary funds needed to run the new museums, theatres and dance companies, and it became clear that a program of only building new infrastructure could not be sustained. In recognition of this, the regulations were redrafted in 1998 to permit Lottery money to fund operating expenses such as staff charges rather than being limited to capital works such as the construction or refurbishment of buildings. The financial value to Arts Council England of the Lottery funds in the 2007-2008 financial year was £193 million pounds (Arts Council 2008, p.103).

Recipients of Lottery funding are expected to match that funding (Arts Council 2008, p.122) and a common way for the museum sector to comply with this condition has been the naming or renaming of a gallery: naming rights can be bought for a limited period for an agreed sum. This opportunity applies equally to private individuals and multinational corporations (Arts Council 2007).

Lottery funding, direct support via the Arts Council, and seed funding through Arts & Business are components of the suite of mechanisms the British government maintains to deliver cultural policy. The role of the business sector in supporting the arts cannot be overlooked, and the next section considers some aspects of business giving to the arts in Britain.
3.5.2. Forms of business support for the arts in Britain

Charitable giving in Britain from all sources has been reported as being in decline (Nicholls 2006). In what may have been a response to the perception of a reduction in charitable giving, the Arts Council England launched ‘The Campaign for Private Giving’ in 2008. Whilst this programme has been designed to stimulate giving to the arts by private individuals, creating a pattern for a lifetime of giving, the point of such a programme is the recognition of the need for the arts to source funding from non-government sources.

Corporate or business support of the arts may be influenced by factors external to the company. In the context of an enterprise culture these factors may include legislation, political influences and taxation. The next section reviews some of these, commencing with political influences on business support for the arts in Britain.

3.5.2.1 Political climate and influences on business support for the arts in Britain

It was the 1970s when the then British Labour government overtly considered ways of stimulating business to actively participate in support for the arts. Elected to govern in 1979, the conservative neo-liberal Thatcher government argued that state funding of the arts had created a dependency within the sector to an extent in which only certain arts organisations received the bulk of the funding (Wu 2002). The belief held by government was that this dependency had the potential to exclude the
public from seeing a selection from the arts that could appeal to a wider audience. To break that dependency, the funding model was changed (Wu 2002, p.48). The argument for this change was consistent with the then emerging economic neo-liberal arguments for free enterprise and market forces (as discussed in Chapter Two). Art administrators found they had little choice but to exploit the new economic model for their advantage (Stanziola 2007).

To stimulate business interest in the arts, government policy initiatives included the creation of a peer reference group (Committee of Honour) which consisted of representatives from the captains of industry, and a fund raising initiative known as the Per Cent Club (commenced in 1986) made up of representatives from leading companies in Britain (Wu 2002, p.57). The Per Cent Club relied upon companies committing to contribute at least one percent of their pre tax profits to the community which also included the arts (Wu 2002, p.57).

A different approach to the same problems of engagement and funding was the Business Sponsorship Incentive Scheme, which gave cash rewards for business sponsors. The key component from this scheme was the tax incentives that would be available through company giving (Chong 2002). Another Arts Council project, developed in conjunction with the Midland Bank, was a loyalty scheme that used a credit card (Chong 2002). These schemes are just some examples of the initiatives designed to increase business participation in the funding of the arts.
In a specific reference to the art museum sector, Wu (2002) argued that the financial insecurity created by the changes in the then new political environment had continued and that art museums’ ability to deliver to the public remained compromised as a result. Wu’s view was that the certainty of financial support that used to be provided by government had created better outcomes. Legislative changes to improve the engagement between business and the arts, has, to a limited extent, contributed to business support. Some of these changes are reviewed in the next section.

3.5.2.2 Legislative changes as an influence on business support for the arts in Britain

Legislative changes, unlike policy change, could be interpreted as a mandate for compliance motivated by lack of trust (Wu 2002). Legislation such as the Finance Act (1986) created an opportunity for business to support the arts. Changes to the Companies Act (2006) did not introduce a requirement for a company to support the arts, but created an opportunity for companies to report on their support for the not-for-profit sector including the arts. The impact of these legislative changes will be considered in this section.

The Finance Act (1986) improved the capacity of companies to make direct charitable donations by removing restrictive qualifications, in particular enabling one off donations. The benefit was that making the donations permitted the company to claim the donation as a charge against income without having to enter into a deed of covenant (Cowton1987) (discussed in more detail in section 3.5.2.3).
The significance of this change may be better understood when one considers the reported value of corporate giving (including to the arts) in 1977 was £43 million and by 1985 it had reached £119 million (Cowton 1987). By 2001 total corporate giving was estimated at £700 million (Brammer & Millington 2004). These figures of giving do not include provision for sponsorship, time and expertise, nor is it possible to identify the arts sector in these figures.

The Companies Act (2006) introduced a requirement for a corporation to provide a formal report on their corporate social responsibility (CSR) including the environment and employees. This is sometimes referred to as social responsibility or corporate community investment and the responsibility for this reporting rests with company directors (Polding 2008). Support for the arts can be categorised as forming a part of social responsibility and if so, companies would be required to include this in their report.

Taxation can be regarded as another legislated means of control and the next section considers some tax incentives for supporting the arts available to business in Britain.

**3.5.2.3 Taxation incentives for business support for the arts in Britain**

Using taxation as an incentive to engage business and increase its support for the arts using taxation as an incentive has long been recognised as a legitimate
approach in Britain. Incentives have included the deed of covenant and changes to the policy of deductible charitable donations.

The primary means for a company to claim a tax deduction for charitable donations in Britain prior to 1979 was a deed of covenant (Wu 2002). The deed of covenant was a written agreement for one party to pay another party an agreed amount of money for no consideration. The agreement provided for a payment stream of up to five years to any registered charity (as museums and art galleries are in Britain). In summary it operated as follows: a company made a donation to its preferred charity, net of any basic rate of income tax. The tax was paid to Inland Revenue and the Charity was able to claim a refund of that tax. The transparency of this system allowed governments to identify how much they were subsidising the industry. The Thatcher government changed the scheme in 1980, making the deed of arrangement a three year term in an attempt to “provide greater flexibility for corporate giving without locking them into a long-term arrangement” (Wu 2002, p.61).

A change to the Finance Act in 1986 allowed companies to claim a deduction for charitable contributions up to a limit of three percent of company dividends paid. To encourage arts sponsorship and sidestep what was seen as the cumbersome process of businesses having to qualify for tax deductions by making covenanted payments, both the Thatcher Government and Arts & Business advocated for a specific definition of sponsorship. Clearly stating what sponsorship entailed was perceived as encouragement for companies to engage in sponsorship of the arts and, as Wu (2002, p.128) noted, would contrast sponsorship favourably with
patronage, which continued to operate via the relatively complex tax route of deeds of covenant.

Taxation incentives offer a range of options to British corporations to support the arts through either donation or deeds of covenant from their after-tax revenue. An extension to the way in which companies can contribute to the arts, benefit the broader community and achieve business goals is through the use of corporate philanthropic foundations: this is the topic of the next section.

3.5.2.4 The corporate philanthropic foundation as an incentive for business support for the arts in Britain

The use of the corporate philanthropic foundation as an instrument for any corporate giving (not just to the arts) has had limited appeal in the British model of business giving (SMART Company 2006). Whilst companies have long had the option to establish a corporate philanthropic foundation, by the 1970s only twenty one companies had done so (SMART Company 2006). SMART Company research (publicly funded through the Cabinet Office) conducted in 2006 showed that 52 foundations were established in Britain in the 1990s. Between 2000 and 2006, a further 24 corporate foundations were established. One of the reasons given for the reluctance of companies to set up a foundation was that community activities should be more aligned with the business than a foundation would permit them to be.
For the period 2004-05 British corporate philanthropic foundations gave away approximately £167 million, mostly in the form of grants. The value of total foundation giving may be contrasted against the value of total corporate giving: in 2005 this stood at approximately £900 million, and foundations represented approximately eighteen percent of all corporate giving (SMART Company 2006). Lunt (2006) calculated that corporate giving in 2005, including cash and gifts in-kind, amounted to £985 million.

3.6 Summary

The chapter commenced with a statement about the difficulty in defining the arts (Saatchi & Saatchi 2000). Recognising that a common understanding of the term would be beneficial, selected definitions were explored. Myerscough (1988) included the visual and performing arts; professional and amateur; craft; writing; and music. Hunt and Shaw’s (2008) definition includes not only the components recognised by Myerscough (1988) but considers the arts as including creative businesses and the knowledge economy. As the study refers to the not-for-profit arts sector, a definition of this sector needed to be and was formulated.

The next part of the chapter reviewed models of support for the arts in Australia, the USA and Britain. The retreat of the state in Britain led to a neo-liberal environment in which both sides of politics participated and led to a new engagement between business and the arts (Wu 2002). The US model for the support for the arts also appeared to have been shaped by neo-liberal ideologies and
practices, but funding from the state was found to have little impact on giving by other sources (Borgonovi & O’Hare 2004).

This has not been a detailed review of the arts in each country, but a review of some key changes and influences to provide an insight into the sector and how it has developed over time. Whilst comparisons are not encouraged, it was considered necessary to demonstrate that the arts, as a sector do not operate in isolation from its international (especially English speaking) environment. Ideas are swapped between countries and adapted to suit local circumstances. Australia and the USA largely share a common cultural heritage through language, customs and democratic systems of government with Britain making the linkage between the nations relevant from an historical perspective as well as more recently in the sharing and adoption of ideas.

The British model of arts support benefits from the Heritage Lottery fund (Wu 2002), something that the USA and Australian arts and cultural sectors do not have. In contrast, the US model of support benefits from giving by corporate foundations (Lawrence & Mukai 2008). In Australia, the USA and Britain, arts and cultural organisations connect to the business sector. The way these connections can happen is through formal associations such as the Australian Business Arts Foundation, the Business Committee for the Arts and Arts & Business, all peak organisations in different countries. Two operate as agencies of government and one is privately funded. These organisations develop relationships, share information and nurture partnerships between the two sectors.
The motives of business to be associated with the arts may include altruism and enlightened self-interest (Lantos 2001; Moir & Taffler 2004). Some give anonymously, without the need or expectation of any reward; others want a return, and any participation will only be guaranteed if there is a measurable financial reward or where reputation is enhanced. As mentioned in section 2.2.4.1 (Motivations for Corporate Philanthropy), cross-border comparisons for motivation are problematic but becoming more feasible in a global economy.

Corporate support for the arts in Australia is subject to many influences. The Australian Federal Government provides assistance, and the respective arts companies themselves can be active fundraisers. Are the patterns of support in countries such as Britain and the USA mirrored in Australia? The extant body of knowledge reveals a gap in the understanding of corporate support for the arts and how companies in Australia support the arts in a new century. In the presence of important neo-liberal changes to government policy in Australia and in the absence of knowledge about the mechanics of corporate giving of financial and other support to the not-for-profit arts sector in particular, what perceptions on this topic do corporate representatives hold about their relationship with the arts through their everyday experiences? Specifically with reference to corporate philanthropic support for the arts in Australia, what was of interest to the researcher was - how do these representatives interpret their social reality and how they negotiate the meanings for the actions? The research question is ‘what are the characteristics and the range of perceptions held by corporate representatives in Australia on support for the arts?’
The next chapter, Methodology, will describe the theory behind and the design and conduct of the research.
Chapter Four - Methodology

4.1 Introduction

This chapter describes the research paradigm and the techniques used to address the research question. It relates to the process of generating qualitative data with the use of an Interpretivist paradigm; it explains why Interpretivism, as a model of science, was an appropriate analytical approach for this research study. Details of the way the study has been designed, participant company selection and profiles, data generation and data analysis are presented. Limitations and constraints arising from the study are noted.

4.2 The Purpose of the Research

The objective of the research was to inquire into the way(s) in which companies within the Australian context support the arts and what meanings can be derived and the messages that are sent by such corporate behaviour. The literature depicts a climate in which corporations have negotiated changing political ideology and practices. Added to this are expectations about the role of corporations play within their social responsibility, as consideration for the impact companies have on the communities within which they operate. Corporate responsibility, it appears, has not been limited just to the shareholders of the corporation and employees, but extends to the wider community. Coupled with this are specific decisions made by government that have created opportunities for the engagement with the arts.
Incentives provided to encourage business to contribute to the arts include legislation, and the creation of agencies such as AbaF (see discussion in Chapter Three). This phenomenon of engagement through government initiative has not been confined to Australia. For example, governments in the USA and Britain have been active in promoting business support for the arts. The emergence of the global economy has made it difficult for companies to ignore developments in countries that are trading partners or ones with whom free trade agreements may exist, where parent entities may be domiciled and with which cultural heritage and language is shared.

As previously discussed in Chapter Two, corporate support for the not-for-profit sector has been variously described by other authors as being philanthropy and/or sponsorship, with little attention as to what these terms could mean in an operational context. Additionally, the concepts of accountability through corporate social responsibility and good corporate citizenship have been recognised as part of the motivation for corporate giving and what, if any, impact this may have had as a motivation for corporate support. A key theme of the research was to explore how corporations deliver support to the arts and what (if any) meanings are embedded in such corporate behaviour.

The primary research question as set out in Chapter Three was posited against a background of the presence of important neo-liberal changes to recent government policy in Australia and an absence of knowledge about the mechanics of corporations giving financial and other support to the arts. The question is ‘what are
the characteristics and the range of perceptions held by corporate representatives in
Australia on support for the arts?’ In asking (and answering) this question, the aims
are to improve understanding of corporate support for the arts through concepts
such as philanthropy and sponsorship, to understand what individual companies are
able to provide as support, and what are the motives for giving (such as altruism or
social responsibility). The key aim of this research is not to establish a causal link
between corporations and their support for the arts, but to explore how support is
delivered from the perspective of the company. Why the support is provided is a
secondary research questions (as described by key informants in a selection of
major companies as outlined later in section 4.4.5). This chapter details the
methodological approach used for the study.

4.3 The Research Paradigm

As first stated in Chapter One (section 1.5), the Interpretivist approach was selected
as the most appropriate for this research study. As Blaikie stated “Interpretivists are
concerned with understanding the social world people have produced and which
they reproduce through their continuing activities” (2000, p.115). The interest of
this researcher is the way in which companies support the arts and what meanings
can be derived from such corporate behaviour.

The Interpretivist paradigm affords the researcher an opportunity to gain insights
and discover meanings from the experiences of the participants, the social world
the participants have created for themselves and the worlds of their organisations.
Mutual knowledge, tacit by nature, plays an important role in this approach as it is shared knowledge laden with meaning, but despite this, is typically not articulated. It is knowledge that has formed and shaped beliefs and practices and at times been taken for granted. The task of the researcher is to penetrate that social world and as Blaikie (2000) stated “…discover and describe this ‘insider’ view, not to impose an ‘outsider’ view” (2000, p.115).

Blaikie (2000) added that the Interpretivist approach required certain ontological assumptions of social reality being social constructions of social actors. The created social reality, as constructed, has no existence outside the social world the actors have created for themselves. The social reality of the actors is a product of the negotiation by those social actors of the mutual knowledge which can contain cultural symbols and meanings and facilitate social relationships.

In this approach, the ontological assumptions propose there is not one single social reality (absolutist) but that there are multiple realities of phenomena and as such can be considered to be relativist. The relativist assumption maintains that actors construct their own social reality in a response to mutual (and other knowledge), and it is real for each of them. From the ontological assumptions follow epistemological assumptions.

The epistemological assumptions maintain that social scientific knowledge can be derived from concepts and meanings that may appear mundane but may include common sense terms and typical situations (Blaikie 2000). It is the role of the
researcher to discover those inside views and then ultimately re-describe them in social scientific language. These accounts can then be developed into theories, of which the actors may be totally unaware. In practical terms, the research study will derive concepts and meaning from the social actors who are in the constructed reality, and these will contribute to our understanding of corporate giving to the arts and the motivations behind giving in Australia.

Abduction is a research strategy used to generate meta-data using the data gleaned from the accounts of the social actors. In this study the abductive strategy is used to generate the social scientific accounts, drawing on the realities as described by the social actors. The abductive research strategy is discussed in further detail in the next section.

4.3.1 Abduction as a research strategy

The Interpretivists assert that statistical patterns are not understandable on their own and that is necessary to find out what meanings actors give to the behaviours that lead to such patterns. As Giddens (1984) stated, social actors are knowledgeable about their circumstances. This knowledge extends to the inclusion of the unconscious and routine in their realities as well as the context of those realities, the consequences of their behaviours and the contributions of behaviours to their own circumstances. Abductive research strategy is used by Interpretivists to develop social scientific accounts to find that meaning. The strategy creates a
bridge that enables the researcher to move from the everyday or ordinary
description of social life to more technical descriptions (Blaikie 2000).

The challenge for the social scientific researcher using an abductive strategy is not
about engaging in a process in which the recording of descriptions of the social
reality the way it is viewed by actors is paramount. But to derive from those
descriptions information that will lead to the generation of theories from those
everyday activities. Following the logic of Schütz (1963), all social scientific
knowledge is indirect and as such cannot be lived. Schütz maintained that the
reality as described by the actors (first order construct) serves as the basis for the
development of a social scientific problem (second order construct) whereby the
researcher can derive an understanding of a social phenomenon. From this the
difference between the first and second order constructs is clear, with distinct
purposes. In practical terms, moving from first to second order constructs relies on
a data generation process such as interviews recording the realities that actors have
created for themselves. From this, the social scientific researcher constructs social
scientific theories.

The construction of a second order construct represents another way of looking at
the data. The second order construct or typification represents a new idea about a
quality or characteristic sufficiently unique to a subset of themes, that it is capable
of showing a new meaning about the phenomenon being studied (Hallebone &
Priest 2009). Principles that help Interpretivist researchers in this stage of the
research relate to reduction, condensation and integration. Reduction is an initial
categorisation of data, condensation identifies and describes typifications, and integration is an activity that systematically and imaginatively develops concepts and theory from abstractions of typifications (Hallebone & Priest 2009). Typifications constructed from the data are discussed in section 5.6 in Chapter Five.

The abductive research strategy incorporates meaning and intentions that people enact in their everyday lives as determinants of their behaviour and, as previously mentioned, it is the view from the inside and incorporates knowledge held by each actor that may be tacit, symbolic or mutual. Recalling the purpose of this research study, the first step is to understanding the reality created by actors engaged to represent corporations in their relationships with the not-for-profit sector arts sector.

The stories that are told and shared are the means to access the social world of the actors. Blaikie (2007) reminds us that much of what passes for social reality is routine and conducted in a taken-for-granted manner. Challenges to this reality - for instance, when a social scientific researcher asks questions - require the actors to search for meaning from the routine, tacit and unconscious elements of their reality. This research study generated data from the social actors who acted as representatives from the corporate sector, agencies of government and private philanthropy, with the intention of providing a better understanding of the meaning of corporate behaviour in Australia and support for the arts. The reasons for how and why a company may choose to support the not-for-profit sector, which includes
the arts, are decisions made within a business context regardless of how the
decision is made or who makes it. The information as supplied by each participant
representative could be the result of any number of factors, which may include
information that reflects formal company policy, information the participant
representative interprets as being acceptable as compliance with company policy,
or what they have interpreted as being acceptable policy without reference to
authority.

4.4 The Study Design: Interview Research

As mentioned in section 4.3, this study uses an Interpretivist paradigm, and an
abductive research strategy to investigate - in light of important neo-liberal changes
to recent government policy in Australia – the research question: what are the
characteristics and the range of perceptions held by corporate representatives on
corporate giving financial and other support for the arts? The next sections describe
the study design, the method of data generation and the analysis of the data, and
commences with the study design.

4.4.1 Study design methods

The research design relies on the topic and at times the availability of resources to
generate the data. The research study used qualitative semi-structured interviews
with participants from large companies. This section discusses the choices made for
this research study.
4.4.2 Interview method

Gillham (2005) breaks interview methods into two broad categories: face to face methods, which include group, structured and semi-structured interviews; and distance methods, which include telephone and email interviews. This categorisation is a variant on the schema of interview methods advanced by Arksey and Knight (1999) who described interviews as capable of being divided into three types: structured, semi-structured and unstructured or open. The characteristics for each format vary and, as Rugg and Petre (2007) highlighted, the selection of a particular format will rely on an assessment of the relevant literature. The structured interview can be a prepared list of specific topics or alternatively a tightly scripted series of questions maintaining a strict focus usually with pre-designed response categories. The unstructured (open) interview relies on the instinct and judgement of the interviewer to monitor the progress of the interview without topic or question guidelines. In between the structured and open approached is the semi-structured interview, in which some predetermined topics or questions guide the interview but allow the opportunity to pursue interesting and pertinent topics when they arise.

4.4.3 The semi structured interview

Investigation of the phenomenon of corporate support for the arts requires a focus on descriptions of the human experience and the reality actors experience in their context. Gillham (2005) recommended a test of different interview styles to aid
selection, therefore two pilot interviews using firstly the unstructured and then the semi structured style were undertaken. The results from the tests favoured the semi structured interview: the overall interview process was more enjoyable to both parties, yielding useful information. The unstructured interview experience was problematic - the interviewee wanted to control and direct the interview, data generation was limited and time was wasted, leading to an altogether unsatisfactory result. The structured interview style was rejected without trial because of its rigidity and the known outcome from the trial interviews. Selecting the semi-structured interview style provided opportunity to focus on specific topics but retained the ability to explore points of interest as they arose.

4.5 Research Participants

This section details the process for recruiting research participants for the study. It explains the selection process including the re-scoping of the initial plan for the selection of corporations and the reasons why the interview participants were not just confined to corporate employees. It should be recognised that whilst participants were acting as a representative for their companies or organisations, they were expressing their views of their companies’ responses.

The roles of participants from the sample of companies ranged from Portfolio Managers to General Managers and Marketing Directors. The participant companies in the sample ranged from manufacturing companies in the automotive, food, beverage and tobacco sectors to service companies in the banking, insurance
and the transportation sectors. Table 3 provides an overview of the companies from which the interview participants were drawn.

The gender distribution of the corporate participants was five male and seven female; from the agencies of government was one male and one female; from private philanthropy was one male and two female.

In the sample, six of twelve companies were subsidiaries of foreign domiciled parent companies, all managing their Australian operations through a local Board of Directors. The remaining six companies of the sample population were Australian-owned companies, with Boards of Directors.

**4.5.1 Interview participants - summary profile**

Included in the invitation to participate was an undertaking to each participant not to use their company name. In keeping with that undertaking and to permit the reader an insight into the nature and type of companies that participated in the research study, brief company profiles are set out in Table 3. Included in each profile is the role of the person(s) who represented the company at interview. In some instances the interview participants were not the most senior executive responsible for managing support for the arts in the company. The interview was delegated to the person who was considered to be the most appropriate person within the company to participate in the study.
### Table 3 – Interview Participants – Summary Profile

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry Sector</th>
<th>Sphere of Operation</th>
<th>Number of Employees (Total Operating Entity 2006)</th>
<th>Gross Turnover ($’smill rounded)</th>
<th>Role of Interview Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>Banking</td>
<td>National</td>
<td>&gt;10,000</td>
<td>20,500</td>
<td>Portfolio Managers</td>
</tr>
<tr>
<td>C2</td>
<td>Transportation</td>
<td>National &amp; International</td>
<td>&gt;10,000</td>
<td>10,000</td>
<td>General Manager</td>
</tr>
<tr>
<td>C3</td>
<td>Financial Services</td>
<td>National</td>
<td>&lt;500</td>
<td>1,000</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>C4</td>
<td>Media</td>
<td>National</td>
<td>&gt;5,000</td>
<td>5,000</td>
<td>Marketing Director</td>
</tr>
<tr>
<td>C5</td>
<td>Automotive</td>
<td>National &amp; International</td>
<td>&lt;500</td>
<td>1,000</td>
<td>Marketing Director</td>
</tr>
<tr>
<td>C6</td>
<td>Financial Services</td>
<td>National &amp; International</td>
<td>&lt;500</td>
<td>1,000</td>
<td>Sponsorship Manager</td>
</tr>
<tr>
<td>C7</td>
<td>Food Beverage &amp; Tobacco</td>
<td>National &amp; International</td>
<td>&gt;5,000</td>
<td>5,000</td>
<td>Marketing Director</td>
</tr>
<tr>
<td>C8</td>
<td>Financial Services</td>
<td>National</td>
<td>&gt;250</td>
<td>1,000</td>
<td>State General Manager</td>
</tr>
<tr>
<td>C9</td>
<td>Automotive</td>
<td>National &amp; International</td>
<td>&gt;500</td>
<td>1,000</td>
<td>Marketing/Sponsorship Manager</td>
</tr>
<tr>
<td>C10</td>
<td>Banking</td>
<td>National &amp; International</td>
<td>&gt;1,000</td>
<td>10,000</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>C11</td>
<td>Transport</td>
<td>International</td>
<td>&gt;1,000</td>
<td>1,000</td>
<td>Marketing Director</td>
</tr>
<tr>
<td>C12</td>
<td>Insurance</td>
<td>National &amp; International</td>
<td>&gt;1,000</td>
<td>1,000</td>
<td>Marketing Director</td>
</tr>
<tr>
<td>N1</td>
<td>Agency of Government</td>
<td>National</td>
<td>Not applicable</td>
<td></td>
<td>Chairman</td>
</tr>
<tr>
<td>N2</td>
<td>Agency Of Government</td>
<td>National</td>
<td>Not applicable</td>
<td></td>
<td>Acting Chief Executive Officer</td>
</tr>
<tr>
<td>P1</td>
<td>Private Philanthropy</td>
<td>National</td>
<td>Not applicable</td>
<td></td>
<td>Board Member</td>
</tr>
<tr>
<td>P2</td>
<td>Private Philanthropy</td>
<td>Victoria</td>
<td>Not applicable</td>
<td></td>
<td>Manager</td>
</tr>
<tr>
<td>P3</td>
<td>Private Philanthropy</td>
<td>National</td>
<td>Not applicable</td>
<td></td>
<td>Research Manager</td>
</tr>
</tbody>
</table>

#### 4.5.2 Participants: corporate

The selection of participants went through two stages. The initial selection of participants was deliberate and focused, based on two criteria - that the company was preferably listed on the Australian Stock Exchange or listed on an international
stock exchange, and that appropriate representatives of the company were willing to participate in the research. Whilst it would have been possible to apply additional selection criteria such as only inviting companies from a particular industry sector; companies with a minimum turnover, with a minimum number of employees or geographically located in one region, this could have turned the research into a case study. The study was conceived and designed as exploratory research. For this reason there was no preference given to an industry sector or the size of the company either in dollar terms or employee numbers or regional qualities.

In order to manage the data generation process, the list of potential participant companies was segmented into groups of five. Invitations to participate were sent out to the first group but follow up action by the researcher yielded no willing participants so invitations to the next group of five were dispatched.

As the result of an introduction, the opportunity to conduct an interview arose, and the potential participant was sent a formal invitation to participate. The interview was with the chairman of an organisation that is an agency of government and dedicated to the support of arts in Australia. The interview was rewarding from two points of view: it generated useful data and facilitated introductions to company executives who subsequently accepted invitations to participate in the study.

Given the success of generating a sample of relevant people from companies who were available to participate and still met the selection criteria, the strategy of selecting research participants was changed. People who participated in the study
recommended others who might participate, an approach referred to by Averbach and Silverstein (2003) who referred to such a sample as a ‘snowball sampling’. Prior to each interview the participant was sent a formal invitation to participate, an example of which is included as Appendix 1.

It was important that companies had a demonstrable record of support for the arts. One participant company, which forms part of the interview sample, had only recently decided to direct its corporate social and community support away from activities such as the arts into addressing health and welfare issues. The interview was conducted to understand their model of support. Whilst not providing rich data on how support for the arts had been provided, the results of the interview enabled some reflection and comparison between models of support for companies that continued to support the arts.

### 4.5.3 Participants: agencies of government

The Federal Government actively participates in the arts sector and recognition of government incentives has been recognised in the research. Illustrative of that policy are the initiatives outlined in Chapter Three. To explore the relationship between government, corporations and support of the arts, representatives from two federal government funded organisations that have the task of bringing business and the arts together participated in the study.
4.5.4 Participants: philanthropists

As previously described philanthropists play a key role in supporting the arts in Australia, Britain the USA (as identified by the literature). Changes to philanthropic practice in Australia due to Federal Government policy acting as a stimulus have had an impact, highlighted by the ‘Giving Australia’ (ACOSS 2005) report. The establishment of trusts by high net worth individuals has expanded the pool of available funds. To obtain a perspective on what private philanthropists consider corporate support for the arts, two representatives of private philanthropists agreed to participate in the research. Private philanthropy has the benefit of having an established peak organisation, Philanthropy Australia, and when approached, the organisation agreed to participate and was included as the third participant for that sector.

4.5.5 Sample size

Under the original selection plan outlined in section 4.4.1, representatives of fifteen companies would be interviewed. As the selection process changed, so did the planned sample size. Following the transcription of the interviews, initial analysis of the data generated started to show some patterns. After interviews with twelve company representatives had been completed, further analysis of all the data identified that responses to the questions in the later interviews were similar to the earlier interviews. Consistent with the approach used by Averbach and Silverstein (2003), who stopped interviewing once stories from successive interviews became
similar to previous interviews, it was considered that extra interviews would not generate substantially new data so no further interviews were conducted. It was confirmation that the researcher was looking for (and finding) the variety of descriptions, not the numerical or quantitative distributions of meaning.

4.6 Instruments Used

The RMIT Ethics Committee governing the research study required all participants to be adequately informed before agreeing to participate. All intended participants received an invitation to participate, regardless of the selection criteria or means of introduction to the study. This invitation contained key information about the intention of the study; the researcher and supervisor and the rights of the participant. A copy of the invitation is attached as Appendix One.

To enable each participant to familiarise him/herself with the scope of the study, the ten questions (see appendix two) that reflected key topics to be covered in the interview was sent in advance of setting an interview time. The development of the questions to be used at interview was based around two key points. Firstly themes that emerged from the literature and secondly the questions that were designed to address the major research question.
4.7 Procedures Used for Data Generation

Applying the semi-structured interview process to generate data required the researcher to follow procedural guidelines and demonstrate to the interview participant the integrity of the research study. Where the interview should be held, how much time to dedicate to the interview and any technology used during the interview were points each participant was required to consider. Consistency in approach ensured each interview was conducted in the same way. This section reports the procedures applied to the interview process.

Consistent with the ethics application, the location of interviews was confined to two choices: the researcher’s business premises or in facilities offered by the interview participants themselves. Due to distance and availability problems, three interviews were conducted by telephone.

The list of questions to guide the interview was designed to facilitate approximately an hour-long interview. The actual time of each interview varied, with the longest taking two hours and the shortest one hour and ten minutes.

Taping of interviews offers a very practical solution to what one should record when compared with note taking as the only (or major) means of recording an interview. Each participant was asked if it would be possible to tape the interview and if they preferred this would not be done, notes would be taken. Six of the seventeen participants requested that the interview not be taped. Another requested
that if they were to be quoted, that they be informed and allowed to check the transcript for accuracy.

For interviews that were taped, the researcher transcribed each interview verbatim as soon as practicable after the interview was held. Whilst a time-consuming exercise, it permitted the researcher to revisit the interview and review notes on each interview experience, especially looking for any emphasis that may have been embedded in a response. Where interviews were not taped and only notes taken, these were written up by the researcher, a task undertaken as soon possible after the holding of the interview, allowing time for reflection on the content. The transfer of the interview transcripts to electronic word processing format was also undertaken by the researcher. Each participant was offered a copy of their interview transcript. During the transcription phase, any matters requiring clarification were referred back to the interviewee/participant.

### 4.8 Abduction - Data Analysis

This section describes the way in which the data were analysed with reference to the phenomena being studied. The aim of this research study was to generate an understanding of how corporate support for the arts happens, drawing on key informants from a sample of companies; it did not seek to discover any universal rules or laws. As previously mentioned in section 4.3.1, an abductive research strategy was used for data analysis and this is described in the following sections.
4.8.1 Data analysis - introduction

The interview transcripts, field notes and related material provide a substantial body of information to analyse. An orderly process of data analysis was required, and this section sets out the process and the reasons for adopting it.

4.8.1.1 First stage analysis

The first step in data reduction entailed editing the transcripts to make them clear and easy to read (as recommended by Gillham (2005), while ensuring that the data retained the participants’ own words and meanings.

4.8.1.2. Thematic analysis

The first stage analysis made it possible to further reduce the data using the technique of thematic analysis. In summary, each narrative was broken into particular themes, taking care to recognise that these themes emerged from the data and were not imposed by the researcher. This was a linear process undertaken with each interview in turn. This approach is consistent with that proposed by Blaikie (2000, p.241) where the researcher derives concepts and meanings from everyday language.
4.8.1.3 Content analysis

The researcher, in completing this analysis, systematically worked through each transcript assigning codes to specific characteristics within the text. How the codes were arrived at was very much a function of the data. Coding of what may be fragmented or disparate pieces of data can in turn create new themes with common elements (Blaikie 2000). These new themes could be re-coded in turn, refining the concepts in a cyclical process. At the conclusion of this stage, it was possible to depict the categories and the participants in tabular format. This acted as a very high-level summary of the data: (a copy of this table is attached in Appendix Three). Using an abductive research strategy as described by Blaikie (2007), the reality each research participant knew and described in their interview was used to provide an explanation of the topic.

4.8.1.4 Comparative analysis

Once each transcript was dealt with as described in the preceding section and coding completed, comparative analysis was undertaken (after Dawson 2007). The data from different participants were compared and contrasted and the process continued until the researcher was satisfied that no new issues arose. This was an important phase of the process as interviews were conducted with three separate groups (as described in section 4.4).
4.8.1.5 **Interpretation of the data**

Interpretation of the data, as Blaikie (2007) has stated, takes individual motives and actions and abstracts them into typifications, which lead to an understanding of the phenomenon being studied. In this study the actors - as key informants from corporations, agencies of government and private philanthropy- used everyday language that for the thesis required translation into social scientific language.

The findings of the data analysis are contained in Chapter Five. They are presented in a thematic format; the reader is referred to Appendix Four as a supplementary document to support the data analysis process.

4.9 **Summary**

The aim of this research was to discover the ways in which the corporate sector supports the not-for-profit arts sector and the meaning of that support. This section restated the research question, and showed how the research fit within the Interpretivist paradigm, and described the abductive research strategy used to reveal the meanings that can be attributed to corporate support for the arts. The chapter outlined how the research methodology was applied, giving details of the interview method as the tool for data generation and the subsequent data analysis using thematic, content and comparative analysis.
Chapter Five - Findings

5.1 Introduction

The purpose of Chapter Five is to set out the findings from the data generation process described in Chapter Four. The use of the Interpretivist research paradigm (as discussed by Blaikie (2007)) relies on the development of categories to reduce and sort the data identifying links, associations and relationships.

Key themes were constructed abductively from the range of responses to the interview questions. The variety of ‘themes’ identified in the responses forms the basis of the style of reporting the results. The key themes to be discussed are:

- The organisational/company level at which the decision is made
- What kind of giving
- The meaning of the giving for the company
- The reason for the giving
- Recent changes
- Extrinsic motives

Each of these themes is dealt with in detail in section 5.2. This analysis will lead to a broader discussion about the links and relationships between business and their support for the arts in the discussion chapter (Chapter Six).
The themes resulted from the researcher’s interpretation of the responses to the questions and the patterns these responses brought forward. It was possible to identify from the sample data several sub-themes about the way in which corporations support the arts. These sub-themes are discussed in this chapter under the headings of

- Trust
- Networking and power
- Commitment
- Responsibility

The use of sub-headings under each theme is a technique used to order concepts and reduce and codify the data. Under each heading the presentation of the themes and concepts from corporate participants appear first followed by the private philanthropists and then agencies of government.

5.2 Themes

As an inquiry into corporate support for the arts, questions included in the semi-structured interviews ranged across several topics; the essence of the questions is summarised in the following paragraph. The questions explored influences within a company that determine support such as the decision makers and the type and terms of support including rewards or returns a company may expect from its support for the arts. The concept of the arts was explored as an inquiry by the researcher to make the participants distinguish between commercial arts enterprises and not-for-
profit arts organisations. It also required the participants to distinguish their companies’ support for the arts from support for other not-for-profit organisations.

Recognising that a corporation does not operate in isolation, changes to strategy and policy will and do occur as responses to contextual pressures or options the corporation faces. Therefore what changes a company has made to its support including the term of the support and the number of organisations supported was also subject to inquiry. Also included was the topic of corporate governance and concepts such as corporate citizenship and social responsibility (SR) or corporate social responsibility (CSR).

5.2.1 The level at which the decision is made

The accountability of corporate office bearers to shareholders and stakeholders relies on a company’s governance structure and governance principles: these include structures, processes, cultures and systems that are intended to lead to the successful operation of the firm. With a focus on support for the not-for-profit arts sector the data generated from the interviews identified that within companies there were three levels of management that had a participatory role in the decision process to provide support: the Board; the Chief Executive Officer (CEO) and line management. This section records the findings of within these decision making roles and commences with the Board, followed by the CEO, then management.
On the topic of setting policy and in-principle support for the arts and culture, seven of the twelve participants in the study identified their Boards as being responsible for these decisions. The standard of response was typified by the following words from participant C6:

“…the champion in the company is the Board. This has been demonstrated through their ability to acknowledge the quality of the projects being aligned to company goals.”

Private philanthropist P1 expressed the view that for corporations the decision at Board level was an entry level decision. This meant the Board made the in-principle policy decision, leaving management to implement the decision without the need for further reference to the Board. Three participants related how Board members other than the CEO advocated at Board meetings for the inclusion of support for the arts in company strategy. For most of the companies in the sample, the Board, having made the in-principle decision to support the arts, was willing to hand the implementation of the policy over to the next layer of management.

As the next layer of management, the role of the CEO in the decision process appeared to be multi-dimensional. The first of these dimensions was encouragement to consider support for the arts as a component of the overall corporate strategy. The CEO, as a Board member, had the opportunity to advocate at the Board level for getting in-principle support. Four of the participants indicated the CEO played a key role as an advocate within their companies.

A second dimension was the review of the policy and its method of implementation with the executive management team. Included in the sample were nine companies
whose structures consisted of a national head office supported by a network of state based-offices. The participants indicated this provided an opportunity for the CEO to assume responsibility for the national response and devolve the implementation of policy to the states, depending on the particular business model used by each company. Seven of the respondents that had state-based office structures were allowed to act independently of head office, within delegated limits, deciding for themselves what activities to support. Within the companies these networks created a level of expertise about support for the not-for-profit arts sector that was shared between the offices.

The role of management in the decision process appeared to be multi-dimensional, ranging from the implementation of operational matters to participating in strategic decisions. In what appeared to be a key operational role, managers operated as a filter mechanism. Seven companies from the sample designated management to review all requests received for support, regardless of the type of support required or the origin of the request. Four companies in the sample have what was referred to as a community team, made up of staff from all levels of the company hierarchy. The role of this team in each company was to review all requests or proposals for support with the purpose of filtering and recommending those that met the company criteria. Six of the participants indicated that implementing a formal system where proposals for support were subject to a filter mechanism either through the CEO or through the management structure was useful. They described how their filter mechanisms eliminated personal influences from individual Board members for ‘pet’ projects.
What to support and why, as a collaborative and shared decision process and role between levels of management was not found to be a common practice. One form of that shared decision role, as described by participants from two companies, had established programs in which the company matched dollar for dollar contributions made by employees dollar for dollar. The employees select the organisations to be supported and the method of how, where and when the support would be provided.

All twelve company participants and each of the private philanthropists interviewed expressed concern at the number of applications for support each received in any one year. Whilst this thesis concentrates on the corporate support for the not-for-profit arts sector, each of the participants in the research made the point that the requests for support were not confined only to requests for support of the arts. In their substantive roles they received all the requests for support put to their organisations. Only two of the companies retained unapproved requests for a period of more than three months. The stated purpose of the retention policy was that it provided a contingency against the potential of the company withdrawing from an already approved project. The participants’ explanations as to why their companies would withdraw support were that they reserved the right to support activity of which their companies approved.

For the private philanthropists all stated that their governance structure set the boundaries for their giving. Decisions relied on the receipt of information similar to what is provided to the corporations.
5.2.2 The kind of giving

The kind of giving can take several forms and sometimes a combination of forms. This section sets out the findings on the kind of giving experiences and preferences of the sample of corporations and private philanthropists. As an introduction to the topic of the kind of giving, each of the participants was asked to consider the concept and meanings of philanthropy. The responses included; self-interest as the understanding of philanthropy given by five of the representatives. For the remaining seven participants, five said that giving to benefit society was how they understood philanthropy, and two did not have a view of what philanthropy meant. Altruism or ‘doing good’ was how the private philanthropists understood philanthropy.

The best way participants could describe the forms of their companies’ support, was for them to categorise the support they provided. The categories are donations, goods, services and grants and sponsorship and are described below in this section.

Donations were perceived as giving cash, which was problematic for many of the representatives. One participant stated that their company had made cash donations to arts organisations. Participants from two companies stated that whilst their respective companies match contributions raised through staff giving programs, there was a concern about donations of money because of previous experiences where funds had been misapplied. One representative (C6) stated their company’s preference as follows:
“Rather than sponsor charity events, they have a preference for the more direct form of support such as matched giving programs, however these mostly do not focus on the arts.”

The participants from three companies said that whilst they had made cash donations, these donations were not made to arts organisations. A further two representatives from participant companies said it was highly unlikely they would make cash donations and a further four companies said they would not make cash donations. A view expressed by the representative C7 was:

“We don’t do it. We think it is a waste of shareholder funds to spend money, time etc and expect nothing back.”

In contrast to the responses from the sample of corporations, the private philanthropists all made cash donations to arts organisations.

A stronger preference for providing goods has been identified. Two companies from the sample responded positively about having provided goods which were more tangible - the production of marketing collateral and the provision of space for staging of arts related activities.

The production of marketing material has been included as a good because the support was through the provision of the paper, the printing and the design processes to create an end good of marketing collateral. Space has been considered a good because the company identified a specific area of its premises, setting aside that space for use in its program of support for the arts.
The response from representative C9 who explained why the company could not provide goods by stating:

“As the manufacturer of a premium product, the ability to provide goods is restricted.”

Representative C9 considered that the goods they manufactured and the exclusive brand they owned precluded them from providing goods in all but some very select one-off events.

For the private philanthropists who participated, they stated that they were unable to provide goods. The structure and purpose for their giving strategy was instead focused providing resources a recipient could later convert to goods.

A form of support that has sometimes been used is the provision of services. Representatives from five companies advised they were not able to provide services. The key reasons given by this group as to why they could not provide services related to the nature and type of industry they were in, and the type of company they were prevented them from supporting the arts in a service delivery manner. The later point reflected the perception held by the company about its forms of corporate support to not-for-profit organisations. The participant representatives from the remaining seven companies advised that their companies provided services as support, ranging from the provision of hospitality through catering and event management, to professional services such as accounting and financial management, advertising expertise and business management skills.
Direct operational assistance through the provision of travel and freight services was provided by two of the seven companies.

The federally funded government agencies both identified the importance of the provision of services by corporations to the arts. Both organisations actively encouraged companies to provide services, recognising that for some companies this is their only means of contributing to the arts.

The private philanthropists stated they were not able to provide services as their models of philanthropy could not sustain such activities. They could provide resources that could be converted to the purchase of services.

Grants were a form of corporate support, as was demonstrated by participants from four companies that award grants to suitably qualified individuals or organisations. These grants did not create any ongoing obligation by the companies to the recipient(s) for continued support beyond the initial terms of the grant. One company representative advised that whilst it awarded grants, the arts sector was not currently a recipient of its grants.

All four representatives advised that their companies’ grants had conditions attached, and that grants were one-off award as opposed to being considered a grant for recurrent funding. The funds could only be applied to the stated project in the grant application. One of the companies in the four maintained an ongoing relationship with a grantee after the conclusion of the grant, which turned out to be
financially rewarding for the arts company. For these companies their support to arts organisations was not limited to just grants. Grants formed a part of their overall support strategy.

The private philanthropists considered the option of being able to make grants to assist individuals and organisations was an important mechanism for them to make a difference, especially where the funding related to a project of significance. The philanthropists advised that, like the corporations, they maintained application processes under which each grant application was subject to review.

The overwhelming response (10 out of 12 respondents) was that the provision of corporate support for the arts was sponsorship. Sponsorship was always with an arts organisation and not an individual artist. It was recognised that this form of support created a partnership or a commercial relationship between the sponsor and the arts body. Each of the ten company representatives identified that they expected something in return for their support. The range of views on this topic can best be demonstrated by the responses from the participant representatives of two companies. The first was C2 who looked for links that could be made between the parties and stated:

“They may say what do you want and we often respond with just the logo is enough. I am against creating things. Why sponsor something if there is no link or commonality. You know why the company wants it so I am always looking for the reason why we can do business, a link. I am always looking at our sponsorships to see that they make sense.”
The second was C10, who clearly considered it important that the company brand was not advertised just anywhere and its high corporate reputation was one the company sought to maintain and protect, stated:

“We are not in the retail space and we don’t need to go on the backs of buses or tops of buildings so for example we have a relationship with the Art Gallery of NSW which is tied specifically around getting access to a couple of exhibitions a year, first in, just to entertain.”

The Government-funded agencies both identified the importance of the provision of sponsorship to the arts and actively encouraged companies to provide sponsorship. The importance of corporate sponsorship of the arts is recognised through an awards system at an annual dinner. Participant C2 described the event as:

“You go to the AbaF dinner and it is really the one night of the year the captains of industry put on the arts hat.”

The private philanthropists considered the sponsorship model as one in which they were unable to participate. One respondent queried whether or not the role of government as a provider of funding for the arts had failed in that role and that there was a view in sections of the philanthropic community, of arts organisations as mendicants when seeking support of any kind.

5.2.3 The term of giving

The responses from the representatives varied when discussion focused on the term of the commitment for the support. Participant representatives from two companies were proud of the fact that a relationship for support had been in place with the same organisation for more than ten years and considered their support as
sponsorship. Six participant representatives were able to demonstrate support to the arts for a period of more than five years but not more than ten years, and not necessarily always to the same arts organisations. Participant C11 summarised their thoughts on the topic as follows:

“…and to have that consistency, gives you enormous return as you probably don’t get good value from a sponsorship from a one or two year contract. You need to have the longevity with a partner and really explore the opportunities inherent in two good companies or organisations working together trying to get the maximum benefit from the partnership, and that can’t really be discovered in just a single year or a couple of years I don’t think.”

This view was also shared by the participant representatives from companies that had long-term relationships with the arts organisations they supported.

The participant representatives from four companies reported that their support for the arts was relatively new, with their association with the sector being less than five years old. The company representatives did stress that whilst they were proud of their companies’ associations, they were not just ‘set and forget’ arrangements. This sentiment was perhaps best captured by the responses from the representative C6, who stated:

“Company support is not evergreen but it is reviewed each year.”

and by representative C5:

“Yes it makes it easier, but there is a danger that you become wallpaper and taken for granted type of thing. You still have to work at it a little bit and you still have to do it over time because the people at the community end …I don’t think it registers with them till it’s sort of there for a while.”
As a contrast, the private philanthropists each commented that they focused on the quality of the activity rather than on the term for which the support would be provided. Support could be provided each year, but long-term commitments to an individual organisation was unusual. They also referred to ‘support of the unsupportable’, admitting that some of what they support has no commercial efficacy and would have difficulty in attracting funding from any other funding source, including the corporate sector.

5.2.4 The meaning of the giving

The meaning behind the giving was important for each of the participants. The findings for the three key groups of participants, corporate, agencies of government and private philanthropists are given here.

For a corporation, a key strategy is the pursuit of profit for shareholders and so the meaning of their giving is shaped by this aim or ethic. The giving could be a response to a charitable model of support, a marketing and sponsorship model, or a business sponsorship model. Reflecting on the poor response to giving of money by corporations where only one company representative stated they made cash donations to an arts organisation, despite this declaration, the participant representative did not consider it had adopted a charitable model of support as the donation was a one-off. Many of the companies in the sample considered that they were targeted for their support on the assumption that they (the corporations) have the financial resources to meet requests.
The ten participant representatives who categorised their support for the arts as sponsorship believed no further meaning for their giving was required. The sentiment is best expressed by the participant representative C10 who said:

“Sponsorship is where there are advertising, marketing and business benefits. There is no benefit in being an anonymous sponsor … it would always be very tightly tied to business outcomes and benefits to our client’s entertaining.”

Six participants stated that their companies had from time to time sought to align themselves with arts organisation which meant that they had approached arts companies to offer support. In each instance the type of arts organisation approached was a major national or state organisation. The type of support offered was sponsorship - specific and for a limited time.

Other participant representatives reported that company support for the arts was considered a passive activity by staff. This was especially evident when compared to the sponsorship programs which encourage direct staff participation by companies for sporting and community activities. The sense of ‘ownership’ of support for the arts by the company was perceived as having a positive impact on the commitment by the staff.

For private philanthropists giving is the fundamental meaning, making a return to the community. The private philanthropist representatives confirmed that the act of giving had meaning. From the outset each organisation had to make a fundamental decision about the motives for giving and its intended outcome. Each respondent considered they had an obligation (as a personal view) to contribute to the
community, and that support of the arts can be the focus or just a component of a suite of initiatives, depending on the available resources. They retain control and flexibility over their decisions about what support they provide and when they provide it, including the duration of the support.

The agencies of government considered the meaning of the giving as particularly important to their role in the development of corporate support for the arts. They actively encouraged links and partnerships between companies, individual artists and arts organisations. The objective of these relationships was to create opportunities for knowledge transfer between the arts and companies and to stimulate the creation of social capital. This was clearly identified by participant C6 in describing the outcomes of an approach to AbaF. The opportunity for their staff to go regularly into a small arts organisation to provide professional support provided benefits to both parties. The arts organisation gained access to a form of professional advice it could never otherwise afford, and the donor gained opportunities for individual staff members to think and work in a dimension unlike their daily environment.

Another example described by participant C10 concerned giving that had longer-term benefits for both parties. The company provides funding to facilitate training courses for arts management representatives, a program co-ordinated by AbaF (who charged participants a participation fee). The courses included making successful grant applications, developing business plans and leadership training. Improving the relationship between business and arts management was the
objective of the education programs. An expected outcome for arts management representatives was a better understanding of corporate behaviour.

A form of support as sponsorship that is ready-made (and three companies had created an association) was through AEA. This form of support provided single solutions for arts support and also contact with politicians and senior public servants. The programs may have national and international significance with wide public appeal, are risk free and professionally managed.

5.2.5 Motives for giving

Participant representatives from eleven companies stated their companies continue to give to the arts, and the forms of that giving were set out in section 5.2.2. Many of the companies shared the same motives and some were unique which defied categorisation. The key responses have been categorised as follows; employee relations, community reputation, brand awareness, the creation of an adjacency, corporate citizenship and the development of networks. This section provides more detail on these reasons for corporate support to the arts.

Better employee relations was a focus for representatives from four companies who stated their companies’ support for the arts was a means of attracting and recruiting new staff. The involvement of company staff in the operation of a cultural organisation broadened their interests beyond the daily activities of their position. This was perceived by management as being beneficial to the company and recognised in company-wide communications channels. The representatives
suggested the positive employee response contributed to an overall feeling the company was doing a good thing. Events that were company-wide and included senior executives such as the Managing Director and members of the Board were considered to provide the strongest message of commitment to the activity.

A further two participant representatives considered their company support for the arts was an opportunity for staff and senior management to socialise in an environment that was seen as breaking down a barrier rather than creating a new one and extended both parties.

To establish their individual reputations in the community, seven of the representatives from participant companies supported peak arts bodies such as the Australian Ballet, Opera Australia, Sydney Dance Company, Melbourne Theatre Company, and National Gallery of Australia. As the participant representative C10 identified:

“We align ourselves with peak bodies and organisation across the board. We find it is much more appropriate to leverage the engagement of an organisation like AbaF. We provide funding to AbaF to deliver for example workshops to community arts organisations around Australia as way of hopefully value adding rather than just giving little bits here and there.”

Five of the participant representatives considered their support for the arts developed the individual reputations of their company within the broader community through the support of community groups, not peak arts bodies; management in each company viewed this as a non-financial benefit of their support. The presence of senior executives and board members at events was
considered to be an additional endorsement of the actions of the company, contributing to the relationship and its ongoing development within the community.

Two responses that typify the sentiment on this topic were from representative C10:

“We have a strong sense of community engagement and support our staff and their communities’ engagement.”

and C4:

“… the corporation continuing to build our company reputation in the community at large through a combination of community programs and partnerships that link the community through things like health, fashion and arts.”

Each of the five representatives stressed that they did not expect their level of engagement to be seen in the community as an endorsement of a policy of assistance that had no controls, time frame or quality.

The private philanthropists wanted to ensure their funds were applied in a manner consistent with their established principles. Being acknowledged and recognised as a philanthropist was considered a form of brand which set them apart, instantly recognisable in the community.

Brand awareness and exposure was cited by representatives of four companies as being a motive for giving. As participant C6 stated:

“Our brand is sophisticated and so are a lot of our clients.”

Through support for the arts the companies were seeking to reach not only their existing customers but potential customers outside existing avenues of their
corporate marketing and sponsorship programs. Three of these four participants were concerned about how their actions to support the arts were understood within the broader public arena. By that it was meant that any media reporting of their actions was not confined to the way the media understood philanthropy, but that any public recognition for the support was contextualised as a message signifying what the company stood for, represented through their support for the arts.

These descriptions of ‘brand awareness’ in philanthropy confirmed that these companies were very particular about what they supported, and that there was a need for there to be an alignment between what the company stood for, and the organisation or activity it supported.

Through their support for the arts, business can create an opportunity to link with, to sit next to and communicate with members of national and state political parties, other businesses and cultural organisations. The ability to create this adjacency was a motive of support for five companies. There were several reasons given by participants for seeking an adjacency.

The first reason for seeking an adjacency was because support for the arts became another form of ‘corporate speech’ separate to and different from any existing links or associations the companies may already have with politics. Access to political leaders through the support of the arts sector was a real consideration. Participant representative C11 said:
“Sponsoring in Canberra can give you an adjacency to the top political and diplomatic ties in the country. You may not get volume, but in terms of national policy makers and diplomats, this is the best place.”

For one corporate participant the political adjacency arose from an existing commitment of assistance. The company installed one of their staff members in an arts company in order to restore its business and management processes. That support attracted attention from both the arts and political sectors and its success was measured by the award of substantial financial support through a multi-year federally funded government initiative.

The second reason for seeking an arts, business and politics adjacency was the quality of the arts company product and the corporation’s products, as expressed by the participant representative C2:

“By being associated with prominent arts companies adds lustre to the company regardless of our economic benefit and the economic benefit is always going to be with the arts company…”

Eight of the company representatives stated that their company support for the arts also created a business adjacency: through their support a commercial business stream was accessed. Representatives of companies in the travel sector described how commercially viable income streams had been created from specialised art freight handling expertise - a point of difference for the companies, which had been marketed by them around the world. Similar stories were told by representatives of companies from the banking and finance services sectors, in which income streams for support of private philanthropy and PPF schemes have an adjacency to their own support for the arts.
Social awareness through corporate citizenship and social responsibility was a strong influence on their giving pattern. All twelve participants considered their companies’ various methods and types of support as sufficient for them to be regarded as good corporate citizens. The view expressed by the participant C6 highlights that company’s level of social awareness:

“The fact that we do have a reason for doing these things, that we do have an arts approach so therefore we are starting to see an external recognition of being an arts supporter and of the community. Because the arts are a not-for-profit sector, it can be seen as supporting the community anyway.”

To further demonstrate this point, eight of the representatives reported that they included information about company support for the arts in internal communications. The representatives from the remaining four companies reported using information about their arts support in external reporting of their initiatives. The representatives of these four participant companies considered that because their companies engaged in activities that contributed to cultural outcomes, they should report on it.

The representatives of five of the companies indicated that they did not do any Corporate Social Responsibility (CSR) reporting. The participant representatives from all the participating companies had the opportunity to respond to this point after having been asked the same question (see Appendix Two, Question 10). The view of participant C10 was:

“... we certainly don’t have a banner of CSR and we certainly don’t bandy that term around.”
For the seven companies that did report on CSR, their representatives indicated that the reporting was linked to the annual corporate reporting cycle. The usual reporting format was a narrative for distribution to staff, shareholders and interested stakeholders.

For the private philanthropists, social responsibility was acknowledged as being important to them but simultaneously did not define their giving. Nor would they deliberately set about giving to an activity that would be seen as deliberately destructive of accepted conventions. The private philanthropists pointed out that they often support the unsupportable (as mentioned earlier) - meaning projects that corporations would find unacceptable and with whom they did not want their company name associated.

Networking through sponsored events and the provision of hospitality to clients of the company was perceived as an opportunity to showcase the company. Hospitality was cited by the participant representatives from six of the companies as a reason for giving. Each identified that enjoyment of the activity was essential to the success of the development of a network.

An initiative used by four companies in conjunction with arts organisations was the analysis of their respective mailing lists. In one instance, a company interested in attracting the youth market formed an association with an arts organisation in which musical events were hosted by the company and the arts organisation provided the entertainment. It should be noted that mailing lists were not
exchanged, with each party analysing their own lists to generate separate guest lists for partnered events.

The participant representatives did not provide any evidence of having created an inter-company network as a means of communicating and sharing information and experiences about their support for the not-for-profit arts sector. There was evidence of intra-company networks where the different state offices in the one company shared information.

5.3 Recent Changes

All participant representatives stated that corporate support for the not-for-profit sector had changed substantially in the last ten years. In comparison to other not-for-profit sectors, the arts sector was not singled out for any special treatment. This section sets out the findings from analysis of the views expressed by the participants as to if, and how, their companies’ patterns of corporate support for the arts have changed.

5.3.1 Management of the focus of support

All twelve corporate representatives advised that demand from the not-for-profit arts sector for funding had grown substantially in recent years. This demand was unable to be met: as eight of the representatives revealed that the pattern of support their company now maintained had changed to longer-term plans for the support of
individual arts organisations, limiting opportunities for taking on new or additional organisations.

A significant change for five of the participant companies was a move towards more focused support. In the past their corporate support program had lacked cohesion and was ad-hoc in nature: they had attempted to respond to as many requests as possible, regardless of whether it was for the arts or not. The ad-hoc support was without a framework to support the decision making process. These representatives believed the new models of support their companies provided offered them opportunities to promote their corporate values and company goals, and make public statements about them.

The forms of support the companies provided were considered to be a message not only to the general public but importantly to the arts sector, the intent of the message being where these companies’ support for the arts had been finalised and that there was a limit to the number of organisations they support. Representative C11 made a very direct point about this:

“We get approached constantly; even individual institutions approach us constantly. We are able to use our major sponsorship as an excuse to not entertain them. We can’t be all things to all people, we only have a limited budget and there is only so many ways and only so many things you can sponsor, within our resources.”

Interestingly, none of the corporations represented in this research required any formal acquittal from the arts organisations in either a narrative or financial format:
they considered the annual review process between the two parties as sufficient enough acquittal.

Representatives from five companies said that they had moved away from the one-off form of support, having determined that it provided insufficient return. Related to this theme was the comment from four representatives on the decline of influence on the decisions made from the likes of the ‘chairperson’s partner’ or the search for influence through a Board member. The responses from participant representatives C2 and C11 (respectively) highlight this shift:

“…I like to call it, the partner of the chairperson or the partner of a Board member who had an interest, so things came that way and it was very unstructured and unwieldy.”

and:

“We occasionally get various board members or the CEO from Head Office gets approached from someone here locally for a major sponsorship but what happens then is it is passed back to us for evaluation and decision.”

Making informal requests for support has not completely disappeared, but having a framework around the decision-making process had downgraded this as a source of influence over the direction of corporate support. Five respondents believed that new decision processes had meant that they were able to extract the best relevant business returns from the support, maintaining their accountability to shareholders.

The depth of the change experienced by the sampled corporations for their support for the arts is best described by the response of representative C10:
“We have made a conscious effort in the last seven years to become completely more strategic in the way we develop our relationships. There was probably no arts organisation being supported prior to that and we have also developed a broad ranging approach in terms of value that we can provide to organisations not only through dollars but also through people.”

Seven of the participant representatives indicated they had a preference for the support of peak arts bodies. This strategy was recognised and implemented after assessment of the goals of their own company and those of peak arts organisations. For companies, this strategy entailed the application of fewer resources in the management of the relationships between the parties. As representative C11 stated:

“There is a sense the arts sponsorships are easier to manage, it’s tried and tested, we know the people very well and we have a great deal of experience in doing it and in dealing with the bodies. We dealt with XX entity which was more problematic. We had to go out and develop ways to make it work for us and we did not feel that was necessarily within our expertise to do so.”

The companies recognised that making their professional staff available to work with arts organisations, the staff in the arts organisation benefited from the experience of that professionalism and expertise, which ensured a good working relationship between the two groups. The comment from the participant representative C2 typified this view:

“And if you are in an arts company, you want to come to the companies who know how to make it work and who have the wherewithal to make it work and can guide you and because of their other relationships can often help you.”

This also aligns with the points made about the meaning of giving in section 5.2.3 where companies and the motives for giving as outlined in section 5.2.4. Corporations may utilise agencies of government - such as AEA and AbaF - to re-focus their support for the arts. The AEA model attracted partners who provided
various kinds of support (such as, but not limited to, freight, travel, marketing skills and hospitality), and the relationship between all parties was professionally managed by AEA. Three of the participant companies found the AEA model easy to use as it meant they spent less time managing their overall program for arts support but were still able to meet corporate goals. Five corporations identified they had used the resources provided by government or had participated in programs that were facilitated by government that led to their support for the arts.

While all participant respondents were aware of AbaF, five of them stated that they did not know if they could benefit from an association with AbaF and had no intention to pursue any relationship.

The private philanthropists participating in the study also expressed concern about the frequency, number and type of requests for support they received. Acknowledging they were not able to assist all of them (along the lines of the corporate response) the philanthropists have had to focus their support.

5.3.2 Allocation to support for the arts

Five of the twelve participant companies have changed their patterns of support in the last five years by giving more support to the arts. One participant representative said they did not give to any other sector and another participant representative said the company had decided there would no longer be any support for the arts, having committed their resources elsewhere. The remaining five participant representatives indicated their companies had not allocated any additional funding
to the arts, but as a result of their change in focus and through a decrease in the number of organisations supported, their individual support had increased when expressed as a dollar value. (Also see section 5.2.2 where key types of support for the arts are discussed and it is highlighted that not all support for the arts takes the form of cash.)

Three of the representatives said that their companies had initiated an additional focus on community support which included the arts (at the community level, as opposed to arts at the peak body level).

5.3.3 Sport and the arts

Five of the participant company representatives said that to provide more support to the arts would require them to determine a new balance in the number and type of organisations supported: this would mean support for other organisations would have to be either downgraded or discontinued. The five representatives advised that support for sport had been the most affected in recent times. Representative C2 stated:

“… there has been a conscious decision by the management over the last three years to balance up the sports. We had dropped the cricket and so there is now a balance. There is an understanding in management now that community and arts have an equally important role to play. But there is no denying that sport cuts through and there is brand presentation point of view, it will always be.”

On the same topic, participant C5 stated:
“There are a number of ways that you can communicate with people. You can advertise to them, you can talk to those people that own your product and you can sponsor things. We sponsor a lot of sports, we sponsor a team in the AFL, we sponsor a couple of teams in rugby in the super fourteen competition. But that is one part of the community. The arts community is another fairly big slice of the community that doesn’t have a big overlap with sports, so it gives us another way of talking to the community without spending our money and talking to the same people twice.”

In this instance the value of the company’s allocation of support for sport was adjusted down to accommodate an increase in the support for the arts, within the overall budget constraints of the individual company.

5.3.4 State boundaries

As already mentioned, nine of the participant companies operated a national office with state-based operations. These national head offices were located in various capital cities on the east coast of Australia. Representatives from four of the companies reported that their pattern of support was skewed towards certain capital cities, in part as a result of where peak arts bodies were headquartered. The representatives from two of those companies said that in the past, by not supporting arts activities in certain cities, they had been ignoring a substantial sector of their potential business markets.

The regular review of companies’ business goals and their achievement has prompted change in support for the not-for-profit arts sector after recognition that valuable segments of the market were being ignored. For two companies, reviews led to expansion of their support for the arts factored into a larger geographical
area. This did not increase the number of organisations supported but changed the focus to organisations that had greater national exposure.

Philanthropist P1 commented that an arts organisation needed to do careful work in identifying the target market of a potential partner company and should consider the geographic reach of the company. Having done that, they should then work out if what they deliver as an arts entity will help the business achieve its aim of reaching their target market in different and unusual ways. The interviewee commented that these activities, stating they would have to be unusual as only a few arts organisations would have the mass exposure many large corporations would look for through a sponsorship.

5.4 Extrinsic Motivation

The reasons for providing support to the arts may not originate and be manifested from within the company. This point was made during some of the interviews. The following points focus on extrinsic motives on companies for support of the arts, and include government and perceived societal factors.

5.4.1 Government initiatives

The following discussion focuses on the awareness of initiatives to support the arts that have been implemented by the Australian Federal Government. The key
initiatives discussed in this section are AEA, AbaF, philanthropic foundations and taxation.

No participants displayed an understanding of arts policy of the Australian Federal Government or any other level of government, with only four representatives stating that government support for the arts was patchy and insufficient. No company participant discussed any initiatives originating at state level; two mentioned working with local government but did not describe any initiatives with which they were involved.

The corporate representatives reported that the AEA and AbaF were initiatives that provided motivation for corporate support for the arts. Philanthropic foundations and tax incentives were reported as being less important. These are all discussed in this section.

Representatives from three companies reported that they supported the arts through AEA – a model in which AEA seeks sponsorship for (usually) travelling exhibition programs. (More details on the operation of AEA are given in Chapter Three). The participant representatives of the companies who described their commitment as being via this model revealed that it was not their only method of support for the arts, but that it provided them with benefits that other models of support could not provide (and are discussed elsewhere in this chapter).
As described in Chapter Three, AbaF is one mechanism implemented by the Australian Federal Government to facilitate the private sector to take up ‘the incentive’ and support the arts. Five of the participant companies reported an association with AbaF. Representatives described their companies’ views of their relationships with AbaF as helpful and in one instance it was considered as integral. ‘Helpful’ meant AbaF was able to provide guidance and ‘integral’ was where AbaF became a part of a training program to deliver support to the arts. The balance of companies did not express any intent to seek a relationship with AbaF, preferring instead to find their own ways to support for arts.

The Australian Federal Government legalised a new form of charitable foundation, the prescribed private fund (PPF) in 1999. Of the sample population, four companies had charitable foundations, two established prior to the passing of the legislation and two established after the legislation was passed. The participant representatives from three of the companies in the sample stated their company had not identified a need for a foundation or PPF and had no intention to set up either.

Of the four companies with a foundation or PPF, only one company used funding from their foundation to provide support to the arts. The remaining representatives from the three companies said that they would prefer the company retained direct control over the funds allocated to arts organisations rather than transfer that control to a PPF.
On the topic of taxation and what benefits the company may derive for its support for not-for-profit arts organisations, the interviewees were less knowledgeable on this topic. The participants explained decisions to support the not-for-profit sector (regardless of sector or type), was made by either the Board or the CEO. The interviewees were not financial managers but were aware that the company had already made the decision to ‘allocate the funds’ and the management of financial matters was handled by professional staff elsewhere in the company. The interview participants were nominated by the companies as the people best suited to discuss the selection, management and meanings of support to the not-for-profit sector.

5.4.2 Perceived societal factors

All the representatives reported that the number of applications for support received outweighed any possibility of the companies being able to address them, especially after external influences such as societal and external policy factors (beyond a company’s control) were taken into consideration. One participant when asked about the disproportion between the non-arts bodies their company supported over the number of arts bodies, the representative C10, stated:

“This is because we have a higher priority to health and welfare programs.”

Four representatives shared the view that not all arts activities were worthy of support. There were three key reasons for these views: there was no natural alignment between the company and the arts organisation, the proposed project was inappropriate, or the resources requested could not be provided by the company.
The response by participant representative C2, best summed up the sentiments of interviewees who had to evaluate submissions for support:

“…we are not in any position to judge any one better than anyone else, so for that reason, we have adopted a policy of supporting a number of organisations and they do change from time to time… I don’t believe we as a corporation should act in that god-like position and say yes you need this more than anyone else.”

The private philanthropists who participated in the research study also recognised the recent growth in demand for support and indicated that their specific support was important because government had failed.

5.4.3 Perceived social responsibility

The public perception of the company – specifically, that it was respected as a good corporate citizen – was an important consideration for all the participant representatives. The concept was best described by company representatives C11 and C5, which were typical of all responses about the importance of corporate social responsibility:

“…it is really part of our corporate strategy as much as anything to be seen as a good corporate citizen or community benefactors given that we are a foreign company and a major company at that and considered to be a wealthy company at that.”

and:

“From our point of view, we want to talk to those people but we want to show them we are good corporate citizens and we want to show them we do enjoy the fact we are giving back to the community. There is that commercial side of it that we are talking to a group of people and aligning our brand with what we think is something of interest to them…it provides input back into the community.”
The responses from the representatives of seven companies indicate that they report their social responsibility using the annual reporting cycle, publications and communications methods.

5.5 Sub-Themes

Corporate behaviour with respect to their support for the arts is a central theme of this thesis. In section 5.2, the data were presented as themes recognised or constructed by the researcher from individual responses. This section (5.5) uses the same data to sort and collate responses embedded in themes to typify a company or companies supporting the arts. Four key components or criteria were developed from company representatives’ response to (the) relevant question(s). Each of these themes contains a series of sub-themes responses or points to support the main theme. (A table summarises the data and can be seen in Appendix Three.)

5.5.1 Trust and commitment

Trust arises from two sources. According to some company representatives there was no requirement for the recipient to supply formal acquittals to the companies on the progress or outcomes of the activity, regardless of whether or not money was involved. Formal contracts that contained deliverables were not viewed as part of the acquittal process and did not affect this decision. The response was to conduct an annual review with the organisation rather than create an unnecessary administrative burden involving such things as detailed narrative reports about
progress or the preparation of financial reports. The second source stems from the trust the board and executive management placed in staff to complete an independent review of applications to select activities that would enhance the internal and external perception of the company.

Commitment was considered from two perspectives. The first was the direction set at the Board or executive management level to support an arts organisation or activity. The second perspective was the period of time that companies were prepared to support an organisation. Support could be for periods longer than a year, sometimes ongoing if the association remained mutually beneficial. In some interviews, the participants acknowledged that whilst the agreement for support was not ‘evergreen’, the commitment was there and would be honoured unless there was a policy change within the company.

Change in management and staff hierarchies within organisations was acknowledged as a source of change in commitment and that this could alter the relationship. Long-term supportive relationships between companies and arts organisation were perceived to be uncommon. As previously mentioned in section 5.2.2, some companies have supported arts organisations in long-term arrangements for support that remain mutually satisfying and provide ongoing rewards to both organisations.
5.5.2 Networking and power

The word ‘networking’ as used here describes the opportunities that a relationship with an arts organisation can provide to the company and its staff. ‘Power’ refers to any adjacency with government that may be enjoyed through an association with the arts; it can also be about the enhancement of brand and associated power. The types of arts organisation that are supported may add to the achievement of those goals.

Companies may be sufficiently motivated to include networking as part of an overall strategic plan. Access to government – included access to senior government officials and government ministers - via an arts portal was reflected in the discussion with representatives C2 and C6. Through the development of a network of activities, opportunities were provided which in turn spread influence and power.

Networking relies on the development of relationships and how the companies that support the arts view that relationship. Corporations sometimes use the arts as a background when promoting the company through the provision of hospitality for clients and staff. The type of arts organisation they support matters to companies. For example, some of the participants declared their company would prefer to support peak arts organisations such as a national performing company or a major visual arts organisation, as opposed to a range of smaller arts organisations, as it provided a simpler solution for the company. In supporting peak bodies, this
decision may embody networking concepts for the company. Brand recognition also mattered to participating companies: it was crucial the investment that already existed in their own company product, company profile and brand should not be diminished by being associated with activities that would detract from the brand.

5.5.3 Competition for corporate funding from the not-for-profit sector

The fierce competition for corporate funding of the not-for-profit sector (including support for the arts) was frequently mentioned by the participants in the interview process. Unsuccessful applicants look for feedback as to why they are denied funding in the hope this knowledge will improve future applications. Ten of the twelve corporate participant representatives, and the private philanthropists, advised they did not give feedback on unsuccessful applications. The primary reason given for not providing feedback was that the grantors did not want to build an expectation among the applicants, that an individual or group, by conforming to some informal advice at a point in time, they would be more likely to receive funding in the future.

The participating companies maintain websites that contain substantial amounts of information about their programs for support, much of it intended as a guide for potential applicants as not all applications follow company prescribed guidelines. A concern for the participants was how the decline by a company of an application made by an arts organisation for funding would be interpreted, notably the possibility of it being translated into negative messages.
A government agency such as AbaF can be the middle ground or a contact point for both companies and arts organisations. Companies can make independent approaches to provide assistance and arts organisations can make approaches seeking assistance. Agencies such as AbaF are a resource that can promote the development of support, minimising the feeling of being in a competitive environment whilst still providing mutually beneficial outcomes.

The sub-themes included in this section and the findings, based on a small but useful sample, made it possible to construct typifications of corporate behaviour towards corporate support for the arts. These typifications are discussed in the next section.

5.6 Typifications

The focus of the findings so far has been to derive understandings from the first order constructs which are a part of the social actors’ social reality. This section considers the first order understandings to derive second order constructs or typifications. The construction of these typifications - while simplified or distilled - makes it possible to contribute to an improved understanding of the data generated to address the research question.

The first typification that emerged was the belief of those who considered giving as philanthropy, and the second typification was that giving could be regarded as sponsorship. A third and separate typification was about corporate philanthropic
foundations and foundations as a structure through which giving to the arts was made.

5.6.1 The first typification

For those who saw giving as philanthropy, the key feature of their understanding was that giving was not emotive but had a purpose. It was possible to recognise that the participant companies were focused supporters of the arts. A distinguishing feature of this group was that the objective for giving was specific, with the focus of the support oriented towards major arts organisations. This form of giving aligned the company with peak arts companies with the intent that the association would lead to enhancement of the company profile. In addition to this focus, this group limited their giving to only a few organisations at one time.

In this first typification it was possible to further distinguish two groups. The first group consisted of companies for which the motives for support were specific and strategic, and the second group consisted of companies for which the motives for support - whilst being part of a plan - exhibited characteristics of an operational plan rather than a strategic one. The first group was made up companies which were relatively new supporters of the arts and had made a strategic decision to provide that support. The intent was to ‘speak’ to new audiences as part of a business development strategy. The second group were long-term supporters of the arts and individual arts organisations. The plan was not to appeal to a new audience or an audience in new areas but to ensure the company brand was being seen as a
consistent supporter, making a contribution. From this separation, a view maybe formed that longer term support becomes a relationship that takes on an operational character where in which activity has been ‘normalised’ and the message from the company is about its principles. In contrast, for the new supporters, the strategic nature of their support means their motives may be short-term, directed at company enhancement, and in reality they are looking for a speedy return for the company as sponsor.

It is possible to tentatively hypothesise that as the longer the term for the support by a company continues, the more the relationship matures and the characteristics of the perceived returns to the company change.

5.6.2 The second typification

For the participants who saw giving as sponsorship, from the data it was possible to see this focus of the support, but a distinguishing feature of this typification was that giving was based on more emotive reasons and more likely to be directed at local community based arts organisations. This was also demonstrated by the fact that individual companies in this group tended to support more organisations per company than the group in the first typification. Support for each arts organisation, regardless of how long the support had been provided, was reviewed by the company annually. This is a reinforcement of the notion of giving being sponsorship.
This group of participants which saw giving as sponsorship could be split into two subgroups with respect to the type of recognition each company derived from their support - local community recognition or broader public recognition. It was important for one group to clearly demonstrate their corporate citizenship, but its members considered that local community was sufficient reward. In contrast, the second group looked for more elaborate recognition related to the development of the image of the company. For this reason, external reporting of their support for the arts was undertaken, but internal reporting to their employees was not. The communication within the company did not have a priority. From this it is possible to conclude that this group’s motivation for supporting the arts aligned with the perceptions of the company and its operations, depending in part on the particular constituency to which the company was attempting to appeal.

For corporations to achieve their desired meaning from their giving requires different forms of communication. It is possible to tentatively hypothesize that the more a company seeks recognition for its social responsibility, the more specific it will be about what it wants to achieve and will select the appropriate partners to achieve those results.

5.6.3 Third Typification

A third typification constructed from the data, independent of the first two typifications, relates to the use made of philanthropic foundations as a structure for
company giving. This group could be split into two groups, those who had a foundation and those who did not have a foundation.

For the group that had a philanthropic foundation, these could be further segregated into two groups, the first of which was companies who gave to the arts only using the company foundation. (It should be noted there was only one company in this group and so any conclusions formed may not be generalisable.). The second group did not use their philanthropic foundation to make their contributions to the arts.

This point made in the paragraph above highlight the differences in the type of giving. Philanthropic foundations can only give to recipients who have deductible gift recipient (DGR) status or are registered charities. The objective of giving using a foundation could only be described as being philanthropic. For companies who have a foundation but do not use it as a mechanism for giving to the arts, the giving was considered to be sponsorship rather than philanthropy. The research participants identified that their preferred form of giving to the arts was in a non-monetary format, such as services and goods. Not using a foundation enabled the companies to support the arts in whatever manner they chose.

It may be concluded from the discussion that the use of corporate foundations has not influenced the pattern of corporate support for the arts in Australia. Moreover, it is possible to hypothesise that the changes to legislation in 1999 - which in the short-term were intended to be an incentive for business to secure a tax advantage for giving - are of no current benefit to the not-for-profit arts sector. In the longer
term this structural change has the potential to change attitudes to support for the not-for-profit sector.

5.6.4 Summary of typifications

Companies supporting the arts are likely to consider their giving behaviour as philanthropy or as sponsorship. The way such behaviour is enacted demonstrates clear and precise decisions. The corporate philanthropists are focused supporters of the arts with a clear understanding of what giving to peak arts groups delivers. The giving described by their representatives was enacted as part of a plan driven by either a strategic or a commercial motive. The term of the support appeared to be influenced by the motive for giving. For example, it was not beyond some of these companies to use short-term support to the arts to gain a strategic advantage.

For the corporate sponsors, giving to the arts appeared to be a behaviour enacted in response to the stimulus of perceptions of their company held by local communities and the public. An annual review of sponsorship enabled each company to check the level of company recognition achieved in the community through their support for the arts. The articulated motive of company recognition, coupled with a preference for community-based support to achieve that recognition, suggest that these companies interpret their arts support as being reliant on goals they share with the community.
Corporate philanthropic foundations are a tax structure that companies can use for their support for the arts. As such this study has found that foundations have little appeal for the participant companies in the delivery of support to the not-for-profit arts sector.

The corporations in this study, as represented by key informants, interpret and enact corporate support for the arts in different ways. These typifications have led to the formation of tentative hypotheses in response to the major research question.

The next section makes some comments on highlights of the study.

5.7 Highlights

All the companies represented by the sample in this study had their unique characteristics, (as Table 3 shows); the responses from their representatives have provided some highlights. These highlights are discussed in this section.

5.7.1 Sponsors

The representatives of ten companies regarded their corporate support for the arts as sponsorship. The relationship was commercial and unambiguous; both parties were aware of the expectations and boundaries of the relationship. Not all the representatives considered their support for the arts as being philanthropic, given the commercial nature of some of the relationships. As sponsors, the companies
were able to provide resources that were not in cash but were equivalent to cash for the recipient arts organisations.

5.7.2 Corporate foundation as an influence

The change enacted by the Australian Federal Government in 1999 to ease the restrictions governing the establishment of foundations was referred to in section 3.5.3.1. The use of a foundation by the sample population of companies was not found to influence decisions about corporate support for the arts.

The representatives from the four companies who had foundations did not express their patterns of support in different terms to the companies that did not have foundations. The data suggest that differences in the internal structures through which corporations channel their giving do not change the outcome.

5.7.3 Newcomers to support for the arts

The corporate participants were not able to demonstrate long histories of support for the arts: only two were able to clearly identify a history of support for the arts of more than ten consecutive years. Representatives from the participant companies claimed that the potential benefits of arts support to their respective companies had not been fully recognised. In contrast to the corporate responses the private philanthropists could identify a long history of support for the arts.
5.7.4 Sport

The recognition by some companies that confining sponsorship support to sporting organisations ignored potential markets was a catalyst for changing patterns of support. Recognising the strategic importance of what sponsorship delivers, five of the companies in this study recently made decisions to limit or discontinue support for sport so as to be able to commit to support the arts. Taken together with those companies in the sample which do not provide support to sport, it is clear that the typical company in the sample has a bias away from supporting sport.

5.8 Summary

The purpose of this chapter was to set out the findings arising from the data generation process. The decision to provide the support to the arts involved the Board and members of the management team. The contributions of CEOs were not confined to the strategic decision process: in some instances they made substantial contributions to operational plans.

The type and term of giving varied and in some instances combined several forms. It was highlighted that not all support was provided as cash, but could be in-kind support such as freight, travel or professional expertise. Not all companies were able to provide services as a part of their support because of the nature of their business, but for some companies the provision of services was the only means of support.
The use of grants as a form of support was not popular, in contrast to sponsorship. Several representatives of the participant companies reported that their company was new to support for the arts, so their track records are short and commitments for the long-term were only just being made.

Among those companies who had only recently begun to support the arts, some identified business benefits for their company whilst others identified that their sponsorship budgets were finite and to add support for the arts, meant that another activity had to cease. The use of a corporate foundation was identified as being of little interest as a method of support to the not-for-profit arts sector. The participants recognised the social and political benefits from giving, as demonstrated through the type of organisations supported and the form of the support.

Government has provided incentives through changes to legislation to ease the requirements for the creation and running of a foundation as well as providing resources to link arts groups with like-minded companies. Not all companies have responded to these initiatives.

For the private philanthropists who participated in the study, the strategy and the decision for giving was a central tenet of their philanthropic giving that they considered needed no further justification. There were no restrictions on their ability to give money, and they had no ability to offer services or goods. Concepts
such as brand awareness were not important to private philanthropists, while social responsibility held some interest but not in a corporate context. Private philanthropists recognised and valued their freedom to support controversial or unpopular projects with which a corporation may not want their brand associated, or may consider commercially unviable, was viewed by the private philanthropists as providing them with many opportunities to support the arts.

The discussion of the highlights listed above and the results contained in this findings chapter, are located in Chapter Six. The discussion of the results incorporates a reflection on the concepts contained in the literature and context chapters.
Chapter Six - Discussion

6.1 Introduction

As the literature review in Chapter Two identified, the use of corporate resources for purposes other than creating shareholder wealth has been a research topic for some time. That discussion included the types of support and the motives for support provided by corporations to the not-for-profit sector. In particular, this study focused on one component of the not-for-profit sector - the arts.

In the literature review the concept of philanthropy and the motivations for corporate philanthropy and influences that have shaped the behaviours of the organisation were considered. The influences of political, economic and social contexts within which the company as an organisation operates were the main points of the discussion.

The context chapter (Chapter Three) reviewed the model of support for the arts in Australia. Government resources have been a key component of support, even during a period in which neo-liberal ideology has engendered a trend away from such support. An alternate source of support is that of the corporate sector and the Australian Federal Government has provided some resources to encourage their participation. Also included in Chapter Three were key components of the way government and business support the arts in the USA and Britain. Sharing a language and cultural history with Australia, and with all countries operating in a
global context, the ways in which each country supports the arts show similarities and highlight differences. The differences could highlight pathways for the future in Australia and also provide some critical points for a discussion of Australian models.

The methodology chapter (Chapter Four) stated the problem and the research question, the philosophy of research methodology and described the method used to generate and analyse the data. The findings chapter (Chapter Five) describe the results generated by the data.

This discussion chapter consists of three sections. The first section outlines the topic, restating the research problem and providing a review of the research methodology. The second section is a brief summary of the results set out in Chapter Five; the third section is a discussion of those results, reflecting on the content of both the literature review and context chapters, drawing out themes around corporate responsibility, giving and the arts.

6.2 Statement of the Problem

The aim of this Interpretivist study was to develop an understanding, within the Australian context, of corporate support of the not-for-profit arts sector and the motives for such support, including what the influence on corporate decision-making in a changing neo-liberal political environment. In the absence of knowledge about the mechanics of corporate giving, financial and other support to
the arts, an intended outcome of the study was a better understanding of the perceptions held by corporate representatives. The objective of this study was to understand how participants from corporations engage in support for not-for-profit arts organisations and the meanings they derive from that support. These meanings were defined to include the perceptions the participants hold about their relationships through their everyday experiences, how they interpret their social realities and how they negotiate the meanings of their actions.

The study specifically sought to elicit narrative descriptions forming a range of meanings given by key informants rather than a quantitative measurement of them. The meanings included interpretations of several areas: for example, they included the interpretations of philanthropy, what may have influenced corporate decision-making and the perceptions held by the participants of their companies’ contributions to their reputations as responsible corporate citizens?

Using an Interpretivist methodological paradigm, the research has explored the perspectives of the key informants and the meanings they ascribed to support for the arts. The research question encapsulates these concepts. Against a background of neo-liberal changes to recent government policy in Australia, and an absence of knowledge about the mechanics of corporations giving financial and other support to the arts the research questions was: ‘what are the characteristics and the range of perceptions held by corporate representatives in Australia on support for the arts?’
6.3 Review of Methodology

6.3.1 Type of study

The research study used an epistemology that applied an abductive strategy to investigate the phenomena of corporate support for the arts. Data were generated using the semi-structured interview: this was the preferred data collection method as it retained flexibility and led to a better contextual understanding of the data.

6.3.2 Type of participants

The participant representatives in the research were from three distinct categories: corporations, agencies of government and private philanthropy. In some instances the interview participants were not the most senior executive in the company responsible for managing support for the arts. Within each company, the interview was delegated to the person who was considered the most appropriate to participate in the research.

6.3.3 Data generation and reduction

The interview transcripts, field notes and related material provided a substantial body of data to analyse. Data were analysed using an abductive strategy which is summarised below.
6.3.3.1 First stage analysis

This stage of the abductive strategy entailed editing the transcript to achieve clear and easy to read copy. To retain data integrity, the transcripts contained the participant’s own words. This was an important phase of the process as interviews were conducted with three quite distinct groups (as described in section 4.4).

6.3.3.2 Thematic analysis

The first stage analysis made it possible to further reduce the data using the technique of thematic analysis (as mentioned in section 4.8.1.3). In summary, each narrative was categorised, taking care to recognise themes emerging from the data rather than being imposed upon it by the researcher.

6.3.3.3 Content analysis

The researcher systematically worked through each transcript. At the conclusion of this stage, it was possible to depict the categories and the participants in tabular format. A very high level summary of the data is attached in Appendix Three.

6.3.3.4 Comparative analysis

Once each transcript was dealt with in this manner described above and the coding completed, comparative analysis (after Dawson (2007), was conducted. The data
from different participants were compared and contrasted and the process continued until the researcher was satisfied that no new issues emerged.

6.3.4 Summary of findings

This section is a brief summary of the key findings contained in Chapter Five.

The interviewees described several meanings of corporate philanthropy as directed to the arts which could be seen to range across theoretically identified concepts such as philanthropy and sponsorship. From a small but focused study it was found that the dominant meaning tended towards the latter, meaning that support was generally perceived as sponsorship. The influences within the company that determined the strategy for support came for the most part from the Board of Directors. Operational matters were clearly identified as the responsibility of the staff. In each company, the CEO was a crucial link between the Board of Directors and management in the formation and implementation of the support strategy.

The kinds of support provided to not-for-profit arts organisations were seldom outright donations, and eight companies from the sample did not operate a grants scheme. Provision of goods and services was a preferred means of support, with ten of the representatives from the participant companies having established models of support that could be considered to be sponsorship. The corporations expected a return for the support provided. Models of support promoted by government agencies such as AEA and AbaF were preferred by a minority of the participants.
All the participants were able to classify their support as either short-term or long-term. Five companies had a short-term pattern: their representatives stated that their companies were new to giving to the arts and were just beginning their giving histories. Seven companies could detail long-term patterns of support.

The reasons for giving were not the same for all companies, but two reasons were consistently mentioned by their representatives. The first reason for giving was to grow and protect the company’s reputation in the community. The strategy to uphold and enhance company reputation was split between support for community-based organisations and support for peak organisations. The second reason given by participants was a company commitment to principles of social responsibility. All wanted to be perceived as being socially aware organisations, which included being aware of the context within which they operated. Other motives for support were creation of brand awareness, improved employee relations and networking.

The participants identified several recent changes to their company’s support for the arts. Greater discipline to the decision-making process has made a substantial change. Support had generally become more focused and strategic, with a view to the longer term. The ad-hoc, one-off pattern of support was rarely employed and used only for a specific purpose. Several of the companies had no history of long-term support for the arts. For some companies, to provide more support to the arts meant cutting back on support provided to other not-for-profit organisations. Sport was identified as being the main area from which companies had redirected their funding.
The Australian Federal Government has provided opportunities for corporations to support the arts by way of either policy or legislation. Initiatives have included changing the criteria for the establishment of a foundation, an option that has been taken up by some companies. Nevertheless, for the most part, the use of a foundation to support the not-for-profit arts sector was of no interest to the corporate participants in the study. The value of tax incentives as a motive for giving could not be clarified; representatives could not identify with any certainty if and how taxation was factored into their organisations’ decision processes (see section 5.4.1).

Societal factors did feature in the responses: several representatives argued that the shift away from state responsibility for funding had created a greater demand for a limited supply of resources. As identified earlier in this section, corporate social responsibility and the perception held by the public of the corporation were important motivations for corporations to support for the arts.

The next section of the chapter is a discussion of the findings, drawing on information contained in the literature review and context chapters.

6.4 Discussion of the Findings

This section links the themes derived from the data and those contained in the literature and context chapters. Major points of the discussion include the effect of the transfer of some responsibility for the not-for-profit arts sector from
The selling of publicly owned infrastructure into the private sector and the development of an enterprise culture with a reliance on individualism, and the restructure of industry policy - such as through the further reduction of tariff protection and the development of public infrastructure through partnerships with private enterprise - are features of neo-liberal economic rationalism (Beeson & Firth 1998; Bray & Walsh 1998). The successful application of these policies meant that the government had transferred some its obligations and responsibilities to the private sector (Margolis & Walsh 2003). At the height of this economic transition (the 1980s and 1990s), direct government funding of operating costs for the arts in the USA and Britain was noticeably scaled back, with reductions in annual allocations of recurrent funding. Some of the reasons given for reducing funding from the state included the rent-seeking behaviour of some arts organisations and ‘crowding out’ of potential alternative sources of funding.

As identified in Chapter Two, in recent years Australia has followed policy changes, not unlike those observed in the USA and Britain, consistent with a neo-liberal context of smaller government. In Australia, direct government funding to
the arts was considered integral to their continuation. The Australian Federal Government continued to allocate public funding to the arts as a component of its cultural policy (Caust 2003), even though the funding supply did not keep up with the demand (Craik 2007). Through this direct funding stream, successive federal governments (Labor and Liberal) have continued to foster the creation of cultural capital, social cohesion and recognised their responsibility for that funding role.

Recognising that government funding to the arts has not kept pace with the costs of delivery, it is interesting to note how government has stimulated and expanded the demand for additional resources for the sector, but how to access alternative sources of funding and resources has not been made clear. An example of this is the way in which the Australia Council has sought to expand cultural outreach and increase the demand for resources, through a policy for the development of a national cultural plan (Stevenson 2005). This plan relied on the contribution of local authorities across the country - an ambitious, large-scale initiative that would require ongoing support. Despite its good intentions and the undoubted benefits, such a policy may add to the complexity of the already existing problem of the huge demand on corporate resources for the not-for-profit arts sector.

Not unlike the topic of the arts gaining recognition by corporations is the perceived value of the contribution of the arts. In what could be a major problem for the arts community is corporations do not always value the contribution the arts have made and continue to make to the economic, social and aesthetic well-being of society. and the creation of cultural capital should be sufficient enough reason for their
contribution. Four of the representatives in the study stated that the corporate sector does not consider all of what the arts want support for, worthy of their support. For arts organisations this reinforces a perceived problem related to the credibility of their product and how connections can be made to, and contributions recognised by, corporations.

In an environment of enormous demand for corporate support of the not-for-profit sector, companies must set priorities. In this study, several companies had decided to prioritise support for the arts below that of health, education and welfare (which could be perceived as a difficult outcome for arts organisations). The decision to prioritise arts support below health and education was not unique to companies in Australia: patterns of corporate giving in the USA did not rank arts with a high priority either, placing health and education well before the arts. Study participants reiterated this point, with some companies only supporting the not-for-profit arts sector because of the strategic advantage it gave them. The meaning of giving for these companies had a value: it was considered to be a means to obtain exposure with the intent of developing new business opportunities, but had no long-term objective. This perspective disadvantages the arts as it has the potential to isolate them from their product, and link their product to corporate strategies that may be less sympathetic about outcomes if the strategies do not work for the corporation. Potentially the fault could be seen belonging to the arts and in particular to the activity or organisation supported.
The removal of indirect influences on the corporate decision-making processes emphasises the value the company has placed on their support to the not-for-profit arts sector. Arts organisations that approach companies with established polices and strategies as a reflection of commercial realities, such as those mentioned above, do so without knowing they may encounter preconceived biases which may disadvantage their application.

When proposed activities reliant on corporate support do not get that support, the result is a form of censorship. In effect, the public have been denied the opportunity to participate or gain access to the proposed artistic endeavour, resulting in a loss of artistic expression and freedom. For practitioners in the arts, the impact of such a policy is to limit the communication, access and distribution of new ideas, re-interpretation of existing ideas and development of new forms of expression. Connections between corporations and arts organisations can be formed at many levels and the way in which these are formed and maintained can be important for both. For instance, the directors of a company are a source of influence on decisions; the majority of companies in this study identified that Board endorsement of any strategy for support of the arts was a fundamental prerequisite. This would suggest that the greater the number of advocates in the Board room for such a strategy, the better the chance of success. This raises the possibility that any one Board member or group of Board members can propose the support of an activity that is of personal interest. The participants in this study were aware of instances in which the interests or influence of individuals, such as the chairperson’s partner, have dominated the decision process. The participants
believed that the formation of corporate support policies and the implementation of procedures within their companies, independent of the Board, had removed much of this style of decision-making. These procedures included a formal application and review processes where recommendations would be made to management for corporate support for not-for-profits arts organisations, to ensure they aligned with their corporate strategies.

To better understand how support for not-for-profit arts organisations fitted into the strategic goals of the companies and was viewed within the companies, the concept of philanthropy and in particular corporate philanthropy was explored with the participant representatives. The dominant themes on philanthropy and in particular corporate philanthropy were explored in the literature review (section 2.2). The themes arising from the discussion focused on several aspects of the term, including giving without expectation of a reward through to enlightened self-interest. The form of giving could be any of the following singly or in combination: money, time, goods and services. The views held on philanthropy by the study participants could be summarised into two perspectives: making a contribution back to society and self-interest. Neither of these views is extreme or new. When this point was further explored with the participant representatives, the term most often used to describe the support was sponsorship, from which rewards would be received. It was clear that the participants considered that their support was not philanthropic, but they were still making a contribution to society. This would suggest that any definition of philanthropy remains ‘fluid’, and as discussed in section 2.2, any interpretation relies on one’s own context, history and perspective,
and the results of this study support that statement. In Chapter Five, the findings were developed into typifications that refer to corporate support for the arts being either philanthropy or sponsorship. This somewhat ‘dichotomous’ relationship exists where some participants have derived a clear meaning for their support to not-for-profit arts organisations as philanthropic and a contribution to society, which benefits the community: in contrast to supporters who derive benefits from their forms of sponsorship.

The challenge to the management of a corporation when giving away company resources is the justification for giving. This is especially important if it is maintained that the primary obligation of company management is to maximise corporate resources, eliminating any responsibility to other perceived stakeholders, as a key argument for corporations not giving to the not-for-profit sector. Shareholders inevitably and understandably demand the best return possible from their investment and the literature supports this contention (Drucker 1983; Friedman 1970). The efficacy of maintaining such a perspective in the face of the emergence of corporate social responsibility (as a predominant practice or goal) would seem to be difficult to maintain.

The phenomenon of corporations giving to the not-for-profit arts sector raises a question of whether the giving is an example of good corporate governance. If the prevailing view of governance was one in which shareholders and all other stakeholders in the company such as suppliers, the community and employees were factored into the decision process (Porter & Kramer 2002), then sharing company
resources with the arts would be much easier. Among the companies that participated in the research, there was not one that did not allocate company resources to the not-for-profit sector, the decision having been made as a part of a strategy: it was the form of the support that would matter.

Some definitions of CSR emphasise the contribution and the improvements to the quality of life and society at large that a company can make (Dennis et al. 2008; Drucker 1993). The contribution of CSR to the profitability of a company has not been unilaterally accepted: Barnett (2007) and Margolis and Walsh (2004) questioned the value of the claimed benefits to the corporation. In contrast Cadbury (2003) considered that the success of corporate governance required inputs from not just companies but individuals and society, adding that companies should to have a direct input into the not-for-profit sector Whilst the study described in this thesis did not set out to identify the contribution of CSR to the corporate bottom line, the sample population in this study universally perceived CSR as being a component of their company’s responsibility. How each company was perceived mattered and their reputations as good corporate citizens contributed to those perceptions.

For arts organisations seeking corporate support, one problem that has emerged is how to gain positive recognition from the corporate sector. The participants in this study described the demand for corporate support from the not-for-profit sector (not just the not-for-profit arts sector) as far outweighing their ability to fund. Some companies have clear and focused strategies and looked for links in prospective
organisations and in some instances companies have made direct approaches to arts organisations. The finding highlights the task arts organisations have in what is a very competitive market to get the attention of potential corporate supporters.

The participants in this study revealed that companies who supported the arts wanted external recognition for their support and considered it to be a legitimate outcome of their corporate social responsibility. In contradiction to this sentiment was the fact that only seven of the companies adopted an annual formal reporting format to communicate their CSR. Australia has no formal CSR reporting requirement such as that in Britain, preferring instead a CSR reporting framework managed through the Australian Stock Exchange. It may be possible to infer there is the emergence of a more formal compliance regime for CSR internationally, as exemplified in England with amendments to the Companies Act 2006 (Polding 2008). These amendments require companies to prepare annual business review statements which include statements about the environment and employees.

Another group of participants derived a clear meaning for their support as sponsorship, in which the community benefits and are also able to assert their social responsibility. The theme of giving as sponsorship located in the findings in section 5.6.2 identified that corporate giving to the arts meant sponsorship. This form of giving focused on the development of corporate citizenship and the way in which this could be demonstrated. The community-based model for support was contrasted against a model in which exposure at a national level was desired. To realise their desired meanings from giving has required companies to adopt
different forms of communication. It is possible to tentatively hypothesize that the 
more a company seeks recognition for its social responsibility, the more specific it 
will be about what it wants to achieve and will select the appropriate partners to 
achieve those results. A potential impact of this is that many arts organisations do 
not fit the appropriate criteria set by the company to achieve the desired results for 
the company. This idea is linked to the concept mentioned earlier – that arts 
organisations should take time to consider how their own needs fit with the type of 
companies they approach for support. It is possible to form the view that regardless 
of how a company may categorise its support (philanthropy or sponsorship), these 
concepts are diminished by the importance corporate social responsibility has to a 
company.

A consistent theme in the participants’ responses was that companies ‘want to do 
the right thing’; however, the representatives also stated that to act in a socially 
responsible manner was extremely time and resource intensive. The participant 
representatives believed that the applicants for support did little research into the 
organisations they were approaching, and that the lack of any obvious link or a 
reason for the creation for a link to be created should be explored before an arts 
organisation made an approach. Collaboration with supporting partners in the arts 
with relevance to their business was seen as being very important (a point 
previously made by Bednal et al. (2001)). In this study the results highlight a 
preference for focused and directed support as apposed to ad-hoc support. Some of 
the participants believed that the success of the companies they worked for was 
often interpreted by not-for-profit organisation as signals of boundless resources
that the company could easily afford to give away. The participant representatives even commented that they considered their companies were an easy target. A feature that became increasingly evident throughout the research was that as a sector, corporations lack a means of sharing their experiences about the support they provide to not-for-profit arts organisations. Rival companies seek competitive advantage, and a program of support to the not-for-profit arts sector may be a component of that strategy, hence positive and negative experiences do not get shared and there is no shared body of knowledge of their experiences. As mentioned by several participants, the credibility of some arts organisations only became an issue for companies when it was too late. With respect to positive stories, there is a national annual awards evening for excellence for partnerships between business and the arts in Australia, hosted by AbaF. AbaF captures and publicises information on good news stories, so makes a significant contribution to exhibiting corporate social responsibility in practice. The bad news stories remain hidden.

The ‘Giving Australia’ report (ACOSS 2005) highlighted (see section 3.3.3.2) that outright cash donations was the most popular form of support registered by corporations and business. The sample in this more in-depth and focused study did not identify with that finding. In fact only two of the participants had made cash donations and this was not their preferred means of support. Recognising that methodological differences between the studies exist, such as data generation techniques and population samples, divergence of results is inevitable.
The results from this study showing that non-monetary assistance provided was the preferred means of support for arts organisations had not been anticipated. Such forms of support are less costly to fund and likely to be more sophisticated than services most arts organisations could purchase (for example, financial or marketing expertise). All sizes of arts organisations are likely to benefit from marketing and financial advice from experienced professionals. The difference is that if they were to attempt to purchase this expertise at commercial rates, the cost to them would most likely be prohibitive. Seven of the participant representatives stated they preferred to provide services and considered that this was still sponsorship.

The business support could be classified as sponsorship for one audience, social responsibility for another and branding or advertising for another and as a business expense, a component of the operational costs of the firm. As the participant C6 stated, their brand is important and companies do not want to compromise their brands by an association with a lesser product. Sponsorship was the form of support preferred by several of the participant representatives, and would make the absorption of the cost for the company easier under a banner of marketing or business development and customer relationship and harmonisation. The participants acknowledged that their roles were those of sponsors; their models of philanthropic support follow a commercial construct similar to that noted by Raiborn et al. (2003). Altruism was not a feature of the corporate giving models described by the interviewees.
The model of support to the not-for-profit arts sector where the provision of services by companies predominates, could also be a demonstration of the management of a company working through a hierarchy of needs (like Maslow speculated for individuals). As one level of satisfaction is achieved, a new level of support is determined, pushing a company into new ideas or support patterns. Companies used collective decision processes to determine their support for the not-for-profit arts sector and the implementation was left to the CEOs and their teams. This appears to be an endorsement of Maslow’s actualisation process (Maslow 1968). Management trust staff to recognise the benefits employees can make in the creation of social capital within the company (sections 5.5.1).

Employees are given an opportunity to collectively participate in making changes or improvements to the not-for-profit arts sector (Fukuyama 2004).

The willingness of companies to commit to long-term support for the arts was a point of difference between the study and the literature. The concept of commitment did not emerge in the literature, nor was the term of the support identified. The participants in this study identified that one-off events did not reward the company: this did not mean they did not participate in one-off events, but that there was a preference not to develop them into a pattern of support that could be interpreted as being ‘normal’. As an endorsement of this, the majority of the participants identified that they considered their support as being sponsorship and expected returns to the company on an ongoing basis.
Developing the theme of the term of giving and reflecting on typification one (see section 5.61 which focused on operational or strategic benefits), a differentiating factor between the two was the term for the support. The short-term support was focused on more immediate returns to the company whereas longer-term support was likely to be part of a formal operational relationship. From this is it is possible to tentatively hypothesize that the longer the term for the support by a company continues, the more the relationship matures and the characteristics of the perceived returns to the company change. The company looks for a ‘more resolved’ outcome from its relationships arising from its support of the arts. For those companies that currently view their support as strategic - assuming that the strategy is achieved and the company moves on to new strategies - continuation of that support means it will evolve and change to the point of being ‘normalised’ into operational plans, thereby becoming less strategic.

The Australian Federal Government has been prepared to make an investment in mechanisms that promote support for the arts. This may be considered to be an attempt to compensate for the direct impact of reductions in direct funding. Engagement of the corporate sector in supporting the arts has deliberately been sought: in essence, the government is attempting to get the corporate sector to recognize the benefits of being associated with the arts. A key form of government intervention was the establishment of the peak association AbaF, which promotes communications between business and arts organisations and artists. AbaF could develop a body of knowledge and expertise that could be shared to develop productive relationships. Australia came to this strategy for much the same reasons
as did Britain and the USA, but much later. Organisations that facilitate communications between businesses and arts organisations in the three countries are: the Australian Business Arts Foundation (AbaF), the Business Council for the Arts (BCA) (USA) and Arts & Business (Britain). In Britain, the contribution to the development of a robust relationship between business and the arts, as estimated by Arts & Business, has included direct financial support (as the figures in section 3.5.1.2 highlight). The annual contribution by business to the arts as estimated by the Business Committee for the Arts in the USA is considerable at over US$3.16 billion (refer section 3.4.3.2). In Australia the creation of AbaF to promote and facilitate corporate support for the arts has given some companies a pathway. As stated in section 3.3.2.3, AbaF does not raise funds from corporations to give to arts organisations and as such differs from the models of the BCA in the USA and Arts & Business in Britain.

Some companies are willing to use AbaF as a tool to develop and expand their engagement with the not-for-profit arts sector, recognising the AbaF is not a broker service negotiating on behalf of one of the parties. AbaF is a resource funded by the Australian Federal Government and it is not possible to say whether, if this and other agencies of government did not exist, the arts would be supported anyway. There are companies which are confident and prepared to make their own decisions to provide support for the arts without any such assistance or direction. It should be noted that among the participants in this research study, not having an association with AbaF did not affect their support for the arts. An implication for arts
organisations is that AbaF has its limitations, and for them to have a single strategy dependent on AbaF could mean they miss other opportunities.

Barnett (2007) argued that despite all the research undertaken to date, there is no clear evidence that spending by companies on social initiatives returns a benefit to the shareholder. If this is so, the argument that enhancing the reputation of a company was a strong motive for giving, as expressed in AbaF’s 2008 survey of arts organisations, would be cast into doubt. The concept of corporate reputation enhancement could be challenged where companies that had a preference to support peak arts organisations over community based organisations, could be viewed as corporations buying their social responsibility in a single action.

As the findings in Chapter Five highlight, some companies provide the majority of their support to not-for-profit arts organisations through the government-sponsored model of AEA. For corporations, the AEA model is a ready-made solution – a relatively risk-free opportunity to become associated with (usually) highly popular art events run in association with peak arts organisations.

The development of philanthropic foundations (as discussed in Chapter Three) has proved a successful tool for supporting the arts, particularly in the USA. Philanthropic foundations in the USA benefit from a long history, and some have a very high profile. Giving by Foundations in the USA amounted to over US$ 4.4 billion in 2006, and twelve percent of this amount was given to the arts (in excess of US$ 500 million). The structure and operation of foundations as a means of
delivering support to the not-for-profit sector in the USA has appeal to both corporations and individuals. In contrast, the development of philanthropic foundations in Britain and Australia has very been different. This is certainly the case in Australia, where legislation has changed only recently, but these changes resulted in the creation of several hundred new foundations (refer section 3.3.3.1) The precise number of these new foundations created by private individuals as opposed to corporate philanthropic foundations is unknown: this makes problematic any claims or assumptions of an increase in the number of corporate philanthropic foundations due to the changes in legislation.

Despite the rapid recent growth in numbers of philanthropic foundations in Australia, for the participants in this study, the use of a corporate philanthropic foundation for support for the arts was of little interest. This could be due to three factors. There has not been a long history or culture of corporate philanthropic foundations in Australia: only one participant whose company had a foundation used it as the vehicle to deliver their support for the not-for-profit arts. When a corporation gives resources, such as money, to a foundation the company relinquishes control of those funds, and the terms and conditions of the foundation govern the application of the donations it receives. It was hypothesised in Chapter Five that, largely as a result of these reasons, the use of foundations by corporations was not likely to become a preferred mechanism for the delivery of company support to the not-for-profit arts sector. Further support for this hypothesis was derived from the responses from participants who considered their support for the not-for-profit arts sector to be sponsorship - given with an expectation of rewards.
This type of support is not altruism – the motivation that seems most appropriate to the foundation concept.

The responses from the participants in this research indicated that whilst the companies were aware of the requirements and benefits of a foundation, only four of the participant companies and the private philanthropists operated foundations to deliver on their social policy. Only two companies had long-established philanthropic foundations created prior to changes in the legislation that enabled the PPF and two companies had formed philanthropic foundations since the enabling PPF legislation. Whilst three of the remaining eight companies had considered the establishment of a foundation but not acted, the balance made it quite clear they had no intention of creating a foundation. Whether a company has a foundation creates a point of difference between companies, but it was not possible to discern if there were differences in the pattern of support because of their existence. For the private philanthropists, the use of a foundation had very distinct advantages for them.

However, the legislation enabling the establishment of a PPF could promote the emergence of a more inclusive culture of giving in Australia. The corporate philanthropic foundation is also a means of removing some of the less objective influences on decision processes that have been commented upon earlier in this discussion. Barnett (2007) expressed a view about corporate support for not-for-profits and the lack of any quantifiable return to the shareholders. A corporate
foundation could be a means of isolating this activity and determine company benefits.

The treatment of corporate giving to the arts for taxation purposes differs from country to country and is a complex matter which is beyond the scope of the topic of this thesis to fully explore. In the USA companies can take advantage of rules that (as explained in section 3.4.3.3) effectively mean the government of the USA underwrites corporate support to the arts as a part of the not-for-profit sector. In Britain deeds of covenant, referred to in section 3.5.2.3, are a legitimate form of corporate giving to the not-for-profit sector. Australia does not have parallel arrangements that act as an incentive for giving to the arts. Taxation was not a motive for corporate giving to the not-for-profit sector (Campbell et al. 2002; Porter & Kramer 2002; Wolch 1995).

The participants in this study were not able to identify specifically whether taxation was a reason for the support their company provided to the arts. This study does not propose that taxation is not a consideration in corporate decisions to provide support to the arts. What it does highlight is that in asking the representatives designated to manage their companies’ not-for-profit relationships, that cohort of staff do not know all the implications (or not) of determinants in building the business case that support the decision to contribute to the not-for-profit arts sector. The reason why the participants in this study had little knowledge of the tax implications could be attributed to their companies’ decision-making processes.

The decisions to support the not-for-profit sector were made at senior levels in the
company. The interview participants were nominated as being the most appropriate and experienced representatives of the companies that should participate in the study. The response from the participants when a technical issue - such as the role of tax incentives - was raised as a potential reason for support for the arts was that it was outside the knowledge of the participants. Whilst disappointing, the responses from the participant representatives have to be acknowledged and accepted as a weakness of the research (but not the fault of the researcher).

The globalisation of markets and economies has led to a freeing up of trade barriers. Companies are not constrained by national borders and operate in multiple environments (as suggested in section 2.4.4), and sometimes referred to as transnationalism. As the corporations grow and expand into new markets, more new environments could mean that they are expected to support new needs. Eight of the participant companies in the study have international operations and six of the companies were foreign-owned. The foreign-owned companies were willing to support the arts in Australia, having recognised the value of contributing to local communities and decided that it was an effective means of connecting with the community.

For the six participants representing the foreign owned companies, the choices about who would be supported can be made by the parent company outside Australia. This was the case in one company; five others had broader policy directions that were set from outside Australia but were allowed to make their own decisions within their policy frameworks. All participants recognised the
importance of contributing to the local community, but for some companies the
decision may not have been made by the Australian branch of the company. The
preference for these companies was to support peak arts organisations because of
their profile and branding opportunities. Understanding the subtlety of this finding
could be important for arts organisations. As more companies see opportunity in
supporting the arts, the decision-makers in foreign-owned parent companies may
not understand the arts in the Australian context. It may be beyond the resources of
arts organisations to reach the decision makers in these companies. Some
companies may be reluctant to support an activity that is perceived in their own
country to be culturally sensitive or inconsistent with their brand.

Corporate support for the arts creates an opportunity for the management of
corporations to network (such as through AbaF) and develop influence amongst
their peers and the arts, and can extend to gaining access to government officials
and politicians. Campbell et al. (2002) and Frumkin (2006) recognised the capacity
of corporate support for the arts and political utility to the company of that support.
In Australia, as this study found, corporate support for the arts can reward a
company with access to political spheres of influence and political recognition,
such an adjacency being quite separate from any other forms of political influence
they may have generated in normal business relationships. Supporting the arts gave
some companies an opportunity to derive a political or business adjacency. An
opportunity to meet with government ministers at state and federal levels and
fellow businessmen whom they may not have encountered in their normal business
context. It was also an opportunity for some companies to communicate to
representatives of government about their socially responsible activities, separate to
the business view of the corporation. Access to sources of power was
acknowledged as being possible in Britain by members in Arts & Business. It was
considered that there may have been recognition within a greater number of
companies that some connections with the arts had links to government.

As noted in Chapter Three, the Heritage Lottery Fund in Britain is the envy of
many in the arts world outside of Britain. The initial rewards for the arts arising
from the Heritage Lottery fund (established in 1994) were new or upgraded
infrastructure or upgraded existing infrastructure including performance spaces,
museums and galleries. The creation of a network of new or upgraded facilities left
a residual problem of how to fund the operational costs of running a refreshed arts
sector, exacerbated by a political and economic environment of reduced direct
funding from government sources. Subsequent changes to how the funding
received from the Heritage Lottery Fund have meant that such funds can be
allocated against operating expenditure. This is a unique and important source of
funding for the arts in Britain. A funding source that is not contingent on the grant
making cycles employed by both business and government would be the desire of
most arts administrators. This could be a direction that future policy for the arts
could take in Australia.

Participating corporations, who recently commenced supporting the arts, were
responding to market factors in their business sector: they identified that potential
market segments were being ignored. Their response included changes in their
business operations such as the expansion of their geographic reach, which has improved access for the company to their target audience as a result of their support for the arts. Commencement of support for the arts was apparently driven purely by commercial or business criteria, not by government policy of promoting the privatisation of philanthropy. Incentives offered by government may be able to influence the decision process within companies, but ultimately it is the business model that determines the decision.

Participants in the study which changed their patterns of support were those that had a history of sponsorship of predominantly major sporting codes. Their swing towards sponsoring the arts presumably reflects increasing dissatisfaction with their arrangements with sports organisations. Even companies who had been long-term sponsors of some sporting codes severed their connections to sponsor other activities, which included the arts. In an environment of stiff competition for corporate support, a shift away from a popular and not-for-profit activity has important ramifications for both sport and the arts.

The clear statement by some participant representatives that support for the arts was at the cost of support for sport also indicated that the corporate resources applied to the support had not diminished - it was the strategy behind that had changed. The point was made that sport competed with the arts for sponsorship (as indeed it does with every other component of the not-for-profit sector), but to have participants confirm they had consciously begun to support the arts in preference to sport was unexpected. Some long-term arrangements were broken in order to direct resources
to the arts sector. Perhaps these few documented transitions from sports to the arts sponsorship can be considered to be an offset against those companies who have prioritised their company support for the arts below that of health, education and welfare.

Whilst the study of the behaviours of private philanthropy was not the focus of this research study, the responses from the private philanthropic sector (see section 5.2.2), demonstrate a model of support that is directed to the granting of money, a sharp contrast to the kinds of support that corporations in the sample preferred to provide. In contrast to the hardline corporate perspective, the private philanthropists acknowledged that they are often approached to support ‘the unsupportable’. The representatives from private philanthropy recognised they do not have the same restrictions or concerns around motivation or brand as the corporate sponsor. Furthermore they suggested the corporate sponsor can be more sensitive to the content of the sponsored activity, especially where controversy or limited audience appeal is a likely outcome.

As mentioned earlier, participants stated that the success of the companies they worked in meant they considered they were a target for requests for support from many sources. All participants reported that the large number of applications they receive for support has given cause for concern about the amount of company resources required to manage the process. The rejection of a funding application and communicating that result to an arts organisation was a difficult topic; similarly, the participants in this study expressed reluctance about giving feedback,
believing that it could create expectations of success in the future. They did not want to lead applicants to think if omissions and errors were addressed; the next application would be successful.

If, as the sample in this study highlights, the corporate sector is well aware of the problems related to providing feedback, it should be possible to find an effective means of communicating with not just successful applicants but unsuccessful and potential applicants. AbaF is one way of creating a communications channel, but not all companies use AbaF resources. It could be a case of making better use of AbaF (if resourced appropriately) as a communication mechanism, one that develops a body of data that represents the equivalent of ‘corporate memory’ about corporate support for the arts.

The Australian Federal Government has - through commissioning the Nugent Inquiry (1999) and the Visual Arts and Crafts Inquiry (2002) - attempted to improve understanding of the arts in Australia. In 2005, the review of philanthropy in Australia resulted in the ‘Giving Australia’ (ACOSS 2005) study. The resulting reports made a significant contribution to knowledge in Australia about the separate topics of the arts and philanthropy. The Australian Federal Government may consider that it has made sufficient investigation into the sector and adjusted its policy settings in response; however this does not mean that the problem of funding the arts has been resolved. Policy settings have deliberately created a role for the private sector and corporations have responded to the challenge. This study has
provided insights into the complexity of the key messages corporations want to convey when describing their support for the arts.

With a lack of data in the field of corporate support for the arts, it cannot be assumed that all companies offer support to the arts. Even from publicly published reports that contain extensive quantitative level data such as the ‘Giving Australia’ (ACOSS 2005) report, it is not possible to determine exactly who is giving support. Corporate reports do not always provide the information, and frequently lack any mention of programs for support making it difficult to determine the forms of support provided, and to whom. It is sometimes necessary to go to arts organisations, or to work backwards presuming organisations will share their fundraising data. Background research on companies was undertaken but getting agreement to participate - even when companies were approached directly - was difficult. Companies had nothing to fear from their participation; potential participants were given all available information about the study (including the scope of the topics that would be used to guide the interview), along with the invitation to participate. The poor response to invitations to participate despite repeated follow-ups was disappointing to the researcher and consumed both resources and valuable time. Nevertheless, these early setbacks to the study did not divert the researcher from the process.

At the final stage of the thesis, it is possible to consider the study’s implications: these follow in the next section.
6.5 Implications of this Study

The literature on support for the arts in Australia consists largely of research funded by federal, state and local government and research from government-funded agencies such as the Australia Council and AbaF. Academic literature on philanthropy such as from the Asia-Pacific Centre for Philanthropy and Social Investment refers to the culture and arts sector but does not drill down into the arts as a sector for further investigation. Some of the literature on CSR recognises corporate support for the arts as forming a component of the corporate acquittal of their social responsibilities but does not provide detail about these commitments and what that could mean for the company or the arts organisation. The economics of the arts has been discussed as length by Throsby (1994, 2006), but however the relationship between business and the arts in Australia has not been clearly articulated.

To better understand and describe the characteristics of corporate support for the arts in Australia was the main research task. The study included a review of a body of knowledge about existing models of support for the arts in Britain, the USA and Australia. The population that formed the sample was comprised not just of companies, but represented sections of private philanthropy and government agencies that support the arts. A key reason for the inclusion of the latter two sectors was to get a rounded view from the key financial and non-financial supporters of the arts.
The undertones of a neo-liberal policy designed to privatise the support for the arts has implications for arts organisations. As Caesar (1987) and Bednall et al. (2001) highlighted, such a policy encourages the corporate sector to contribute. The participants in this study identified that the demand for their support - measured by the number of applications they received - had increased. These masses of unsolicited applications could be a demonstration of naivety by arts organisations as to the limitations of the context within which corporations operate. One participant stated that the applicants think that because the companies have money, each application for support should be successful. Whilst arts organisations do not need to know the intimate details of each company to which they make an application for support, a basic understanding of their target could contribute to making more successful requests for support in the future.

The findings of this research show that for the participants, corporate support for the arts can be constructed as either strategic or sponsorship. Arts organisations seeking support from the corporate sector should respond to this knowledge. Knowing that companies in Australia rank the arts behind sectors such as health, welfare and education as recipients of their support (ACOSS 2005) could benefit decision processes. For instance, the most obvious form of support is cash but as this study has found, for most of the corporations studied, cash is the least preferred form of support. Arts organisations may be able to mount more effective campaigns for corporate support by understanding this point.
The contribution of AbaF to the development of partnerships between business and the arts has been acknowledged at length in this thesis; however several of the companies in this study did not acknowledge AbaF as a resource. It is interesting to speculate as to what could be achieved if a fully resourced AbaF could facilitate engagement with the corporate sector.

The economic view of corporate giving (Gan 2006; Shaw & Post 1993) is a sharp contrast to that of the moral and ethical perspective as viewed by Lyons (2001). As this study has found, a key motivation for corporate support for the arts relates to public perceptions about companies and brand recognition. Arts organisations could use the knowledge about motives for support as a means of creating links to companies. A company may genuinely consider its support for an arts organisation to be more than an exercise in brand management – it may also be a demonstration of socially responsible behaviour.

The findings from this study, being new knowledge and interpretations of that knowledge, could be used to influence the behaviours of both corporations and arts organisations. The recognition by both parties of their respective structural contexts may improve the understanding of how support for the arts benefits all. Regulatory, compliance and stakeholder demands on corporations can create limitations, just as the lack of support for the arts creates limitations on what can be produced. In researching the topic of corporate support for the arts, this study combined the political, social and economic contexts within which companies operate. This study sought to produce a more informed understanding of how corporate support for the
arts is undertaken in Australia, but contexts are subject to changes and knowledge must be constantly updated. The knowledge gained from undertaking this study allowed the generation of some recommendations for further research; these are contained in the next section.

6.6 Relationship of this study to prior research

In the background to this study (section 1.2) prior research into corporate support for the not-for-profit arts sector in Australia was described as a small body of academic research on cultural policy, philanthropy and the arts. The Australian Federal Government has commissioned a series of inquiries, of which the Contemporary Visual Arts and Crafts Inquiry (2002) is an example, in seeking to recognise the economic and cultural contribution of the arts. Agencies of the Australian Federal Government - such as the Australia Council and AbaF - make a significant contribution to the body of knowledge about the arts. The Australia Council has commissioned reports and studies over successive years: the Saatchi and Saatchi (2000) report, prepared about the arts in Australia on behalf of the Australia Council, specifically looked at societal and community relationships; however, as the authors of the report stated, business giving was outside the terms of reference of the report.

The resources of AbaF are applied to researching the sector and looking to the development of relationships. Recent research from AbaF looked to arts organisations to provide survey data on private sector support for the arts. AbaF
recognise that the quality of survey data has been a problem and expect that the model of data generation and reporting currently being adopted (a model from the BCA in Britain) will allow future national and international data comparisons. (The problem of access to data that can contribute to comparative analysis was identified in Chapter Three (Context) in section 3.2.)

The body of knowledge about how the business sector relates to the arts draws from all of these sources. However, specific studies on corporate support for the arts in Australia were not located. This study has been an exploration of the corporate sector and its relationships with the arts. The researcher engaged with business representatives using a semi-structured interview focused specifically on each interviewee’s company’s support for the arts.

As the findings chapter highlighted, the way each company perceived their engagement with the arts was driven by circumstances unique to the company at that time. In preparing for the study and conducting the literature review the researcher encountered and resolved issues and in doing so generated unique insights. Some of these insights are included in the next section.

6.7 Recommendations for Further Research.

The findings detailed in this thesis suggest two areas for further research on support for the arts in Australia. The first potentially profitable area for further study is an investigation of the level of in-kind support provided by corporations and its
connection to incentive programs. In-kind support can take many forms: understanding the limitations of this form of support could be informative.

Five participants in this study indicated their support for the arts was relatively new in terms of their years supporting the arts, so one of the important findings was the identification of a transfer of sponsorship support by some of the participants from sport to the arts. The companies that participated in this study may have been unusual in changing their support direction in this way, but this could be a part of an emerging trend. A study of the patterns of corporate support for the arts and the strategic value to the company of that support may be worthwhile.

An issue identified in the literature and raised by all the representatives in this study was the large number of applications for support each received. Dealing with many applications, many of which do not conform to any prescribed format, consumes valuable company resources. How could companies improve the way in which they deliver their message to the not-for-profit sector about the parameters of support they offer? Given the reluctance by corporations to provide feedback on unsuccessful applications for support, it would be useful to know what information or forms of communication would improve the knowledge in the arts sector before they make the application.
6.8 Conclusion

In a neo-liberal political environment - not to mention a global financial crisis - the demand on corporations to provide support to the arts is unlikely to diminish. The arts sector is just one component of a large and competitive not-for-profit sector. The arts face a challenge of being by the corporate sector as being relevant and make valuable contributions to society.

Influences on corporate behaviour include but are not limited to legal, ethical, and social factors. The demand for companies to become a part of communities in which they operate instead of being separate from, is real; the literature supports this contention.

Successive government regimes in Australia have recognised the potential of the corporation as a contributor to the arts. Various initiatives have incrementally provided incentives to facilitate the engagement of corporations with the arts sector: the Australia Council and AbaF are two examples.

A vibrant not-for-profit arts sector that has the capacity to identify and engage with appropriate corporate or other organisation to provide support would be a goal of both corporations and arts organisations. There is no escaping the fact that seeking corporate support for not-for-profit activities is a highly competitive activity and one in which the arts is only one component. Further development of meaningful
relationships between for-profit corporations and not-for-profit arts organisations would clearly contribute to the success of future fundraising campaigns.

Corporate support for the arts is flourishing and as the results of this small but focused study highlight, benefit from a growing recognition of what being associated with the arts can mean for a company. Government policy towards the arts continues to make a significant contribution to encourage corporate participation. As this exploratory study highlights, some companies can find their own way as more companies learn of the opportunities support for the arts provides.
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Appendix One

Invitation to Participate in a Research Study
Study Information Statement

Study Title – Working Title

‘In the presence of important neo-liberal changes to recent government policy in Australia and an absence of knowledge about the mechanics of corporations giving financial and other support to the arts, what is the range of perceptions held by corporate representatives on this matter?’

Investigators
Mr Nigel Baldwin (Doctor of Business Administration Degree Student)
Associate Professor Dr Erica Hallebone (Academic Supervisor: Graduate School of Business, RMIT University, erica.hallebone@rmit.edu.au)

Dear Participant

You are invited to participate in a research study conducted by RMIT University. This information sheet describes the study in straightforward language, or ‘plain English’. Please read this sheet carefully and be confident that you understand its contents before deciding whether to participate. If you have any questions about the study, please contact one of the investigators.

Who is involved in this research study? Why is it being conducted?
The researcher is: Mr Nigel Baldwin
The research supervisor is: Dr. Erica Hallebone
The research is being undertaken as a part of a Doctor of Business Administration qualification. The study has been approved RMIT Human Research Ethics Committee.

Why you have been approached?
The selection criteria used is that the company is preferred to be listed on a stock exchange, with a primary focus on companies listed on the Australian Stock Exchange.

What is the study about? What are the questions being addressed?
The study is looking at the benefits companies get from support of the arts. Examples of the type of support are donations, sponsorship, philanthropy, donations of goods or services. Why support of the Arts sector, well, this is a large and often vocal group, but competition is increasing in getting support for any group and appears to be changing, especially as the social and economic circumstances of companies change. What do companies get from their involvement in the culture of the societies they operate in?

It is expected to invite 15 companies to participate in the investigation.
If I agree to participate, what will I be required to do?
Participants will be asked to dedicate approximately one hour to an in-depth interview. The questions for this interview are attached to this document. There is nothing that the participant has to prepare for, and nor is there anything the participant is expected to supply other than time.

What are the risks or disadvantages associated with participation?
There are no perceived risks outside the normal day-to-day activities of the participant in participating in this study.

What are the benefits associated with participation?
There are no direct benefits to the participant as a result of their participation in this study.

What will happen to the information I provide?
The participants do not need to be identified in the research records. The records will remain confidential. The data will be handled by the researcher and at most viewed by the academic supervisor.
Any information that you provide can be disclosed only if (1) it is to protect you or others from harm, (2) a court order is produced, (3) you provide the researcher with written permission”.
The results may be disseminated at a Museums Australia conference, which is an industry.

What are my rights as a participant?
Participants rights as follows:
The right to withdraw their participation at any time, without prejudice
The right to have any unprocessed data withdrawn and destroyed, provided it can be reliably identified and provided that doing so does not increase the risk for the participant.
The right to have any questions answered at any time.

Whom should I contact if I have any questions?
Contact Erica Hallebone: Erica.hallebone@rmit.edu.au

Yours sincerely

Nigel Baldwin
Bachelor of Business
Masters of Accounting & Finance

Any complaints about your participation in this project may be directed to the Executive Officer, RMIT Human Research Ethics Committee, Research & Innovation, RMIT, GPO Box 2476V, Melbourne, 3001. The telephone number is (03) 9925 2251. Details of the complaints procedures are available from the above address.
Appendix Two

Proposed Questions for Interviews

Question 1
The decision to support the arts is a decision made at what level in your company? If it is not made at Board level then what level is it (Managing Director or lower?)

Question 2
Corporate support for the arts can take several forms, such as giving money as donations, the provision goods and services (including professional services), grants or sponsorship. Which method of support does your company prefer and is this the only method or the main method of support for the arts and is there a standard criterion for assessing the category of support and the value of that support?

Question 3
Do you consider your support for the arts as philanthropic, regardless of the type of support provided? Do you get any benefit in return and if so what form does the benefit take? Do you think the benefit has a dollar value?

Question 4
If your support of the arts is sponsorship, do you get any benefit in return and if so what for does the benefit take? Do you think the benefit has a dollar value?

Question 5
Have you changed the way in which you support the arts over the last ten years, and if so, has it changed? Sponsorship to grants, gifts of money to goods in kind. Has the value increased or decreased in dollar terms over this period.

Question 6
Do you respond to Government initiatives to support the arts through support and in so doing make use of the agencies the government has implemented? This may include taking advantage of tax benefits that the federal government offers, setting up a foundation or relationships with Government bodies such as AbaF and the Australia Council.

Question 7
Do you place limitations on the number and type of arts organisations you will support in any one time frame and do you have a preferred art form? What form of acquittal do you require in return for your support?

Question 8
Does you company have a policy of committing to supporting an arts related enterprise over a period of say 3 years or 5 years and if so, what are the key determinants of that policy.
Question 9

Do you consider your company’s support for the arts contributes to it being recognised as a good corporate citizen?

Question 10

Would you consider corporate support of the arts as a part of corporate social responsibility? Who is responsible for the reporting of your company’s corporate social responsibility, who is the reported prepared for and in what format?
### Appendix Three - Sub-Themes of Reasons for Support

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<th>Trust / Commitment</th>
<th>Networking Power</th>
<th>Competition</th>
<th>Responsible CSR</th>
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## Appendix Four – Themes in Tabular Format

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<th>Grants</th>
<th>Sponsorship</th>
<th>Subjective</th>
<th>Philanthropic</th>
<th>Return in $'s</th>
<th>Non-Cash Benefits</th>
<th>What is Philanthropy</th>
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### Notes
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- Submission: MD Board, Board, MD Board, Board, MD Board, Board, MD Board, Board
- Review: CommTeam, CommTeam, CommTeam, CommTeam, CommTeam, CommTeam, CommTeam, CommTeam
- Recognition: Brand, Community, External, Editorial, Scholarship, Commercial, Commercial, Commercial
- Donations: High/low, Match, Not poss, Not poss, Not poss, Not poss, Not poss, Not poss
- Goods: No, No, No, No, No, No, No, No
- Services: No, No, No, No, No, No, No, No
- Grants: N/A, N/A, N/A, N/A, N/A, N/A, N/A, N/A
- Sponsorship: Commercial, Commercial, Commercial, Commercial, Commercial, Commercial, Commercial, Commercial
- Subjective: Agreement between parties, No, No, No, No, No, No, No
- Philanthropic: Community benefits, No, No, No, No, No, No, No
- Return in $'s: No, No, No, No, No, No, No, No
- Non-Cash Benefits: No, No, No, No, No, No, No, No
- What is Philanthropy: Giving with no strings, Doing what is right, Feel good, Corporate Citizen, Feel Good, Corporate Citizen
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