Arts and Business – Attitudes Towards Arts Sponsorship

Bengt Lidström
Secretary General, Swedish Music Festivals Association

Bengt Lidström is also currently working as a researcher at Umeå University. He also served for five years as the managing director of the Umeå Festivals of Arts.

Abstract
Earlier research on sponsoring shows that sport is financially dependent on sponsoring in order to survive, while arts sponsorship mainly is used for activities over and above those stipulated in the normal budget. Arts sponsorship can be studied from two angels: from that of arts institutions and from that of business enterprises. This study will cover both angels.

1. Why business sponsors arts institutions and why arts institutions try to get business support?

2. What are the consequences of arts sponsoring for the enterprises and the arts institutions respectively?

Public relations and marketing products are major reasons for business sponsoring. Festivals and big events are examples on sponsoring objects chosen by businesses. In the long run business sponsorship has an impact of the supply of cultural activities as well as on cultural policy.

Keywords
Influence of the enterprises on the arts content, influence of sponsoring on the public support, ethical considerations, dependence on the financial support, consequences for the arts policy

Introduction
Culture, like other public services, suffers from cost illness. Box office incomes are not sufficient enough to cover the costs which rise faster than the rate of inflation because many cultural activities are labour intensive and the scope for raising productivity limited. Since demand of cultural services is income elastic beyond certain ticket price levels there are limitations to increase incomes through this resource.

Earlier research shows that sport is financially dependent on sponsoring in order to survive, while arts sponsorship mainly is used for activities over and above those stipulated in the normal budget.

With the increased pressure on public finances, arts institutions in Sweden have been increasingly compelled to look for new sources of support. Sponsoring has become an important source of revenue. Despite its relatively smallness sponsoring plays an important role in the economy of individual arts activities.

Arts sponsorship can be studied from two angels: from that of arts institutions and from that of business enterprises. The study will cover both angels. The aim of the paper is to report on an questionnaire survey among Swedish business enterprises and arts institutions with regards to their attitudes towards arts sponsorship.
The importance of arts sponsorship – both from a quality as a quantitative point of view – apparently is a very important issue in the democratic society. There are very few studies analysing arts and business sponsoring activities. The business sponsorship of public financed arts institutions has been questioned as a common remark is that business gets far greater advantages than what their contributions stands for. The business support is also very small compared to the public support. According to the calculations from The National Arts Council in Sweden, the business sponsoring of the arts in 1996 was about € 25 million. The public arts support was at the same time € 1,6 billion, which means that the privat support was only 0.14 % of the public support (Schultz 1997). At the same time there is an opinion that business sponsorship is becoming more important as the public support decreases. Sponsoring shall find new networks and new strategies in order to support the arts (UNESCO, 1997).

Arts Sponsoring

In cultural economics there have been few analysis why business sponsors arts institutions. Schuster (1985) states that the reduction of public support and the difficulties in increasing ticket sales are two important reasons. The litterature in this field deals with following motives for receiving arts sponsorship: 1) to emphasize the importance of the arts institutions for the business 2) the cooperation with the business adds new mutual knowledge, 3) stimulate interest for the arts 4) finance new activities outside the ordinary budget 5) reducing vulnerability, 6) broaden knowledge on arts.

According to Kirchberg (1995) arts institutions take business support for granted as the arts contribute to local economy both directly and indirectly. The direct contribution is the monetary income the institutions generate to be of use for the local business. The indirect effect is the importance of the arts institutions for tourism, infrastructure och the future growth of the region. The arts attracts investments in the local industry. This implies that business not only contributes to arts, but also gets a lot in return (Khakee, 1994).

Sponsoring encourages a mutual exchange of knowledge that benefits both parts. Experience from British as well as Irish sponsoring activities reveals that the business using artists gain in creativity and new ways of management, while the business improves efficiency in the arts institutions (ABSA, 1993; Cothú, 1998). Stenström, (1997) regards sponsoring as “an exchange between two equal partners... Both add to this exchange: the enterprise with money, technique, services and knowledge... the arts institution with new understanding, humanistic education, perspectives and knowledge.”

Certain arts institutions regard sponsoring activities as a way of developing business contacts. It may encourage an active communication between the staff and the clients. It might also attract new visitors and potential target groups for different arts events. One important part of sponsoring agreements is the possibility of selling tickets to concerts, theatre performances and museums and at the same time encourage the interest of culture among the staff (Benedict, 1991).

A common motive for receiving sponsoring is to have extra resources for recordings, foreign tours or exhibitions that in other cases would have been impossible to carry out. This way of marketing activities for instance through recordings and tours may give credits to an orchestra outside its own country which might lead to more recordings and new possibilities for conductors and soloists to perform abroad (Oldeberg, 1991). It does not make an arts institution dependent on sponsoring when it ends, as it is meant for extra events outside the ordinary budget.
Certain arts institutions like festivals with a limited public support are of even greater need of sponsoring. Sponsoring agreements increase their credibility with the banks and the enterprises. Under such conditions sponsoring reduces vulnerability. Lidström, (1998) describes Hultsfred Festival, the largest rock festival in Sweden, as an example of an arts institution with very little public support. A large sponsor gives credibility and financial possibility for the festival among business enterprises. It makes it easier to negotiate with banks.

As the public resources are decreasing the arts institutions have to organize more effectively or try to find alternative ways of financing. Looking for private support sets the pressure on arts institutions to introduce new management ideas and to be more effective. That means higher efficiency and improved conditions for sponsoring agreements (Schuster, 1985).

Another reason for more formal cooperation with the business is the possibilities for obtaining competence in marketing, administration and management. That results in larger audiences, create networks and improve conditions for management and finance (O’Hagan, 1998).

This paper is based on questionnaire surveys among a selected number of Swedish business enterprises and arts institutions with regard to their attitude towards sponsoring (Lidström, 1995 och 1998). The paper will be limited to two major issues related to arts sponsoring, namely:

1. Why business sponsors arts institutions and why arts institutions try to get business support?

2. What are the consequences of arts sponsoring for the enterprises and the arts institutions respectively?

In order to describe the Swedish business view of arts sponsorship a questionnaire was prepared to analyse arts sponsorship among 20 enterprises, 10 large and well established national enterprises and 10 smaller regional enterprises.

The enquiry among 44 arts institutions is based on three criterias:

1) institutions have experience of sponsoring
2) represent fine arts
3) are of different sizes.

About a third of the arts institutions are members of the National Association of Arts and Business.

**Reasons for Sponsoring**

**Business Enterprises**

The answerses from the inquiry give what seems to be the general view of the sponsoring situation in Sweden. There is an obvious tendency that the national enterprises emphasize improvement of the image of the enterprise as the main purpose for sponsoring. The regional enterprises give priority to cultural development in the region
and encourage the establishment of new enterprises in the region. Image has received more and more attention in the growing knowledge society and with highly differentiated preferences of consumers. For international enterprises image is even more important as the reason for sponsoring. The answeres are a bit contradictory as media attention is not regarded as an important reason for sponsoring, nor the aim of making enterprises more known abroad. This contradiction may be explained partly from that arts sponsoring is a very small part of the total marketing budget of the enterprises, but partly because enterprises are more careful about promoting themselves. Notwithstanding the contribution of the enterprises is little compared to the public support.

Regarding regional enterprises, image, contribution to local culture and strengthening business conditions are the main reasons for sponsoring. Staff policy and corporate responsibility are less important. The regional enterprises are, like the national ones, careful about media attention and other publicity.

These results coincide with the results from other studies on smaller enterprises (Gustavsson & Gustafsson, 1993, Jirlow 1994). The regional enterprises are anxious to be good citizens and regard sponsoring of the local culture as a way of simplifying the recruitment of new staff. The national enterprises give higher priority to staff policy and creating a good atmosphere in the company.

In a way this is the conclusion of the role of arts sponsoring. The managers of the enterprises are very well aware of the impact of arts for the image of the enterprise and for the positive effects. The support of the regional culture gives at the same time the enterprise a positive image as well as a responsible citizen in the region. Sponsoring not only brings a positive image but provide activities for clients and the staff and in a wider context arts visitors, artists and others in the society. Business reasons for arts sponsoring can be read in the following table.

**Table 1 Business and reasons for sponsoring (%)**.

<table>
<thead>
<tr>
<th>REASON</th>
<th>NATIONALLY</th>
<th>REGIONALLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved image</td>
<td>43</td>
<td>34</td>
</tr>
<tr>
<td>Creating staff enjoyment</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>Contribute to regional culture</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>Marketing, national and international</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Strengthening the regional establishment</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>Media attention</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

**Arts Institutions**

Arts institutions declared their first motive for sponsoring among the choice of several alternatives: to reduce financial debts, maintain the present level of activities, develop new activities. In a well balanced economy one may expect arts institutions searching for
sponsoring for new activities and alternative projects. This is consistent with the national arts policy, that is arts institutions should not be dependent on sponsoring. In the study most of the arts institutions, eight of ten, declared improved economy as the first motive for sponsoring, while amazingly few, ten percent, sought for sponsoring to develop the activities. Less important was business contacts, maintain the activity level and improving marketing. These answers reflect the actual situation in Sweden where arts institutions are getting more and more dependent on income from other sources than the public subsidies.

The arts institutions were also asked what they thought the business enterprises first motive for sponsoring was. Two third of them thought the first motive was to improve the image of the enterprise. This answer is consistent with the answers of the enterprises, where 77% regarded image as the most important motive (Table 1). Other motives, e.g. culture for the staff, support local culture, regional economy and media attention were of less importance.

The statement of both parts that the image is most important accords well with the public discussion on sponsoring. This is why it is important that in sponsoring agreements arts are regarded equal and that the enterprises do not try to polish a more obscure activity with the help of arts.

An aspect in sponsoring discussion is if the arts institutions are getting dependent on the sponsor. Among large institutions, where sponsoring is most common today, sponsoring provides not more than 2-3% of the income. With this in mind it is surprising that as many as 40% of the arts institutions declared that sponsoring provides a much bigger part of the income. Among other arts institutions, 39% declared that sponsoring provides 2-10% of the income. In the first case it may be a result that public subsidies not are catching up with the increase of costs. Concerning the fringe arts forms, e.g. festivals, it is much common to calculate with sponsoring to the extent of 30-40% of the income.

Regarding the dependence of sponsoring eight of ten institutions declared they were dependent on sponsoring for their activities, while a fifth of them were not at all dependent. However this dependence varied from a third of the institutions dependent on sponsoring up to 5% to a few institutions which were totally dependent. The last case may be explained related to arts projects privately initiated and totally based on sponsoring. What was remarkable is that a fifth of the institutions regarded themselves half dependent on sponsoring. It is remarkable to notify that established arts institutions so strongly are dependent on sponsoring. An important question is if the knowledge about cooperation with the sponsors is enough, for instance regarding the integrity, dependence on sponsoring and in shaping of the sponsoring agreement.

For another question, what kind of activities were dependent on sponsoring, a third of the institutions gave the answer ordinary activities. This answer shows that many institutions are more using sponsoring for ordinary budget activities than extra activities, such as tours and exhibitions which are usually dependent on sponsoring.

Music and theatre are the arts genres that were in the greatest need of sponsoring, according to answers from the institutions. Theatre is an arts genre that generally avoids sponsoring, mostly because of the artistic integrity. Cultural heritage, dance/ballet, art and literature were considered to be in need of sponsoring. Literature, with its individual communication, has not yet really been very successful as a sponsoring project. Reasons for sponsoring can be read in the following table.
Table 2  Arts reasons for sponsoring

<table>
<thead>
<tr>
<th>QUESTION</th>
<th>ANSWERE</th>
<th>PERCENTAGE OF THE ASKED (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First reason for sponsoring</td>
<td>Improved economy</td>
<td>80</td>
</tr>
<tr>
<td>First reason for the business part</td>
<td>Improved image</td>
<td>61</td>
</tr>
<tr>
<td>Sponsoring part of the economy</td>
<td>2 – 10 %</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>10 - 50 %</td>
<td>34</td>
</tr>
<tr>
<td>Level of dependance of sponsoring</td>
<td>5 – 10 %</td>
<td>57</td>
</tr>
<tr>
<td></td>
<td>50 %</td>
<td>20</td>
</tr>
<tr>
<td>Activity dependent of sponsoring</td>
<td>Ordinary activities</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>Exhibitions</td>
<td>27</td>
</tr>
</tbody>
</table>

Consequences

Business Enterprises

On the whole most of the national and the regional enterprises declare that the results of sponsoring activities fulfill their expectations. The most common services in return for the enterprises are image and public exposure. Half of the national enterprises used the cultural events for representation and receptions. Regional enterprises are not that well aware of the worth of arts sponsoring, which might be explained by the modest extent of arts sponsoring at regional level.

In Great Britain it is common and in Sweden it starts becoming common that larger enterprises value the dynamic influences of the cooperation between arts and business. There are elements of flexibility and humanistic values within the arts sector that might add management values of the enterprises. The way of working of the artist questioning ingrained ideas and conventional solutions, may open up for creative processes. Arts sponsoring also has an advantage as opposed to sports sponsoring, namely that it offers unexpected or quite new experiences.

On the other hand there is little support in the study for the commonly held idea in the cultural economics research if the sponsor strategies of the enterprises have anything to do with short term income and labour effects and long term growth effects. The regional enterprises however seem to be a bit more aware of these consequences.

Arts Institutions

Opinions, in Sweden as in other west European countries, are divided about whether sponsoring brings negative or positive consequences of the arts. To a large extent it is a matter of lack of experiences and knowledge within a quite new field. There are barriers such as prejudices which have to be reconciled in the cooperation between arts and business. In business there are managing directors who regard culture rather fuzzy, vague and hard to define. The arts managers on the other hand are sceptical about the real purposes of the business. The best sponsoring agreements are developed if both regard themselves as equal partners (Stenström, 1997). Among the frequent
consequences mentioned in the public discussion of arts policy these are the dominant ones:

1. Influence of the enterprises on the arts content
2. Influence of sponsoring on the public arts support
3. Ethical considerations
4. Dependence on the financial support
5. Consequences for the arts policy

The question how much the sponsor affects the specific content of the arts has always been present. In Sweden there is a feeling among both partners that there are no direct influences from the sponsor. It may be difficult to resist indirect influence. In choosing an arts institution, for sponsoring that exhibition the sponsor exercise for a certain form of indirect influence. A very specific arts form is choosen before another.

International studies show that the sponsor generally chooses established arts genres with attractive arts events as festivals and exhibitions. Popular arts is also favoured with its large media attention at the expense of the fringe arts. It seems sponsoring is less available for those who lack financial resourses, e.g. arts genres which are characterized by social critics, as creating new, flexible and unconventional expressions (Bucher, 1989, Schuster 1985). Di Maggio (1983) declares that arts institutions with strong preference for experimental arts may have impact on the ticket sales and would have difficulties in retaining season-ticket holders. The financial situation forces arts institutions to decisions they leave their original purposes for surviving. It might forces arts institution to more popular choices. The large arts institutions with solid audience have greater possibilities to raise their income with ticket sales than experimental arts activities and arts intended for low income and new visitors (Wyszomirski, 1989). There is a risk on one hand that the controversial fringe arts would not be supported by the enterprises that primarily sponsor of commercial reasons and on the other hand that public support would decreases for these institutions. Arts commercialization with no sponsoring for arts activities and artists with elements of social critic.

Regarding ethics two answeres are common. On the one hand the dependence on sponsoring of an arts institution is limited to a specific period and on the other hand there are examples of sponsors with dubious reputations who try to improve their image with the help of arts. A very controversial question arouses when the sponsoring enterprise is not accepted by the artists, e.g. at an exhibition in the Museum of Contemporary Art in Los Angeles the artists rejected the tobacco company Philip Morris as a sponsor. They stated the unhealthy effects of tobacco and thought Philip Morris should not have the priviledge to be associated with that event. The sponsoring costs for an exhibition or some other event might amount to thousands of dollars. But for the enterprise it might only equal the costs for a 30 seconds TV spot. While the good name of the museum may improve the image of the enterprise, the bad image of an enterprise may question the reputation of a museum for a long period (Jahnke, 1993)

The perfect situation for arts institutions would be that public support guarantees ordinary activities and that sponsoring is used for extra activities. If ordinary activities are dependent on sponsoring arts institutions will have an uncertain situation depending on how long the sponsoring shall last. For the sponsors it might be a wise strategy to be aware of the dependance of the arts institutions before a potential sponsor agreement is decided. Suppose the sponsor for some reasons backs out after a year or two. The result of a successful engagement might immediately cease if the dependance of the sponsor is too heavy (Hagstedt, 1987, Galaskiewicz, 1985).
Being dependent on sponsoring for ordinary activities is hardly what arts institutions really want. That puts them into an insecure future and the content risk becoming popular. On the other hand sponsoring for extra activities may help tours and exhibitions outside the ordinary budget. This may also give extra advantages to arts institutions which is valuable for the future planning and development of the activities.

As mentioned earlier there are certain risks for indirect influences from the sponsor in the choice of the arts institutions. Experience shows that established arts comes first. “The arts policy has to take consideration of the whole arts sector. That is why it is obvious all business support will have effects on the arts policy, stated the former cultural minister of Sweden, Bengt Göransson (socialdemocrat): “If you regard business support related to arts policy every support will have consequences for the arts policy, but it is not necessary to stress it too much. I have for instance not yet seen any tendencies or any requirements from the business to influence artistic freedom, reject artistic creativity or limit the geographical distribution. But here is all the time a risk for indirect influences. Arts institutions, searching for sponsoring choose an area geographically attractive to the sponsor. Moreover there is a risk for supporting ‘event arts’ as the sponsor needs attention. That is why the arts with the large audience will have the sponsoring” (Statens Kulturråd, 1983). Sponsoring also contradicts the more specific part of the arts policy namely democracy and widening the audiences. Business do not support the arts for specific group participants or break any social distinctions in the society.

Both the sponsor and artists are confronted with various aspects, including political, social and economic factors that partly determine the contents of the arts. The choice or favouring certain artists express to a certain part the style the sponsor prefers. The presence of a certain style is the result from above mentioned factors, a balance between the sponsor, the artist, cultural and political circumstances. It is not only enterprises that affects the arts. This is also what happens in the open market where arts meets its audience. The consumers of arts also affects what arts to be produced. This will also limit the very idea of artistic freedom, that is to say artists live in a total freedom, performing for an unknown audience. On the other hand the freedom of the artists is dependent on a network of economic and social relations. There is however important differences between sponsoring and spending money on cultural events. Sponsoring gives the best possibilities to influence artistic freedom (Scaltsa, 1992).

To what extent arts institutions plan for sponsoring? Are they planning for income in the long term budget and in that case for which activities? The survey shows that eight of ten arts institutions plan for sponsoring in their long term budgets. Two of three of these institutions aim at several years sponsoring agreements.

Concerning the consequences of the sponsoring a majority of the institutions thought that sponsoring not only improved the economy but also made institutions more efficient. Every tenth arts institution thought marketing and efficiency in the activities improved. Some thought they reached new target groups and made better productions. Very few mentioned negative consequences like specific influence from sponsors or more work with special performances for the sponsor and the clients.

There is no doubt that sponsoring was both desirable and needed as is stated by 98 % of the arts institutions. Of course, if the arts were financed by public money the answers might have been different. The situation today in Sweden is that the public resources have to be supplemented with private funds.
Three fourths of the arts institutions also stated that sponsoring responded to their expectations, while 14 % were not satisfied. Those not satisfied mentioned too small budget and the agreement with the sponsor needed both time and knowledge.

To the question if sponsoring affected the content of the arts institutions, a fourth of the institutions thought the content was affected, e.g. through more work for the institutions and the strength to reach new target groups. There were no comments on the artistic contents. Seven out of ten arts institutions stated that the content was not affected from sponsoring. It seems that arts institutions’ cooperation with sponsors did not have any impact on artistic integrity.

This was confirmed by another question where all of the arts institutions in the enquiry stated it is very important for the arts sector to maintain integrity in a sponsoring agreement. As the sponsoring develops it is very important the arts institutions protect their integrity. Related to this is the awareness of the value of arts, e.g. the price they set in sponsoring agreements. This will ask for at future arts policy with clear rules about the cooperation between the arts institutions, the public authorities and the business. The consequences for arts sponsoring can be seen from the following table.

*Table 3 The consequences for arts sponsoring*

<table>
<thead>
<tr>
<th>QUESTION</th>
<th>ANSWERE</th>
<th>PERCENTAGE OF THE ASKED (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsoring – long term agreements</td>
<td>Yes</td>
<td>77</td>
</tr>
<tr>
<td>One year or several years agreements</td>
<td>Several years agreements</td>
<td>65</td>
</tr>
<tr>
<td>Sponsoring – main consequences</td>
<td>Improved economy</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>Increased awareness of economy</td>
<td>16</td>
</tr>
<tr>
<td>Sponsoring – responded to the expectations</td>
<td>Yes</td>
<td>75</td>
</tr>
<tr>
<td>Sponsoring – evaluation</td>
<td>Regularly</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>Sometimes</td>
<td>36</td>
</tr>
<tr>
<td>Influences on the content</td>
<td>No influences</td>
<td>68</td>
</tr>
<tr>
<td>The importance of artistic integrity</td>
<td>Very important</td>
<td>100</td>
</tr>
</tbody>
</table>

**Conclusions**

The development in Sweden today indicates that the arts sector to a greater extent than before has to find financial sources from the private enterprises. The business experiences of management, administration and marketing should also be valuable for the arts institutions trying alternative forms of management.

Sponsoring may be the cause of support for existing activities and new ones. Financial support is still the most common way of sponsoring. That gives relatively greater freedom for the arts activities. Sponsoring from services and products tend to grow. There are, however, few studies discussing the consequences of that kind of
sponsoring. On the basis of international experience, there should be a potential for a growing market of private support of arts in Sweden.

Experience from other countries confirm the fact that a more professional handling from arts institutions affect the attitudes from the enterprises for sponsoring. At the same time it is a continual process involving changing of attitudes and motivation for sponsoring among both parts. That includes arts officials and decision makers as well as performing artists. This process include primarily the need of new knowledge but also tools for avoiding prestige and prejudices. For Swedish arts institutions there is the challenge to raise the level of ambition and knowledge to manage raise private funding in Sweden as well as abroad and to develop strategies to involve latent interest for sponsoring among smaller enterprises.

Regarding the consequences of sponsoring, the study indicates that when public resources decrease and the need for sponsoring increase many arts institutions fear that they would have to be more popular in order to make themselves attractive. The institutions questioned in the study do not entirely confirm this statement. Such an evidence needs long term studies how activities of the sponsored arts institutions change. If that would be the case it is important that the private support is balanced by the public support in order not to let the private support have too great an advantage compared to their financial input.

The arts institutions declare the enterprises will support the arts activities best related to their own objectives without any obvious knowledge of the long term objectives for the national arts policy. The whole of the arts sector will be the subject to an indirect control through the choice of the arts institutions from the sponsors. A more active communication between the arts institutions and the national authorities about the sponsoring sector is needed.

Most of the arts institutions state the most important consequence of sponsoring is improved economy but this dependance on sponsoring however may imply an increased insecurity in the planning of activities and a preference to choose popular activities in order to make themselves more attractive to the market.

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References


