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LANCE MOIR

WHY DOES BUSINESS SUPPORT THE ARTS?
Philanthropy, marketing or legitimation?

Supervisor: Professor Richard Taffler

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WHY DOES BUSINESS SUPPORT THE ARTS?

Philanthropy, marketing or legitimation?

This thesis examines the motivation by UK firms for one aspect for corporate philanthropy – support for the arts. The literature has shown that there is an increase in strategic philanthropy – business giving which is designed to meet the objectives of business and society, yet there is no clarity on what the underlying motives are for business giving. This research develops a framework around the dimensions of relative business-society attention and relative stakeholder attention to identify patterns of motivation.

The dominant economic motivations of marketing and legitimation were identified through a content analysis of sixty texts which describe business support for the arts. These motivations were further understood through thirty-nine interviews with business managers and managers in the arts and arts-based consultancies; although a small number of firms was shown to act primarily from an intention to benefit society in some way. In all cases, business support for the arts includes a significant economic component, whether the primary motivation is pro-business or pro-society. The analysis of these interviews shows that business supports the arts across the three areas of business benefits – especially branding and customer relations, employee support and community relations yet the importance of these areas varies according to the underlying principle motivation of marketing or legitimation. Further, the research shows that firms with higher business exposure undertake corporate support for the arts as an exercise in legitimation.

This thesis contributes to the corporate philanthropy literature by providing a model to understand motivation for corporate giving and by showing how these motivations can be understood in a continuum of corporate philanthropy in the case of business support for the arts in the UK. This continuum shows basic motivation mapped against degree of business exposure, stakeholder focus and type of art form supported.

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Chapter One: Introduction

Barclays Bank and Lake Baikal

The bank walks in at half past seven, dressed and unembarrassed
by its sponsorship of Beethoven, the best

of music, *Hammerklavier,* here in its own town
Darlington

Demidenko, Nikolai, in concert, self-exiled,
walks out of another world

like one who's wandered, handkerchief in hand, into the town
to watch the hammer of the auctioneer come down

and then, instead, plays Beethoven
as if he were alone.

He looks like Silas Marner so intent upon his two thick leather bags of gold
he lost the world

we live in: cough, cold, cufflink and the ache and pain
of bone.

It looks as if the light, Siberian, is breaking slowly over Lake Baikal,
as if our ship of fools

and bankers, borne upon the waters
of a bare

adagio, may founder in a quite uncalled for and unsponsored
sea of solitude.

But not tonight, dour Demidenko, dealer in another world's
dear gold –

for Darlington's recalled. At ten to ten
the bank picks up its leather bag, walks out again.

1.1 The Objectives of the Research

There is increasing focus from academics, business executives and policy makers on the role of business in society and the responsibilities that business has to society. Whilst most commentators recognise that the responsibilities that business has to society, frequently termed corporate social responsibility ('CSR'), have moved beyond consideration of philanthropy (Carroll, 1979; 1991), corporate philanthropy remains an important area of study to understand corporate social performance (Wood, 1991a; Waddock and Graves, 1997). Within the study of corporate philanthropy, the reasons for undertaking philanthropy are still not fully understood (Young and Burlingame, 1996; Saiia et al., 2003). This is not a simple issue to research, in particular given the many different ways firms give and the differing classes of recipient. This thesis seeks to answer this question as it pertains to one major case of what the literature regards as corporate philanthropy – corporate support for the arts, the second largest area of corporate giving (Siegfried et al., 1983).

This thesis seeks to understand why business is involved with the arts in the United Kingdom. A variety of explanations for such involvement has been proposed in the literature including advertising, an expression of a social contract, altruism, managerial preference and the search for social legitimacy. Both the business and society and social accounting literatures take as a given that support for the arts is a form of philanthropy and this has not been deeply questioned in the research literature. In this thesis I derive and test a framework to explain the motivations for corporate support for the arts in the UK. Using an interpretive approach with evidence from document analysis and 39 depth interviews, I identify two basic motivations, reputation enhancement and marketing, beyond which business also extends its involvement to include broader employee, community and image benefits. I also use the concept of business exposure (Miles, 1987) to explain why different firms act out of one or other of the two basic motives. There have been no comprehensive studies of corporate giving from a qualitative perspective that move beyond aggregate statistics. This study provides detailed explanations, using direct examples from giving managers and thus provides a rich answer to the research question. In spite of the specific context of this research, I believe that the findings and models developed

in this thesis can be generalisable to other areas of corporate giving, such as education and in other countries so that we can develop a fuller understanding of the interface between business and society. Funding for this research was provided by Arts & Business from funds originating from the Department of Culture, Media and Sport ('DCMS'), indicating the significance of the question to practitioners.

The range of arts support in the UK is varied. It includes BP's support for the permanent displays at Tate Britain and its regular support of the annual portrait award at the National Portrait Gallery, whilst in October 2001, Barclays Bank announced a £1.9 million sponsorship of major events at four different national arts organisations. Business support includes funding the creation of art, such as the Beck's Futures Awards. It also includes overtly marketing type activity such as Audi's support for the Royal Opera House, which included parking a new Audi car on the pavement outside the Royal Opera House. But business support for the arts also includes small-scale education and community events such as IBM's support for the Sight & Sound Music Workshop which provides free music facilities for unemployed and retired people in a former Yorkshire mining village, Bolton on Dearne, where unemployment is twice the national average. Are there patterns of support that can be identified in order to understand such a diverse range of activities?

1.2 Introduction to the Research Issue

Business support for the arts has been a growing area of activity; estimates show that business investment with the arts[1] in the United Kingdom has grown from £79m in 1995/6 to over £150m in 1999/2000 (Arts & Business, 2001a). However, in 2001 giving fell to £114m in response to pressures from other philanthropic or social responsibility activities such as education and the conclusion of a number of capital projects (Arts & Business, 2002). The type of giving varies widely from large sponsorship transactions such as the 2-year sponsorship of the Royal National Theatre and three other major exhibitions by Barclays Bank costing £1.9m to small-scale

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[1] Throughout, references to the arts include theatre, opera, music, community arts, museums and galleries.

community-based projects. On a constant sample basis, business investment in the arts, excluding capital projects, peaked in 1998/9 and then fell by some 20%, at which level it broadly remained in 2000/01. Thus, corporate support for the arts represents an important area of corporate activity and is of particular importance to arts organisations.

The conventional idea in the business and society literature, together with other literatures such as the social accounting literature, is that business support for the arts is some form of philanthropic activity on the part of the supporting business (Steiner and Steiner, 2000; Frederick et al., 1992; Carroll, 1996). Standard textbooks in the field of business and society suggest that, in the United States, corporate donations to the arts are considered alongside such issues as education and homeless programmes (e.g. Frederick et al., 1992). This suggests a predominantly social motivation. However, more recent studies of corporate philanthropy suggest that firms take a more 'strategic' approach towards corporate giving, which means that a business's criteria for giving are designed to fit that firm's overall mission goals or objectives (Carroll, 1996), and that there are business-focused instrumental reasons for such activity (Saiia, 2001). Further, some researchers argue that there is nothing philanthropic about corporate support for the arts or other giving that is characterised as philanthropy; they argue that this is advertising (e.g. Moore, 1995). Thus, there are competing explanations for this area of corporate activity. If corporate 'philanthropy' is becoming more strategic as Saiia (1999) finds, then what strategic objectives are being met?

This thesis positions the motives for corporate support for the arts within the broader literature on corporate philanthropy and seeks both to answer the primary research question of motivation and to contribute more widely to the corporate philanthropy literature. I undertake empirical research to identify the motivations for philanthropy and thus answer a key gap in the corporate philanthropy literature (Young and Burlingame, 1996; Saiia et al., 2003).

1.3 The Research Questions

The overarching question is **'Why does business become involved with, and support the arts?'** I use the word 'why'[2] in two meanings: why in the sense of 'for what purpose?' and why in the sense of 'what motivated the action?' I also approach the question in the sense of 'what are the objectives of those firms that do support the arts?' as opposed to 'what are the differentiating factors between firms that support the arts and those that do not?'[3]

In order to address this question, evidence is needed which can be readily obtained and which does not invite a trite, public relations-oriented answer. Therefore, a number of sub-questions are also addressed in chapters five and six in order to help build a holistic picture of motivation. These more detailed questions are:

- **What are the benefits perceived by business to be derived from its support for the arts – both business and societal?**

  If the giving is intended to be philanthropic, then there should be some form of benefit to society. If giving is becoming more strategic, then business will speak of its own benefits as well as, or instead of, society's interests. The focus on benefits may point to motives, or at least to desired outcomes.

- **For what purposes is this support used?**

  Together with the previous sub-question, this will help answer the 'for what purpose?' version of 'why?' Therefore, I have gathered data on the nature of the uses to which the involvement is put.

- **How does business evaluate or monitor its involvement?**

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[2] The Spanish language helpfully has two words for 'why'. 'Por qué?' is backward looking in time or causational and means 'what has caused this?', whereas 'para qué?' is forward looking or motivational and means 'for what purpose?'.

[3] That is an interesting alternative question which might not shed light on this question. The range of answers for not giving might include, for example, 'we see no purpose'.

As supporting evidence for the motives I identify, consideration needs to be given to which issues are salient for managers when considering business support for the arts. What measures matter to them or don't matter? If the giving is strategic, then what aspects matter enough to be evaluated?

Once the range of motives has been established, in order to make contributions both to theory and to practice, these motives will be linked to the reasons why particular businesses adopt such motives in the support of particular art forms. Thus a further research question is:

- **How does industry influence the choice of art form supported?**

The answers to these questions provide some understanding of why business supports the arts and thus will provide guidance both to giving firms and arts organisations soliciting support.

1.4 The Philosophical Position

Understanding the motives behind the actions of an individual is difficult, let alone understanding those of a corporation. Gray et al. (1996) note that motivation is tricky to infer – "simply to assume self-interest is both trite and potentially deeply offensive to the individuals in the reporting organisation" – there is usually more than one motivation and of more than one individual. Indeed, attempting to impose the idea of motives on organisations could be seen as impossible – yet research in other areas seeks to understand patterns of corporate behaviour. Indeed this is the basis behind much of institutional theory (DiMaggio and Powell, 1983) and legitimacy theory (Suchman, 1995).

Given the fuzziness of the idea of motives, a qualitative research design is appropriate in order to elicit meaning. The ontological position adopted is constructivist – the study attempts to uncover the underlying motives for corporate giving to the arts through conversations between an informed researcher and managers in the field. To

form a view of 'reality', at the end of each business interview an agreed understanding of individual firms' motives was established between the researcher and the interviewee. I, therefore, argue that these semi-structured conversations and my subsequent analysis present a view of reality, not an absolute truth (Silverman, 2001).

1.5 The Project Process

Figure 1.1 maps out what I did. I present Figure 1.1 in three stages – conceptualisation of the research issue; data gathering; analysis and theorising.

Early on in the research, I undertook three exploratory interviews, following introductions from Arts & Business in order to sensitise me to the research issue and also to identify useful constructs with which to work. Prior to this pilot study, I believed I could focus my research on issues of how business or the arts could measure the effectiveness of their involvements. However, it became clear from these interviews that such measurement did not always occur and that, in order to understand measurement, I would need to analyse motivation. Therefore, motivation became the key issue. This issue also appeared as a significant gap in the literature on corporate philanthropy, where most of the references to business involvement with the arts occurred.

Following the literature review, I develop a conceptual framework. I then test this framework in my first study on a dataset of 60 documents which discuss business involvement with the arts. At the end of this study, I refine this framework and establish a series of codes for my major second study. This second study comprises 39 semi-structured interviews with managers in business, managers in arts organisations and consultants. At the end of each business interview, an agreed understanding of the underlying motivation for that business's support for the arts was established with the interviewee. Following the analysis of the interviews, using NVivo, I then use the idea of business exposure (Miles, 1987) to explain why different firms act from the motivation I identify. Finally, I present a revised continuum of corporate philanthropy which links motivation, business exposure and art form supported. Throughout the

process, papers have been presented at a number of conferences, notably the International Association of Business and Society in 2002 and 2003, and the Academy of Management 2003.

Figure 1.1: The PhD Project Plan

Main Issue: Why does Business support the Arts?

Literature Review – Arts described as philanthropy and community activities

Exploratory interviews to understand the issues: Identify concepts of marketing/social contract/benefits/measurement

Deeper Literature Review:
CSR/CSP literatures   Identify alternative motivations
Social Accounting   Four models of firm
Stakeholder literatures

Develop a Framework
Two dimensions: Relative business-society attention
                         Stakeholder attention

Conceptualisation

First study:
Test framework against a series of texts
Identify suitable structure for analysis of benefits
Refine framework

Second study:
39 semi-structured interviews with 23 businesses, 12 arts organisations and 2 consultancies

Secondary data: corporate and arts brochures and internal documents

Data Gathering

Findings analysed using NVivo, seeking patterns

Final analysis of motivation agreed at end of business interview

Travelling back and forth between data and literature

Results then analysed against idea of business exposure

Results of range of motivations

Analysis and Theorising

Revised continuum of corporate philanthropy. Adding to theory with practical usefulness. Provide empirical understanding of motives in action.

1.6 The Contributions of this Study

An understanding of the motivation for business involvement with the arts is relevant to three groups: (i) academic researchers in the fields of corporate philanthropy, arts management, corporate social performance and stakeholder management; (ii) managers in business involved with support for the arts and community programmes more generally, and (iii) managers in arts organisations involved both in the area of development and also directly in the day-to-day interface with business.

For academics, my research provides a clearer understanding of the motivations of businesses in their support of the arts and, thus, a potential understanding of the motives for corporate philanthropy. Through an exploration of how business targets its involvement with the arts to different stakeholders, my research helps illuminate one aspect of stakeholder management. Consequently, there are also implications for the corporate social performance and social accounting literatures which use the inter-related concepts of philanthropy and stakeholders. My research concludes that corporate support for the arts can be understood using a two-dimensional framework based on relative business-society focus and stakeholder attention. I further present a revised continuum of corporate philanthropy, developing the work of Burlingame and Frishkoff (1996) and Saiia (1999).

For managers in business, my thesis will help them understand better how their support for the arts fits the strategic objectives of their firms, both economic and non-economic.

For managers in arts organisations, my findings can help them understand the objectives of their business partners and, therefore, be more responsive in meeting those needs.

1.7 Summary of Thesis Chapters

This thesis is presented in seven chapters, with chapters 4 and 5 reporting my empirical results. **Chapter 1** introduces the research issue, including my specific research questions and points to the centrality of the corporate philanthropy literature in addressing these questions. It includes a brief overview of how I undertook the research and ends with a prelude to the thesis, indicating my motives in undertaking this research.

Chapter 2 *Review of the Literature* reviews the corporate philanthropy literature as well as some specific research relating to corporate support for the arts. It highlights the current trend for business to undertake strategic philanthropy and points to key issues related to motivation from stakeholder theory. The chapter also points to business exposure as a factor in determining how business responds to its external environment. The chapter concludes with the development of a framework to help understand the motivation for business involvement with the arts and which I test in my empirical research.

Chapter 3 *Methodology* describes the research methodology of the project. It starts with a review of alternative philosophical positions, reviewing the issues raised by Burrell and Morgan (1979), together with the idea of middle-range thinking as proposed by Laughlin (1995). I argue for a largely constructivist ontology and that an appropriate methodology should be largely qualitative. This chapter then justifies and describes the specific methodology adopted which involves content analysis of a series of texts, followed by a series of 39 depth interviews. The choice of data for the content analysis, together with the way that the content analysis is undertaken, including the selection of the texts for analysis, is then explained and justified. Building on the results of the first study, a description of the methods of the second study is provided including objectives, selection of interviewees and the structure and content of the actual interviews. Interview analysis and interpretation is conducted using NVivo.

Chapter 4 *A Content Analysis of Business Support for the Art,* reports the results of the first study, designed to test the framework developed in chapter two and also to establish a coding framework for my second study. This consists of content analysis of 60 vignettes that describe business involvement with the arts. The analysis is built on the framework developed at the end of chapter two. Cluster analysis, using SPSS, is used to establish patterns of motivations for business support for the arts. These patterns are then used to refine my initial framework and also to establish coding constructs to be used in the analysis of the interview data.

Chapter 5 *Understanding the Uses and Motives of Business Involvement with the Arts* describes the results of the interviews. Substantial use is made of direct quotations from the interviewees, in order that they can 'speak for themselves'. My analysis is presented in five sections: the uses to which business involvement with the arts are put - the apparent purpose; the stakeholders that are addressed; the methods of evaluation and measurement; other decision criteria; and the ultimate motivations. The first sections of analysis reflect the two dimensions of the framework introduced in chapter two and developed in chapter four; and the next two groups provide supporting evidence of motivation leading, in the final group, to an understanding of motivation. The final section of my results builds on these to present a new theoretical model to explain the motivations for corporate philanthropy in the context of business support for the arts in the UK.

Chapter 6 *Why do Firms Act in Particular Theatres? Impressions They Choose to Paint* begins with the motivations identified in chapter five and uses the idea of business exposure to explain why particular businesses have particular motivations as well as why they support different art forms. From this further analysis, a revised continuum of corporate philanthropy is presented which includes motivations as well as stakeholder focus. My findings are then discussed in the context of the literatures identified in chapter two and, in particular, their implications for the corporate philanthropy literature.

Chapter 7 *Conclusions and Recapitulation* begins by summarising the results discussed at the end of chapter six and then summarises the answers to my research questions as described in this chapter one. Chapter seven identifies the contribution of this thesis to the literature on corporate philanthropy, to academics and to managers both in business and in arts organisations. The limitations of the study are acknowledged and how issues of bias and subjectivity are addressed. A number of areas for further research are suggested and the thesis ends with a reflective coda.

1.8 End of the Introduction and Prelude to the Thesis

This study began approximately one year after I had become a full-time academic. I recognised that as part of being an academic I had to undertake a PhD. The issue was in what field. I had had 18 years' experience at senior levels in industry, most recently as Group Finance Director of a quoted business with a turnover of £1 billion; I was also highly experienced in the fields of corporate treasury, and mergers and acquisitions, so these would have been obvious areas for me to study. However, many of my new colleagues advised that a PhD research area had to be something that would keep my interest for (they suggested) up to six years! I somehow felt that the likely areas of performance measurement in corporate treasury, the scale and nature of debt covenants, the effectiveness of economic hedging and the like weren't going to fire me – they were my past.

Hesitantly I suggested that my previous voluntary work with Arts & Business might lead to something that I would see as of value to society in a broader way than issues in financial management. My new colleague and head of group, Professor Richard Taffler, to my surprise was also excited by the idea. So, off we set into a field which is interesting to us both. My thanks are due to Richard for welcoming the seemingly crazy idea and giving me enough room to get on with the work.

This research led me into new areas and new communities. In particular, I picked up this idea of a thing called 'CSR' – we finance directors did not have time for that, we were too concerned with costs, share prices and 'what is cable today?' (the current US

Dollar/Sterling exchange rate). However, the other great support in this research has been that of the 'CSR' research community, in particular the International Association of Business and Society, and the Social Issues in Management Division of the Academy of Management. Here are very experienced professors who genuinely encourage new researchers. I also received encouragement from many in the social accounting field.

As I proceeded with the interviews, I realised I actually already knew a great deal about this field. I had been to one of those early dinners for senior finance executives at Tate Britain, I have a bookshelf full of Royal Academy exhibition books from my days as a Goldman Sachs client; I always went to Glyndebourne and never to the rugby. I could converse about whether one company would sponsor a revival of Gawain by Harrison Birtwistle (see the cartoon at the beginning of chapter six) and what constituted 'safe' art. Some interviewees recognised this experience and thus helped me recall my prior 'knowledge' and did not react to me as just another researcher. I still receive the occasional invitation (although strangely less often than before…). Whilst I was writing up, at an evening reception at Tate Britain for the Turner in Venice show, I found myself staring at the sponsor's words at the beginning of the exhibition. One of my hosts wondered if they could help – it looked as if the others were more interested in the Turner.

Above all else, every time I have been to a concert, the theatre, a gallery or the opera, I can legitimately claim to have been working! Therefore, following an idea from Dr Ken McPhail (University of Glasgow), I have preceded each chapter with a poem, quotation, cartoon or copy of a picture as well as some deliberately provocative advertisements to make this thesis more enjoyable for the reader.

Chapter Two: Review of the Literature

"For what *is* honour? What are pride, shame, fellow-feeling, generosity and love? If they are instincts, what are instincts? The prevailing temper of modern philosophy is to treat the instinct as a sort of terminus for any train of thought that seeks to trace our impulses to their origins. But what can be said to be the impulse of a genuinely altruistic act? Hobbes might have answered self-esteem, but what is the attraction or the point in thinking better of oneself? What is *better*? A savage who elects to honour his father by eating him as opposed to disposing of the body in some – to him – ignominious way, for example by burying it in a teak box, is making an ethical choice in that he believes himself to be acting as a good savage ought to act. Whence comes this sense of some actions being better than others? – not more useful, or more convenient, or more popular, but simply pointlessly *better*? What, in short, is so good about *good*?"

(from *Jumpers* by Tom Stoppard, p. 45, Faber & Faber, 1986)

2.1 Introduction

Why does business become involved with, and support, the arts? This chapter will examine the literature on corporate giving, identify a research gap, pose questions and develop a framework within which to address this question.

The dominant idea in the business and society literature, together with other literatures such as the social accounting literature, is that business support for the arts is some form of philanthropic activity on the part of the supporting business (e.g. Carroll, 1991).

Given this dominance of the idea of support for the arts as a form of corporate philanthropy, my basic research question - *Why does business become involved with, and support, the arts?* - is examined through the lens of the corporate philanthropy literature. This chapter is, therefore, structured in four sections. First, the corporate philanthropy literature is positioned in the broader CSR literature. The next section considers the literature on corporate philanthropy, with close attention paid to the recent literature on strategic philanthropy, which is the idea that corporate giving is or should be designed to fit the firm's overall mission, goals or objectives (Carroll, 1996). Next, I examine the literature which examines the motivations for business

involvement with the arts. Drawing on this literature review I then identify the research gap this thesis addresses and my specific research questions. The chapter ends with the development of a theoretical framework explaining the potential motivations for corporate giving to the arts, which is subsequently used to guide the empirical part of the research and is developed throughout this thesis. This framework is constructed around two dimensions. The first is the relative attention given by the firm to business and societal interests in its support for the arts. The second dimension identifies the stakeholders who are the focus of the giving. These stakeholders are differentiated between the primary direct stakeholders of customers and employees, and the secondary or indirect stakeholders of the community and opinion formers.

2.2 Corporate Social Responsibility and Corporate Philanthropy

There is increasing focus on the responsibilities of business to society and, in particular, calls for business to be more accountable to society. *Inter alia* this manifests itself in Europe by greater government involvement in encouraging CSR. For example, the European Commission has published a white paper on CSR, whilst the UK Government has set up working parties to investigate the creation of a CSR Academy.

Corporate philanthropy is an important issue to be considered within CSR, although many commentators note that CSR goes far beyond issues of 'giving money away'. For example, the World Business Council for Sustainable Development proposes a definition for CSR as:

> "the ethical behavior of a company towards society. … management acting responsibly in its relationships with other stakeholders who have a legitimate interest in the business."

and

> "CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the

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workforce and their families as well as of the local community and society at large" (WBCSD, 1999).

However, there has been considerable debate as to what constitutes CSR. Some, such as Friedman (1962), argue that the doctrine of social responsibility is "fundamentally subversive." Those who would follow this line would argue that the fundamental responsibilities of business are economic. Carroll (1979) shows how there are a range of such views of corporate responsibilities which go beyond economic and legal concerns, and include both social issues to be addressed and the philosophy of social responsiveness. Carroll (1991: 40) argues that there are four kinds of social responsibilities that "constitute total CSR: economic, legal, ethical, and philanthropic." He describes the philanthropic responsibilities as:

> "…those corporate actions that are in response to society's expectation that business be good corporate citizens. This includes actively engaging in acts or programs to promote human welfare or goodwill. Examples of philanthropy include business contributions of financial resources or executive time, such as contributions to the arts, education, or the community." (p.42)

Philanthropic activities are discretionary on the part of business and businesses that do not undertake such activities are not regarded as unethical. Thus businesses might undertake such activities as part of their desire to be socially responsible, but equally they might undertake them for other motives, such as economic reasons (File and Prince, 1998). Corporate philanthropy is an important construct in other issues within the broader CSR literature, such as Corporate Social Performance and this is discussed more fully in section 2.3.1.6.

Schwartz and Carroll (2003), following on from Carroll's (1979; 1991) four domains of CSR, develop an alternative approach to conceptualising CSR. In their three-domain approach, the philanthropic or discretionary component should be "subsumed under ethical and/or economic responsibilities. The central reasons for this placement are that, first, it is sometimes difficult to distinguish between "philanthropic" and

"ethical" activities on both a theoretical and practical level, and second, philanthropic activities might simply be based on economic interests (p. 506)." They note that what is termed 'philanthropy' might be undertaken for ethical or economic reasons or a combination of the two and they argue that when firms act from economic interests in part in the form of strategic philanthropy, this does not constitute a distinct philanthropic obligation.

2.3 Corporate Philanthropy

The term 'philanthropy' is generally understood as giving in the interest of the recipient. A definition of corporate philanthropy is that it is a voluntary transfer of resources from the firm to the recipient at below market prices (Fry et al., 1982; Wokutch and Spencer, 1987). In terms of the arts, Carroll and Buchholtz (2000) note that the underlying motivation may be mixed and need not be purely altruistic (p. 414). However, as they point out, the arts undoubtedly benefit from such giving.

Wood and Jones (1996) comment that there is lack of clarity about what exactly constitutes philanthropy, but they do observe that there is an essential bilateral relationship between the firm and the charitable organisation in which something is exchanged. In the same vein, Saiia et al. (2003) include sponsorships and cause-related advertising within the broad area of corporate philanthropy. To some scholars, the inclusion of such activities as 'philanthropic' is a step too far and such activities should be more properly regarded as marketing (Porter and Kramer, 2002). The balance of the cost-benefit to the giving firm is an important factor, but for the immediate review of the literature the breadth of what may be considered as 'corporate philanthropy' will temporarily be regarded as unproblematic.

Recent studies of corporate philanthropy suggest that firms take a more strategic approach towards corporate giving in that there are business-focused instrumental reasons for such activity (Saiia, 2001). Yet there is no clarity as to why business undertakes philanthropic activity or, indeed, whether there is any intent to benefit the receiving organisation. As Saiia et al., (2003: 187) put it, there is not "enough insight

into answering the 'why' questions." Young and Burlingame (1996) pose the issue thus:

'we still have trouble answering the question – Why *do* businesses engage in giving and volunteering?

If we knew how to respond to this question, much else would follow. We would know what to measure and what information to collect; we would identify promising alternative giving strategies; we would be guided by a common theory in analyzing our strategies with the information we collected; and we would know the audiences for our analyses – all in the cause of trying to make corporate philanthropy more effective. Indeed, we would know what we meant by the effectiveness of corporate philanthropy!' (p 158)

Thus the answer to the question of motivation for corporate philanthropy is elusive and in order to understand how to address the issue, I first examine the motivations cited in previous academic research for corporate philanthropy.

2.3.1 Motivations for Giving

At the heart of the debate on the motivations for business giving is the extent to which business undertakes the activity in the interest of the recipient and/or society generally or whether it is analogous to any other form of profit-maximising business activity, such as advertising. The tensions between the interests of the firm and those of society are readily evident in prior research. Explicit research to date into motivations for giving has largely involved surveys, where the familiar risks of poor response rates and the difficulties of interpreting the results are evident. Burlingame and Frishkoff (1996) report in a study carried out by one of the authors that the most important factor in giving was 'business responsibility' but also that other important factors were business conditions, personal values of the owner, public relations and the quality of the organisation making the request. They also report that 37% of their respondents claim that the most important benefit to the company in making

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contributions is that "it supports community and economic growth" (p. 93). The next most important reason was company obligation/responsibility. These findings are similar to those of Cowton (1987) whose survey results in 1982 of 79 UK firms gave the following frequencies:

Reason stated for giving	No of firms
Duty to do so	11
Social responsibility	48
Social responsibility: employee benefit	13
Improve social responsibility image	8
Trade related/commercial	17
Other	3

Source: Cowton (1987) Questionnaire survey (n=79)

In both surveys, the idea of 'responsibility' is undefined.

In a more recent survey, undertaken in September 1993 of 1000 UK firms with over 500 employees and with a response rate of 18%, Collins (1995) reports the following motivations for corporate philanthropy:

Motivations behind corporate philanthropy	%
Create goodwill	73
Company image improvement	72
Contact and gain feedback from the community	56
Boost employee morale	49
Attract quality employees	41
Pure philanthropic reasons	40
Enlightened self interest	40
Develop association with certain causes	33
Reflects management special interests	18
Expected by government and opinion formers	13

Burlingame and Frishkoff (1996) represent the various ways in which business undertakes corporate philanthropy as a "continuum of philosophical ideas" (see Figure 2.1). This is a one-dimensional model focusing on the degree of business interest. They characterise the ways in which corporate philanthropy is undertaken as:

- Altruism – giving in the interest of others without self-interest
- Shared-benefit giving – giving to the common good with general but not specific benefit
- Enlightened self-interest – the chance to enhance a product or service promotion, where the donor looks for specific benefit over the long term
- Charitable investment – there is an expectation of short term gain, greater than that invested
- Stewardship – there is a direct focus on maximising shareholder wealth and such activities as tax strategies would be appropriate.

This continuum points to the degree of instrumentality in the objectives of the giving firm. This instrumentality can be thought of in two ways. First, the specificity of the return the firm seeks – is it none, a general enhancement to reputation or image, or an essential element? Secondly, the degree of interest in society – this varies similarly from total interest, via a shared interest, to one where the societal commitment is a pure instrument to making money for the owners of the firm.

Philosophical Framework - Charitable Business Contributions							
◄ ···················Continuum of Philosophical Positions ······················►							
Altruism		Shared Benefits		Enlightened Self-Interest		Charitable Investment		Stewardship
Unselfish regard for the welfare of others. In its purest sense altruism means that the donor has no knowledge of the beneficiary and receives no external recognition for contributing.		Giving to common concerns with community recognition but without expectation of a particular gain. Business, especially an owner or top manager, recognizes a desire or an obligation to help its community and expects several constituencies to share in the benefits.		Giving with an aim to enhance focus of one's business advantage and well-being. The business donor looks for specific, long-term gains to the business as a reciprocal payoff for contributions to community. Corporate giving viewed as ultimately improving business climate and preserving capitalism.		Targeting giving with the aim of short-term gain, a return greater than expenditure. Charitable investments seek to integrate giving into the objectives of overall firm goals – giving communicates a clear corporate message about corporate products.		Responsibility to direct business in a way that enhances the wealth of the owners. In its strictest sense stewardship entails the maximization of net income and return on the owners' investment.
Examples: Anonymous gifts, pooled donations, endowments.		Examples: Volunteered time, skills, donated use of facilities, in-kind giving.		Examples: Cause marketing, giving to advertise, long-term targeted gifts.		Examples: Short-term targeted gifts, strategic philanthropy, status giving.		Examples: Giving as a tax strategy.

Source: Adapted from Burlingame and Frishkoff (1996: 97)

Figure 2.1: Continuum of Philosophical Positions Toward Corporate Philanthropy

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Young and Burlingame (1996) analyse competing explanations for corporate philanthropy into four different ways[1], derived from alternative ways of thinking about how corporations themselves actually work.

Neoclassical/corporate productivity model:

Philanthropy is there to contribute to profits. "The notion of 'enlightened self-interest' is consistent with the neoclassical model as long as the focus remains on the long-run profitability of the corporation." Young and Burlingame further observe that corporate philanthropy may be an oxymoron, "since it implies action motivated by factors other than self-interest." This approach follows the views of Friedman (1962) that the only objectives of the firm should be economic. The benefit to the firm of the 'giving' may be direct or indirect – thus cause-related marketing or investments undertaken in order to improve morale could be viewed from this perspective. The decision criterion is the payoff to the firm either in the form of higher revenues or lower costs (Navarro, 1988). The same approach is also advocated by McWilliams and Siegel (2001:125), who similarly conclude "managers should treat decisions regarding corporate social responsibility precisely as they treat all investment decisions." In this context Navarro (1988) and Fry et al. (1982) both find positive correlations between corporate contributions and levels of advertising. Fry et al. argue in this context that corporate giving is motivated by profit considerations in the same way as advertising expenditure and that philanthropy data should not be used in order to measure corporate altruism.

Ethical/altruistic model:

Do what is right for society with a freedom to switch towards non-bottom-line issues. This approach might follow the duty-based perspective and could be extended to include aspects of a social contract (Donaldson and Dunfee, 1999), whereby society grants power to businesses which are expected to use

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[1] Young and Burlingame also admit that there may be other paradigms.

it responsibly. Shaw and Post (1993) find elements of altruism in their argument of "advancing the corporate good and the good of the whole." Similarly, Sanchez (2000) also finds altruism important in her study of corporate philanthropy in El Salvador. However, both these studies find multiple motivations, of which altruism is only a part.

Political model:

The objective of firms is to advance their long-term interests in society, which may be economic or else associated with the exercise of power, often via a licence to operate. The aim is to preserve corporate power and autonomy, or to legitimise or protect firm economic power. Mitnick (2000: 435) suggests that firms are concerned about outcomes, that is, in industries producing significant negative externalities, firms will emphasise reporting in other domains, and they will also emphasise measures that are far removed from the outcomes in question. "For example, we would expect firms in the chemical industry to highlight their contributions to such things as minority employment, arts, community charities, and so on."

Stakeholder model:

This model allows for the existence of the other three models, and sees the possibility that the firm will attend both to business and society. It posits that the firm is a complex entity that affects, and is affected by, multiple stakeholders. Thus "…managing a corporation is an exercise in managing the stakeholders" (Young and Burlingame, 1996). However, there is still a need to focus on the underlying intent – is the aim of such stakeholder management primarily managerial (Owen et al., 2000) or is it a genuine attempt to benefit society, whilst at the same time benefiting the giving firm?

These four models necessarily overlap, in that those who advocate the purely neoclassical approach would have no problems with the others if (and only if) there were a net increase to shareholder value. This constraint would similarly apply to the political model, with a focus on the self-interest of the firm.

Few studies, however, have brought together both the business interests and the desire of the giving firm to help society. A recent report in Australia of motivations by business for community involvement (CCPA, 2000) finds that Australian business is "experiencing a transition in expectations of its social role", but part of the reason is that this social role "contributes to the continuing health and growth" of business. Three-quarters of the companies studied have "the goal of long-term business sustainability at the heart of the 'business case' for community involvement." The involvement "is a way to maintain trust, support and legitimacy with the community, governments and employees." A further 10% of the companies studied claim that community involvement is a way to "put back" without seeking a return and 10% see their social obligations as "met exclusively by returning value to their shareholders." Thus we can see three broad strands of enlightened self-interest via (i) stakeholder management, (ii) a moral approach linked to social expectations and (iii) the neo-classical approach. It is interesting to note, in particular, the reference to social legitimacy. This implies that there is some form of social expectation that a legitimate business would act in a particular manner – in effect some form of social contract.

The literature thus offers a number of seemingly competing explanations for corporate philanthropy. Campbell et al. (2002) categorise these explanations into managerial utility, political, altruistic and strategic motivations. There are other issues beyond these categories that are discussed in the literature such as the role of senior management in the decision choice and the nature of social pressure for firms to give via some form of social contract. Nevertheless, these categorisations provide a useful basis from which to discuss the literature further and the evidence for each of these explanations is now discussed. I also extend these categories to include the issues of legitimacy, social contract and the broader roles of management.

2.3.1.1 Managerial Utility and Senior Management Decision Making

The role of senior management in relation to corporate philanthropy is described in two distinct ways in the literature – the managerial utility explanation and the personal support of senior management.

The managerial utility explanation for corporate philanthropy is that firms give in order to advance the interests of individual managers, rather than the interests of the firm. As such, this explanation is presented as an agency question (Jensen and Meckling, 1976), in that giving represents a form of benefit to the management. It is difficult to disentangle direct managerial preference from the role of the manager as decision maker and, therefore, this review will also extend to an examination of the role of senior management in the decision on giving. Haley (1991) refers to managerial utility issues as social currency. She argues that "managers use the resources of owners to advance managerial interests" (p.502). This idea follows the research of Galaskiewicz (Galaskiewicz, 1985; Galaskiewicz, 1997) who studied giving in Minneapolis–St Paul and found that giving was positively related to social network ties to local philanthropic leaders. In a further study, Atkinson and Galaskiewicz (1988) find that companies gave less money to charity if the CEO or some other individual owned a significant percentage of the shares in the company. They observe that managers in family-owned firms are more able to avoid peer pressure to give, when asked by the social elite. Therefore, managers in firms with diversified ownership are more likely to be able to use corporate giving to enhance their standing within local elites and as such there could be a need to find ways to limit this agency giving.

Research has shown that the role of the CEO or other senior management is important to the selection of causes supported or even for the mere existence of a giving programme. Giving may be undertaken with a focus on the interests of the recipient, but the causes supported will be those chosen by the manager. For example, Siegfried et al. (1983) find that the discretion of the CEO is very important in determining the size of individual contributions. In the same study, they establish that the primary

policy-setters for corporate contributions are mostly directors or other senior executives, frequently acting alone. Buchholtz et al. (1999) propose and test a model which shows the effect that managerial values have on the corporate giving decision. Their model shows that firm resources have a positive effect on corporate philanthropy, but this is fully mediated by managerial discretion and partially mediated by managerial values.

Campbell et al. (1999) examine the motivations for corporate giving by looking at whether food distributors and producers in Western Massachusetts do or do not give surplus food to charities. They conclude that for those that give there is a strong relationship between the personal attitudes of the charitable decision maker and the firm's giving behaviour. Firms that give cite altruistic motives for their behaviour. Firms that do not give tend to use business reasons to explain their non-involvement.

Although the role of senior decision makers is key, Kirchberg (1995) argues that this is not a sufficient condition for giving:

> "A CEO's personal interest in the arts cannot transform into corporate arts support if, e.g., the company's revenues or other economic and social determinants shaping the corporate environment are at odds with the CEO's interest."

However, there does seem to be some link - Werbel and Carter (2002) find that the presence of a CEO on a foundation board influences giving to arts and international organisations. Overall the support of senior management seems to be a *necessary* condition for giving.

2.3.1.2 Political Arguments and Legitimacy

The political objectives of corporate philanthropy are discussed in the literature both at the level of the firm and also at the level of the decision maker in the firm.

At the firm level, the dominant theme is one of organisational or, to some, business-system legitimacy. Neiheisel (1994) considers three possible contextual influences on corporate philanthropy:

- Philanthropy as social currency (as had been argued by Galaskiewicz)
- Philanthropy as industry politics
- Philanthropy as class politics

He finds that corporate giving is positively linked to size and firms that are the target of interest groups are likely to engage in goodwill politics. Furthermore, Neiheisel shows that the nature of special publics is important, whereas mass public opinion is not a significant determinant of corporate giving and on this basis he ascribes such decisions to elite interests, rather than mass opinion. Neiheisel concludes that "corporate philanthropy serves not to solve society's problems as such, but to legitimise business power and protect that power from external threats."

The idea that corporate philanthropy is an attempt by businesses to secure organisational legitimacy is supported by the CCPA study (CCPA, 2000). However, following Neiheisel, only certain businesses will need this legitimation and therefore their giving activities will be directed to business needs in order to secure that legitimacy. Haley (1991) develops this idea by regarding corporate contributions as managerial masques, which can be used to influence various stakeholders. The particular stakeholders that firms seek to influence in the political arena are influential policy makers (Useem, 1984).

As well as corporate philanthropy potentially having broader political objectives, legitimacy as a explicit motivation has been identified by a number of researchers (Collins, 1995). Suchman (1995) defines legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions." The argument advanced is that the individual firm acts in such as a way as to secure a licence to operate. I categorise this differently from the idea of the social contract,

which I discuss in the next section. The idea of legitimacy is that a firm directly seeks to influence certain key publics in order that they may think well of the firm, whereas the idea of the social contract is that the firm has less overt intentions, it just 'does it', wanting to act as a good corporate citizen. The difference is the deliberate attempt at *management* of the social and business environment as opposed to a responsive approach whereby business acts in a manner which reflects society's expectations in a less self-conscious manner.

If an explanation for corporate philanthropy is that of the firm obtaining some form of licence to operate, then in order for the giving firm to derive that benefit, the conferrers of that licence will need to know about the 'gift'. The social accounting literature has considered how business communicates its social image and its social 'responsibility'. This literature takes a different view of what constitutes 'social performance' by any given business. Businesses are increasingly producing social reports and these often include reference to some of the firm's giving and community-based activities. Gray et al. (1996) argue that the purpose of a social account should be as a discharge of accountability to multiple stakeholders and they offer a number of competing explanations for the firms' production of such accounts, including such a discharge of accountability, a legitimation activity by the firm or, from a critical perspective, a legitimation of the capitalist system. A number of studies (e.g. Milne and Adler, 1999; Wilmshurst and Frost, 2000) find strong support for the argument that firms produce social and environmental reports as a source of legitimacy for the firm. However, in these analyses, which often rely on content analysis (Unerman, 2000), philanthropic activities are taken at face value without questioning whether their nature really reflects what the researchers are trying to measure (pro-social activities rather than business expenditure). This inclusion of giving as a form of community involvement goes back at least to the Ernst and Ernst studies of the 1970s (Abbott and Monsen, 1979).

Another general perception of legitimacy or of the 'responsible' firm arises in various rankings produced by consultancies such as Kinder, Lydenburg and Domini ('KLD') or in magazines such as Fortune. Perceptual corporate social responsibility ('CSR')

ratings are influenced by the philanthropic activities of the firm (Wokutch and Spencer, 1987). Similarly, philanthropy is a key component of current rankings such as those developed by KLD (Waddock and Graves, 1997).

Thus, an analysis of the motives for corporate philanthropy is important for a clear understanding of what constitutes corporate social performance and corporate social responsibility, and how corporate social reporting can be understood. However, it may also be that the ability to be able to communicate the giving is part of the motive as a deeper element of legitimation.

2.3.1.3 Altruism and the Social Contract

Altruism, in the commonly understood sense, is giving in the interest of the other with little or no interest for the self (Krebs, 1970). Studying altruistic motivations is difficult; it is easier to look for data which support non-altruistic behaviour. Indeed Fry et al. (1982:105) argue that it is "ill-advised to use philanthropy data to measure altruistic responses of corporations."

However, Edmondson and Carroll (1999), in a study of black-owned businesses, found that 63.5% of their respondents claimed altruism as a possible motivation for giving back; nevertheless this was not the sole factor. There is evidence of some desire to do good, whilst self-interested motives are also admitted. Sanchez (2000) in her study of philanthropy in El Salvador found support for both altruistic and for political motives. Indeed, the Hobbes quotation at the beginning of this chapter recognises that the donor might always have some interest for themselves in the giving. Thus, where altruism is present, prior research would suggest it is part of a complex set of motives. Indeed, the agency pressures to account for corporate giving would mean that altruism, if it were altruistic, might even need to be presented as something else. Neiheisel (1994) presents Berle's argument that philanthropy is altruistic but "is tortured into a framework of profit maximisation to avoid legal questions."

Another, perhaps less strongly altruistic motivation, but still a pro-social one is the idea of a social contract – that is the expectations of a legitimate business that a successful firm will 'give back' in some way to the society that helps provide that success. For many years in the United States, corporate giving was itself not a legitimate activity (Sharfman, 1994). Sharfman shows how corporate philanthropy has now moved to become a mark of a 'responsible' firm in that modern firms might now be expected, at least in the US, to undertake some form of philanthropic activity. It is in this context that philanthropy as an activity of a legitimate firm can be considered. This giving back is deliberately beyond the views of the neo-classical school who would regard the payment of taxes and provision of employment as adequate recompense to society. Donaldson and Dunfee (1999) develop the idea of the social contract into Integrated Social Contracts Theory. This integrates stakeholder approaches to management with ethics and provides a basis for managers to differentiate between purely instrumental approaches and a normative, multi-fiduciary approach. In this sense, the action undertaken by the firm is at the behest of society, not because the firm seeks some advantage.

In the context of the development of societal expectations, Nevin-Gattle (1996) charts the development of corporate philanthropy in the United States and in particular the varying expectations that society and government have for business to meet social goals. For example, she shows how, in the 1970s, government expected business to be more involved with society at a time when business resources were diminishing. Consequently, this came into conflict with shareholder expectations and so business did not respond as the US Government had hoped. From this development, however, when further calls came from the Reagan administration in the 1980s for business to be more involved with society, the response from business came from areas where business could also benefit and as such the beginnings of strategic philanthropy were established.

2.3.1.4 Strategic Philanthropy and Economic Motivations

The strongest explanation offered by the current literature is that there is some form of strategic motivation at work for the existence of corporate philanthropy. Strategic philanthropy is the idea that corporate giving is, or should be, designed to fit the firm's overall mission, goals or objectives (Carroll, 1996). Thus within the competing interests of business and society, identified above, in understanding the motivation for corporate giving, strategic philanthropy speaks more to the instrumental behaviour of the giving firm. A less instrumental view of strategic philanthropy is that it is "an example of the firm seeking to achieve a synergistic outcome by targeting corporate resources at societal problems or issues that resonate with the core values and mission of the firm" (Saiia et al., 2003: 170), an idea that both business and society gain. Shaw and Post (1993) point out that strategic interests are not necessarily at odds with altruistic or ethical ones:

> "We do not find it as ignoble that community and cultural programs financed by corporate revenues reflect positively upon the image, reputation and goodwill of the firm. The motivations for such programs seem to us to be an amalgam of altruism, good citizenship, prudence and sound investment strategy…the element of self-interest is in need of no apology." (p.745)

There have for some time been normative arguments for business giving to be more strategic (Mescon and Tilson, 1987; Smith, 1994; Porter and Kramer, 1999). However, the reasons for this desire arise from two different ideas. First is the neo-classical economic idea that the sole objective of business is to maximise shareholder wealth and that giving ought only to be undertaken if this firm value is created. In this context, the view is put effectively by Friedman (1970):

> "The only 'social responsibility' of business is to increase its profits. The corporation is an instrument of the stockholders who own it. If the corporation makes a contribution, it prevents the shareholder from himself deciding how

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he should dispose of his funds. If charitable contributions are to be made, they should be made by the individual shareholder and not by the corporation."

The second idea is that, in the shareholder world, business needs to meet shareholder concerns, and that business should give more – possibly either to be legitimate or as the performance of some form of social expectation of corporate citizenship (Carroll, 1991), but that, in choosing which aspect of society to support, that choice should contain a business benefit. These choices need to address internal legitimacy as well as external outcomes.

Saiia (1999) re-formulates the Burlingame and Frishkoff (Burlingame and Frishkoff, 1996) continuum to take account of strategic philanthropy. This is shown in Figure 2.2. This continuum still shows the progress from the focus on society to the focus on organisation, but clearly delineates the move from a focus on society in altruism towards a focus on business interests in areas of strategic philanthropy. Saiia's continuum shows clearly the increasing focus that the firm gives to its own interests until the point at which society's interests are a means to the end of maximising firm value.

In fact, Saiia (1999) in a survey of 126 major donors in the United States concludes that corporate giving is becoming more strategic. This change is demonstrated by both a belief held by giving managers that the practice of philanthropy is becoming more "strategic" and also that CEOs or top management teams are requiring greater strategic content in corporate giving programmes (Saiia et al., 2003). The strongest reasons for corporate philanthropy given by respondents in Saiia's study are:

- A professional corporate giving program should be judged by professional standards applied to the results it achieves.
- Corporate giving should be justified by its contribution to the organization just as any other functional area of the firm should be.

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- Corporate giving has demonstrated its ability to add value to the firm, and now it is expected that each project that is supported bring some sort of tangible return to the firm.

Focus on the Society			
			Focus on the Organization
Altruistic ⟷	Enlightened Self-Interest ⟷	Societal Strategic ⟷	Fiduciary Strategic
In fulfilling its obligation to society the corporation should give resources for the betterment of society.	In fulfilling its obligation to society the corporation should seek to do the greatest good for the greatest number by contributing to non-profit and voluntary organizations while including opportunities for corporate recognition.	In fulfilling its obligation to society the business corporation should seek out relationships with non-profit and voluntary organizations that support corporate strategy while achieving community betterment.	In fulfilling its obligation to society the business corporation should enhance its primary objective to increase the wealth of the shareholders. Philanthropic donations should be part of the corporate tax strategy and a means for the firm to exercise greater control over dollars that would otherwise be paid in taxes.
Example: Anonymous gifts, pooled donations, endowments.	Example: Volunteered time, skills, donated use of facilities, in-kind giving. Long-term targeted.	Example: Cause marketing, giving to advertise, status giving.	Example: Giving as a tax strategy

Source: Adapted from Saiia (1999)

Figure 2.2: A Modified Continuum of Corporate Philanthropy

Supporting the strategic argument, Collins (1995) finds that 48% of the firms in her survey (180 responses) tried to relate their philanthropic activities to their *core* business, and 55% also tried to relate their philanthropy to their *target* customer base. Similarly, Dean (2001) finds that "some relationship between the core business and

charitable donations was increasingly being sought" amongst the 19 senior executives she interviewed. It is indeed natural that businesses involve themselves in social activities related to their primary areas of involvement (Preston and Post, 1975; Wood and Jones, 1996; Vyakarnam, 1992) – however this is about philanthropic strategy rather than some form of motive which might be pro-business or pro-societal.

Saiia et al. (2003) argue that their findings support the distinction made by Post and Waddock (1995) between strategic philanthropy and philanthropic strategy, with the latter term describing the process and selection of the giving activity. Business still needs to be philanthropic, possibly as a source of organisational legitimacy or as a form of enlightened self-interest, or in order to be responsive to societal expectations – but the selection of the philanthropic activity will be guided by firm priorities as much as, or perhaps more than, societal needs – i.e. a focused philanthropic strategy. Strategic philanthropy, on the other hand means that the resources given have an impact on both the firm and the recipient. Porter and Kramer (2002) argue for a philanthropic strategy on the part of the firm which would encourage more giving with the aim of creating a better environment for the firm in which to operate. In this sense, Altman (2000) finds that community involvement is a business imperative, often creating a competitive advantage and that community investment departments justify themselves in terms of business goals.

It could be argued that, within the idea of strategic philanthropy, the 'strategic' interests are so strongly pro-business and short-term that the activity amounts to little more than buying goods and services. Porter and Kramer (2002), on the other hand, argue for a more symbiotic and sustainable form where "true strategic giving … addresses important social and economic goals where both the company and society benefit because the firm brings unique assets and expertise." (p.58)

However, the strategic intent or the particular benefit sought by the firm has not been established in the literature. It is also by no means clear where strategic philanthropy ends and where normal profit-seeking behaviour takes over. One argument that supports the pure neo-classical view is that corporate philanthropy is advertising.

Navarro (1988) finds a positive and significant relation between charitable contributions and advertising, "lending support to the conclusion … that contributions are a form of advertising." (p. 89). Similarly Fry et al. (1982) also find a positive correlation between corporate giving and advertising expenditure.

2.3.1.5 Multiple Motivations?

Whilst four basic categories of motivation for corporate philanthropy – managerial utility, political, altruism and strategic, have been identified above and are helpful in separating ideas, multiple motivations are likely to be operative in many cases. Motivations may be mixed: Himmelstein (1997:1), for example, proposes "a better public image, higher sales, greater consumer loyalty, higher employee morale, a greater ability to attract top job candidates and improved community relations." Indeed the two continua presented above have shown that there is some form of scale. Clearly altruism and the more instrumental forms of strategic philanthropy are at odds. However, managerial self-interest might also be in the firm's and/or society's interest. Similarly political motives could also be part of a strategic position. As Campbell et al. (2002:31) state:

> "It is likely that actual donation decisions are, in fact, driven by a combination of two or more ... motivations, and that these explanations may be mutually enriching rather than mutually exclusive in nature."

Thus, at this stage of analysis, I can summarise the range of possible motivations as:

- Altruistic
    - As part of being a 'responsible' firm – it's the 'right thing to do'
- Political
    - For the business system
    - For the firm – securing a 'licence to operate'
- Management self-interest
    - In order to gain power or resources – managerial utility

- o   In order to select causes that are key to the individual manager
- Strategic
    - o   Prompted by licence to operate
    - o   Prompted by some element of direct return to the business
    - o   Creating a better business environment generally
- Purely economic (and potentially, therefore, not philanthropic)

These potential motivations reflect Saiia's (1999) continuum shown in Figure 2.2, but expand the content of his enlightened self-interest and societal strategic categories. His fiduciary strategic category, possibly only applicable in a US context, has more resonance with a purely economic motivation. It could be argued that Saiia's continuum needs to be extended to the right to include a category that covers business activity in the social arena that is purely economic. Indeed Himmelstein (1997:144) describes corporate philanthropy as "an economic act with social and political dimensions."

Nevertheless, a tension between the relative interests of business and society is a key dimension in understanding motivation. I now move to considering the issue of different stakeholders in the context of corporate philanthropy. I will argue that the analysis of stakeholders provides a meaningful second dimension with which to understand the motives for corporate philanthropy.

2.3.1.6 Stakeholders and Corporate Social Performance

Wood and Jones (1996) argue that the literature on corporate philanthropy has been too practical in its outlook and such questions as why corporate philanthropy occurs need to be framed within the broader context of the study of corporate social performance ('CSP') and with a particular focus on stakeholder theory. The CSP literature examines the roles and responsibilities of business, how they are fulfilled and how they can be measured. The development of the ideas leading to the current literature on CSP began in the 1950s and has involved a number of stages. The first stage sought to provide workable

definitions for corporate social responsibility (Davis, 1973). This work led to Carroll's (1979) four-part model where he defined corporate social responsibility as encompassing "the economic, legal, ethical and discretionary expectations that society has of organisations at a given point in time" (p.500). These categories have formed the basis of much subsequent research which in particular has shown that managers view economic factors as most important (e.g. Aupperle, 1984). Wood and Jones (1996) point out that early definitions of CSR concentrated more on society than the firm and that Preston and Post's (1975) idea that business and society form an 'interpenetrating system' led to more focus on the firm's interest via corporate social responsiveness. Frederick (1994) termed this CSR_2, defined as the capacity of a corporation to respond to social pressures. Miles (1987) extends the idea of responsiveness to the external affairs function and argues that firms also need to *appear* to be responsible.

Wartick and Cochran (1985) combine these seemingly conflicting ideas into a corporate social performance model. This model has three elements:

- The principles of corporate social responsibility (Carroll's four categories of economic, legal, ethical and discretionary)
- The processes of corporate social responsiveness (reactive, defensive, accommodative and interactive)
- Issues management

This model thus integrates both the firm's economic interests together with ethics and societal issues. Wood (1991a; 1991b) builds on Wartick and Cochran's ideas with the development of the CSP model. This aims "to articulate structural principles of social responsibility, to show how processes of social responsiveness have defined much of the research in [social issues in management], and to focus on outcomes of corporate behaviour as the indicators of 'performance'." She defines CSP as "a business organization's configuration of principles of social responsibility, processes of social responsiveness, and observable outcomes as they relate to the firm's societal relationships." (Wood, 1991a:693). Wood's model is presented here as Figure 2.3.

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┌─────────────────────────────────────────────────────────────────┐
│  ┌──────────────────┐  ┌──────────────────┐  ┌──────────────────┐ │
│  │ Legitimacy       │  │ Environmental    │  │ Social           │ │
│  │                  │  │ scanning         │  │ impacts          │ │
│  │ Public           │  │                  │  │                  │ │
│  │ responsibility   │  │ Stakeholder      │  │ Social           │ │
│  │                  │  │ management       │  │ policies         │ │
│  │ Managerial       │  │                  │  │                  │ │
│  │ discretion       │  │ Issues           │  │ Social           │ │
│  │                  │  │ management       │  │ programs         │ │
│  ├──────────────────┤  ├──────────────────┤  ├──────────────────┤ │
│  │ PRINCIPLES of    │⇨ │ PROCESSES        │⇨ │ OUTCOMES         │ │
│  │ social           │  │ of social        │  │ of corporate     │ │
│  │ responsibility   │  │ responsiveness   │  │ behaviour        │ │
│  └──────────────────┘  └──────────────────┘  └──────────────────┘ │
└─────────────────────────────────────────────────────────────────┘
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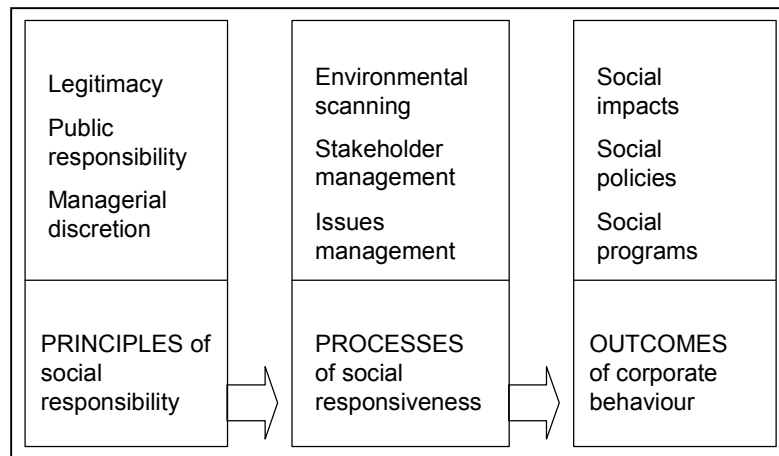
Source: Wood (1991a)

Figure 2.3: Corporate Social Performance Model

Following the idea that corporate giving is part of CSP, Miles (1987) finds that there are two strong influences which lead to a theory of CSP. The first he terms the Philosophy-Strategy Connection. The nature of top management philosophy influences both the external affairs strategy and the external affairs design. Managers could take either an institutional perspective, in which case they would seek collaborative solutions, or else they could take an enterprise perspective, in which case their responses to external pressures might be more adversarial.

Miles (1987) terms the second dimension as the Business Exposure Design Contingency. This idea is built from the product mix of the business. He says:

> "Inherent in a corporation's business strategy are several dimensions, which not only define the company's product markets, but also determine the degree to which its business policies and practices are exposed to social and political contingencies. The most important and generalisable dimension of business exposure is a company's product mix." (p.275)

Miles (1987) finds two key dimensions of the product mix. The first is the luxury-necessity dimension; the other is the potential negative-contingencies dimension. To the extent that a firm either sells products or services that are viewed generally as

necessities (e.g. food) or that there are significant external negative contingences (e.g. chemical plants), firms have higher business exposure. Such higher exposure should then lead to greater focus on corporate social performance.

Miles (1987) develops the idea of business exposure as a construct in order to describe decision-making influences in the insurance industry. Saiia (1999) extends this idea to all industries. Saiia argues that firms that are under greater scrutiny from a broad range of stakeholders, experience greater business exposure and, supportive of this argument, he does find that firms with greater business exposure undertake higher levels of strategic philanthropy. In this sense, firms with business exposure might be expected to direct their strategic philanthropy appropriately to address the concerns of key stakeholders. As such, this argument feeds into the idea of the purpose of corporate philanthropy as providing some form of licence to operate.

Wood and Jones (1996) continue the focus on stakeholders by arguing that CSP can be evaluated in the context of particular stakeholders. They draw the distinction between seeing stakeholders as having a direct relationship with the firm, in which case philanthropy would be seen as a tool to be used by the firm, and viewing stakeholders as members of relationships that are mutually driven with stakeholder theory built around the idea of a "complex network of inter-organizational relationships." In the latter view, philanthropy "is seen in terms of its intent to better the human condition and its effectiveness at solving social problems." (p.69) The key question which arises from this analysis is *how* do *businesses* view their giving activities and, if stakeholders are involved, which stakeholders and why? Wood and Jones, (1995) also argue that "researchers have been locked into at least an implicit assumption of the neoclassical position that CSP is only justifiable as 'enlightened self-interest', even though intimations of a more complex stakeholder approach have long existed." These arguments call for a more complex understanding of the motives for corporate giving than the more basic strategic philanthropy explanations – at the very least there needs to be some understanding of the strategic intent, possibly mediated via particular stakeholders, and this is the purpose of my thesis.

The stakeholders that need to be considered range from key opinion formers in the case of firms seeking a licence to operate, customers, consumers, employees and the community generally. Within the philanthropy literature, there is a strong focus on the community dimension of giving and the proximity of the local community is often viewed as a key factor in the specific giving (Moore, 1995). However, employees are another key stakeholder group. For example, Brammer and Millington (2003) find that 72.3% of the firms they studied provide some form of support for employee involvement in community activities.

All of the stakeholders listed above have been discussed previously, but they were not a focus of the analysis. Certainly, Young and Burlingame's stakeholder model considers this approach, but their model assumes the management of stakeholders is part of general firm management. Again, this management could be in the interests of the firm (strategic) or in the interests of the stakeholders (Fry et al., 1982). The focus of the strategic response could be either to create resources such as reputation or else to secure scarce resources such as employees or customers (Seifert et al., 2003). Similarly, the nature of firm giving might be expected to vary with the importance of particular stakeholders to the firm. Following the idea of resource dependency theory (Pfeffer and Salancik, 1978), firms with skilled employees or employee shortages might focus on employees, whereas consumer businesses could focus on the customer, often via cause-related marketing.

Thus consideration of the differentiated attention paid by giving firms to different stakeholders may also be a helpful way to understand the purpose of corporate philanthropy.

2.3.2 Methods of Giving and Motivation

The form of corporate giving which any firm undertakes may vary. It can include cause-related marketing, sponsorship, direct giving or employee volunteering (Yankey, 1996). The method of giving may or may not be related to its motives. Cause-related marketing clearly links to an economic purpose and has been attacked

by some for appearing to be philanthropic when in fact it is "marketing and should stand on its own merits." (Porter and Kramer, 2002).

Sponsorship and direct giving are clearly evident in much of the arts and these forms of giving are central to this research. Javalgi et al. (1994) define sponsorship as "the underwriting of a special event to support corporate objectives by enhancing corporate image, increasing awareness of brands, or directly stimulating sales of products and services." (p.48) They see it as differing from patronage which is "based on charity, an altruistic activity". Klinczwicz (1998) argues that the nature of sponsorship is for the sponsor first to think of their own benefits and he points out that transferring a selfless motive to sponsorship is a "commonly committed mistake." Thus, when considering the motivation for sponsorship, there is a strongly instrumental presumption in favour of the firm's interests.

Korngold and Voudouris (1996) state that businesses are increasingly looking for ways to measure the benefits of their volunteering programmes. They note that the benefit from such programmes can pass to the company, to the employees and/or to the community. Motives may thus be different for different businesses. In terms of the models above, the relative business-society interest could vary and to the extent that the firm seeks to focus on the key stakeholders of employees and community, it could be either to enhance the employees' view of the firm by providing them with support (thus an attempt to retain or encourage the employees in line with a resource-dependency view) or to improve the community's view of the firm (thus political legitimation) or neither of these.

2.3.3 Factors Affecting Corporate Philanthropy

In addition to considering the motivations or objectives of corporate philanthropy the literature also examines the context and the external and internal forces that shape the giving.

The primary factor in determining corporate giving is firm size (Useem, 1988; McElroy and Siegfried, 1985). Burlingame and Frishkoff (1996) also consider

whether ownership structure is important. In this context, they report in a study involving one of the authors that non-family owned businesses were almost twice as likely to give to the arts as family owned businesses. They also report that in large non-family businesses, decisions tended to be made by consensus of the management group, similar to the findings of Cowton (1987). Alongside size, older firms are also shown to give more (Burke et al., 1986).

Industry of the giving firm is an important factor. Arulampalam and Stoneman (1995) find that financial institutions and retailers give more than other firms, *ceteris paribus*. Kirchberg (1995) finds that industrial sector is important in that manufacturing firms are mostly indifferent towards arts support. However, although firms in the service sector support the arts, they discontinue support swiftly when the firm's profitability falls. Industry is also an important factor in terms of how the community interface is managed. The choice of organisational structures appears to reflect firm and industry characteristics, thus banks tend to manage their interface via CSR departments as opposed to a central administrative function or a marketing/PR department (Brammer and Millington, 2003). It is notable that management of the interface with the arts in firms generally is more likely to be managed via a marketing/PR function.

Some studies also show the availability of resources to fund corporate philanthropy in the form of financial slack is a necessary condition of giving (Seifert et al., 2003). This should not be surprising as firms first need to have the cash to give. However, corporate philanthropy does not correlate to financial performance (Griffin and Mahon, 1997; Seifert et al., 2003).

2.4 Business Support for the Arts

This section sets out the specific background to business support for the arts. There are a number of organisations that encourage business to support the arts, largely for instrumental purposes. The specific literature on corporate support for the arts points to image as the key motivation for the firm, but there is also some evidence that

support for the arts may be used by executives in order to advance their personal agendas.

Business sponsorship of the arts in the UK began in a major way with tobacco companies in the 1960s supporting orchestral concerts (Roth, 1989). This initial support was then further encouraged by the establishment in 1976 of the Association for Business Sponsorship of the Arts (Roth, 1989), now re-named as Arts & Business. Support for the arts remains important in large firms in the UK. Brammer and Millington (2003) find that 40% of the firms they studied prioritise "involvement in community projects involving the arts, a focus on children/youth or disability." (p.221)

In the United States, a similar organisation to Arts & Business, the Business Committee for the Arts, was established in 1966 "to encourage support for a range of cultural activities to which corporations had given virtually no money previously" (Himmelstein, 1997:24). This organisation was founded by David Rockefeller, who claimed that business support for the arts:

> "… can provide a company with extensive publicity and advertising, a brighter public reputation, and an improved corporate image. It can build better customer relations, a readier acceptance of company products, and a superior appraisal of their quality. Promotion of the arts can improve the morale of employees and help attract qualified personnel." (Koch, 1979)

This advocacy-based argument points to three motivations:

- Reputation and image
- Customer purchasing decisions
- Influencing employees and improving their performance

The arguments that emanate from these organisations aim to encourage business support for the arts by demonstrating self-interested benefits and, as such, emphasise instrumental motives.

In a similar manner, the Australia Foundation for Culture and the Humanities (1999) claims that there are three major areas of commercial return that business can derive from cultural investment:

Corporate Legitimacy	Licence to operate
	Corporate image
	Corporate relationships
	Access to investment funds
Market advantages	Direct sales
	Brand awareness
	Customer attraction and retention
	Price premium
Employee benefits	Productivity
	Recruitment and retention
	Skills and knowledge development
	Networking
	Organisational culture

Arts & Business (2001b) also stresses the instrumental, rather than philanthropic reasons for business to support the arts:

- Direct access to target market
- Name awareness
- Image enhancement
    - Association with quality

- o Build brand values

- o Innovation

- o To improve a poor image brought about through businesses' day-to-day activities/specific events

- o To create a different image from competitors

- Entertaining

- Staff relations

- Developing community links

- PR opportunities

- Enjoyment

These, however, are arguments to encourage business to support the arts. They may not reflect the underlying motivation or purpose of the involvement. Some researchers point to the difficulty of linking support for the arts directly to business. Moore (1995) puts it thus:

> "Support for the arts is a special case, where firms might, more legitimately, record their expenditure as sponsorship and put it under the advertising budget, rather than the community investment budget." (p.176)

Most of the studies on corporate contributions have been undertaken in the United States ('US') and find that the arts receive around 12% of corporate giving (Siegfried et al., 1983). However, there have been few specific studies of the motivations for firm giving to the arts specifically, as opposed to corporate philanthropy or giving more generally. File and Prince (1998), in a study of giving to the arts by privately owned businesses, find that cause-related marketing is more prevalent than philanthropy in motivating company contributions to the arts, and also that cause-related marketing motivations are more likely to be associated with successful outcomes and the intention to increase corporate contributions. Similarly, Mescon and Tilson (1987) see support for the arts as a form of advertising, either to reach customers or to communicate some form of 'good citizenship'.

Kirchberg (1995) argues for two motivations – image and sales. He links these two ideas, arguing that corporations align their promotional activities, i.e. the dissemination of a corporate image to a specific clientele (e.g. suppliers, consumers, employees and competitors), and that "corporate arts support is a promotional activity." On the other hand, some firms do undertake arts-based activities that have a strong community focus and with little or no immediate business benefit (Shaw, 1999). Useem (1984) sees that identification of the business name, whether for corporate image or in order to gain access, is "always the starting justification", although firms themselves do not cite publicity as a leading objective (Useem, 1991), but rather the impact on the local community. Thus there is an evident tension between the *initial motivation* and the *uses* to which the activity is put.

Useem (1984) argues that there is also a political dimension to firm support for the arts. In his research he shows how elites use their support for the arts as a form of class-wide politics in order to maintain their position. He shows that there is an inner circle of senior executives who ensure corporate support for the arts. Thus business support for the arts is a form of institutionalised behaviour, which becomes professionalised (DiMaggio and Powell, 1983) and needs to be undertaken in order to maintain social standing. This institutional behaviour is examined by Galaskiewicz (1985; 1997) in a study of giving managers in Minneapolis–St Paul who saw corporate giving as a form of social currency. He finds that companies give more if their CEO, top executives or board members have extensive network ties to a local cadre of business people promoting corporate giving and corporate social responsibility. Galaskiewicz's respondents, in his series of interviews, cited a moral duty to give more frequently than direct business benefit. Himmelstein (1997) points out that the political theory for philanthropy can be a representation of class-wide politics, as identified by Useem or might be used more narrowly by individual managers in order to advance their personal interests or those of their firm. Developing the theory of political motivations for supporting the arts, Neiheisel (1994) finds that the objectives of some of the major sponsors of the arts in Washington DC and New York are to improve their reputation with and access to politicians and others concerned with policy. Indeed, he reports Mobil executives as

making it plain that a major reason for Mobil's support of the arts is to develop a rapport with legislators and regulators.

Thus, in the case of the arts alone, research describes some business-facing motivations but finds few examples of motivations that are pro-social. The literature also points to the influence of personal interest in a political form, both for the individual and for CEOs as a class. In summary, the extant literature provides no consistent picture on why firms are involved with the arts, or which factors would influence particular forms of involvement.

In contrast, standard texts in business and society describe the arts as part of community activities within stakeholder analysis (e.g. Steiner and Steiner, 2000; Frederick et al., 1992; Carroll, 1996). Tables in these textbooks suggest that, in the US, corporate donations to the arts are considered alongside such issues as education and homeless programmes (e.g. Frederick et al., 1992). This presentation of the arts suggests a predominantly social motivation, in complete contrast to the instrumental motives advocated by organisations such as Arts & Business and to the instrumental, agency-based arguments described in the literature above. Further, some of the corporate philanthropy literature points to the possibility of what might be termed philanthropic activity as essentially a form of economic exchange, noting the correlation between giving and advertising (e.g. Pava and Krausz, 1996; Navarro, 1988).

2.5 The Research Gap and Research Questions

The literature thus far has shown the potential for multiple motivations to operate for businesses to undertake corporate philanthropy as well as a number of institutional forces operating on firms to behave in ways that are both legitimate to society as well as to shareholders. However, there is no clear understanding of the motivation for corporate philanthropy, how this motivation(s) fits the environment or how it varies between industries. In an environment where giving is becoming more strategic (Saiia, 1999), exactly what is the strategic benefit that business seeks? In terms of

Schwartz and Carroll's (2003) three domain approach, do firms act from ethical and/ or economic reasons or is there a distinct philanthropic dimension? Indeed, in their discussion of purely ethical acts they themselves observe that motivation is difficult to observe as "it is impossible to fully know all the motives that went into a decision and the resulting consequences." (p.516) We also have no clear understanding of what the balance is between the social interest and the business interest that is claimed as the key characteristic of strategic philanthropy – indeed at what point does strategic philanthropy stop being philanthropic? I have demonstrated that the form and use of the activity is not the same as the motivation. For example, I pointed in section 2.4 to the differences between the initial motivation and the uses to which the activity is put. Therefore, in seeking to understand motivation, I need to identify separately the motivation and the ways in which business uses its philanthropic support as well as find a way to differentiate between them. A possible method is to consider the decision process and, in particular, following the social accounting literature to look at what firms measure and how they legitimate the activity internally. This approach follows the adage that 'what gets measured matters'. In the context of CSP, Carroll (2000) argues "measurement is one part of dealing seriously with an important matter. Furthermore, good management would insist that an area of business performance be subjected to measurement, just as so many other arenas of business and management are measured."

Following this review of the literature, I present the issues to be addressed in answering my research question in Figure 2.4. Firm giving occurs within a context which has both internal and external aspects. The principal internal aspect is the attitude of individual managers, whereas industry and external stakeholder pressure or expectations in the form of business exposure (Miles, 1987) provide an external context. This addresses the causational idea of 'why?' To examine the 'for what purpose?' idea of why, I look at the uses that firms make of their support for the arts and support this analysis with an examination of measurement and evaluation from the internal aspect, whilst looking at the stakeholders addressed from an external aspect. A combined examination of these issues will address the overall issue of motivation.

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                          INTERNAL

Managerial Interests                          Measurement
                                              Evaluation
                              ┌─────┐
CONTEXT  ──────────▶          │WHY? │    ◀──────── USES
                              └─────┘

Industry                                  Stakeholders Addressed
Stakeholder Pressure

                          EXTERNAL
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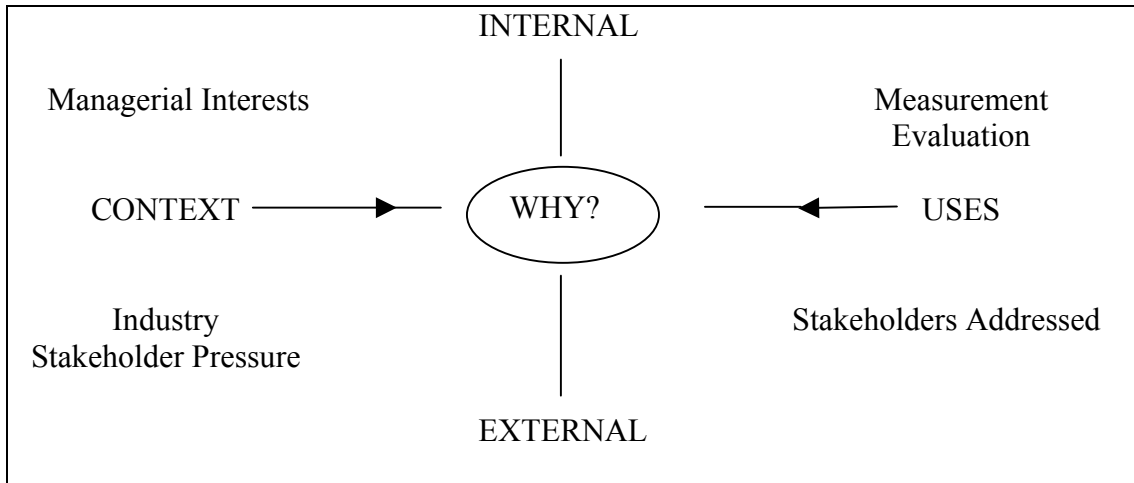
**Figure 2.4: A Schema of Issues to be Considered in exploring the Motivations
for Corporate Philanthropy**

Therefore, in order to answer the question *Why does business become involved with,
and support the arts?,* I also address a number of sub-questions:

Primary motivation

> *What initially prompts business to support the Arts?* Section 2.3.1.5
> has set out a number of possible explanations to be explored.
> What appears to differentiate the motivations of different firms?

Internal legitimation

> *How does business evaluate or measure that support?* The reason for
> considering whether business measures and, if it does, what it
> measures is a way of exploring how the activity is legitimated and also
> provides a basis for triangulating the data. *What other arguments does
> business advance internally for its support?* Beyond basic
> measurement, business may advance other reasons internally which
> will help understand motivation.

The uses of firm giving

What range of activities does the business–arts involvement include, beyond initial motivation? The ways in which business uses its support for the arts may go beyond initial motivation – for example, an initial motive might be marketing but the sponsorship could have aspects of employee involvement.

Throughout, I will keep Young and Burlingame's (1996) four models – neo-classical, altruistic, political and stakeholder – in mind as a means of analysis. The different models might also suggest different ways of analysing data. However, as a stakeholder form of analysis has the power to embrace all four categories, different stakeholders might be seen to be relevant in each case, as argued by Saiia (1999). Therefore, I can add a further research question:

Which stakeholders are the objects or targets of corporate giving to the arts?

2.6   A Framework to Understand Corporate Philanthropy

In this section I develop a theoretically derived framework which I use subsequently to understand motivations for giving. This framework adopts a firm-centred perspective. Although the role of managerial utility needs to be considered in parallel with this analysis, in the context of strategic philanthropy it is the way in which the firm expresses its involvement and the benefits to the firm that are key. Therefore, agency issues are not considered in a central manner within this framework and would need to be examined separately.

My framework builds upon the four ways of thinking about philanthropy proposed by Young and Burlingame (1996):
- Neo classical/corporate productivity
- Ethical/altruistic
- Political
- Stakeholder

although I take the stakeholder model as the focal model.

My framework is constructed around two dimensions. First, both Burlingame and Frishkoff (1996) and Saiia (1999) point to the tension between the focus on the firm's interests and the focus on society's interests. It is clear in Young and Burlingame's (1996) four models that the altruistic and the neo-classical approaches are in direct opposition. The relative balance between the firm's interests and societal interests provides the differentiation between these approaches. The political model goes to the focus of motivation – that of maintaining legitimacy in order to maintain power. Within the political model, the interest might be that of the firm, but would be presented externally as in the interest of a particular stakeholder. This is subtly different from maintaining a licence to operate by attending to the needs of multiple stakeholders. The differentiator again is the relative balance between firm interests and other interests as the risk is that the giving activity is more directed at stakeholder management for economic or other non-societal ends than as a manifestation of some form of responsibility (Owen et al., 2000).

Thus a first dimension along which motivations might be separated is the relative attention paid by the firm to its own (business) as opposed to other (societal) interests. We can see that firms might undertake what is perceived as corporate philanthropy for either more business or societal ends. Pure business interest amounts to no more than the neo-classical approach and advertising can be considered within this approach. Pure societal interest amounts to altruism. In the middle, where both interests are represented, lie both instrumental interests, with a balance between the needs of the firm and the needs of society, as understood by some aspects of strategic philanthropy (Saiia, 2001). Thus, a first approach to understanding motivation might be to differentiate between a business focus and a societal focus which can be regarded as two ends of a continuum. At a basic level, the neo-classical and altruistic approaches would represent the two extremes, as represented in Figure 2.5.
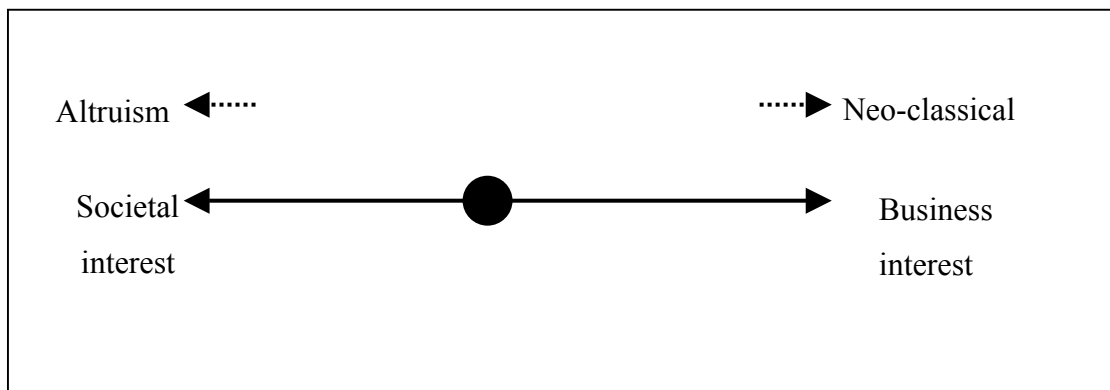
Figure 2.5: A First Dimension
Relative Business-Society Attention

Young and Burlingame (1996) point to the stakeholder model of the firm. This model is not necessarily at variance with the other three models; the issue is really to which stakeholders does the firm attend and how instrumental is this attention. Stakeholder theory sees the firm as being interwoven with society (Wood, 1991a) as opposed to being in a separate economic cocoon. The stakeholder approach calls for an examination of the impacts of firms on all stakeholder groups, which are defined as those groups that can influence the firm or be influenced by the firm (Freeman, 1984). Clarkson (1995) further analyses stakeholders into primary and secondary stakeholders. He defines a primary stakeholder group as "one without whose continuing participation the corporation cannot survive as a going concern" – with the primary group including "shareholders and investors, employees, customers and suppliers, together with what is defined as the public stakeholder group: the governments and communities that provide infrastructures and markets, whose laws and regulations must be obeyed, and to whom taxes and obligations may be due." (p.106) The secondary groups are defined as "those who influence or affect, or are influenced or affected by the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival". The primary stakeholder group, as described by Clarkson, includes government and community as providing the context for business to operate. However, they might also be regarded as secondary stakeholders as they can be influenced by the corporation. An alternative

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separation might be 'direct' and 'indirect' stakeholders which points to the nature of the transactions undertaken by the firm.

However, within the stakeholder model, the key issues are the balance between the firm's and the stakeholders' interests and to *which* stakeholders does the firm attend. Even if business attends to multiple stakeholder groups, it is impractical to focus on all such groups equally. Managers pay attention to those stakeholders who most have the characteristics of power, urgency and legitimacy (Mitchell et al., 1997; Agle et al., 1999).

Following on from this, Saiia (2001) proposes that better understanding of stakeholder needs will increase the strategic use of corporate philanthropic resources to address the issues most pressing for the primary, salient stakeholders. Thus, in an environment where firms are consumer-focused we might expect that they would pay more attention to customers, whereas firms seeking an active licence to operate would pay attention to a wider group of stakeholders. Thus, salient stakeholders will be different for different firms.

Therefore, we can also understand the motivation for corporate giving along a second dimension which focuses on such primary business-focused stakeholder groups as customers, suppliers and employees, as opposed to the secondary stakeholders of communities and the environment, as illustrated in Figure 2.6. Firms might pay attention to both primary and secondary stakeholders; indeed this is what advocates of stakeholder management propose. However, a relatively primary focus could be argued to mean that the intent is more economic, as these stakeholders have a greater impact on firms' value, whereas focus on secondary stakeholders could mean either genuine attention to community-based needs, or else an attempt at securing legitimacy with wider society. The obvious stakeholder missing from this discussion is the shareholder. However, within this proposed framework, the shareholder is dealt with at the business focus end of the business-society continuum of Figure 2.5.
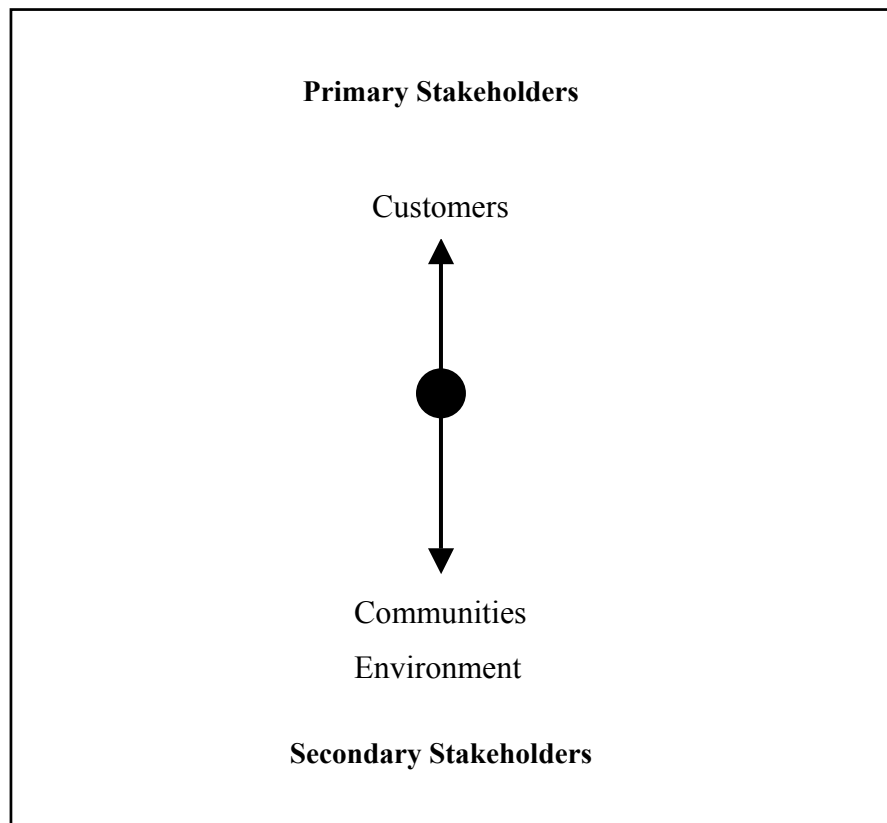
**Figure 2.6: A Second Dimension
Relative Stakeholder Attention**

The two dimensions of relative business-society attention and relative stakeholder attention can then be used together as axes in a two-dimensional graph to provide a framework within which to assess motivation for corporate involvement, as shown in Figure 2.7. This framework, therefore, forms a conceptual model to understand corporate philanthropy generally and which I test empirically in this thesis in the context of corporate support for the arts in the UK. The Young and Burlingame categories can be plotted against the two axes on the graph. Thus, an attention to business interests and primary stakeholders would point to more neo-classical, profit-seeking interests. The political model could be accommodated by an understanding of business interests, operated through secondary stakeholders (Mitnick, 2000). But an ostensible attention to society and secondary stakeholders would also support the use of philanthropy in a political way in order to maintain or obtain legitimacy (Neiheisel, 1994). This combination of society and secondary stakeholders might also support altruism. However, altruism in the general sense (Krebs, 1970) would be more likely

to occur with a very strong societal focus and no particular attention to any particular stakeholder. Stakeholder management could occur anywhere along the primary/secondary axis, but would balance around the origin. Figure 2.7 overlays these categories of corporate philanthropy on my two-dimensional framework.
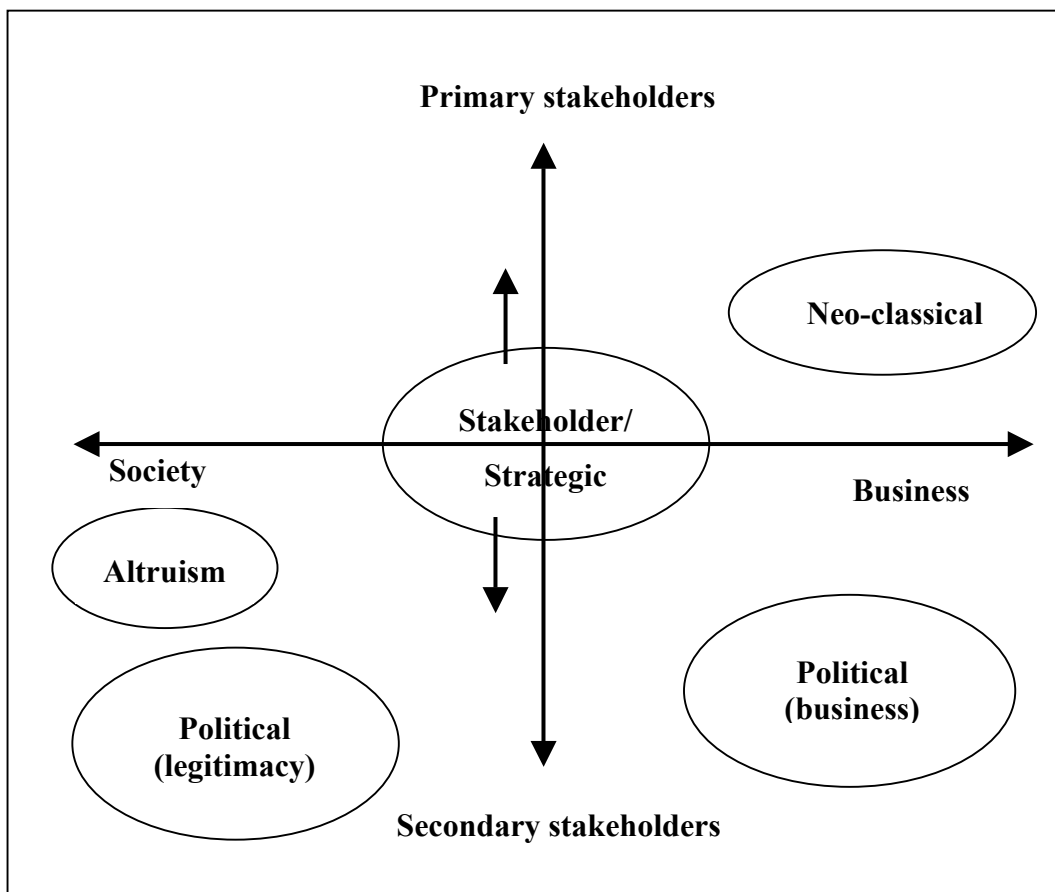
Figure 2.7: An Integrative Framework with the Young and Burlingame Categories Overlaid

Whilst this framework does not answer the question of the precise motivation for any given firm, it does provide a framework within which to undertake an analysis of motivation. There may indeed be multiple motivations, but this framework will allow the dominant issues to emerge by focusing upon the two underlying dimensions. My thesis revolves around establishing and testing this analytical framework, with the

goal of understanding better the motives for corporate philanthropy in general and, in particular, corporate support for the arts in the UK.

2.7   Conclusion

This chapter has positioned the question of why business supports the arts in the UK within the broader corporate philanthropy literature. The literature points to a number of motivations which I have explored, however we still do not know exactly why firms give from this extant work, despite its volume. This thesis develops and tests empirically a framework in order to understand the motivations for business support for the arts in the UK.

An approach to answering this question by examining primary motivations, internal legitimation and measurement and the uses of the giving has been presented, together with sub-questions. Finally, I propose a theoretically derived framework which can be used to help understand motives for corporate philanthropy. This framework is built around two key dimensions - that of relative business-society interest and a second dimension which considers the stakeholders who are the focus of the giving.

The next chapter takes this framework and positions it alongside an exploration of the philosophical position I adopt in this research, together with an explanation of the general methodological approach and the precise research methods adopted in this thesis.

Chapter Three: Methodology
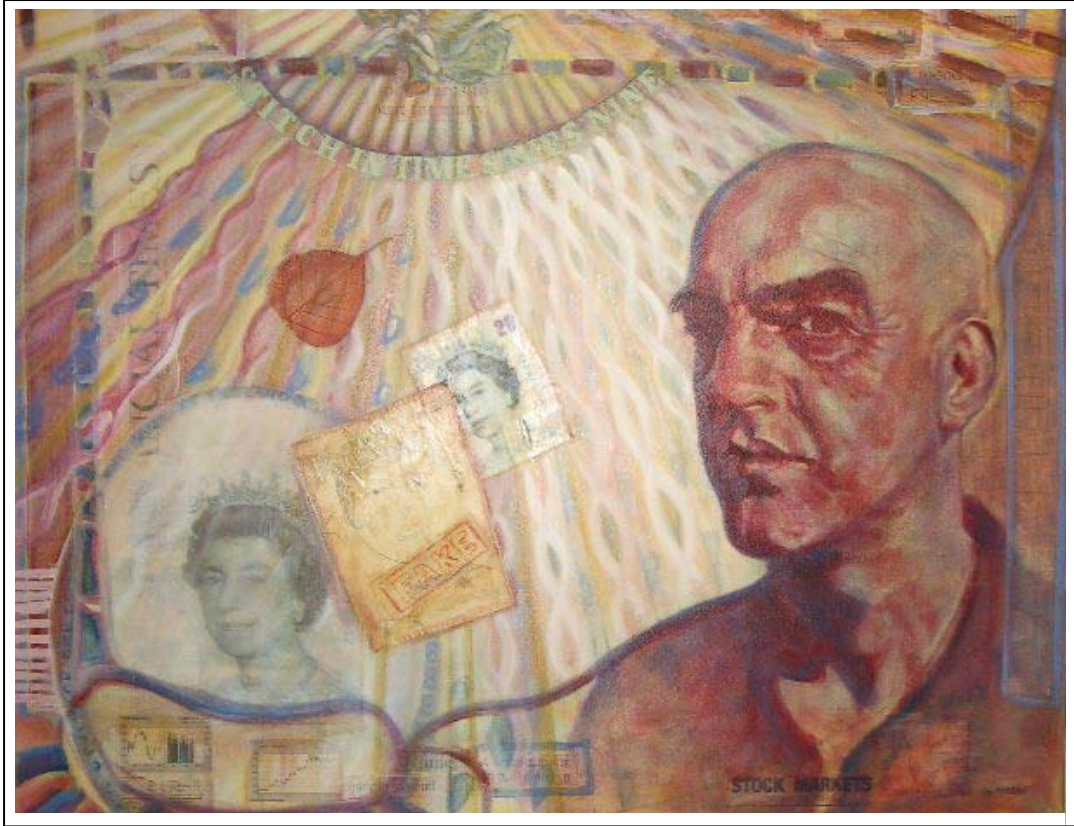
Wendy Hodge "A Stitch in Time Saves Nine" (an interpretation of a £20 note)

Hamlet: Do you see yonder cloud that's almost in shape of a camel?
Polonius: By the mass, and 'tis like a camel indeed.
Hamlet: Methinks it is like a weasel.
Polonius: It is backed like a weasel.
Hamlet: Or like a whale?
Polonius: Very like a whale.

Shakespeare, *Hamlet* Act 3 Scene 2

(on interviewing, after Fontana and Frey, 2001)

3.1   Introduction to Chapter Three

This chapter serves the purpose of linking the theoretical framework I have developed which underpins my research, set out at the end of the previous chapter, with the empirical work which follows in the next two chapters. I first introduce the philosophical approach I take which underlies my research and which follows a social

constructivist ontological approach. The range of ontological possibilities is explored as are the epistemological options in order to answer my basic research question *Why does business become involved with, and support the arts?* The philosophical underpinnings of any doctoral research are important, as they indicate the assumptions made about the nature of social reality by the researcher (Morgan and Smircich, 1980) and the way in which it is possible to gain knowledge of this reality (Morgan and Smircich, 1980; Blaikie, 1993).

The choices relating to the questions of ontology, epistemology and methodology are placed within the framework developed by Burrell and Morgan (1979) for the analysis of sociological paradigms. I critique the Burrell and Morgan analysis and place it within the arguments for middle-range thinking developed by Laughlin (1995).

Following a review of the philosophical approach, I justify my adoption of, broadly speaking, a qualitative research design to answer my research questions. Next, I consider the methodological choices open to me, and provide a rationale for my choice of research methods.

Specifically, I initially conduct content analysis of a suitable set of documents and then use the results of this to motivate my main analysis which is in the form of depth interviews. I also develop the idea of using these two research methods together to triangulate my research findings.

In sections 3.4-3.7 of this chapter, I describe briefly the methods of analysis I adopt in each study, although detailed explanations of these analytic methods are provided alongside the results of each study in the next two chapters. In the first study – an analysis of sixty vignettes – I develop the theoretically derived framework developed in chapter two by using standard content analysis techniques (Krippendorf, 1980), followed by cluster analysis. I then explain how the interviews in the second study were selected and conducted, and the strategy adopted for analysing the interviews, including the use of NVivo software to manage the data analysis.

The chapter ends with consideration of how my research meets standards of quality and rigour.

3.2 The Philosophical Approach

3.2.1 Overview of the Approach

This study is an exploratory piece of research, aiming to gain an understanding of, and extend knowledge about, the motivations for business involvement with the arts and, by extension, to add to the theoretical understanding of corporate philanthropy. The study is theory-building and qualitative in nature with a grounded approach to the analysis (Strauss and Corbin, 1998). The conceptual approach to the research design follows the ideas of middle-range thinking as developed by Laughlin (1995), who argues for a 'middle' position on the levels of prior theorisation, the choice of methodologies adopted and the level of emphasis given to a critique of the status quo. As such I started the research with a thorough review of the literature before the design was developed, to stimulate theoretical sensitivity (Strauss and Corbin, 1998) and also to develop some form of prior skeletal framework (Laughlin, 1995; Miles, 1979). This framework is developed in the first study and issues are identified for further investigation in the second study.

3.2.2 A Framework for Social Science Research

Burrell and Morgan (1979) provide an analytical schema for defining and categorising various philosophical positions in two dimensions. The first dimension reflects the extent to which an objective or subjective world is assumed to exist – i.e. to what extent there is an objective reality that can be apprehended. This is then placed alongside the extent to which society is viewed as being consensual or conflictual, with research paradigms emerging from the resulting matrix – described as the sociology of regulation and the sociology of radical change. The paradigms have implications for the 'appropriate' research methodologies and methods which would be consistent with the respective ontological and epistemological choices made, as

well as the conclusions that could be drawn from using the methods resulting from such choices. In fact Burrell and Morgan state that there are four issues to be considered in the subjective-objective continuum. These are:

- Ontology between nominalism and realism
- Epistemology between anti-positivism and positivism
- Human nature between voluntarism and determinism
- Methodology between ideographic and nomothetic approaches

The key differentiator is whether the researcher believes there is a reality that exists independent of the researcher and is 'out there' waiting to be 'discovered'. This belief is termed a 'realist' conception of reality. Alternatively a more subjectivist approach is possible where the researcher plays a role in constructing the reality (or indeed multiple realities) – this is the nominalist position. Figure 3.1 shows Burrell and Morgan's framework. Four basic paradigms emerge. These are discussed in greater detail in the following sections.

THE SOCIOLOGY OF RADICAL CHANGE

'Radical humanist'	'Radical structuralist'
'Interpretive'	'Functionalist'

SUBJECTIVE — OBJECTIVE

THE SOCIOLOGY OF REGULATION
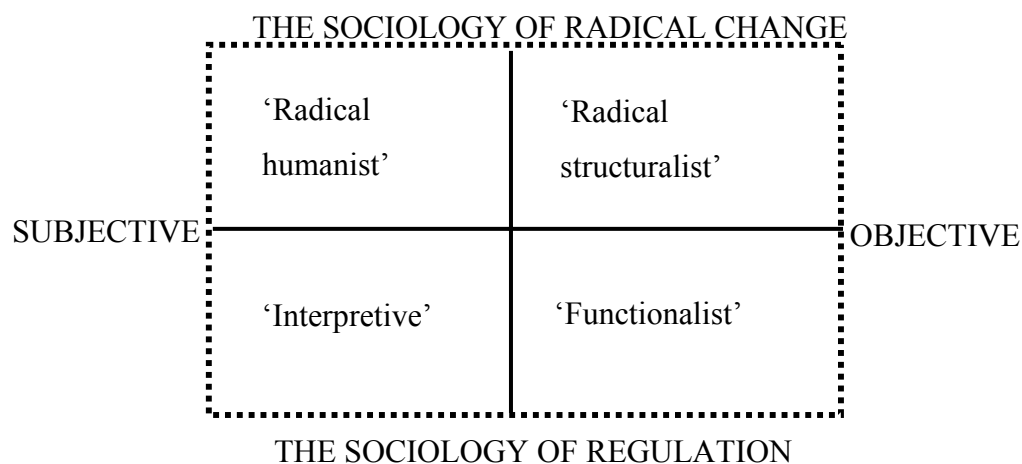
Figure 3.1: Four Paradigms for the Analysis of Social Theory
(Burrell and Morgan, 1979:22)

Whilst this framework is regarded as helpful in providing a way to understand research approaches, it is criticised as being too simplistic by some commentators (Hopper and Powell, 1985; Laughlin, 1995).

Morgan and Smircich (1980) reconstruct the subjective-objective continuum and define a number of positions along this continuum. The ontological positions are shown in Figure 3.2 and move from a subjective view of the world, where the researcher and the research subjects construct their world, towards one where there are clear rules that exist and can be established in a value-free manner. As I discuss below, I position my own views somewhere between 'social construction' and 'symbolic discourse' on this continuum.

Subjectivist		**Objectivist**
• Projection of human imagination		
• Social construction		
• Symbolic discourse		
• Contextual field of imagination		
• Concrete process		
• Concrete structure		
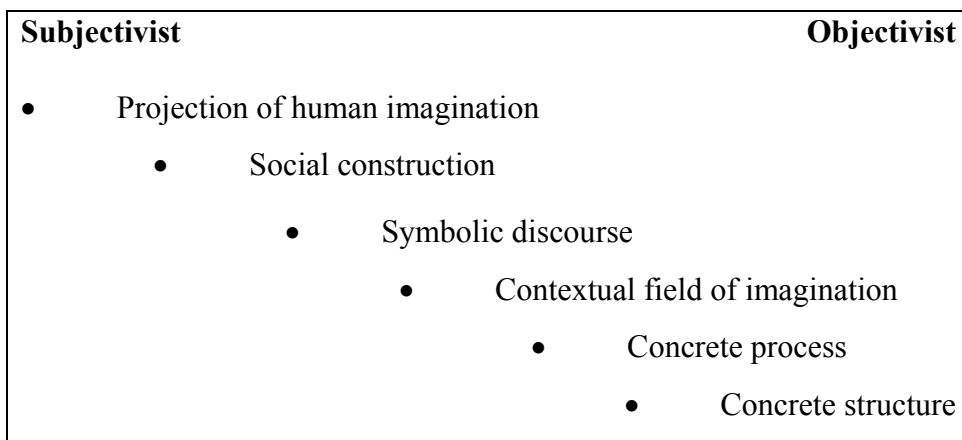
Figure 3.2: Different Assumptions About the Nature of Reality
(after Morgan and Smircich, 1980 as presented in Easterby-Smith et al., 1991)

In the following sections, I discuss each of Burrell and Morgan's five issues in relation to this research study.

3.2.2.1 Ontology – The Reality to be Discovered

Management researchers need to consider an appropriate philosophical approach for their studies, which should also provide a context within which to answer their research questions. Key among these issues is that of ontology, which Blaikie (1993) defines as "the claims or assumptions that a particular approach to social enquiry makes about the nature of social reality."

Burrell and Morgan point to two possibilities. The first assumes that there is a split available between the observed and the observer which means that the nature of the object to be investigated can be researched in a manner which is independent from the investigator and is 'out there' waiting to be 'discovered. This is termed "realist" by Burrell and Morgan. The alternative to this position is a subjective approach, which recognises that the researcher plays a role in constructing the reality in the research process and this is termed a "nominalist" position. I adopt a constructivist position which places me at the nominalist or subjective end of the continuum. Although I accept that there are some objective realities out there, such as Barclays announcing a giving programme with four major arts institutions, or that it is possible to observe that larger firms give more, to me this 'objective' approach is not capable of answering the question 'why?' The literature review in chapter two demonstrates that motivations for giving are typically multiple and complex, and indeed it is possible that meanings of motivation may be constructed differently in different organisations. My position is somewhere between 'reality as a symbolic discourse' and 'reality as a social construction' as described by Morgan and Smircich (1980). They describe the former position as:

"The fundamental character of the social world is embedded in the network of subjective meanings that sustain the rule-like actions that lend it enduring form. Reality rests not in the rule or in the rule-following, but in the system of meaningful action that renders itself to an external observer as rule-like." (p.494)

Indeed, the review of legitimacy within chapter two would be consistent with such a position. My approach does not mean that there are no realities out there to be observed, such as the role of key individuals in the decision making process. However the interpretation of such activities and the meanings that could be given to those activities are largely subjective.

Although Burrell and Morgan (1979) present a dichotomous position, the later Morgan and Smircich (1980) continuum of Figure 3.2 allows for a blending of

objective and subjective research methods. The end points of the dichotomies are extreme positions and although many capital market studies or positive accounting theorists would be positioned at the objective extreme, it is unlikely that everyone working in the field of corporate social responsibility would be located at that end point.

3.2.2.2 Epistemology – How the World can be Known

Blaikie (1993:6) describes epistemology as:

> "the claims or assumptions made about the ways in which it is possible to gain knowledge of this reality, whatever it is understood to be; claims about how what exists may be known. An epistemology is a theory of knowledge; it presents a view and a justification for what can be regarded as knowledge – what can be known, and what criteria such knowledge must satisfy in order to be called knowledge rather than beliefs."

Following the same objective-subjective continuum, Burrell and Morgan point to choices between a positivist or anti-positivist position with the difference between them relating to the extent to which generalisations are thought to be possible from the data. A positivist position assumes that general laws are possible because the regularities out there can be observed. However, absolute truth cannot be found, rules are only provisionally true and, following Popper, can only be falsified – so findings can be 'consistent'. Therefore a large number of observations is required. By contrast, an anti-positivist position is less interested in laws, but in feelings and understanding. Thus, if a nominalist ontology is adopted which views, to some degree, reality as being socially constructed or that individuals can create their own reality, it follows that it is difficult to translate these subjectively created realities into generalisable laws. Thus any such stories developed about the nature of the world can only provide insights into it and externally verified and generalisable truth is unattainable.

In the context of this research, I argue for multiple sources of evidence which then require interpretation. In my first study, I use content analysis of texts. Although these

will reveal patterns, the choice of analysis is mine and is, ultimately, subjective. These data need to be supported by further evidence in the form of interviews. Here I apply my own analysis, but then discuss this 'reality' with the interviewee in order to co-construct a 'shared reality' and to arrive at a meaningful interpretation of the interview data. This also adds to the validity of the results as advocated by Miles and Huberman (1994:277).

3.2.2.3   Human Nature – Free Will

The third issue on the objective-subjective axis of Figure 3.1 is the extent to which the environment affects human behaviour. The objective end is characterised by the position that the environment determines human nature which is termed determinism. As such, all humans in the same environment are expected to behave in the same way as a result of the environmental force. This view is thus consistent with a realist ontology and a positivist epistemology. At the other extreme, human beings are free agents and react to social contexts in individual ways as a result of the way they perceive their 'reality'. This is termed voluntarism.

Whilst I generally subscribe to the voluntarist view of human nature, I also acknowledge that the pressures of conditioning within society mean that individuals might respond in similar ways in similar situations. This would also be consistent with the isomorphic processes arising from institutional theory (DiMaggio and Powell, 1983; Galaskiewicz and Burt, 1991).

3.2.2.4   Methodology

The final element of the objective-subjective axis to be considered in Figure 3.1 combines the first three issues of ontology, epistemology and human nature in order to draw conclusions about the appropriate methodology to be adopted in my research. If the objective position (realist, positivist, determinist) which requires generalisability is adopted, then the nomothetic approach of large-scale investigations such as surveys or large datasets is required. In addition, results would need to be susceptible to measurement, together with the associated possibility of derivation of formulae and

precise relationships. The alternative position involves methodological pluralism and focuses on methodologies designed to enable the multiple realities to be made visible. This is termed an ideographic research approach, with the focus on ideas, often with consideration of individual accounts.

3.2.2.5   The Nature of Society

The final factor in Burrell and Morgan's model is that of the nature of society (1979: 10-20) and this forms the vertical axis in their framework as illustrated in Figure 3.1. A dichotomy is presented which contrasts a regulatory or consensual understanding of the nature of society with a radical change or conflictual view of society. The regulatory view assumes that society is stable and that it tends to continue over time. Research from this perspective seeks to explain why social disintegration does not occur and what mechanisms hold society together. In particular, the status quo is accepted as the appropriate form of social organisation. The opposite end of the spectrum is characterised by a dissatisfaction with current society and therefore seeks to understand why society changes and how change may come about. Very often, the researcher has some concept of the desirable direction of change.

Within the corporate social responsibility literature there is an acknowledgment of the current market basis of society in the West. However, there is also an ongoing tension over the purpose of the firm which drives some researchers. Thus, an adoption of Friedman's (1962) position that business should be run in the interest of shareholders is at odds with those who would call for a moral radical approach to 'responsible' business. I ally myself with this second group who would also call for business to be more accountable to wider society (Gray et al., 1996).

3.2.3   A Middle Range Position and Other Ideas

Laughlin (1995), while recognising the simplistic nature of the Burrell and Morgan approach, believes they have identified most of the key domains for choice in approaches to empirical research. He identifies three choices to be made prior to any investigation – theory, methodology and change. For each dimension a choice of high,

medium and low can be selected. Thus the theory dimension relates to high or low levels of the use of prior theorisation. The methodological choice dimension spans the range of high or low levels of theoretical closure, whilst the change dimension relates to the researcher's choice regarding high to low critiques of the status quo and the need for change. Laughlin (1995) presents an argument for choosing the mid-point on each continuum as opposed to a strongly positivist or a purely interpretivist approach and refers to this as 'middle-range thinking'. This position takes an ontological perspective which accepts a reality separate from our understandings but does not discount the 'perceptive bias in models of understanding'. (Galaskiewicz, 1997). Thus generalisations about reality are attainable, but not guaranteed to exist and the theories that emerge can be 'skeletal', needing empirical detail to make them meaningful. The research methodologies adopted are primarily qualitative, with meanings deriving from both the researcher and the researched. The data chosen to be analysed are heavily descriptive. Finally, the change axis acknowledges that there may be situations where a critique of the status quo and the need for change are important, but this may not always be so. Thus there is openness to radical change as well as maintenance of the status quo.

Although Laughlin develops his arguments against the background of the German critical school, particularly Habermas, he makes it clears that "support for this approach is not dependent on requiring the reader to adopt Habermasian critical theory." (p.78) What matters is that there is a need to approach research through various forms of discourse analysis:

> "It is this fundamental ability and necessity to use language to make public what we are doing and why we are doing it and, where we need to convince, also to use argumentation in this process, that justifies the use of discursive processes as a criterion for the choice process." (p.78)

The need for prior theorisation *or not* is a key question in much analysis of qualitative data. In particular, it is a basic premiss of the original form of grounded theory (Glaser and Strauss, 1967) that theory should emerge only from the data and that the research

should not be contaminated by prior theorisation. In later work, Strauss and Corbin (1998) modify this position to accept that literature, whilst not data, might be used to stimulate thinking about the properties or dimensions that can be used to examine the data. Miles (1979) takes this position further such that "a rough working frame needs to be in place near the beginning of fieldwork." (p.591) Miles and Huberman (1994:20) extend this idea:

> "As qualitative researchers collect data, they revise their frameworks – make them more precise, replace empirically feeble bins with more meaningful ones, and reconstrue relationships. Conceptual frameworks are simply the current version of the researcher's map of the territory being investigated."

Based on the above arguments, the methodological approach I take in this thesis adopts the following positions:

- A middle range ontological position as proposed by Laughlin. We live in a social world where we construct our realities and where that reality is often constructed around us. This is especially true of accounting (Hines, 1988). This does not dispute that there are certain 'facts' out there, such as 'Barclays has committed money to the Royal National Theatre' but that the interpretation of these 'facts', particularly motivation and intent is a social construction both within the organisation and by those who are the 'objects' of the giving. Indeed, the world into which such actions occur is open to the suggestion that part of the intention of the giver is to construct a 'reality' which they wish others to believe.
- An epistemological position which does not accept that knowledge can only come from studies of regularities and causal relationships. Thus knowledge depends upon contexts and is a subjective exercise. This needs to involve some understanding looked at from the perspective of the researched.
- Human beings are not always conditioned by their environment. However the environment may condition the individual's thinking, who is thus, not

completely free-willed. So, in Burrell and Morgan's approach I am more towards the middle of the range of voluntarism and determinism.

- On the issue of change, I start from a position that all research is political, following Max Weber, and that the choice of subject already privileges the issue. However, overall I adopt Laughlin's position that some research may not require radical change in society. Within this research, I do recognise that there may be power issues at play – not least those associated with certain firms seeking a licence to operate.

- Consequent upon the positions I adopt on ontology, epistemology and human nature the appropriate methodology is ideographic, relying largely on qualitative measures.

In some ways this approach might be seen to follow a social constructivist approach (Denzin and Lincoln, 2000). However my pragmatic approach, particularly that my research be capable of practical application by managers as well as contributing to the theoretical development of an understanding of corporate philanthropy, leaves me close to Laughlin's middle-range position. Central to the output of this research will be my own interpretation and as such (and usefully using an artistic metaphor) the results will be those of the bricoleur – "a complex, quilt-like bricolage, a reflexive collage or montage – a set of fluid, interconnected images and representations" (Denzin and Lincoln, 2000). Therefore, a high degree of reflection is necessary in the interpretation of the data to be collected and their analysis; the ways in which the validity or credibility of this process are obtained are discussed in the next section.

Given this review of philosophical positions available, a largely qualitative research design is appropriate. However, quantitative methods in the form of counting, measuring or statistics can be useful in pointing to areas for further research or supplementary research (Strauss and Corbin, 1998), although they cannot reveal any ultimate 'reality'. Blaikie (1993:39) cites Weber as pointing out that motives can be both rational and non-rational. Therefore, a suitable methodology must address both the overt motives as well as trying to uncover that which is hidden. My methodology will also use multiple research methods to establish different views of the phenomena

under investigation (Easterby-Smith et al., 1991) – corporate giving to the arts – with an aim of understanding this process (Lincoln and Guba, 2000).

Above all else, it is the nature of my research question which calls for a largely qualitative design. Strauss and Corbin (1998) note that research that attempts to understand the meaning or nature of experience of persons with problems "lends itself to getting out into the field and finding out what people are doing and thinking." (p.11) Although my research deals with organisations rather than people, the ability to find out how the key actors in the organisations view the issues being researched is best addressed by being in the field. However, I listen closely for separation between the organisational response and those of individual informants or decision-makers.

3.2.4   Conclusion to Philosophy Section

This section has set out the main issues to be considered in constructing an appropriate methodology in my research. The essential tension is between subjective and objective positions. I have adopted a constructivist position which means that I will look to multiple research methods together to answer my research questions. Any theoretical development is provisional (Strauss and Corbin, 1998) and can be skeletal (Laughlin, 1995). To use an artistic metaphor, I will create a *collage* and then interpret it. Importantly, however, this interpretation will need to have some involvement from the researched subjects. The next section describes the precise methodological choices adopted in my research.

3.3   Methodology and Research Design

3.3.1   Characteristics of the Research Design

My philosophical approach means I will need to adopt a largely qualitative methodology. However, the methodology should be able to answer my research questions as well as satisfying the criteria of validity. In many ways in qualitative

research this issue is more about credibility[1] – has rigour been applied within an explicit analysis and does this analysis make sense? Thus criteria for judging reality or validity are not absolutist, "but rather are derived from community consensus regarding what is 'real', what is useful, and what has meaning" (Lincoln and Guba, 2000:167). In the previous section, I have argued for multiple methods in order to answer the research question. This section sets out the actual structure of my methodology.

Before the development of my theoretical framework presented at the end of the previous chapter and illustrated in Figure 2.7, I undertook three exploratory interviews with three different types of organisation – a large bank, an international accounting firm and a large law firm. These interviews were undertaken in order to sensitise me to the issues salient to business as well as to allow me to develop ease at interviewing and to provide experience in analysing the data. The different organisational structures also allowed me to consider the organisational context for research. In particular, the nature of the role of individual partners' preferences in the law firm meant that I decided to focus on firms which were either publicly quoted or where the role of the individual owners was not pronounced, as they were in the case of the law firm but not the accounting firm.

I carried out my literature review, summarised in chapter two, alongside these exploratory interviews. I then developed the theoretical framework from the literature review, using some basic insights from the exploratory interviews, as advised by Miles (1979).

I develop this framework throughout the research in order to give a rich description of the motives for business involvement with the arts in the UK and to theorise what gives rise to such motivations. However, and throughout, an open-minded and flexible

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[1] Denzin and Lincoln (2000:21) note that in the constructivist paradigm "terms such as credibility, transferability, dependability, and confirmability replace the usual positivist criteria of internal and external validity, reliability, and objectivity." I adopt a largely pragmatic approach to these issues and adopt Silverman's (2001) tests for evaluating qualitative research – see below in section 3.8.3.

approach is adopted, with constant challenge to the emergent framework (Miles and Huberman, 1994).

3.3.2 Choice of Data Collection Methods

Within a largely qualitative research design, a range of data collection methods is available. The ones I considered include interviews, observation, analysis of publicly available texts and analysis of internal documents. These could be used singly or in combination, provided they could both help answer the research question and also be consistent with the philosophical position adopted. Observation would require access to both internal meetings and also, potentially, to negotiations between bodies. This approach is more suited where a limited number of cases are to be examined, not least due to the constraints of time even before the access issue is considered. As I wished to look at a range of business involvements with the arts, this did not seem practical.

In research which does not have clear propositions to test and where there is a need to develop a model of what is going on, this indicates the suitability of either a case study, multiple case studies or the use of interview methodology and the use of a qualitative research design (Hartley, 1994). Hartley (1994) states that "case studies have an important function in generating hypotheses and building theory." Given my research question's focus on how business as a whole, rather than a specific company, is involved with the arts, I need to look at a number of businesses and be able to build a theory that can account for any variation discovered. However, given the bounded nature of my research and the precise issues to be explored, this need points to the use of interview methodology across an appropriately selected group of businesses, rather than more limited multiple cases.

In some ways, I am studying how different organisations position their giving within their organisational setting. Wolfe (1991) develops Schein's (1984) argument that organisational culture can be analysed at three levels: visible artefacts, espoused values and basic underlying assumptions. Schein then argues that visible artefacts such as public documents are easy to obtain, but difficult to interpret. "To interpret

why …we often look for values… but as values are hard to observe directly, it is often necessary to infer them by interviewing key members of the organization or to content analyze artefacts such as documents." Wolfe argues that content analysis can address both visible artefacts and espoused values but that basic assumptions require "a kind of focused inquiry …[involving] the efforts of both an insider who makes the unconscious assumptions and an outsider who helps to uncover the assumptions by asking the right kinds of questions." (p.284)

Following this argument, I therefore chose a mixed research method consisting of interviews and document analysis. This combination allowed me to match responses in interviews to texts as well as help uncover these 'assumptions'. I then had a number of choices to make over the selection of documents. I identified a public source which allowed me to address my question directly – a particular website. I describe this dataset in the next section. The choice of dataset is such that it addresses my research question directly and is less subject to attack on the grounds of being written with motives which might confuse the analysis. However, I also considered a wider set of documents such as annual reports, corporate websites and public advertisements. The issue with these is that, as with all documents, they may be written with a particular message in mind. For example, the social accounting literature has highlighted the use of annual reports by business as a legitimation activity on the part of the reporting firm (Gray et al., 1996). In this context, social accounts would extend to any account a business gives of its activity. Various forms of analysis of advertisements would also have been interesting; in particular an analysis of the messages passed to different stakeholder groups would have been useful in developing my framework. However, I was unable to identify a reliable, consistent and complete source of advertisements. I did attempt to collect advertisements from arts organisations; however, this attempt would not have satisfied a systematic criterion of validity (Silverman, 2001). So, having identified a satisfactory dataset, I decided first to analyse those data as a first study and then undertake a series of depth interviews, using a number of open questions. In addition, I decided to seek further documentary evidence at each interview to look for contradictions between what I was told and how this was presented in documents as well as further confirmation of what emerged in the

interviews. These supplementary data included internal memos and papers, website references and annual and social reports and are listed in Appendix C.

A further consideration with interviews is whether to interview a small number of organisations or situations in depth or to interview more broadly. Cross-sectional designs usually consider a number of units (people, organisations, relationships or transactions) in different contexts. In a qualitative design, explanations are sought inductively from data to build theoretical knowledge. An alternative approach could include a longitudinal design; however this would be addressing a different research question. The reasons why firms might undertake philanthropic activity change with time (Sharfman, 1994; Nevin-Gattle, 1996) and my research study seeks to explore the issue of motivation cross-sectionally at the present time. Consequently, my research involves interviews with a large number of organisations.

Given the breadth of business involvement, the preference is to adopt an inductive research design. This will necessitate an 'iterative approach of travelling back and forth between the data, pertinent literature and emerging theory' (Elsbach and Sutton, 1992).

3.3.3 The Level of Researcher Involvement

Choices have to be made about the level of researcher involvement. Although the positivist view is that science is value free and that results are only valid if the results are independent of the researcher, the interpretivist position is that the results have to be interpreted by the researcher. With a qualitative design, there is inevitably a need to find a basis on which to interpret the results. I start with a theoretical framework, but throughout I challenge this framework and modify it as I develop a deeper understanding. In particular, my interview structure involves a section where I feed back to the participants the interpretation which I place upon their responses in the light of my emergent framework. This approach is recommended by Miles and Huberman (1994). It also supports my philosophical position where I seek to understand the shared 'reality' with my informants, whilst being mindful that their

world-view might have already been socially constructed for them and therefore requires challenge. As Coffey and Atkinson (1996:108) put the issue:

> "analysis is not about the representation or reconstruction of social phenomena. We do not simply 'collect' data; we fashion them out of our transactions with other men and women. Likewise, we do not merely report what we find; we create accounts of social life, and in doing so we construct versions of the social worlds and the social actors that we observe."

Morgan and Smircich (1980) argue that researchers should be more explicit about the nature of the beliefs they bring to their field of study. I have set out my views, especially on my particular ontology above. I tend towards the position that Morgan and Smircich describe as reality as symbolic discourse. Although I am studying how *organisations* are motivated and therefore there is the risk of reification of my subjects, my reflection on the prior literature points out that these 'realities' are communicated by individuals within those organisations either internally as a process of internal legitimation or else externally to particular stakeholders. Thus patterns may be evident, but these patterns are open to the "interpretations and actions of individual members." (p.494)

3.3.4 Summary of Methodology

Following the analysis above, the different stages in the methodology I adopt in this research are:

- Initial review of the literature and identification of the field
- Exploratory interviews
- Further literature review leading to focused research questions
- Development of an analytical framework
- The first study, based on analysis of a suitable publicly available dataset
- The second study, based on depth interviews, supplemented by further documents to enhance validity

- Travelling back and forth to the literature throughout the study together with development of new and/or revised frameworks

The next two sections set out the detailed methods adopted in the two main studies in this research.

3.4 The First Study – Validating and Developing the Theoretical Framework

3.4.1 Purpose of the Study

My first empirical study looks at a set of data where business discusses its involvement with the arts. Although the study will give insights into *how* business argues for its involvement with the arts, this may not explain *why* business is involved with the arts. It might, however, provide an insight into what is a legitimate way to present such involvement, together with providing me with further insights I can explore more directly in my second study. In particular, my first study serves two purposes. First, I use it to test the utility of my theoretical framework presented at the end of chapter two as well as providing insights into how it might be developed. As such, the analysis will provide a deeper basis for the structure of my interviews. Secondly, the study will also provide a valuable basis for an initial coding structure of the apparent motivations of business for its involvement with the arts. This coding structure will then be developed during my second study.

3.4.2 The Dataset

To address the research question an appropriate source of data describing business involvement with the arts across a wide group of firms needs to be identified. Ideally, such a database should not have, as its primary purpose, the aim of representing business to the target stakeholder group(s) as this would suffer from accusations of impression management or legitimation (e.g. Guthrie and Parker, 1989; Gray et al., 1995a).

During 2001 the Arts & Business[2] website (www.aandb.org.uk) listed 95 case studies of businesses supporting the arts which are cited as "some of the most successful partnerships forged between business and the arts." These case studies were each written by Arts & Business staff, but then agreed by the businesses involved. A senior member of Arts & Business, on being asked, described the purpose of these case studies as 'illustrative and inspirational' – therefore we may assume that at least part of their objective is to encourage greater business involvement and thus the texts will be clearer about why the firms undertook such activities. As such, these vignettes offer a way to examine those aspects of business involvement with the arts that are regarded as important to business. They are not aimed directly at the mass public, but are available in a public source. Although any statement given by a firm suffers from the bias of seeking to manage a reader's impression of the firm, analysis of these cases should provide an alternative perspective less subject to such bias; not least because the original words were proposed by a third party. There is likely to be less deliberate attention paid to the presentational issues than in either annual reports or firms' advertisements. Therefore, these vignettes offer a novel dataset with which to unpick part of business motivation for such activity. As I explain in section 3.3.1, an analysis of other documents such as annual reports might reveal more about how firms wish to present their activities rather than any underlying motives. Whilst such an analysis of presentation is itself an interesting question and might shed some light on motivation, it is essentially a different research question from the one I am considering.

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[2] Arts & Business is an organisation funded by a number of bodies, notably the Department for Culture, Media and Sport (DCMS), the London Arts Board and also by business members. Its objective is primarily to 'build creative partnerships between business and the arts' (Arts & Business, 2000).

3.4.3   Analysis of the Dataset

3.4.3.1   Content Analysis and Coding

Sixty of the 95 cases are appropriate for analysis[3]. My objectives for this analysis are:

- To identify the motivations stated by business for giving to the arts
- To observe whether there are patterns or groupings and, if so, what these are and on what basis
- To test the utility of my theoretical framework and identify whether it is a meaningful way to address my research question

To identify recurrent 'themes and issues' (Denzin and Lincoln, 1998) the case studies are analysed using formal content analysis. The use of content analysis to derive meaning from texts, particularly in the area of social accounting and corporate social performance, is well established in the literature (Gray et al., 1995a; Milne and Adler, 1999; Unerman, 2000; Wolfe, 1991; Zéghal and Ahmed, 1990.)

Krippendorf (1980:21) defines content analysis as "a research technique for making replicable and valid inferences from data to their context." Krippendorf claims that the benefits of content analysis are that it is an unobtrusive method, it accepts unstructured material, it is context sensitive and so can process symbolic forms and that it can handle large amounts of data.

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[3] Some of the vignettes are not about business giving to the arts, some describe the use of arts-based training and others describe the involvement of a single individual from a firm as a volunteer in an advisory capacity to an arts organisation. These are all excluded. Further, in order to allow explicit focus on the tension between economic and social benefits, those cases relating to public sector organisations, owner-managed firms and small partnerships are also excluded.

Weber (1990) states that the stages in setting up a coding scheme for content analysis are:

1. Define the recording units

    word

    word sense

    sentence

    theme

    paragraph

    whole text

2. Define the categories

3. Test coding on sample of text

4. Assess accuracy or reliability

5. Revise the coding rules

6. Return to step 3

7. Code all the text

8. Assess achieved reliability or accuracy

I adopted this process as described below. Following Weber's structure, I first determined that the unit of analysis would be a sentence. In order to address the first dimension of the framework identified in chapter 2 (and repeated here as Figure 3.3) and to establish the relative emphasis between business and society, each sentence in the vignette which states a business benefit or motivation, a societal benefit or motivation, or both, is coded as either business interest or societal interest. Thus, for each sentence, the maximum number of 'points' that could be included are 2 – either there are no business or societal benefits mentioned (0), there is mention of *either* business benefit(s) *or* societal benefit(s) (1), or there are *both* business and societal benefits (1 each). The total number of mentions of business benefits and societal benefits in the narrative is then separately summed. For example, the sentence; "the company benefited from an association with a leading arts organisation, taking the work of deaf artists to a wider European audience" is coded as both a business benefit (the 'benefited from association'), and also a societal benefit (the extension of the

work to a wider audience). Sentences which are purely descriptive about the work such as "this year, the 40th Festival was considered to be the most important and influential non-competitive film festival in the world…" are not coded at all.

At the same time, each category of business benefit or motivation or societal benefit or motivation is collected in a separate list of emergent codes. Although these would not form the basis of the core analysis of this study, they do provide a basis on which to build in my second study.
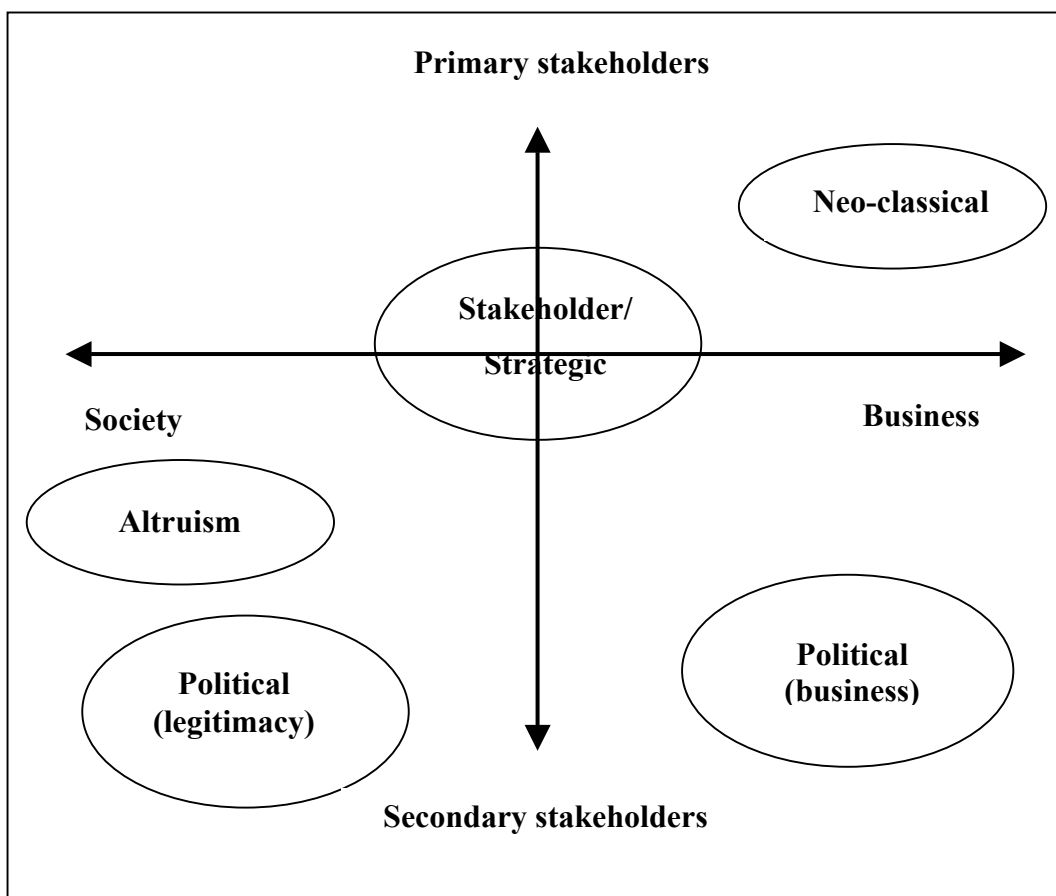
Figure 3.3: An Integrative Framework with the Young and Burlingame
Categories Overlaid (repeated from chapter two – Figure 2.7)

An alternative approach would have been to have taken proportions of a document or to have counted absolute content as has been carried out in other studies (e.g.

O'Dwyer, 2000). However as my interest is in the *relative* attention paid to business interests or societal interests, I decided to continue with the single sentence as the unit of analysis. Furthermore, a consistent approach which considered proportions of a document as used by Gray et al., (1995b) would be inappropriate due the very different styles and lengths of the vignettes. I kept this issue in mind as coding continued and concluded that the approach I adopted provided sufficient consistency.

The second dimension of the framework relates to the relative attention given to particular stakeholders. The number of references to each of five stakeholder groups – customers, employees, community, shareholders and environment – are counted by a keyword-in-context ('KWIC') method. This involved searching the texts via the use of NVivo for specified words such as employ, employee and employer and then looking at those words in context in order to confirm that they had the sense of the stakeholder intended. Thus phrases such as 'business environment' were disregarded. I also considered synonyms such as 'staff' for 'employees'. I then summed the counts for each keyword within NVivo. The results were then transferred to Excel for basic analysis and further calculations.

The output of the content analysis was captured in the software program NVivo. I describe more about NVivo in the next section, where its potential for analysis is more relevant. For this study, the benefits were that the texts could be coded rapidly in exactly the same way as they would be manually and that the basic counts are easily available by using the software. This helped with accuracy in one way as one risk is that of miscounting, perhaps through tiredness or lack of attention. This risk was avoided. Krippendorf (1980) claims that the key issues of reliability are:

- Stability – the consistency of codes over time
- Reproducibility where more than one coder is used or is the idea that the same results could be achieved under different circumstances with different coders
- Accuracy is the degree to which a process conforms to a known standard.

Krippendorf notes that the standard of accuracy is rarely used in content analysis. The purpose of my content analysis was relatively straightforward – there was no intention to provide interpretation other than simple counts and so it was unnecessary to use multiple coders. The rules were clear, therefore using a single coder was appropriate (Unerman, 2000). Furthermore, this form of analysis is not so far removed from coding of interviews, where the key issue is to make the rules for coding transparent. The remaining issue is therefore that of stability. I coded all 60 documents over the course of a period of two weeks. At the end of the coding, I returned to the earliest documents coded and found that there was no need to change my results, other than in two instances. I therefore concluded that my coding procedure is reliable.

3.4.3.2 Analysis

The key idea behind content analysis is that the frequency with which an issue is mentioned means that it is more salient for the author. Krippendorf (1980:40) states that the "frequency with which a symbol, idea, or subject matter occurs in a stream of messages tends to be interpreted as a measure of importance, attention or emphasis." Krippendorf continues to note that there is a problem with drawing these inferences, as there may be other purposes in the communication. However, as this body of texts may reasonably be viewed as businesses addressing other businesses about why they have been involved with the arts, the approach I adopted is reasonable.

Therefore, the next step is to develop measurable scales of relative attention, using the sentence counts and the KWIC from the content analysis.

The relative business-society variable is derived as

$$x = n_b / (n_b + n_s)$$

where n_b is the number of references to business benefits or stated motivations and n_s is the number of societal benefits or stated motivations. Similarly the primary-secondary stakeholder variable is given by

$$y = n_1 / (n_1 + n_2)$$

where n_1 is the number of references to the primary stakeholders of customers and employees, and n_2 is the number of references to the secondary stakeholders of community and environment. In each case 0.5 is then subtracted in order to centre each measure on zero. Each case is then plotted graphically.

Cluster analysis (Miles and Huberman, 1994:248) is then applied in order to identify patterns of motivation by different firms using SPSS. The squared Euclidean distance measure is used together with the furthest neighbour method. There are a number of other possible methods available within SPSS such as nearest neighbour or the Ward method; these give similar results.

The resulting clusters are then interpreted against patterns of industry and art forms supported. The results are reported in the next chapter. Unlike other uses of content analysis where there is an attempt to derive some form of 'reality' by an unobtrusive approach, my analysis, whilst using counts, is qualitative rather than quantitative. As Weber (1990) puts the issue:

> "Interpretation is in part an art. Those who naively believe that data or texts speak for themselves (the doctrine of radical empiricism) are mistaken. The content analyst contributes factual and theoretical knowledge to the interpretation." (p.62)

The final part of the analysis was to collect and group the codes of the types of motivation as a basis for the development of my understanding and in preparation for my second study.

3.5 The Second Study – Interviews

A limitation of my first research study is that, whilst content analysis is an unobtrusive research method, the interpretation of the data is my own. Furthermore, the data in that study may tell me more about how firms wish their involvement to be perceived rather than revealing the underlying motivation and might thus be biased. Therefore, to provide an alternative perspective and to address the issue of potential bias, I undertake depth interviews. Thirty-nine interviews in total were undertaken with 23 different businesses, 12 arts organisations and two consultancies. They were all tape-recorded and transcribed for subsequent analysis. In total there were over 29 hours of interviews yielding over 450 pages of transcribed data. The data from these interviews will also allow me to test and enrich my theoretical framework.

3.5.1 Selection of Organisations to be Interviewed

My first idea was that only businesses should be interviewed and that the proposed informant for each interview should be the senior individual within the firm with responsibility for managing relationships with the arts organisations. These individuals would be able to provide the rich description that I sought. The reason for interviewing only one individual is that it is likely that only one individual in the firm would have the detailed understanding of the business involvement with the arts, given the specificity of the subject. Anyone more senior would move into generalities and those more junior might not have a grasp of the wider organisational issues. Problems might arise in drawing out the *organisational* intent from a single informant, as it might be construed that this is really just the perspective of the interviewee. I addressed this concern via a number of methods. First, as I explain in section 3.5.3.1, during the interview I use a number of probes in order to look for further evidence of organisational issues, such as asking for details of decision-making processes or other confirming data. Secondly, prior to the interviews, I had consulted public documents such as the corporate website in order to discuss specific issues. Thirdly, I also sought other documents to provide further confirmation – these

are listed in Appendix C and I discuss their use in section 3.8.1. Fourthly, I also carried out interviews with arts organisations and consultancies which provide further corroboration – the links from these other interviews to the business interviews are listed in Appendix C. Finally, at the end of the interview, and frequently following a series of probes, I agreed the ultimate motivation with the interviewee such that the construction of the 'reality' of the organisational motivation is not that of the interviewee alone, but was jointly constructed with an informed interviewer. Indeed, in most of the interviews, the interviewee did not have a clear position on motivation until that stage of the interview. However, there was also the practical issue of who would be prepared to see me, so on one occasion (B25) I interviewed someone more junior than I would ideally have liked. Nevertheless, this individual proved to be a good informant, providing a direct response rather than the initial crafted corporate position. The junior status of this respondent did not invalidate the response overall of this interview. He provided some useful insights on how decisions were taken, although he did acknowledge that he did not have a full understanding of some decision factors. On further reflection, I decided also to interview some of the arts organisations. These additional interviews would assist in validating the responses of the business respondents as well as providing an alternative understanding of how the arts-business relationship operates.

From the exploratory interviews, I had concluded that the businesses to be interviewed should be both large and either public or partnerships managed with a conventional hierarchy. An additional factor for studying only large businesses is that size has been shown to be a factor in giving (McElroy and Siegfried, 1985; Useem, 1988). This would avoid the issue of reporting the personal preferences of the owners of private businesses who would, in effect, be using the business as an extension of themselves. I maintained this position, except in the case of one business. The name of one privately owned business came up again and again during my interviews as being very active and therefore it seemed sensible to interview this business.

The selection of firms to be interviewed is purposive from the emergent theory, starting from the initial framework. In my first study, two major groups of firms

emerged and therefore firms from both groups were interviewed. Thus firms in different industries were interviewed as well as those firms that appear on different dimensions on the business-society and stakeholder attention axes in order to explore the range of different representations of the issue (Gaskell, 2000:41). As interviews progressed, particular emphasis was placed upon different or deviant cases. The selection of interviews was also arranged to ensure coverage of a range of industries. The practical issues associated with data management limit the number of cases to between 15 and 25 (Gaskell, 2000), although other authors have found fewer cases satisfactory. Thus Miles and Huberman (1994) find 12 adequate and McCracken (1988:17) says "for many research projects, eight respondents will be perfectly sufficient." The object was to carry out interviews until a consistent model emerged, following Glaser and Strauss's concept of 'theoretical saturation' (1967:61-62). I planned to continue interviewing until I had heard no significant new ideas for four interviews. However as a number of interviews had already been arranged, in practice the final eight interviews added nothing extra of particular significance for the research. The arts organisations to be interviewed were two of the three largest in a number of different sectors of the arts – theatre, galleries, opera, festivals. Additionally, during the interviews, a number of respondents referred to consultancies operating in the field largely as advisors to businesses wishing to support the arts. I therefore decided to interview the two consultancies most frequently mentioned. These proved to be valuable informants as a way of testing my emergent frameworks and ideas, as well as providing some historical context.

Arts & Business provided contact names for the first batch of interviews as well as contact names at the arts organisations. Thereafter, once I had identified an organisation that seemed suitable for study from public documents, I made direct contact by letter, introducing the research and my role. This is provided at Appendix A. All interviewees were assured of complete confidentiality. Three organisations declined to be interviewed. One, a retailer, gave no reason. In another organisation, an airline, the appropriate respondent was on maternity leave. The third, a large energy firm, stated that they received too many requests but offered a brief explanation for their involvement with a major gallery by e-mail. Interestingly, this explanation is at

odds with public statements in the gallery's materials but this dissonance is consistent with the results of my thesis as described in chapters 5 and 6.

Like Himmelstein (1997) I found little resistance to being interviewed. Many interviewees gave me more time than they claimed they had available, two asked me back to talk further and most asked to know about final publications. This high level of responsiveness might be due to a number of factors. First, for the businesses, my previous role as finance director of a large public company positioned me as a serious researcher who would understand the corporate position and not, as one respondent commented, 'a hairy Greek arts student'. Additionally, many were aware of Cranfield and its prominence. Finally, overt backing for this research, including finance from Arts & Business, helped effect an introduction; however I had to be careful to make it clear that this research was not *for* Arts & Business and that the confidentiality obligations extended to not telling Arts & Business any details of the responses.

Table 3.1 sets out the interviewees, the nature of the organisation and their job title. In the end I carried out 39 interviews with 23 different businesses, 12 arts organisations and 2 consultancies. In two organisations, my initial informant was not the most appropriate and I therefore carried out a subsequent interview.

Table 3.1: List of Interviews

Interview No.***	Sector	Job Title of Interviewee
B1	Banks	Senior Community Affairs Manager
B2	Tobacco	Director, Corporate & Regulatory Affairs
B3	Media	Head of Arts & Charities
B4	Energy	Director UK Arts & Culture
B5	Telecoms	Head of Commercial Sponsorship
B6	Business Services	Public Relations Manager
B7	Business Services	Head of Marketing
B8 (T)	Energy	Environmental Adviser
B9	Pharmaceuticals	VP Global Community Partnerships
B10	Banks	Sponsorship Manager
B11	Technology	Manager Corporate Community Relations
B12 (T)	Financial Services	PR Communications Manager
B13*	Consumer Goods	Assistant Product Producer
B14	Retail	Head of CSR
B15	Business Services	UK Chairman Communications Director
B16	Investment Banks	Head of International Corporate Communications
B17	Telecoms	Sponsorship Manager
B18	Business Services	Communications Manager
B19	Banks	Head of Group Sponsorship
B20 (T)	Retail	Arts Sponsorship Manager
B21** (T)	Consumer Goods	Marketing Manager Brands
B22** (T)	Consumer Goods	HR Director International Division
B24	Investment Banks	Head of Sponsorship
B25*	Consumer Goods	Community Affairs Manager

* Company B13 is a subsidiary of B25
** Interviews B21 and B22 were with different individuals at the same company
*** Number B23 is not used as it relates to an e-mail interview which is not included in this analysis on the grounds of the validity of the interview method.
T designates telephone interview

Table 3.1 continued

Interview No.	Sector	Job Title of Interviewee
A1	Festival	Acting Director
A2	Festival	Director
A3	Orchestra	Development Director
A4	Opera	Head of Corporate Giving
A5	Community Theatre	Head of Development
A6	Orchestra	Development Manager Corporate Relations
A7	Gallery	Head of Development
A8	Theatre	Sponsorship Manager
A9	Theatre	Head of Corporate Development
A10*	Opera	Director of Education and Access
A11*	Opera	Development Director
A12	Gallery	Corporate Fund Raising Manager
A13	Community	Head of Fund Raising and Development

* Interviews A10 and A11 were with different individuals from the same organisation

Interviews C1 and C2 were each undertaken with the Managing Director of the respective consultancy.

3.5.2 Exploratory Interviews

As explained in section 3.3, I had previously undertaken three exploratory interviews in 2000 in order to sensitise me to the field, and both the style of interview and the nature of the questions to be asked were built on this empirical experience. These exploratory interviews allowed me both to develop the technique and to confirm that the basic questions of 'what', 'why' and 'how do you decide' were effective in providing the necessary data I required. My career before entering the academic world meant that I was extremely comfortable in undertaking research-based interviews and the actual interviews confirmed that businesses were willing to discuss their involvement with the arts with me.

Of the three exploratory interviews, I re-interviewed one of the three organisations, although the respondent was a different person in this later interview. In this later interview, the basic themes of the interview were the same. However, in the second interview, the interviewee was more engaged in the discussion and I received fuller detail. This was due both to the increased interest of the second respondent as well as my improved ability in carrying out the interviews. This prompted me to be alert to the personal issues of my respondents as well as my own skill in probing during the interviews.

3.5.3 Staging the Interviews

Gaskell (2000) advises that the steps in qualitative interviewing are:

1. Prepare the topic guide
2. Select the method of interviewing: individual, group or a combination of the two
3. Design a strategy for the selection of respondents
4. Conduct the interviews
5. Transcribe the interviews
6. Analyse the text corpus

I adopted this approach, as explained in this chapter.

3.5.3.1 The Business Interviews

An initial structure for the questions to be asked during the interviews with businesses is provided as Figure 3.4. These questions were derived from my experience in the exploratory interviews as well as the understanding I gained from my first study. The structure for the interviews provides a guide for collection as well as subsequent analysis, providing 'an easy and comfortable framework for a discussion, providing a logical and plausible progression through the issues in focus' (Gaskell, 2000:40). It also allows for a consistent structure and focus (McCracken, 1988).

Figure 3.4: The Interview Guide for Businesses

Section 1

1. Can you please tell me your job title and your reporting line?

2. Tell me about X's (firm) involvement with the arts.
    Note: looking for what is mentioned that is/is not described externally as well as what has been described externally that has not been mentioned.

3. Why did you choose this type of art form?
    How did you choose?

    Who was involved?

4. What is the purpose of this involvement?
    Look for business/societal purpose.

5. Why did you select this involvement (rather than another [select contrasting art form] other form of community involvement)? [Note seeking stated purpose].

6. If not already raised:
    Do you evaluate and monitor this involvement?

    If yes – what forms of evaluation are involved?

    If no – why not, how does this meet your decisions?

Section 2

Depending upon the answers given earlier:

1. What do you see as the role of a corporate citizen/X's view of corporate social responsibility and how do the arts fit into this?

2. You seem to be using the arts to influence certain stakeholders (use evidence) – employees, customers, opinion formers, communities – how do you respond to that suggestion?

3. How important is it that there is a clear business benefit from this involvement? What do you see this as?

4. What benefits do you see to the arts organisation or society from this involvement?

5. Subject to answers 5 and 6 in section 1, there appears to be an imbalance in your relative attention. This might be interpreted as using the arts for a business end/trying to obtain a licence to operate/pure philanthropy. How do you respond to such a suggestion?

The basic issue to be addressed was to try to uncover the motivation for supporting the arts. I therefore decided to address the issue head on, by first asking an open question about the firm's involvement with the arts and then going on to ask why they supported particular organisations (after I had collected basic data about the respondent's role and reporting line). I found that the initial open question often provided much rich detail. Therefore, I was able to follow up the responses by probes as advised by Gaskell (2000). The interviews thus progressed as a form of conversation as the interviewee relaxed and provided richer detail. I paid attention to the interview guide, but the focus was on listening and this involved suitable pauses in order to allow the respondent "time to think" (Gaskell, 2000:52).

However, a particular risk with interviewing is that the respondent either tells me what he or she thinks I want to hear or that they are promoting a particular 'company line' or else a wholly personal perspective – this was an especial risk as many of the respondents were professional communicators, working within a corporate communications function. As Easterby-Smith et al. (1991:75) have noted, respondents cannot be relied upon to talk about their motives as these may be obtained from 'commonly accepted half-truths', therefore my interview structure was designed to adopt different probing methods. So, if the issue had not been raised by the respondent earlier in the interview I sought information about if and how any involvement was evaluated, monitored or measured. This line of enquiry often revealed contradictions with earlier stated motivations. I left this question until later on as I wished to avoid leading the question of whether or not measurement is undertaken in order to avoid giving the respondent the full 'terms and objectives of the research' (McCracken, 1988).

The impact of the responses given frequently made the respondent reflect and a typical response was that they had not considered the issue in that way before:

> "…it's interesting for me actually because I've never really been grilled – not quite the right word

(Lance) engaged?

...yes in this way and it makes you think about it in a different way so it's been useful." (interview B6)

The first part of the interview was unprompted. However, in the second part of the interview I proceeded both to check out issues that had been raised by other businesses, and which had not been mentioned before, as well as to pursue apparent contradictions in earlier responses. Towards the end of the interview, I would attempt to summarise my interpretation of the firm's motivations for giving and seek the interviewee's positive confirmation. By this stage, sufficient rapport had been established that even quite stark analyses such as 'you seem to do this in order to influence opinion formers' were confirmed. However, this stage also provided additional depth and complexity to my understanding. These discussions provided one of the aspects of validity by obtaining feedback from informants as recommended by Miles and Huberman (1994).

3.5.3.2   The Arts Interviews

The purpose of the arts interviews was to provide an alternative perspective to the business responses. As such, I was looking for evidence rather than opinion and therefore sought examples of how business presented itself and what the arts had to do in order to secure business involvement. The interview guideline is provided at Figure 3.5.

Figure 3.5: The Interview Guide for Arts Organisations

1. What is your job title and reporting line?
2. Tell me about your corporate supporters, other than basic membership schemes.
   Note: looking for what is mentioned that is/is not described externally as well as what has been described externally that has not been mentioned.
3. What type of production/performance is supported – which ones are avoided? How much is typically involved?
4. Did you actively seek them or did they come to you?
5. What reasons do they give you for wanting to be involved?
6. What reasons do you give them to be involved?
   Look for business/societal purpose
7. What measures do they ask you for? Do you produce reports?
8. If not already raised:
   Do you and they evaluate and monitor this involvement?
   If yes – what forms of evaluation are involved?
9. Main alternatives are (these developed during the research):
   Advertising
   Providing a service (if so what is market price?)
   Legitimacy
   Profile
   Social contract
   Discussion.

3.5.3.3   The Consultancy Interviews

These two interviews took place quite late in the research and were an opportunity to test out my perception of the overall state of business support for the arts. The first interview also provided a large amount of historical and contextual data, whereas the second pointed to the pressures for and resistance to measurement. In each case they were also able to talk about specific clients, thus adding further insight to specific situations where I had already interviewed those clients.

The interview guide for these two organisations was therefore relatively straightforward and is shown in Figure 3.6. As with the other interviews, in effect the conversations became quite wide-ranging.

Figure 3.6: The Interview Guide for Consultancies

1. Tell me about the role you play between businesses and the arts.
2. Who do you mostly work for? (proportion)
3. To what extent do you suggest reasons why these interactions should occur? What do you suggest?
4. What do businesses say for seeking an arts involvement? (seek examples)
5. Does evaluation or measurement become involved? At what stage? At whose instigation?
6. How have you seen the arts acting in this environment?
7. What changes have you noticed from business over recent years?

3.5.4 Carrying out the Interviews

All the interviews were carried out during a period of eight months from the middle of January to the beginning of September 2003. Most of the interviews were carried out in person, although five were telephone interviews where it was difficult to arrange a face-to-face meeting, often because the informant was in Wales or Scotland. The telephone interviews were often shorter than the face-to-face interviews. This is due in part to the difficulty for the interviewee to leave long silent pauses which are less uncomfortable in meetings. The data gathered from these interviews covered the same basic issues and, in two cases, they were with the same business, which collectively amounted to a similar length to face-to-face meetings. In one further case, the case was really limited to the issue of attracting employees. This leaves two cases where the data might be argued to be less full than the other interviews. As I explain above, theoretical saturation had been achieved without these telephone interviews and the results from these interviews are consistent with my other data. They do, however, provide further interesting colour. The business interviews took place on company premises. The arts interviews usually took place on the arts organisation premises, although two took place in nearby public cafes.

The face-to-face interviews lasted typically between 45 and 70 minutes; the telephone interviews lasted 15-20 minutes.

All of the interviews were tape-recorded and were transcribed by a secretary. In total there were over 29 hours of interviews yielding over 450 pages of transcribed data. I then type-checked the transcriptions, making notes on ideas as I proceeded. During the interviews, I also took notes of key points and particularly telling comments which might be suitable as quotations. This proved useful as the recording of one interview was not clear, after I had failed to turn up the record volume button.

3.6   Notes on the Interview Guides as Conducted

3.6.1   Business Interview Guide Section 1

Introduction to the Interview

I started the interview by thanking the interviewee for agreeing to see me. I checked that they had read my letter and I explained the stages in the research process. All interviewees were asked for permission to be tape-recorded and none refused. I also assured the interviewees of complete confidentiality and that no single organisation or business-arts relationship would be identified. Frequently, I was asked who else had been interviewed and I pointed out that this would be a breach of confidence, so I was unable to tell them. I did, however, indicate the number of the different types of organisations that I was interviewing. The first question which then followed was a simple request for the job title of the interviewee and their reporting line. This became a useful source of data, so someone working in a marketing function had a different perspective from someone in a community affairs function.

The Involvement with the Arts

The initial open question 'tell me about your firm's involvement with the arts' typically revealed a list of projects. Sometimes the discussion was about sponsorships, sometimes about staff involvement, sometimes more wide-ranging. Initially I did not focus on basic membership schemes, whereby arts organisations provide a basic menu of benefits such as a number of tickets for a set price, as the sums involved were quite small. However, it later became clear to me that some firms regarded these as a form of supporting the infrastructure of the arts. Frequently, the interviewees continued by

talking about why they supported these art forms, often after some form of strategic review. If there had been no explanation for the firm's support of the arts, I then sought it directly. At that stage, it became clear that some interviewees were talking about the use to which the involvement was put as opposed to an initial motivation. When this was the case, I prompted for more history.

Measurement and Evaluation

Often interviewees had already talked about evaluation, but where they had not I posed the question 'do you evaluate your involvement?' in a slightly understated way in order to avoid the suggestion that they *should* evaluate the involvement. Often there was no formal evaluation which meant that I had to rephrase the issue as to why they continued with the involvement. Often the response was 'we know it works' and similarly this led to a series of probing questions from me.

3.6.2   Business Interview Guide Section 2

At the end of the first section, where I did not impose any comment on the responses, I typically signalled that I now intended to engage directly with the interviewee. The starting point differed by interviewee. If there had been some contradiction in the earlier responses, I might start there. Otherwise, I might remark that other firms seemed to have spoken of the interests of customers or employees or community and that one or more of these had been absent. Throughout, I would refer to my notes and try to use the interviewee's exact words during this period of engagement. At the end of this section, I would propose a summary of the motivation that had emerged from this discussion. Mostly, the interviewee would agree that I had correctly understood their position or that we had uncovered a more complex analysis. Almost always, the interviewee had paused to reflect and many commented that the interview had been valuable in helping them make the purpose of their work explicit.

3.6.3   Arts Interview Guide

The initial structure of the arts interviews was the opposite of the business interviews. I began by asking about their business supporters. It was clear early on that many of

the arts organisations were interested in the research for their fund-raising purposes. Therefore, it was important to separate their projections of how they wished to be seen by business from how business actually saw them. Therefore, the questions which solicited what business actually told them and what measurement business asked for were critical. I kept this separation at the front of my mind during the interview. Often, failures to obtain funding proved to be useful data.

3.6.4   Ending the Interviews

In the later interviews, I was often asked about the results of my research. At that stage, if time permitted, I sketched out either the initial framework or the latest thought that was in my mind. Valuable suggestions emerged from these discussions. Finally, as advocated by Gaskell (2000) the interview concluded with an open question asking if there was anything we had not discussed that we might have discussed. Often this provided no new ideas, but sometimes it provided the interviewee an opportunity to reflect further on the earlier discussion. I concluded by thanking them for their time and typically exchanged business cards as well as asking for various internal documents that had been mentioned during the interview. These documents would help with validity – as Coffey and Atkinson (1996:84) state: "it is important to examine interview and other kinds of data in terms of their status as accounts… They may be giving accounts that justify, legitimate, excuse, and so on." The list of documents consulted is listed in Appendix C. After the interview, I wrote and thanked the interviewee for their time and prompted them to send documents which we had discussed. In addition, as soon as possible after the interview, I dictated my notes and impressions of the interview into a Dictaphone. These notes were also transcribed and formed an additional set of data.

3.7 Interview Data Analysis

3.7.1 Overview of Analysis Method

The interview transcript data were analysed using a qualitative analysis method of coding and re-coding using a grounded analytical approach, similar to that suggested by Strauss and Corbin (1998). The first study generated a set of initial codes which then formed the basis of the initial coding structure for my second study. The broad aim of analysis is to look for meanings and understanding (Gaskell, 2000) and in a manner similar to the first study, the data were examined quantitatively for patterns in responses using content analysis. Numerical trends, in the form of frequencies, assisted in the identification of concepts and themes from the qualitative data (Miles and Huberman, 1994).

Miles and Huberman (1994) suggest that qualitative data analysis involves three linked sub-processes: data reduction, data display and conclusion drawing. These phases broadly include re-ordering the data to look for patterns, coding the data following a process similar to Strauss and Corbin, collapsing the codes into a number of core groups of codes and then building theory from the 'thick description' (Denzin and Lincoln, 1998) through a process of interpretation.

3.7.2 Transcription of the Interview Data

The first stage in data reduction was to have the interviews transcribed. This was undertaken by a secretary in order to allow me to keep the flow of work in progress. However, I type-checked all the transcripts against the tape, typically within two months of the initial interview – this process allowed me to engage with the data and to make notes, without the distraction of needing to type. Throughout, I listened to the emphasis, mood and intonation of the interview. This process had the effect of taking me back to the interview and allowing further reflection. Whilst I was type-checking the transcripts, I also had my notes open in order to clarify unclear words and to highlight key issues.

3.7.3   Using NVivo

In order to manage the large quantity of data as well as be systematic in my analysis, I decided to use the software package, QSR NUD*IST Vivo ('NVivo') (Richards, 1999), a development of the popular NUD*IST package, a computer assisted qualitative data analysis software package (CAQDAS). This package is suited to the systematic analysis of a large amount of data; it allows portions of similar text to be viewed together and for ideas to be reviewed. This package allowed me to be both creative in the development of ideas and rigorous in capturing my results at the same time. Richards (1999) makes clear that NVivo aims to help qualitative researchers reflect on the methodological implications that are possible because of the software; it does not make these methodological choices, they need to be made by the researcher.

The base idea within NVivo is that of a project. This will have a set of key documents which could be the interview transcripts, but also include memos and the notes of the meeting. The analysis is built around 'nodes', references at which similar issues can be coded. These nodes can be either built in trees, which allows families of nodes to be identified, such as 'business motivations' or as free nodes, which are single issues such as 'partnerships'. Within each tree, there is the possibility to build 'child' nodes, so that analysis may occur at either the aggregated parent node or at the child node. The effect of this is that analysis can occur at the most basic level, which can then be aggregated. Documents can also be linked and considered together.

Generic issues can be coded as 'attributes' such as arts/business/consultancy or industry. This facility allowed me to look at groups of data together.

Thereafter there was the facility to code documents, either automatically in response to certain key questions or manually. I chose manual coding. Codes could then be built into sets and analysis could occur – for instance, 'show me all the codes which talk about employee involvement in banks'. Finally, there is a powerful search tool, using various logical commands. This tool was particularly useful, given the component of mathematical logic in my first degree.

3.7.4 Coding

A key stage in data reduction is to code the data. Miles and Huberman (1994: 58) propose:

> "One method of creating codes – the one we prefer – is that of creating a provisional "start list" of codes prior to fieldwork. That list comes from the conceptual framework, list of research questions, hypotheses, problem areas, and/or key variables that the researcher brings to the study."

Additionally, during the process of the interviews, I had been designing alternative models and had a number of alternative frameworks available. These gave rise to some further codes – for example, the issue of the length of relationship came up a number of times. Therefore, I extended my initial list with further codes as the coding continued.

I then proceeded to code the transcripts, having had effectively experience of the same task during the first study. Codes in NVivo can occur in two ways – either at nodes in a tree structure or alternatively in free nodes. I used the latter form where some comment or statement seemed interesting or unusual and did not fit the tree structure. The process was straightforward and involved highlighting the section of text to be coded, not unlike using a highlighter pen. The system allows for the same portion of text to be coded at a number of different nodes and also for memos to be written highlighting thoughts which arise whilst coding.

Miles and Huberman (1994) note that there tend to be three types of code:

> *Descriptive codes*: These involve attributing a class of phenomena to a segment of text. In NVivo, some of the basic characteristics are handled in the use of attributes – such as industry. Other more basic codes of this form are the types of motivations mentioned, such as 'client entertainment'. These codes are, in effect, the types of code shown in Table 4.2.

Interpretive codes: These codes are often applied to the same segment of text, but with background knowledge. Thus, I had available codes for the main themes of my initial and emergent frameworks such as marketing or licence to operate. These codes were mostly developed in the second study and are the parent nodes as shown in Appendix B.

Pattern codes: These codes are developed at later stages on a deeper reading of the texts. In this case I was able to reflect upon similar portions of text and look for deeper interpretations. These codes were not explicitly defined, but the results shown in Table 6.1 are, in effect, pattern codes.

Because I had already completed the first study and my thoughts had developed as the interviews progressed, my initial coding proved to be quite rich.

Once the interviews had been coded, I looked at all the text coded at the same nodes. This output was examined easily and quickly on the computer. This also allowed me to confirm that sections of text were coded correctly at the same node. This led to a refinement of the codes, or collapsing the codes, as well as the development of new ideas. NVivo also allows for individual searches to be saved where these are especially useful. Matrices combining key codes with key attributes (such as licence to operate with banks) provide visual summaries and point to dense patterns or outlying cases. This form of explicit understanding helped confirm or refute hunches I held about the data. Additionally, throughout, I coded particularly telling quotations under a separate code to assist with writing up.

As coding continued, a number of new codes emerged and where this happened, I made a note to go back and check earlier documents for these themes. The ultimate codes were separated into three key constructs:

- Stated motivations – or what initiated the involvement
- The use to which the involvement was put

- The 'ultimate' motivation – the agreed conclusion derived at the end of part two of the business interviews. This may or may not have been the same as the stated motivations. These 'ultimate' motivations were collected as a separate set of codes within one tree in NVivo.

Appendix B shows the final coding structure, separated between business motivations, social motivations, measurement and highlighting the key themes from my framework. Throughout the analysis, I travelled back and forth to the literature to look for themes that engaged with the environment for giving. Where ideas emerged that had not been highlighted in my literature review, I reviewed key articles again with that particular focus, resulting in a revision of the literature review and/or a particular comment in the reporting of the results. For example, the focus on employees in the interviews had not been especially prominent in the literature review.

3.7.5 Data Displays

Miles and Huberman (1994) advise the use of cross-case displays to consider the data. Whilst this is straightforward in NVivo by the use of the search tools, my first attempt was a simple Excel spreadsheet where I placed the cases in rows and key constructs in columns. This allowed me an easy visual display of key factors, which could then be considered more carefully both by using the NVivo search tool and by re-reading the portions of data around that issue. This also threw up patterns that I had not noticed before, such as firms which had a licence to operate were more interested in creating broader access to the arts, whereas firms using the arts mostly as an entertainment device, were interested in individual shows.

From the quantitative data, basic frequencies were collected, which could then be segmented by industry or art form.

3.7.6   Drawing Conclusions

After the data reduction phase, the final stage is to draw conclusions. I had started the research with a theoretically derived framework. This proved to be reasonably robust throughout both studies. However, business motivation for giving to the arts is more complex than this model suggested. I therefore began by summarising the key themes from the research, separated by environment, motives and uses. I then also thought about the tension between my results and the range of prior theorising. NVivo provides a modelling tool to assist this analysis. However, at this stage I felt more comfortable working with pen and paper, often drawing alternative frameworks and tentative theoretical models. I then pulled my ideas together. Once it became clear that there was a separation between my respondents who act from principally economic interests and those with more complex motivations which include a social content, the way to draw conclusions became clearer.

This then allowed me to write a 'thick description' (Denzin and Lincoln, 1998) using the main themes from the interviews. Part way through the analysis, I tested this analysis at the International Association of Business and Society Conference (Moir, 2003) as well as using the framework in a paper at the Academy of Management Conference 2003. From that stage, I was then able to contextualise my findings in this thesis. I continued to use the lens of corporate philanthropy to provide the context, once the purely economic had been excluded. An emergent view of motives within the broader corporate philanthropy literature became possible.

3.8   Triangulation and Trustworthiness

3.8.1   Triangulation

One of the risks of qualitative research is that the results will be biased and the interpretation individual. In order to protect against the risk of partiality, I used a number of techniques. In particular, I looked for different sources and methods, not least between the first and second studies. Miles and Huberman (1994:267) say that:

"If you self-consciously set out to collect and double-check findings, using multiple sources and modes of evidence, the verification process will largely be built into data collections as you go. In effect, triangulation is a way to get to the findings in the first place – by seeing or hearing multiple *instances* of it from different *sources* by using different *methods* and by squaring the finding with others it needs to be squared with."

Silverman (2001) points out the problematic nature of using different methods, as opposed to different data sources for triangulation from a constructivist epistemology. I use different data sources to provide corroboration of the business respondents' documents, and the responses of the arts managers and the consultants. Specifically I used internal documents to confirm that I was receiving an organisational response rather than that of an individual and to confirm responses of the interviewees. In particular, it was important to look at what businesses actually *did* as well as what they said. I carefully read, in all cases, the annual reports and the company websites. The additional documents consulted are listed in Appendix C and are those which emerged from the interviews. These documents range from a formal arts policy to specific publications discussing the firm's involvement with the arts, such as a social report, a specific marketing plan or a staff magazine. To check for potential problems of dissonance, the references to the arts involvement in such documents were read alongside the interview transcripts and no dissonance emerged.

Although in a different manner, the arts and consultancy interviews provide further corroboration. The results of these interviews are presented separately from the business interviews in chapter 5; Appendix C also lists the cross-references from the arts and consultancy interviews to the businesses interviewed. This appendix shows the high degree of cross-referring that occurred. Further, the structure of the interview guides allowed for some internal challenge to issues of social desirability.

3.8.2 Trustworthiness

It is acknowledged that in this piece of qualitative research, there is an inevitable bias throughout. I have selected and framed the research question, selected the literature and the conceptual lens, identified the data, carried out the interviews and analysed them. Lincoln and Guba (2000) state that trustworthiness is an appropriate test in qualitative work. They replace the traditional positivist criteria of internal and external validity with trustworthiness and authenticity. They also say that trustworthiness is needed in qualitative work, through triangulated empirical data. They define this as credibility, transferability, dependability and confirmability (these are the constructionist equivalents of internal and external validity, reliability and objectivity) (Denzin, 1998). Much of their argument about authenticity revolves around ensuring the involvement of participant or stakeholder voices. Although, a more critical reading of my data is undoubtedly possible, I have ensured that the voices of the business actors and the arts organisation actors are present. Indeed, a key step was the joint 'construction' of the motives at the end of the discussion section of the business interviews.

Credibility

Credibility is concerned with assessing whether the research presents an authentic picture of the topic under investigation. The study has a number of features that demonstrate credibility. First, I have carried out interviews with a number of respondents across a range of businesses, selected from purposive sampling. I have then developed the theory from these respondents by a process which looks at each case in the light of that emergent theory. This produced rich data which has been reported fully in chapter five.

The use of triangulation in order to assist corroboration of findings, as discussed above also enhances the study's credibility.

It could be argued that the use of a single coder undermines the credibility of the study. However, the use of a single coder enhances the internal credibility of the coding framework through consistency of coding. Further, the use of CAQDAS

allowed each code to be considered against others through the use of drop down menus. Further credibility is assisted by using responses from both business and arts organisations. Given the particular organisations interviewed, I was able to compare stories. These comparisons were consistent. However, what was telling were the different emphases placed on issues by the different respondents.

I do not take the view that coding would have been improved by using another researcher to code the data so that checks of inter-coder reliability could be assessed. I believe that my detailed knowledge of the field, following 39 interviews means that the coding and analysis will be more insightful than that of multiple coders with less knowledge of the field (Milne and Adler, 1999). I take the view that qualitative research is subjective and a creative process – the nature of the codes developed as the research proceeded. In order to offer confirmability, I have tried to write a clear account of what I did at each stage of the research, the key choices that needed to be made and how the analysis was constructed, so that others may follow how the conclusions were reached. I have used the words of my respondents in order to illustrate the findings and linked these to prior and emergent theory.

Transferability

Transferability refers to the generalisability of the research findings to other populations and contexts. Whilst these findings would apply to other UK firms not interviewed, as I explain in chapter seven, a limitation of these results is that they are limited to giving to the arts, as opposed to other forms of corporate giving and also to the UK. As Lincoln and Guba (1985:316) observe, it is the researcher's "responsibility to provide the data base that makes transferability judgements possible on the part of potential appliers."

Dependability

Dependability refers to whether the study has been carried out with "reasonable care" (Miles and Huberman, 1994). The clear exposition of what I did at each stage, together with the methods of analysis provides an appropriate 'audit trail' (Miles and Huberman, 1994). In particular, the confirmation of the interpretation with the

interviewees adds to the dependability and the development of a "good constructionist text" (Denzin, 1998:330), in particular with the presentation of "idiographic (contextual) interpretations" (Denzin, 1998). Dependability was also assisted by the use of NVivo to count instances as well as the generation of multiple matrices.

Confirmability

Confirmability relates to the traditional test of 'objectivity'. Here, can the reader judge whether the findings provide an accurate interpretation of the data. The 'audit trail' of methods and steps in analysis assist confirmability.

Application

Miles and Huberman (1994:280) note that "even if a study's findings are 'valid' and transferable, we still need to know what the study does for its participants" and thus argue that application is a further criterion for assessing research. As I explain, many interviewees found the interviews of value in their own right. As the origins of this study arose from the realm of management practice, the dissemination should have such application value as I explain in chapter seven.

The key test is whether my results are plausible. Miles and Huberman, (1994:246) see plausibility as having intuition as an underlying basis, providing pointers to be pursued by the researcher. At the same time, "a trustworthy tactic involves noticing *lack* of plausibility" (p.247). Thus plausibility involves both using intuition as a way of developing ideas to be explored in analysis and also making sense to outside readers. It is important that practitioners – whether from arts or business – should find my results meaningful. During the later interviews, I had an opportunity to discuss my developing framework with my respondents, who concurred with my interpretation as plausible. I also presented the results of my early interviews at the International Association for Business and Society conference 2003 in Rotterdam, where the participants said they felt my results made sense to them.

3.8.3 Validity

Silverman (2001:222) sets out 10 criteria for the evaluation of qualitative research. I comment below on how each criterion is satisfied in this study:

1. Are the methods of research appropriate to the nature of the question being asked?

    This has been discussed in section 3.3.2.

2. Is the connection to an existing body of knowledge or theory clear?

    This has been set out in chapter two, together with the development of my theoretical framework.

3. Are there clear accounts of the criteria used for the selection of cases for study, and of the data collection and analysis?

    This has been set out in sections 3.4 and 3.5. The selection of cases was purposive, built from the theoretical framework and the basis for analysis has similarly been developed from that framework.

4. Does the sensitivity of the methods match the needs of the research question?

    This has been set out in section 3.3.2 and throughout my second study, I allowed myself to pursue new ideas as they emerged, such as developing issues which arose during the interviews or deciding to interview consultancies.

5. Was the data-collection and record-keeping systematic?

    The basis for data collection has been set out in sections 3.4 and 3.5 and, in particular, my use of developed forms of CAQDAS has allowed systematic control and analysis of the data.

6. Is reference made to accepted procedures of analysis?

    The appropriate references have been detailed in sections 3.4.3 and 3.7.

7. How systematic is the analysis?

    Again, the way in which both the content analysis in the first study and the systematic way in which coding and the subsequent analysis in the second study was approached is detailed in sections 3.4.3 and 3.7 respectively.

8. Is there adequate discussion of how themes, concepts and categories were derived from the data?

    The initial concepts were theoretically derived. However new concepts and variations emerged from the data and how these arise is discussed in sections

3.4.3.1 and 3.7.4.

9. Is there adequate discussion of the evidence for and against the researcher's arguments?

> This will be addressed in chapter six.

10. Is a clear distinction made between the data and its interpretation?

> This will be demonstrated in chapters four and five, where the interpretation is presented.

3.9   Conclusion to Chapter Three

This chapter has outlined the middle-range, largely constructivist philosophical position taken in my research, and has explained the rationale for my research design. I have explained the rationale for using two studies, one a content analysis of a dataset and the second, an extended series of depth interviews. The connection of the analysis to the framework presented in chapter two has been explained together with the use of the CAQDAS software, NVivo and its use in coding in detail in order that understanding can be gained as to how the coding was derived.

The next two chapters present the descriptive results of the two studies and chapter six will then draw the conclusions from these analyses.

Chapter Four: My First Study – A Content Analysis of Business Support for the Arts
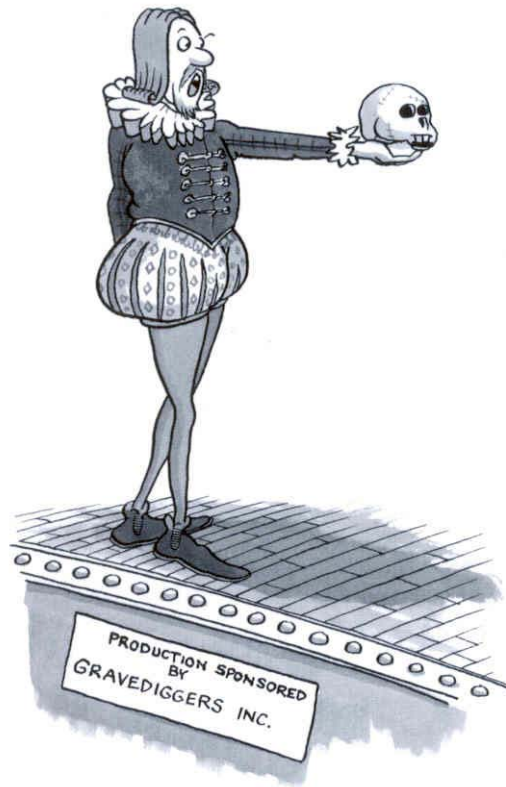
(Cartoon by Oliver Preston. Reproduced with permission from *The Guide to Sponsorship Best Practice* by Wendy Stephenson. Published by Sponsorship Consulting Limited, London 2002)

4.1 Introduction

This chapter reports the results of the content analysis of 60 vignettes from the Arts & Business website which discuss business involvement with the arts. In chapter three, I outlined a basis for providing a way of measuring relative business-society attention as well as looking at relative attention to stakeholders. I report the findings of this analysis, together with the resultant cluster analysis in the next section.

In section 4.3 I go on to review the particular forms of motivations and benefits that businesses claim for their involvement with the arts. From this analysis, I derive a basic coding structure for the second study.

In section 4.4 I briefly draw some conclusions from my first study as well as presenting a re-formulation of my initial framework. At this stage, there are no firm results from the research; however there is a little more shape to the 'skeleton'.

4.2   Using the Framework and Cluster Analysis

In the Arts & Business vignettes, every case has some form of business benefit or motivation, but not all vignettes refer to arts or societal benefit or motivation. Thus, in all cases, there is evidence of some focus on the business interest. Pure altruism is not apparent in the vignettes as written. However, the issues are the degree of the instrumentality and the strength of the societal motivation where present.

As explained in chapter three, the Arts & Business website listed 95 case studies of business supporting the arts – these are cited as 'some of the most successful partnerships forged between business and the arts'. Some of these vignettes are not about business giving to the arts, some describe the use of arts-based training and some describe the involvement of a single individual from a firm as a volunteer in an advisory capacity to an arts organisation. The cases covering training or individual activity have therefore been excluded from analysis, as they do not address the question of this study. Further, in order to focus on the tension between economic and social benefits, those cases relating to public sector organisations, owner-managed firms and small partnerships are also excluded, as the focus on economic benefits is less pronounced. This leaves 60 cases. The names of the companies are listed in Table 4.1, which also shows the counts of the coding exercise described below

Table 4.1: First Study References by Case

	totbus	totarts	employee	customer	community
Allders	3	2	1	1	3
Allied Domecq plc	9	3	1	1	0
American Airlines	6	1	0	1	0
Anglia Funeral Services	2	2	1	0	4
Anheuser Busch	4	0	0	1	0
ARBOS	1	1	0	0	0
BAA plc	5	3	0	1	0
Barclays	5	2	2	1	1
Bloomberg	1	3	0	0	1
BOC	4	2	2	1	1
Bombardier	5	0	4	0	1
Boots	4	1	4	0	0
Bradford & Bingley	2	2	2	0	1
Brother International Europe Ltd	1	2	0	0	0
Camelot	1	4	0	0	2
Centrica	2	4	0	0	1
Clerical Medical	5	3	3	1	3
Clifford Chance	6	6	2	1	0
Coats Crafts	1	4	0	0	0
Coutts Bank	8	1	0	2	0
DMH	7	1	2	2	1
Edison Mission Energy	1	5	1	0	8
Electronic Data Systems	9	4	7	1	8
Energis Squared	5	4	1	1	3
Ensors Chartered Accountants	5	2	1	2	4
Ernst and Young	11	7	3	4	0
Esso UK plc	4	6	0	0	0
Flik Flak	4	1	0	0	0
Gander and White	5	5	0	1	0
Gardner Merchant	2	1	0	2	0
Group 4 Prison Services	4	3	1	0	1
Guinness PLC	5	2	1	1	0
IBM	1	4	0	2	3
Irish News	5	4	0	1	0
J Sainsbury Plc	10	0	2	1	2
Jean Muir Ltd	3	2	1	0	0
Lloyds Private Banking Ltd	4	1	0	5	0
Lloyds TSB	2	3	0	1	0
London Electricity	3	4	2	0	2
Manchester Airport	5	1	0	0	0
Manweb	5	4	0	1	4
Marks & Spencer	4	0	13	0	0
Matsushita Electric Europe HQ Ltd	4	4	0	0	0

Table 4.1 continued

Morgan Stanley Dean Witter	3	1	0	2	0
Northern Electric	6	4	1	3	4
Orange	2	3	0	0	0
Redrow	1	2	0	0	0
Risk Publications	7	0	1	4	0
Scottish Courage	2	2	0	0	0
Scottish Power	1	2	0	0	2
Scrivens	3	2	0	0	0
Sema Group	5	0	0	1	0
Severn Trent Water	4	4	0	0	2
Sotheby	3	5	0	3	0
Tesco	2	4	0	0	0
TI Group	9	4	2	1	0
Tilney Investment Management	6	2	1	3	0
Toshiba	10	0	3	2	0
UKAEA	2	8	1	0	7
Visa International	8	0	1	1	0

In order to develop a structure for content analysis, a coding structure needed to be established, as I have described in section 3.4.3. Initially, each sentence in each vignette was coded as either declarative, a business motivation or benefit, or a societal motivation or benefit. The decision to code each sentence followed an idea from the work of Gray et al. (1995a; 1995b) which considered proportions of a whole document as a way of measuring attention. It soon became clear, however, that the large elements of the texts which were purely descriptive could not add anything to the analysis and that only the sentences which just spoke of benefits or motivations were meaningful. Therefore, taking the unit of analysis as a sentence, each sentence was initially coded as stating a business benefit, stating an arts or societal benefit, or descriptive. The descriptive sentences were then further categorised as asserting a business motivation, asserting an arts or societal motivation, or a description about the involvement. From this analysis and by combining the motivations and stated benefits, the core codes emerged. Given the potential interest in measurement, I also captured any sentences which spoke of quantification of any type – for example visitor numbers or amounts given. These might also point to what mattered to the giving firms. The initial ideas for codes came from the literature review. The final list of codes is shown in Table 4.2.

Table 4.2: The Coding Framework for the First Study

1	Quotes
2	(1) /Declarative
3	(1 1) /Declarative/re company
4	(1 2) /Declarative/re involvement
5	(1 3) /Declarative/re motivation
6	(1 3 1) /Declarative/re motivation/community
7	(1 3 1 1) /Declarative/re motivation/community/support employment
8	(1 3 1 2) /Declarative/re motivation/community/support reputation
9	(1 3 1 3) /Declarative/re motivation/community/support sales
10	(1 3 1 4) /Declarative/re motivation/community/unspecified
11	(1 3 2) /Declarative/re motivation/education
12	(1 3 3) /Declarative/re motivation/as corp citizen
13	(1 3 4) /Declarative/re motivation/improve access
14	(1 3 5) /Declarative/re motivation/reputation
15	(1 3 6) /Declarative/re motivation/environment
16	(1 3 7) /Declarative/re motivation/customer
17	(1 3 8) /Declarative/re motivation/value of arts
18	(1 3 9) /Declarative/re motivation/employees
19	(1 3 10) /Declarative/re motivation/opinion formers
20	(1 3 11) /Declarative/re motivation/arts profile
21	(1 3 12) /Declarative/re motivation/brand
22	(1 3 13) /Declarative/re motivation/marketing
23	(1 3 14) /Declarative/re motivation/create arts
24	(1 3 15) /Declarative/re motivation/association with arts
25	(1 4) /Declarative/quantitative
26	(1 4 1) /Declarative/quantitative/Monetary
27	(1 4 2) /Declarative/quantitative/Visitors
28	(1 4 3) /Declarative/quantitative/Involved
29	(1 5) /Declarative/re arts org
30	(2) /Business benefits
31	(2 1) /Business benefits/Firm reputation
32	(2 2) /Business benefits/Brand reputation
33	(2 3) /Business benefits/Increase sales
34	(2 4) /Business benefits/Employee motivation
35	(2 5) /Business benefits/Corp hospitality
36	(2 6) /Business benefits/Creativity
37	(2 7) /Business benefits/Working environment
38	(2 8) /Business benefits/Improved financial return
39	(2 9) /Business benefits/Win awards

Table 4.2 continued

40	(2 10) /Business benefits/Association with arts
41	(2 11) /Business benefits/Unspecified
42	(2 12) /Business benefits/Quantitative
43	(2 12 1) /Business benefits/Quantitative/Monetary
44	(2 12 2) /Business benefits/Quantitative/Visitors
45	(2 12 3) /Business benefits/Quantitative/Customers
46	(2 12 4) /Business benefits/Quantitative/Reputation
47	(2 12 5) /Business benefits/Quantitative/Adv equiv
48	(2 13) /Business benefits/customer reaction
49	(2 14) /Business benefits/Community
50	(2 15) /Business benefits/other
51	(2 16) /Business benefits/business promotion
52	(3) /Arts benefits
53	(3 1) /Arts benefits/Improved resources ~ sales
54	(3 2) /Arts benefits/Access ~ greater visibility
55	(3 3) /Arts benefits/Improved community cohesion ~ other c
56	(3 4) /Arts benefits/Creation of art
57	(3 5) /Arts benefits/Business skills ~ staff development
58	(3 6) /Arts benefits/Education
59	(3 7) /Arts benefits/Quantitative
60	(3 7 1) /Arts benefits/Quantitative/Monetary
61	(3 7 2) /Arts benefits/Quantitative/Visitor nos
62	(3 7 3) /Arts benefits/Quantitative/sales
63	(3 8) /Arts benefits/Unspecified
64	(3 9) /Arts benefits/reputation

I then realised that I needed to combine the sentences which spoke of motivations with those that spoke of benefits as this union would provide the data I sought. NVivo has a variety of search tools, which include unions and matrix intersections. I used the union tool and this provided the basic counts required for each document. I then counted the key words in context ('KWIC') of employees, customers and community, again using a search tool within NVivo, to avoid human error. I considered using an electronic dictionary of synonyms; however, the texts were sufficiently small that I could scan each one to confirm that I picked up all the instances intended. I was also able to look at each key word in context in order to confirm it had the meaning intended. No stakeholders other than the three listed above were mentioned. The results of these basic counts are shown in Table 4.1. The first two numerical columns show the total number of sentences including business benefits ('totbus') and arts benefits ('totarts') respectively. The final three columns show the results of the KWIC counts for employees, customers and community.

The resulting counts are then plotted against axes, whereby the x axis represents the business-society axis by the formula:

$$n_b / (n_b + n_s)$$

where n_b is the number of references to business benefits or stated motivations and n_s is the number of societal benefits or stated motivations.

Similarly the y axis represents the primary - secondary stakeholder focus with the formula:

$$n_1 / (n_1 + n_2)$$

where n_1 is the number of primary (customer and employee) references and n_2 is the number of secondary references. In each case 0.5 is subtracted in order to provide a (0, 0) centre to the axes.

Cluster analysis (Miles and Huberman, 1994:248) is then applied in order to identify patterns of motivation by different firms after the data had been loaded into SPSS. The resulting analysis is shown here[1].

Figure 4.1 provides the cluster analysis dendogram.

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[1] The squared Euclidean distance measure was used together with the furthest neighbour method. There are a number of other possible methods; these give similar results. Distances are rescaled to give a score between 0 and 25 (low scores indicate high proximity).

Figure 4.1: Dendogram from Cluster Analysis

```
                                    Rescaled Distance

         C A S E          0         5        10        15        20        25
                          +---------+---------+---------+---------+---------+

Toshiba
Visa International
Anheuser Busch
Risk Publications
Sema Group
Marks & Spencer
American Airlines
Coutts Bank
Morgan Stanley                        Group 1
Tilney Investment
Allied Domecq
Boots
Lloyds Private Banking
Bombardier
DMH
J Sainsbury Plc
Allders
Energis Squared
Northern Electric
Scrivens                     Group 3
Group 4 Prison Serv
Clerical Medical
Flik Flak
Manchester Airport
Electronic Data Syst
Ensors Chartered Acc
Lloyds TSB
Sotheby
Clifford Chance
Gander and White             Group 2
Irish News
Barclays
BOC
Ernst and Young
Jean Muir Ltd
BAA plc
Guinness PLC
TI Group
Gardner Merchant
Coats Crafts
IBM                               Group 5
Redrow
Tesco
Brother International
Esso UK
Orange
London Electricity
Matsushita Electric
Scottish Courage
ARBOS
Bradford & Bingley
Anglia Funeral Services
Manweb
Severn Trent Water
Centrica
Scottish Power                   Group 4
Edison Mission Energ
UKAEA
Bloomberg
Camelot
```

Five groups and two meta-clusters emerge. Table 4.3 provides the number of cases and centroids for each group.

Group	No. of cases	Group Centroid
1	16	(0.40, 0.45)
2	13	(0.09, 0.46)
3	10	(0.16, -0.02)
4	9	(-0.16, -0.43)
5	12	(-0.11, 0.01)

Table 4.3: Clusters and their Centroids

Figure 4.2 presents the graphical plot of the 60 cases against the relative business/society attention dimension (x) and the relative stakeholder dimension (y) with the five clusters overlaid. The tension between firms that mention only business benefits and internal stakeholders in group 1, and the smaller group focused on communities and society in group 4 will be observed.
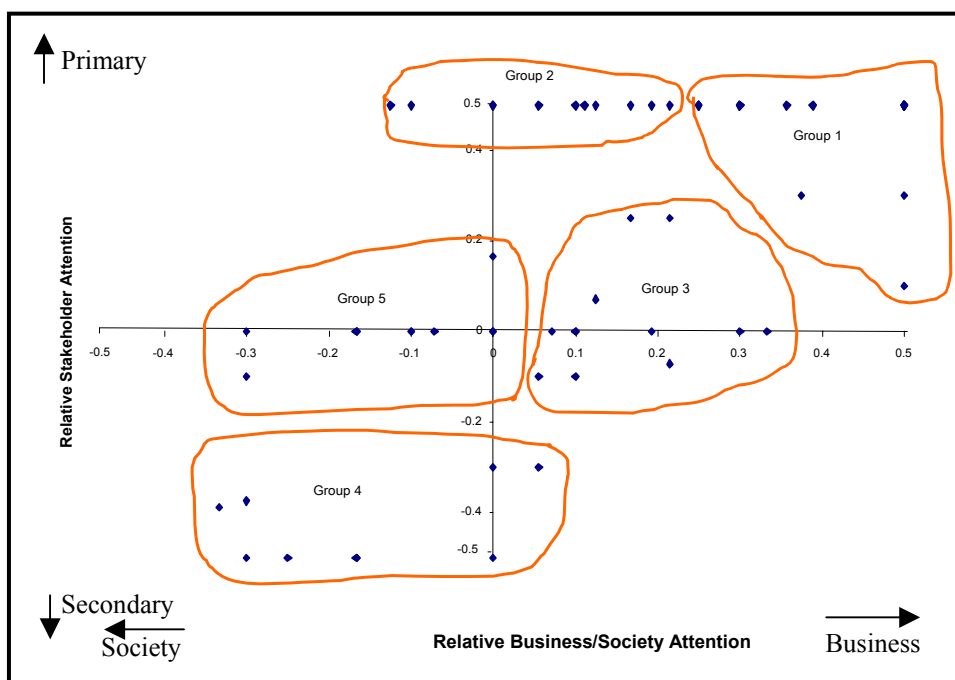
Figure 4.2: Graph of Relative Attention Paid by Firms

Large areas of the graph are unpopulated. This is not surprising as firms are unlikely to want to talk of deriving business benefit from focusing on the community (bottom right quadrant), which would be too overtly instrumental, nor are they likely to talk about the benefits to society of being close to their customers and employees (top left quadrant) unless they are following the more direct arguments of Friedman (1962; 1970).

As can be observed, there is a broadly diagonal spread, with firms tending towards speaking, through the mouthpiece of Arts & Business, of their own interests and primary stakeholders and with a separate group who speak of society and community. At one level this might be expected and the issue arises of whether the axes are in fact measuring the same thing. The r^2 of the plots is .402. However there are two distinct meta-clusters and the issue is *why* do different firms speak in different ways? In order to understand this, the individual texts need to be read together.

The clusters, with centroids indicated in brackets, may be interpreted and characterised as follows, linking back to the models for corporate philanthropy set out in section 2 above.

Group 1 (0.40, 0.45) firms focus almost exclusively on business benefits and either customers or employees. Generally speaking this group includes elements that are purely instrumental. Some, such as Anheuser Busch, were explicit that their involvement was about brand promotion.

> *"Anheuser Busch was able to make full use of the event [the Foyle Film Festival], generating a great deal of favourable publicity and exposure. In particular, the Festival provided a platform for the company to strengthen its relations with the license trade whilst generating greater interest in the brand to develop further sales in the region." (Anheuser Busch)*

This group uses the arts for overt marketing purposes and can be described as **advertisers.** In terms of the Young and Burlingame models, this group is overtly neo-

classical. It is telling that 14 of the 16 firms in this cluster have a direct consumer focus, their attention is directed at either making direct sales or else influencing consumer opinion. This early analysis points to a suggestion that some involvement with the arts has a direct economic focus – the issue is whether or not the involvement is provided to the business at below market prices, these data cannot provide that answer.

Group 2 (0.09, 0.46) has more balanced business/society interests, but the focus is still on internal stakeholders. As such this group can be categorised as ***instrumental***. For example:

> *"The sponsorship [TSB Artsbound] underlines the core TSB Marketing objective, 'to communicate its message to secondary school children (when) potential customers start to think about where they might want to open an account.' The communication is reinforced by branding but never by offer of products or services – the overriding aim is reputational." (Lloyds TSB)*

In some ways, such instrumentality is more sophisticated than with Group 1 and represents an explicit attempt to use involvement with the arts for strategic business purposes. This group is still broadly neo-classical but provides a better illustration of the strategic approach to corporate philanthropy.

Group 3 (0.16, -0.02) is neutral with respect to stakeholder attention and pays modest attention to business interests. Although some of these cases make no stakeholder references, the rest show elements of stakeholder approaches that may be regarded as "corporate citizenship", but still with a business benefit evident. For example:

> *"Generating a national profile for the message that hearing loss need not be a barrier to the enjoyment of music; encouraging people with hearing loss to*

> *attend Symphony Hall; generating national media coverage and providing the audience with direct access to Scrivens products."* (Scrivens[2])

Given the balanced attention paid to multiple stakeholders, this group can be described as ***stakeholder managers.*** As such, this group exemplifies the stakeholder model of corporate philanthropy. In many respects this represents the classic approach to strategic philanthropy, but where the strategy is directed at customers or some other key resource.

Group 4 (-0.16, -0.43) focuses largely on societal benefits, especially the community. What is notable about this group, however, is that six of the nine firms are privatised utilities and that, together with a further company, Camelot[3], these firms need an active licence to operate. Within the UK, following privatisation, utilities have been subject to press comment about the conflict between satisfying customers for basic services and shareholders, now frequently non-UK groups. As such they require some form of social legitimacy. This group can be described as ***legitimators*** which fits in with the political model of corporate philanthropy. However, there is no overt assumption of legitimacy – of course, an alternative explanation is that they might be firms that naturally are close to their customers.

> *"The mobile theatre enables Clwyd Theatr Cymru to take drama of the highest quality to the people, and involve entire communities in rigging the structure, hosting the company, participating in the experience of the show and benefiting from the accompanying education programme attached to each production."* (Edison Mission Energy)

Group 5 (-0.11, 0.01) at first sight seems to be a mirror of group 3, but with slightly more attention paid to society. However, this group effectively is spread along the societal axis without any particular direct stakeholder attention evident. The extreme

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[2] Scrivens manufactures hearing aids

[3] Camelot is the operator of the UK National Lottery

societal end of this axis is where pure altruism would exist. One of the extreme positions is occupied by IBM, which has a long-standing reputation in the business and society field. Others in the group show either more political motives, such as Brother International's desire to influence European policy-makers or Tesco's more stakeholder approach. This group does not have a clear identity, but a close reading of each text finds only IBM with the possibility of an altruistic motive:

> *"Artskills gives alienated young people, those in most danger from drugs, a sense of self worth by introducing them to drama, creative writing, graphic and computer aided design and information technology. The objectives are to re-introduce learning via the arts and to encourage participants to improve their local environment and go on to further education and jobs."* (IBM)

Because of the ***disparate*** nature of the group, it cannot be distinctly characterised.

Although the cluster analysis provides five distinct clusters, the purpose of cluster analysis is to provide a basis for classification for further study. Thus, any interpretation of clusters within an interpretive epistemology is limited by its utility as a way of classification. Therefore, it is helpful to review the vignettes within each cluster to provide a basis for analysis in the context of the literature review. On a visual basis, two meta-clusters, {1,2,3} and {4,5} are evident and, indeed, a MANOVA analysis confirms that they are distinct. However, such a statistical analysis is at odds with the interpretive objective of the exercise. Therefore, I re-read the vignettes within each cluster in an attempt to generate a clearer interpretation drawing on the major categories evident from the literature review – in particular the Young and Burlingame (1996) models of neo-classical, altruistic, political and stakeholder. A close reading of the individual texts of firms in the disparate cluster reveals underlying motivations which fit with one of the other groups. In addition, the instrumental group can similarly be regarded as a limited form of stakeholder management where individual stakeholders are attended to for instrumental means which may be overtly neo-classical in intent in much the same way as the advertisers

group. Thus, three main motivations emerge from this analysis – in effect, three meta-groups:

- Advertisers - those who use the arts as a form of pure reputation enhancement or marketing. This comprises groups 1 and 2.
- Legitimators - those who seek a licence to operate. These firms are concerned with business benefits but also direct some form of attention to community stakeholders. However, legitimators speak less of explicit business benefits. This comprises group 4 and some elements of group 5.
- Stakeholder Managers - those who use the arts as a form of stakeholder engagement. This engagement clearly has different levels. Some firms are involved with the arts in ways that link directly with their business. Others, such as IBM, whilst using business skills, have a less clear link back to business benefits. Ultimately, a balance might lead to what is termed a 'corporate citizen'. In a different analysis, this group might represent a natural analysis of strategic philanthropy – firms that pay attention to their own interests as well as those of the community or other stakeholders. At this stage, there is not enough clarity in the data to explain which stakeholders are the focus of attention or, indeed, whether there is balance between different stakeholder groups. This comprises group 3 and elements of group 5.

The boundary between a stakeholder manager and a legitimator, however, is difficult to observe. In any event, pure altruistic philanthropy is rare, if it exists at all.

4.3 Subsequent Codes

The second key purpose of the first study is to establish codes for the second study. In order to assist the extraction of codes, the texts were loaded into the NVivo software and this enabled codes to be collected naturally as they occurred within the texts. Although the coding had a deliberate purpose, that of collecting motivations, the use of NVivo allows texts to be coded in such a way as to allow easy retrieval and then allows groups of codes to be collected together. Although Miles and Huberman

(1994) advise that there should be a provisional list of codes derived *ex ante* that come from a conceptual framework, part of the purpose of this exercise is to create such a list. These codes, which will be used in the second study, are attached at Appendix B. The results at this stage are aggregated into six core themes (together with the percentage of the population of 60 stating each of these core themes):

Business –   reputation (68%)
               sales/customer/brands (57%)
               employees (37%)

Arts/society – increased access (52%)
               increased resources/creation of art/value of the arts (52%)
               education/community cohesion/other community benefits
               (43%)

In all cases a business benefit or motivation is apparent, which is not surprising given the nature of the data analysed. The final list of codes, which then formed the basis of the coding structure for the second study, is shown in Table 4.4.

Table 4.4: Outline Coding Structure

Business Motivations BM		Society Motivations SM	
1	Community – support employment	1	Community – unspecified
2	Community – support reputation	2	Education
3	Support sales	3	As a corporate citizen
4	Improve access	4	Environment
5	Reputation	5	The value of the arts
6	Customer relations	6	Create arts
7	Employee relations	7	Improve access
8	Influence opinion formers		
9	Be associated with the arts		
10	Brand/marketing		

Business Stated Benefits BB		Society Stated Benefits SB	
1	Firm reputation	1	Increased resources
2	Brand reputation	2	Improved/increased access to the arts
3	Increase sales	3	Improved community cohesion
4	Motivate employees	4	Create art
5	Corporate hospitality	5	Transfer of business skills
6	Improve firm creativity	6	Education
7	Improve working environment	7	Reputation of arts organisation
8	Improved financial returns	8	Provision of funds
9	Win awards		
10	Association with the arts		
11	Stated generosity		

Quantification

1	Monetary inputs
2	Visitor numbers
3	Sales of the arts organisation
4	Societal outcomes
5	Other

Thus, this analysis has also met the second aim set for the first study, helping to inform subsequent analysis. This initial study has provided both a useful categorisation of potential motivations and benefits as well as confirming the utility of the theoretical framework. This framework does not provide a definitive solution and "will be held lightly; in order to ward off premature closure" (Miles and Huberman, 1994:250).

4.4 Discussion of Results and Implications for the Second Study

The analysis of these texts has served two purposes immediately. First, the framework presented at the end of chapter two has proved to be effective in providing a model with which to think about corporate giving to the arts and an initial list of motivations has emerged. It has also produced a coding structure for the second study. However, the cluster analysis suggests that there are three main groups to consider:

- Advertisers, where the interest might be largely economic and where the arts are a conduit to a chosen economic end, often sales.
- Legitimators who seem to pay attention largely to community interests. It could be, of course, that this group is genuinely interested in the community in a quasi-altruistic way. The presence of a large number of businesses with a difficult public profile is telling. Perhaps the firms in this group feel they are more accountable to society and as such this could be an element of a social contract. The answers to these questions might emerge during the second study.
- Stakeholder managers, where the interest is about managing a group of stakeholders for what, are at present, unclear aims. However, there does seem to be some link to strategic philanthropy.

At this stage the framework can be refined as shown in Figure 4.3, with the new groups shown in circles or ellipses and the most opposed elements of the Young and Burlingame models of neo-classical and altruism shown in boxes.
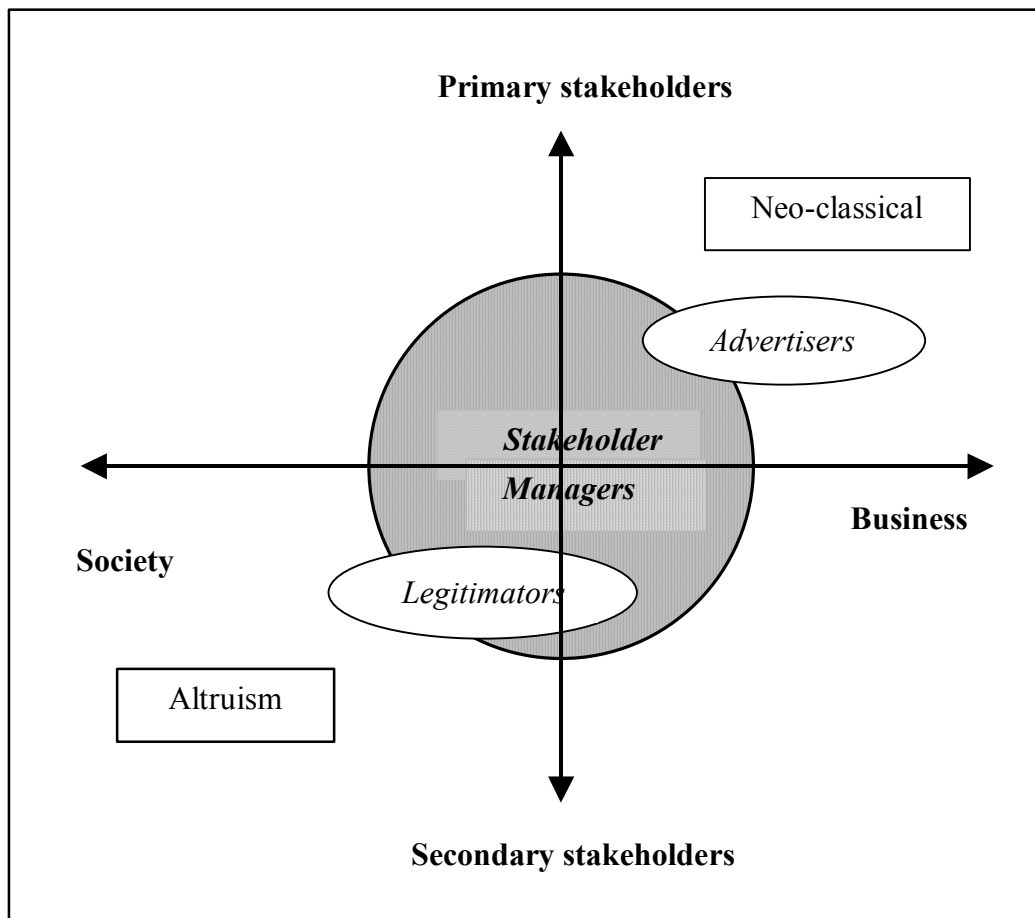
Figure 4.3: A More Complete Framework

As I entered the second study, this framework remained helpful as a way to interpret the responses from the interviews.

In terms of development of a theory of motivation for corporate philanthropy, I have observed a number of clear motives. First, every business points to some benefit to itself – this might be because that is the underlying intent, it could be because giving has become strategic or it could be because firms have a philanthropic strategy which is deliberately focused on issues that relate to their business. I did not expect these data to provide the answers, but they do point to some directions. In particular, the key issue of reputation or image matters – so a point to observe is reputation with

whom? Customers and employees both feature highly – yet we might expect other groups such as politicians to be important to legitimators.

This analysis continues to confirm the need to separate the motivation for the activity from the uses to which the activity is put. Some vignettes were clear about the purpose of the activity, some disarmingly so:

> *"An exhibition entitled 'Life and Death in the Workhouse' was sponsored by Anglia Funeral Services Ltd. The exhibition looked at death from a historical perspective, but also how death is dealt with in the present day…. Anglia Funeral Services won an award for their staff development programme and were keen to develop an educational outreach programme within the local community to build on this success…. By working with schools and making a taboo subject accessible, Anglia Funeral Services were aiming to educate people for the good of their business and the community in general - promoting their name as a family run, community spirited business." (Anglia Funeral Services)*

Others, however, offered multiple reasons which still require interpretation:

> *"Ernst & Young set about sponsoring this [Cézanne at the Tate] exhibition with 4 main objectives, all of which were achieved in the following ways:*
> *Objective 1: Bring Cézanne to new audiences*
> *Objective 2: Make Ernst & Young famous in the business community*
> *Objective 3: Build relationships with sponsor's clients & contacts*
> *Objective 4: Involve the firm's partners and staff" (Ernst & Young)*

As the literature has suggested, there may indeed be multiple motivations, but in order to discover what initially prompted the involvement, interviews or some form of archival study would be necessary. In the case of Ernst and Young, for example, which objective(s) were essential, which were more about leveraging the

involvement? My consideration of these questions also helped shape the nature of the discussion in the interviews.

In terms of arts involvement, the key themes of access, association with quality and education were noted. The vignette data offered no patterns, nor was there any clear pattern behind the form of arts event supported.

The third area for investigation which I identified in chapter two was around measurement and evaluation. I noted the references to numbers within these vignettes. There were few and they related either to visitor numbers (8 cases) or to amounts of money given (5 cases). No conclusions could be drawn from these instances, but this did prompt me to think that measurement might not be important and if this were the case, why was that? Again, this became an issue to which I was alert during the interviews.

Finally, a useful and structured set of codes was available for the interview analysis. My own experience in the exploratory stage, where I had 74 unstructured nodes from just three interviews, together with conversations with colleagues meant that a structure to the coding would be invaluable. Alongside these codes, I also had a number of issues to which I could attend during the interviews whilst holding the codes loosely in my mind.

4.5 Conclusion to Chapter Four

This section reports briefly the results of my first study. The utility of the analytical framework derived from the literature is tested and confirmed, and the results have helped to develop my understanding of the field before my second study. Additionally, a set of codes for the types of motivation and benefits claimed for business and society is established as a basis for the second study. The next chapter reports the results of the second study.

Chapter Five: The Second Study: Understanding the Uses and Motives of Business Involvement with the Arts

Barclays Advertisement from a Royal National Theatre Programme

5.1 Introduction

This chapter reports the results of the interviews undertaken with businesses involved with the arts, a number of major arts organisations and two consultancies in the field of business support for the arts, and presents a model which explains why business supports the arts. The interviews are undertaken in order to test the framework I have developed from the literature and developed in my first study as shown in Figure 4.3. The results of the first study in the previous chapter show that an analysis built upon the two dimensions of my framework is meaningful. This framework is built upon the two key dimensions of relative business/society attention and relative stakeholder attention. Therefore, in the analysis of the interviews, these two dimensions remain key to the interpretation. Is the involvement in the interest of the firm, the arts or both? Does business pay attention to particular stakeholders and, if so, why? Therefore, a key objective of my second study is to test and validate this model; in particular, to establish whether it adequately describes the range of motivations for business support for the arts.

Figure 5.1 presents the flow of this chapter and also points to the questions from the business interviews which provide the data for analysis in this chapter, as set out in Figure 3.5. In sections 5.2-5.5, the results from the business interviews are presented first and are then, to triangulate these data, are followed by points from the arts and consultancy interviews which corroborate, conflict with, or provide further illumination of the business interviews. The next two sections of this chapter address the two key dimensions of my framework – section 5.2 will report the results of the interviews which explore the uses and benefits that are claimed for business involvement with the arts; this is followed in section 5.3 by an analysis of the key stakeholders addressed. Sections 5.4 and 5.5 consider the other evidence that comes from the interviews, as anticipated in chapter 2 in Figure 2.3 and which answer my further research questions: *How does business measure or evaluate the support?* and *What other arguments does business advance internally for its support?* I argue that the examination of what is evaluated adds further weight to the understanding of motive. Section 5.5 continues this theme by describing other factors that emerge as

important criteria for firms supporting the arts and the type of art that is supported. Section 5.6 reports the motives that emerge from the interviews. As I explained in chapter three, I asked early on in the interviews why firms were involved with the arts and then explored this question with the interviewees in the second part of the interview. Often a trite public relations type answer evolved into a sharper understanding on my part which was shared with the interviewee – it is these results that are reported here. Finally, section 5.7 summarises the findings of this chapter and positions further questions for analysis which will be examined in chapter six.

Throughout the interviews I find four major areas that business wants to address through its involvement with the arts:

- Reputation
- Marketing
- Employees
- Community/corporate social responsibility

In line with my framework, I demonstrate that there are two basic motivations, those of marketing/advertising and reputation enhancement; the insights gained from my interviews allow me to present a fuller model in order to explain business support for the arts at the end of this chapter. A further key motivation is that of involving employees; however, I will also show that this is secondary to the two basic motivations. Thus the primary motivation for business involvement for the arts is economic. Many firms also include a pro-social element and thus fit in the interface between economic and ethical interests as described by Schwartz and Carroll (2003). However, for some firms the activity can be described as completely economic. There are vestiges of a primary social intention for two or three firms, but for the remainder the ways in which business addresses community is a means to achieving one of the basic motivations. Once this basic motivation is understood, the ways in which business uses its involvement has a number of dimensions and the results of these interviews provide a rich description of how the nature of business involvement with the arts in the UK operates.

In common with much qualitative analysis, considerable use will be made of direct quotations so that the interviewees can speak for themselves and to provide a rich description. These quotations are provided directly, including grammatical errors and incidental phrases such as 'you know' so that the reader can develop a feel for the tone of the interviews. Throughout, quotations from respondents are identified by reference to the case numbers as set out in Table 3.1 – 'A' refers to an arts manager respondent, 'B' to a business respondent and 'C' to one of the two consultants.

USE

STAKEHOLDERS

MEASUREMENT AND
EVALUATION

DECISION CRITERIA

Section 5.2

Section 5.3

Section 5.4

Section 5.5

| What use/benefit does business make of the arts? | Which stakeholders are salient? | What does business measure or evaluate? | What factors are important? |

Business   Societal

Customers   Opinion   Shareholders
             Formers

Employees   Community

Press Coverage   None/informal

Visitor Numbers

Chairman   Partnerships

Available Resources

Business Interview

Question 2

Analysis of entire
interview

Business Interview

Question 6

Business Interview

Questions 3 and 5

| What is (are) the underlying or primary motive(s) for business to support the arts? |

Business interview Question 3 and second part of the business interview

5.2 The Benefits and Uses of Business Involvement with the Arts

The first dimension of my framework that I address is the relative business/society attention. The data presented in this chapter position the benefits that business seeks from its involvement with the arts and will use these data to test the first dimension of my model. This section also provides the data for my research sub-questions: *What are the benefits perceived by business to be derived from its support for the arts – both business and societal?* and *For what purposes is this support used?*

This section reports the uses and benefits that business refers to from its involvement with the arts. It is organised in two parts – first, I report, in section 5.2.1, the business benefits and uses and then I report, in section 5.2.2, the societal benefits and uses.

The presence of strategic philanthropy is strongly evident in all cases. In the interviews, all business respondents spoke of some form of business purpose for supporting the arts, some exclusively so. Others spoke of some societal benefits, even as the principal objective of their support for the arts, but there also had to be a business benefit as well. The range of relative attention between business interests and societal interests was evident.

> "…but our motivation, I couldn't look at you honestly and say that we would get involved with a sponsorship purely because there was community involvement and no other business rationale. That <u>is</u> always and <u>has</u> always got to be front and centre." (B16)

Some firms with a more overt business focus did however see some element of societal interest:

> "I don't pretend for one minute that we don't do this for clear business reasons, because we do. But I think at the end of the day an element of the overall cost of

the sponsorship we would put down to that's part of our annual contribution to the community." (B7)

Others still, took a deliberately balanced view, but starting from a societal objective:

"All our major projects integrate our business interests with a social need. And you know, we will define the social need and then look at how we bring, how we mesh that with our business interests." (B11)

Thus, there is clearly a range of positions and motives to be explored.

For all firms, the unifying idea was that the key benefit is about having some impact on the image that various stakeholders held of the firm – these could be customers, business partners, employees or opinion formers. I find that image is a key factor in business support for the arts, this could be aimed directly at customers in the way of advertising or it could be indirect, through seeking a better image with customers or politicians.

5.2.1 Business Benefits and Uses

Business seeks, for the most part, clear business benefits from its support for the arts. These can be summarised in three areas – client entertainment, marketing and branding, and the provision of benefits for or skills to its employees. The first two of these uses have clear commercial elements and there is little that is clearly philanthropic about these aspects of business support for the arts – the engagement is much more economic.

5.2.1.1 Client Entertainment: Business Buys and the Arts Sell

Client entertainment was mentioned as a reason (at least in part) by 10 of the 23 businesses I interviewed. All of these firms were engaged in some way with professional clients and/or other business contacts. The purpose of such client entertainment is to provide unique facilities in a sympathetic environment with which to develop deeper client relationships. As such, this benefit is a direct purchase of a service from the arts:

"Because it suits our purposes. If you take those objectives; being able to build relationships that's through corporate hospitality so we need the opportunity to do lots of corporate hospitality. We will typically entertain between 5,000 and 7,000 people during the course of a sponsorship. It means that we can entertain them in beautiful environments, the galleries that we work with all have fantastic entertainment facilities. It means they get to see an exhibition in very exclusive circumstances, very private; you know we get guides to take the guests round so they really do have a very special evening." (B7)

The attraction of the entertainment facilities was often about their unique quality and the privileged access this gave the businesses for their entertainment purposes:

We have sponsored a number of initiatives with [opera company] as an example whereby we would use that [use of the opera house] for client entertainment, but it buys a unique position. In terms of what we would want to bring to our clients, a very unique special prestigious type of situation. (B24)

but this was not true for all:

Put it this way, there are cheaper and less resource-hungry but frankly simpler ways of entertaining clients. So if our sole motivation is to give a client a slap up dinner, we'd find another way because this is expensive and time-consuming. (B16).

The dominant idea from this use is that businesses are buying a service from the arts at some sort of commercial rate. Indeed, this is borne out by Table 5.1, which sets out the data I collected from the interviews stating what particular types of sponsorship would cost.

Table 5.1: The Cost of Supporting Different Arts Events

Amount £'000*	Type of event
<5	Community event Small concert
5	Basic corporate membership
10	Opera dress rehearsal
15	Concert Regional festival
25	Exhibition Opera evening sponsor
40	London orchestral concert International Theatre Festival
50	Ballet
60-90	Revival of an opera production
70-80	Festival packages Major orchestra
90	'Difficult' opera production
100	Non-London opera company
150	New opera production Major festival package Theatre redevelopment
250	Title sponsor of orchestra, including community work
300	Principal festival sponsor
350	Major theatre production
500	Gallery exhibition
500-1000	Major gallery exhibition
1250	Title sponsorship of Tate Modern** (over 5 years)
1900 +	Barclays** Invest and Inspire programme (four major exhibitions

* Excludes food, drink and other direct hospitality costs

** These sponsorships are matters of public record and are included to illustrate the nature of very large sponsorships

This table shows that there is a clear scale of 'price' for increasing benefits. As such, there does not appear to be an overt form of subsidy – if business gives more, it clearly gets more in return. It is difficult, however, to spot the benefit to business of some activities – for example dress rehearsals of operas.

With the sole exception of the privately owned business I interviewed, all businesses had some concept of what was acceptable to support and this linked back to their ability to 'use' the supported event for some purpose. Indeed, further support for the commercial nature of the relationship is reinforced by some respondents with a marketing background who saw support for the arts as buying a 'property':

> "We were kind of involved with the success story, so the question was - there was a good property but the rationale was poor. It wasn't that the property was a poor property to select, it's hugely successful." (B5)

One business manager, however, felt that this uniqueness was what he sought – almost beyond price:

> I suppose a broad question is (1) we feel it's important that the corporate world support the Arts, we get a variety of benefits from supporting the Arts which we believe are worthwhile to us. Advertising benefits, corporate hospitality benefits. I mean for example on the corporate hospitality side, we have a requirement for some corporate hospitality for customers, etc. throughout the year and we find that doing some of the corporate hospitality on the back of arts sponsorship works quite well. I think one of the big advantages that you have with corporate hospitality when you are sponsoring things, is that that's when <u>you get the things I suppose that money can't buy</u>, that you are a level up. But I suppose you pay for your sponsorship but because you are a sponsor, you get opportunities that you can't go out and buy. (B19)

That extra benefit, for this interviewee, was about marketing to clients, which I discuss in section 5.2.1.2.

Thus, one key benefit – and so purpose – for supporting the arts is to obtain privileged access to client entertainment facilities. This benefit has a clear element of commerciality and the arts organisations do their best to maintain the premium value of this opportunity, as the results of the arts interviews show.

Results from Arts and Consultancy Interviews

The arts organisations all recognised that they needed to supply entertainment facilities as part of a package in order to gain the financial support of business. The arts organisations confirmed the business responses, perhaps with even greater emphasis as the arts organisations recognised they needed to sell.

Most of the arts organisations were clear that there is 'a price' for particular activities. They would try not to discount the price:

> "Very rarely discount. I find that almost – it is not always true – but almost I prefer to hold on to my price at the cost of losing the customer because I think in the long run I'm actually going to establish a reputation for a) being reasonably fair and b) that I don't want to discount my product to the point that it loses brand credibility. I prefer to deal on benefits, so if somebody says to me that's an awfully high price for 300 tickets or something like that then I will have no hesitation in tailor making a package to deal with them, but I would be reluctant to bring down the £300,000 to £200,000 if you know what I mean." (A9)

There is a recognition by the arts of a 'market.' But, equally, they would not always seek to maximise the short-term price in order to maintain the long-run client relationship:

> "No, no, we have a market price. You know you work out your figures for an exhibition based on the fact that you expect X number of people to come, you are going to be spending this amount on travel to bring the paintings over to London, this amount on marketing of the exhibition and so on and so forth. And the

equation should mean that at the end of the day you cover your costs and hopefully you know there's some surplus that can go into other exhibitions or other less successful sort of parts of our operation. So that is the aim always. So in terms of the sponsorship figure, when we decide on the sponsorship figure, we are aware of a number of things. We are aware of what the market will stand, the nature of the exhibition can help us in terms of if you know you've got an exhibition that you know is going to be incredibly popular and the companies will be fighting over sponsorship. Yes you can ask more. But you'd have to keep it at a reasonable level." (A7).

Further support for the argument that support for the arts includes a major element of economic exchange was provided by an analysis of the number of exhibitions or performances that the Arts organisations could not obtain support for. These included new works that had yet to be completed (plays, music or the visual arts), contemporary music (but contemporary art is acceptable as this is in vogue in the UK at present following the launch of Tate Modern), thematic art shows or artists who are not 'of the moment'. This list contrasts with the ease with which works such as Carmen or The Ring Cycle, events involving high profile actresses from films or television such as Nicole Kidman or Martine McCutcheon, or exhibitions of popular artists such as Monet can attract support.

The entertainment, however, is not necessarily just for clients. For some firms, the use of the gallery or the opera was also about gaining private access to opinion formers or other groups they wished to influence:

"They're entertaining – well it depends who you take – but if you take a company like [energy company] or a company like [pharmaceutical company], we are close to Whitehall, we are close to Parliament, there's a component of their lists that are going to be people who are important to them in Whitehall in Government, people that they are lobbying. They're also going to be entertaining business partners, so in the case of an oil company, you know the gas companies they work with, the other oil companies they work with, the suppliers they work with. It's about the relationships they have with people that they work with and it can be extended to

the people who finance them, the people who represent the banks or the money that they'll be going to for more money." (A7)

Entertaining facilities were, however, more important for the arts organisations. Nine of the twelve mentioned their facilities, always in the context of providing or selling a service with a commercial benefit to the business customer. Thus the arts organisations support the strategic philanthropy objectives of the firms by selling services. These were frequently packaged at various levels of benefits, including a number of tickets and private receptions. One of the consultants pointed to this benefit first during their interview:

> "…the first value they would see is the opportunities for corporate hospitality in marvellous places and mixing with marvellous people. Now we know, those of us who are professionals in the industry, that sponsorship is defined as the buying of rights of association and I try to remind my clients all the time of that, because there is an increasing trend towards not sponsoring something that is in existence, but in creating something brand new. It's been going for years, of course it has, but it's increasing." (C2)

Many of the arts organisations and, in particular, the galleries and opera houses spoke of *unique access*. They clearly regarded these facilities as part of a package in return for which they would receive money – as such this was *an economic exchange* and not a gift. Arts entertainment, in effect, is a premium product. Indeed, the uniqueness was used not only to attract money but also to increase scarcity value:

> "At [name of gallery] we only allow sponsors and corporate members to hold evening events - corporate events in the Gallery - and every time we do that we charge a hire fee, although it's always on top of another sum that they are giving us; either a sponsorship fee or a membership fee. And we control quite carefully how many evening slots we will give to a company and we'll negotiate that as, you know, part of the benefits package that we are going to give them. And so for [name of exhibition] we would have given I'm not sure exactly how many

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evening slots we gave them [sponsor] I think it was probably certainly less than they had during [name of earlier exhibition] which was here in 1996. I know they did a vast amount of entertaining around that sponsorship; probably about fourteen nights or something like that. At [name of gallery] for [name of exhibition] it would have been considerably less but still more than we will be able to give [name of different sponsor] for [different exhibition]. We might include some discounts on their event fees as part of the sponsorship, but essentially that's just a very small sweetener in a massive deal. Essentially they're after access to the Gallery out of hours and to the Exhibition with their name all over the literature and on the walls as much as they possibly can. (A12)

and

let me illustrate that by saying first of all people that want to give fantastic client entertainment, unique client entertainment – who are not particularly interested in building a brand, or a company name and a good example of that would be [name of investment bank] who sponsored [name of play] getting on for about two years ago now. And really what they wanted is to take over the theatre for one night and on every single floor of the [theatre] they were entertaining their different categories of clients. (A9).

5.2.1.2 Marketing and Branding. Overt Association

Fourteen of the businesses claimed that they used the association with the arts for clear marketing activities or other forms of brand development. The nature of the marketing activity depended largely on whether the brand involved was a consumer brand as opposed to a corporate brand. The idea that support for the arts is a commercial transaction is even more pronounced for those firms who seek to associate their brands with an arts event or who wish to address directly the arts organisation's customer base.

Indeed, some businesses pointed out their involvement with the arts had a very hard commercial edge:

"I'm not targeted to change society; I'm targeted to change perceptions about [name of company] if I can. I operate within the parameters of course, but I will say this, there are a couple of things [in the community] that we've done with it. We don't ignore that side of it, we don't make it the raison d'être for the relationship now." (B5)

One business was completely up front that marketing in terms of the development of a particular brand was the sole objective of their Arts involvement:

"when it [name of product] was first launched it was quite a smallish product, but there was a conscious attitude to seed the brand to the most fashionable London bars at the time rather than go straight in with the advertising campaign and high-profile sports sponsorships or whatever. And the decision was taken to build the brand reputation through carefully selected distribution and then also to try and build a position that was a much more intelligent and discerning brand through association with the arts. I would describe it as a bit like a food chain really where you get the very top-notch kind of peas, the qualities that are actually quite different from the traditional things and so this group will actually form a lot of their opinion of what they actually do through things like arts sponsorship and exhibition rather than they always present traditional advertising and then a lot of contemporary artists will actually end up approving or influencing fashion designs and beauty." (B21)

Indeed, in two consumer product businesses (B17 and B21/22) it was clear that the reason there is any support for the arts in question is *purely economic*. Thus:

"…it's all about you know can we drive revenue off of it, can we link any products and services to it, what are we as a business you now looking at [industry], can we really integrate any of our capabilities from you know us; can we differentiate ourselves from any other brand in our association with [art form]" (B17)

"As I said it really is about the brand and the ramifications of pulling out at this stage would probably do us more damage than actually retaining and maintaining." (B17)

and

(Lance) "Is it fair to deduce from what you say that the sole reason you do any of this involvement is effectively marketing. If it didn't work for you in marketing terms you wouldn't be doing it?"
"Yes. I mean we are a public company and there's been sort of decisions like has [this] been for the value of shareholders. … It is purely down to commercial [considerations]." (B21)

However branding was also seen as a two-way activity. A number of both arts organisations and businesses saw brand fit between the corporate brand and the arts brand as important:

We support [gallery] because we like [gallery] as an art institution, it would come under a number of categories that we would identify as being qualitative, we like the brand, we like what the brand communicates and we have a leaning amongst our global audiences towards XXX art as part of that investment in sponsorship. And as close friends we have grown up together. (B24)

Results from Arts and Consultancy Interviews

Again the emphasis on branding was confirmed by the arts and consultancies. It was clear from discussions with some of the arts organisations and from a review of their standard contracts from sponsorship that prominence of branding is a key issue for business sponsors and point of tension in negotiations:

"Do we have discussions [about use of corporate logos]? Absolutely – that's probably one of the most contentious things that comes up in fact in many of the sponsorships. We are extremely aware of logo presence and brand clutter, if you like, on our leaflets. We very rarely have colour, corporate logos in the Galleries – we do for [company A] at [gallery]. As far as I can think of we don't for [company B] at [gallery], we certainly don't for [company C] or for [company D] last year. Everything is mono black logos which is something that they push us on every single time…. Posters are actually <u>the</u> number one contentious issue. … it is really important to them……And we don't give in." (A12)

Brand fit number one, because it just ain't going to work if there is not the brand fit, even on the hospitality front you've got to have that. (A11).

Indeed, it became clear to me that many of these partnerships were very long standing, some as long as fifteen years, especially in the case of art galleries which meant they had become part of the basis of operation of certain very large and established firms. Indeed, the brand had become part of their reputation with their customers and clients.

In further support of some purely economic motives, I found evidence of two further businesses using their support for the arts in purely economic terms. This was evident in one US firm's sponsorship of a theatre:

"They get tickets to every production, two events a year, credit on the brochure, credit on the American friends letterhead and on American friends invitations. One of the reasons they're doing this sponsorship is particularly as a <u>marketing exercise</u>. I mean one of the reasons they wanted to work with us is that we are based in this area which is incredibly rich in American expats. So they are using our mailing lists and our events because we do quite a lot of high level galas to get to those people." (A8)

The approach of this same business[1] appeared in interview A4 where the extent of the marketing activity was described – for example:

"…it was a production sponsorship…involved interviews with patrons in the foyer, it involved questionnaire seat drops, it involved analyses of demographics of attendance, it involved asking people as they came out how they felt, what they remembered about it or how strongly they associated [name of sponsor] sponsorship or did they indeed realise that [name of sponsor] had sponsored the evening." (A4)

Another arts organisation, whilst confirming the attitude of B17 also discussed the motives of its sponsors – often consumer credit card companies as:

"I mean [name of credit card company] is about brand awareness and from their own evaluation measures they would like to reach a certain percentage point awareness among consumers who are not necessarily attendants at the festival. But awareness of their brand. And again it becomes a kind of negotiation because they can say we want 15% awareness…" (A1)

5.2.1.3   Employees

The other major area of direct business benefit that was cited during the interviews was that of employee support. Virtually all of the businesses sought to extend the benefits they derived from their support of the arts to their employees. This was especially true of the support of the major arts exhibitions where the sheer capacity meant that free or subsidised tickets could be made available to employees. This was true where the overt objective was marketing but still economic:

"we've done a couple of one-off things in Bristol, we normally look at around our call centres, so that we can actually do activities for all our staff, because

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[1] Unfortunately this was the business which I was unable to interview due to the maternity leave of the appropriate individual

obviously we've got 13,000 staff across the UK, and it's trying to build a community or enhance the community where we have huge groups of staff." (B17)

although, in this case, the interviewee did go on to explain that if the staff in the call centres were more involved, they would offer better customer service and thus improve sales.

Nevertheless, employee involvement was central to some businesses' exploitation of their support:

"We recognise that employee benefits associated with our sponsorships is very, very important; we want to get our employees engaged in what we are doing, so we've tried to leverage as many benefits for our employees as possible to get them engaged in the programme." (B4)

But for others, there was a sense of employee involvement as a bit of an add-on to their primary involvement:

"Well, any sponsorship activity we've got we always try and make sure that staff get a benefit. Usually it's on the basis that all of our staff can have access to the property on account of a discounted basis or whatever it may be. And of course access to galleries is free anyway." (B5)

For some businesses, the involvement with employees is something that is about staff development and thus is really the arts selling a service to business. Indeed interview B13 was entirely about using the arts in order to develop creativity amongst the firm's employees. In this instance, the business commissioned a number of different artists and arts organisations to run development workshops. This case was directly about business buying a service and was seen as distinct from support *for* the arts and is thus excluded from this discussion.

Often, the benefit to the business from supporting the arts in the context of employees comes from having more highly motivated and developed employees.

> "you can see from the family days there's a feel good factor of seeing what [company] can do for their employees, how they can get involved and also from the volunteer aspect as well and linking that into their sort of own professional development and tying it certainly into their further skills training as well." (B15)

Results from Arts and Consultancy Interviews

Again, the arts organisations, especially the galleries, confirmed the emphasis on employees by business givers and which applied in particular to the major sponsors of the galleries (B1, B4, B5, B7, B16, B24, B25).

It appeared that employee involvement had developed from a position where support of the arts had employee benefits as an aspect of the support to where it was a central element of the support. This was an area which appeared to have developed recently:

> "Third is employee benefits or community benefits if you like. And I think this is something that's become more important to the companies over the last few years. We will obviously give them a stack of free tickets, could be in the region of 4,000 or 6,000 free tickets to the exhibition.   We will hold talks in their offices, give presentations by our curators on the exhibitions.   We will organise family workshops, half-day workshops for groups of 25 people, sort of 7-9 year olds and their parents based around the exhibition." (A12)

5.2.1.4   Summary of Business Benefits and Uses

The quotations above demonstrate how business uses the arts for its own interests to provide entertainment facilities, marketing support and resources for its employees. However, throughout the interviews there was a theme of seeking to influence or develop reputation with clients and customers, with employees and also with other groups. I shall return to this idea in section 5.3, where the interviews are analysed from a stakeholder

context. However, as chapter four has shown, a number of significant societal benefits also arise from business involvement with the arts. The business benefits described above were often mixed up with societal benefits which are described in the next section.

5.2.2   Societal Benefits and Uses

This section examines the other end of the business/society dimension, the benefits to or focus on society. The uses and benefits to society were seen in two areas – direct community benefits and specific education uses.

5.2.2.1   Developing Community and Being a Corporate Citizen

The idea of community involvement was evident in 18 businesses. However, for most firms I find that support for the *community is secondary* to the underlying key benefit of marketing or reputation enhancement. The nature of the community benefits could be instrumental in an indirect manner in order to generate goodwill for the firm or else it was seen as part of broader social responsibility – being a good corporate citizen. There is a clear benefit to society from some of the business activities, but this does not necessarily mean that this is the main motive for undertaking such activities in the first place. The idea of community was vague, however for many firms, the idea of community often relates to where they were located, or more particularly, where they had large numbers of employees:

> "I think we realise we take quite a lot out of the community. A lot of our employees are from within 30 miles of each [power] station, so if we can give something back in any way, we feel that even if we offered £100 to the local football team, it might have a greater benefit than sponsoring something like the Welsh National Opera." (B8)

The community links to art operate at a number of levels – the creation of art, helping communities and encouraging broader access to the arts. At a community level, the support could be small scale and linked to local activities and creation of art:

"The [x] Festival we are sponsoring because they particularly encourage young and up and coming artists to perform there, so they are usually Welsh singers or Welsh harpists for example and then in years to come we often see them on TV, so it's a good opportunity for events to get some air time as it were. And it's also close to one of our power stations locally, it is part of our local community group." (B8)

For others it was about using art in order to help local communities:

"…community-based stuff we do in [name of London borough]. That's done for different reasons, that is part of our community affairs programme our colleagues run. What they are aiming to do is provide greater opportunities for a combination: urban regeneration, improving education and also improving employability amongst disadvantaged people, particularly in areas we have offices." (B18).

However, for the very large programmes, the consistent message is about creating access to the arts. Barclays Bank, for example, has very publicly launched a programme costing £1.9 million called 'Invest and Inspire' with a clear objective to encourage first time visitors to the arts ('access') with the hope that they will return. This message was clear from a number of sponsors in a variety of ways:

"when I took the programme over four years ago I looked at the whole programme and we came up with a theme of access. So very much our programme has been geared towards access to the arts." (B4)

"We are providing people who don't have the opportunity to go and visit access to those resources so, whether they're cultural tourists or academics who want to do some research, or whether they're teachers in the classroom who want to teach something about social history or art history, or cultural studies, we would see it as meeting that sort of range of opportunity." (B11)

"[x] is an audience development programme designed to increase the breadth of the audience at the [name of theatre]. It's not just aimed at sort of disadvantaged people necessarily but people who wouldn't ordinarily go to the theatre, so sometimes that can also be young professionals. It is obviously some groups of disadvantaged people who wouldn't go to the theatre at all, it's people who are students who wouldn't normally be able to afford a ticket price" (B25)

The instances of community support listed here are largely where there was a clear focus on the benefit to the community without a direct link back to the business. However, in the same interviews, a business benefit was also mentioned; these interviewees were often clear that that business motive is dominant. The ultimate motivations are described in Table 6.1 in the next chapter. Some interviewees, however, were clear that an involvement with the community is directly linked to business interests in the form of community relations and thus to corporate image:

"[x] is not a great one for corporate advertising, particularly in the UK and Europe or large ongoing public relations activities. We are well known in the business community now, we are not well known amongst the general public if you like. And when we have people coming answering our ads for example, graduates answering our ads for the jobs, very often they don't know who the company is; haven't heard of the company. [x] - who is - the cry that goes up from time to time. So we wanted to be better known in the communities in which we are working, so we are looking for branding opportunities, we are looking for educational opportunities and we want to be a good corporate citizen." (B6)

Thus community involvement was frequently characterised as being a good corporate citizen or a good corporate neighbour. This led to the idea that being a good neighbour was something to do with 'giving back':

(Lance) "What do you mean by being a good corporate citizen, you also said being a good corporate neighbour?"
"Giving something back to society. Enabling free access to the arts." (B4)

and it was also about maintaining some sense of goodwill:

> "Well, being a good corporate citizen is like being a good neighbour, isn't it? You want to be friends with people in your local area. The company wants to be perceived as a responsible local employer. We are a good employer, we think we are. And we want contribute to the local community in a positive way and to help people locally. Being a good neighbour." (B6)

> "Well I think it shows that we are a good neighbour, a good business and a good neighbour. Promotes goodwill amongst the local community. I think it helps us when we might have an issue, maybe an environmental issue, such as water discharging that we want to change, that we might go to the local community group and talk to them." (B8)

5.2.2.2 Education

The other main theme of societal benefit that respondents mentioned was education. Again, the educational component of business support for the arts is not the primary purpose, but a way in which such support can be 'leveraged'. There are a few instances where business supports an arts education activity on its own without any wider support and these involvements point to a societal focus for such activity. However, taken in the round, such involvements are marginal, both in terms of financial support and also in terms of external focus. For the arts organisations, however, they are important and do provide valuable resources. Education has traditionally been the major recipient of corporate giving and it was evident from my interviews that this is true in the UK at present. Many business interviewees spoke of other community programmes which had a large education element. For some they also sought to link these educational programmes into their arts involvement, for others there was not such an overt link. However, the education element was usually not the main thrust of the arts involvement. It is a way of extending the involvement, as I shall discuss more fully in section 5.6. This is also true of some arts organisations who seemed to keep their education and development work apart:

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"I think what's happened, is the [name of orchestra] partnership has enabled us to bring together a number of separate units and sort of functions under one common direction which is supporting this music in the community and supporting the inner city deprived schools that we go and visit, so it's given everyone a sort of focus which has been great and across the companies as well … it's enabled you know somebody from the Press side of [division A] to work with the CSR department at [division B], to marketing people at other companies and being able to all work together with a common aim for this has been great." (B15)

Typically, the education component would involve linking a sponsored exhibition directly into schools which are near the company office or where the business has customers:

"Yes, well, on the [X] exhibition we had a couple of programmes, the one that was developed by the [gallery]... and this was one that took secondary students, 12 – 14 year olds, to the gallery and asked them to, actually I have more detail on this if you want, look at paintings and to describe what they see and to enhance their vocabulary by interpreting what they see." (B16)

However, firms which did not have an educational component had begun to address the issue of including educational issues as a way of maximising the total benefits from their involvement with the arts. Educational involvement tended to be an 'add on' to other aspects of community involvement but were becoming an integrated aspect of their arts support for these firms.

"…increasingly we are integrating our community investment with the arts in some of the projects we do." (B7)

5.2.2.3 Results from the Arts and Consultancy Interviews
The arts and consultancy interviews supported the themes of community and education. However, in their minds the education or community aspect was a manifestation of the businesses' wider philanthropic responsibilities:

"…it's seen more as a commercial transaction. They are giving us money to enable us to put something on and we are giving them a package of benefits in return. It's not there you know while behind it there might be some kind of philanthropic desire to kind of yes do something, put something back, that is not the primary motivation for companies supporting the arts. What they do in addition from the support they provide for educational programmes and the like on top of that is more philanthropic". (A7)

Indeed there was some evidence from some arts organisations of giving money to arts education programmes without broader sponsorship support.

"We have support from [X]. These companies are generally big multinational organisations which have established budgets and programmes of their own which we then respond to. It's less likely for a smaller company which perhaps responds to things on an ad hoc basis or doesn't have a 10-year plan in place to respond to in education. The kind of associated benefits need to be immediately felt with them, whereas a bigger company is willing to think broadly and holistically and look at the ongoing association that these kind of education programmes work and how they can benefit their own public persona and their own profile amongst, I guess, not only their consuming public, but also amongst their peer groups." (A4)

Thus educational support tended to come from large firms with established budgets.

Similarly the beginnings of movement from basic sponsorship to extending that involvement to include education was confirmed:

"We've had a couple of sponsors who have moved from being concert sponsors, or sponsors who had private events, to putting their money into our education programme which has been going for a long time." (A6)

5.2.3   Conclusions About the Uses of Business Support for the Arts

As expected from the literature review which discusses the current development of strategic philanthropy, business is involved in the arts for a range of benefits. All firms point to some sort of business rationale and all the arts organisations similarly recognised this.

However, there was a difference between those who saw the involvement as a form of economic exchange and those who saw a more complex set of issues. This difference can be seen in three broad groups. First, by those firms who expressed a very clear purpose for their involvement as being just in the interests of the firm and stopped there, such as the drinks company whose focus was on developing their brand. Next, there were those firms whose initial focus was as some form of marketing or client entertainment, but then sought to maximise the return by extending into a further direct business area of employee activities or into an area with indirect business benefits and pro-social benefits of supporting community, because that is one advantage offered by the arts as compared with other forms of community activities:

> "So it does start with the brand. We would look at our client entertainment requirements, we would look at our internal employee possibilities, we would always bring our community into any sponsorship initiative. We would almost always drill down even to HR training education and quite possible communicate it right through to sort of the grad recruit level." (B24)

Then there were those who were less concerned with their brand in terms of selling, but who focused on communicating their social involvement. (I shall discuss why different firms act from different motives in chapter six):

> "We are about reputational awareness and reputational association. It's not about brand awareness necessarily or directly increasing sales. We don't communicate a message about interest rates or anything like that. What we are about is promoting the fact that [name of bank] directly and [name of group] indirectly is investing in things that are seen in Scottish culture." (B10)

Finally, there were those firms whose focus was that of society but who seemed to be less overt about the management of reputation. There were only two or three companies which completely fit this category. Strategic philanthropy is present, but it starts with a societal need and the business uses then follow as compared with the other firms, where the business need came first. This is closer to the ideas of enlightened self-interest, but there are only vestiges of the focus on society:

> "It's part of marketing and that's the brand. So it's part of the brand and our brand values and what we want our stakeholders to associate with the brand so we want our stakeholders to associate leadership, technology, innovation, integrity and some world class and so all our projects need to reflect that in some way. We also - as a company as part of our values - feel we have a strong role to play in the community. And the shift we've made if you like is to say that we want to make that more strategic and we want to focus on some issues where we believe our business can make a difference. And we think one of those ways is by focusing on certain issues and not being too fragmented." (B11)

For all firms the unifying idea was that their uses were about having some impact on the image that various stakeholders held of the firm – these could be customers, business partners, employees or opinion formers. Therefore, in order to understand what firms sought to achieve from their involvement with the arts, I consider the stakeholders addressed in the next section.

5.3   Stakeholder Management, Reputation and Image

The second dimension of my framework for analysing motivation in corporate philanthropy requires a discussion of the stakeholder focus of the business support. This section reports the stakeholders who were mentioned during the interviews. During the course of the interviews five major stakeholder groups were mentioned: customers, employees, opinion formers, the community and shareholders. The different attention that firms paid to each stakeholder group varied – throughout. However, the main objective

was to seek either some direct economic benefit as in the case of customers or else it was to seek a reputational benefit as in the case of community and opinion formers. I now consider each of these in turn and link the use of the arts involvement to show how businesses seek to influence their image and reputation with each stakeholder group and to observe *which* businesses addressed which stakeholders. The structure of this section is:

Section	Stakeholders/sub-section
5.3.1	Customers – Business to consumer – Business to business
5.3.2	Employees
5.3.3.	Opinion Formers
5.3.4	The Community
5.3.5	Shareholders
5.3.6	Conclusions on the Attention to Stakeholders

5.3.1 Customers

There are two distinct groups of businesses who might wish to influence their customers: those with consumer brands who might wish to communicate their involvement in a mass way and those with business clients, where the influence could be more direct. The way in which groups of businesses discussed their customers naturally varied.

Business to Consumer

Businesses that address mass customers and which I interviewed included retailers, consumer goods companies, banks and telecoms companies. In all these cases, there was a clear desire to ensure that their customers were aware of their involvement with the arts. For mass consumer products, the scale of the involvement had to be so large that it was very visible:

"Change the perception of [name of company]…

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(Lance) Change the perception. Just so I'm clear, with whom do you want to change that perception?

Customers, non-customers certainly, you know - but maybe become customers of ours. Lapsed customers, the general public out there, influencers." (B5)

Influencing mass opinion was important, in some cases to buy products as in the quotation above or, where the firm had a 'difficult' reputation, this might be managed in a different way via local level communication:

"There is a lot of cynicism out there …. The way our programme works is on a more subtle level, stuff which may appear in a local paper generates local support and that's the type of audience that we are trying to reach. So we're trying to, on a subtle level trying to get across to people that we are sincere and genuine." (B1)

Business to Business

Where the focus was on business clients, the importance of branding was less relevant than the quality of corporate entertainment, as I have established in section 5.2:

"For a company like ours, we haven't got any products to sell, we haven't any factories or we're not like BP or Shell or anything else. It's business to business relationships and relationship and reputation is what it's all about for us. It's not so much getting our name out there in lights - that's not our style, it is about reputation." (B15)

All of the professional service firms stressed the importance of client entertainment as a privileged way of connecting with clients and potential clients, even though they could not link direct sales to the entertainment:

"…being able to build relationships that's through corporate hospitality so we need the opportunity to do lots of corporate hospitality. The visual arts gives us that, it means that the galleries are open during the day, that we can use them in the evenings. It means that they can cater for large numbers of people." (B7).

Results from the Arts and Consultancy Interviews

Many of the arts organisations only saw the business to business entertainment and so these responses support the findings of section 5.2.1.1 which discusses client entertainment. However, the evidence for mass consumers was also evident, where marketing remains a key consideration.

An example of a mass brand was a retail credit card company which sponsored a major film festival:

> "And it is also that that positioning, their brand positioning of being associated with something that is dynamic, exciting and glamorous, and it turns them from being well we're a boring financial services company that offers you a credit card to well look you can see … Nicole Kidman and look you know she's standing right next to it. A whole bunch of logos of [credit card] and you know with a big smile on her face and we can't buy that advertising, because they can't.   And it was on national TV, I'm giving that as a very good example because [names of sponsors] did get that and she was on News at Ten and Sky News standing there with a beaming smile on her face, looking absolutely stunning in front of a battery of sponsor logos and they couldn't buy her to get it in that ad.   And they were very pleased." (A1)

5.3.2 Employees

In the same way that some businesses use their support for the arts to gain an economic advantage by making more sales to their customers, some also use their involvement with the arts in order to gain access to scarce resources in the form of employees. As I have explained above, business support for the arts is used directly as a way of making employees feel good about their employer as well as a form of skills development. Employee involvement was important to all but two firms in the context of their support for the arts. One was the drinks company where branding is the central issue (although, this firm does also use arts-based training through its human resources department) and

the other was a major bank where the culture of delivering shareholder value is paramount.

The basic message that the businesses wanted to get across to employees and potential employees was that they were responsible employers:

"So number one objective (sorry it's not number one objective) but name awareness is the first one I would list and that is literally amongst our audiences, and bear in mind if you are spreading the net wide, influencing families and people. When you go home you want your wife or your mum or whatever to say oh yes I saw your company on the telly or whatever, you know, rather than being completely anonymous. That's actually quite an emotional pull if you are being talked about in positive terms, that's a very powerful motivator for being part of an organisation." (B18)

In fact, in two interviews, it became clear that the dominant reason for support of the arts was in order to gain name recognition with potential employees. In both these cases, the employer was new to the area and needed both to recruit and also to be seen by local opinion formers as a key employer. This idea extended all the way into their community involvement:

"It [being involved with arts organisations] gives us the opportunity to profile [X] in the local community …. You know we have a vested interest in supporting the work within the local community and we see the benefit of working in partnership with arts organisations. ….We've only been located here for 7 years, so we are a fairly new office and we needed to obviously recruit, I've mentioned we've got 2,000 people working for us. We've had to undergo a huge recruitment programme over the last several years and it obviously helped part of that profiling …with the local community to keep people aware of [X] and what we do here." (B13).

Thus, following the idea of resource dependency theory (Pfeffer and Salancik, 1978), some businesses use their involvement with the arts in order to gain access to scarce resources in the form of employees. For others, this is not the entire issue, but influencing employees clearly is part of the purpose for their support of the arts.

Results from the Arts and Consultancy Interviews

The arts and consultancy interviews again confirmed the desire of businesses to make their arts support available, where possible, to employees. Apart from a situation which was again about specific arts-based training (A8 confirming B13), which is really a direct sale of services by the arts to business, the provision of employee tickets had become an aspect of overall 'package' to business:

> "Third is employee benefits or community benefits if you like. And I think this is something that's become more important to the companies over the last few years. We will obviously give them a stack of free tickets – could be in the region of 4,00 or 6,000 free tickets to the exhibition. We will hold talks in their offices, give presentations by our curators on the exhibitions. We will organise family workshops…" (A12)

5.3.3   Opinion Formers

In contrast to the direct attempt to influence key economic stakeholders, other firms use their arts involvement to influence other stakeholders indirectly. Some firms have 'difficult' images and need constantly to secure their licence to operate. In the context of the UK these include energy companies (both those that work in extracting natural resources as well as those that have been privatised over the past 15 years or so), pharmaceutical companies, tobacco companies and certain high street banks. In chapter four I noted that businesses with an active need to seek a licence to operate tended to address community issues. Therefore, without prompting the issue, I was interested to notice how frequently these issues arose within companies I had identified as legitimators in my first study. It became clear that a key consideration in supporting the arts was in

order to manage their reputation; it was definitely not about marketing or developing clients:

> "The arts programme is not about increasing customer base. <u>It's very much about creating relationships and enhancing reputation for the organisation.</u> So what you can measure is the fact how many new relationships did the programme enable within the year, so it's a matter of tapping into senior executives and finding out what new relationships or what opportunities did the arts programme give them to create and enhance relationships. I mean that's what it's all about, it's totally different to marketing. <u>It's not a marketing programme</u>. It's not cause related marketing, it's not marketing, it's very much about enhancing reputation for the organisation and helping to build and enhance our relationships."
> (Lance) "You say relationships. You've said this in the context of senior executives' relationships, what sort of relationships are you talking about?"
> "We are talking about business relationships, we are talking about opinion formers. You know NGOs, people that matter to our business." (B4)

and

> "…from our point of view there is target audiences that they need to reach and target audiences are the Scottish media, so we are looking for media coverage basically, positive media coverage however. One of the target audiences is the Scottish Executive, so we are looking for it to have the backing or the support of the Scottish Parliament and the MSPs." (B10)

For these organisations, therefore, the profiling of their support is important.

Results from the Arts and Consultancy Interviews
The clear objectives of the businesses with reputation issues to access opinion formers was also clear to the arts organisations:

"They're entertaining – well, it depends who you take – but if you take a company like [oil company] or a company like [pharmaceutical company], we are close to Whitehall, we are close to Parliament, there's a component of their lists that are going to be people who are important to them in Whitehall, in Government, people that they are lobbying". (A7)

The need for profiling is recognised by some arts organisations in the case of other businesses:

"Now in both those examples for [bank] and [oil company], they did want their name and their branding to get across. So it's not philanthropic, they do want to be seen to be doing this work. I'm sure it's about changing the image of their company as well." (A9)

Thus, the involvement with the arts provided an opportunity for some businesses to gain access to politicians and also to manage their public face. This is recognised by some of the arts organisations:

"So if you want to get a message of some sort, or just the message that you are here to the people who come through the doors, then by being very visibly associated with a production or performance or whatever, the people coming through the doors are likely to be the sort of people whether they are politicians or upper business people or bankers or whatever." (A11).

However, in the context of the UK, some arts organisations recognise that they are not as effective in terms of gaining legitimacy as they used to be. An explanation offered was that earlier governments were keen on support for the arts. The current Labour administration, however, is more focused on education and access. Therefore, companies with image issues would be expected to speak more about access and education than the others I interviewed:

"…but I think during the 1970s when the then incumbent Government was very favourable towards the arts in terms of private patronage, and opera especially actually had a good run. I've heard people who were working in that period tell me that if a corporate wanted to get close to the Prime Minister, opera was something which didn't hurt to be seen to be associated with. Now the tack is very much if you want to get into the inner circle or near to a cabinet minister, then association with socially responsible works, that is to say community-based works or works which contribute to ethnic diversity, etc. are in a sense more attractive." (A4)

One elite arts organisation recognised this problem for itself:

"We are not obvious, given what we are and given what the current government is, we are not obvious partners in order to get access to ministers." (A11).

As I found in my first study, the companies that were most interested in opinion formers were also interested in the community as stakeholder, although they were not the only businesses to be so.

5.3.4 The Community

The idea of community as stakeholder is a common term within the CSR literature (e.g. Altman, 2000). For many businesses I interviewed the community as stakeholder appears to be a route to a more significant stakeholder – customers, employees or politicians in order to improve the image that these stakeholders have of the firm. Yet, for others, there is undoubtedly a sense of some form of obligation or, at the least, social expectation. I did not always explicitly examine what business meant by its community, as this is not the focus of this thesis. However, it became clear to me that the business connotation of community is around where the firm has employees or customers. Most businesses talked about 'the community' in their discussion, although in some cases this was patently secondary to the main reason, frequently that of client entertaining or marketing. For example:

"So it does start with the brand. We would look at our client entertainment requirements, we would look at our internal employee possibilities, we would always bring our community into any sponsorship initiative. We would almost always drill down even to HR training education and quite possibly communicate it right through to sort of the Grad recruit level." (B24)

All of the businesses that mentioned 'community' have established community relations programmes and therefore the interesting question is how does support for the arts link to these programmes and what does this tell us about the reasons for addressing the community as a stakeholder? On the basis of the interviews I was able to identify four different themes:

First, where businesses have a large customer base, they seek to address these customers through community-based activities:

"…local community arts projects are very much working where our stores are and help our stores forge links between these and very much as a part of our wider community programme." (B20)

Secondly, there is the idea that the community equates in some way to employees for some businesses. Certainly it seems that business uses the idea of employee as part of its definition of community, but this is not a total explanation as there is also a link to customers as I have shown above:

"I need to explain to you our community relations strategy which will, I think, explain the arts side of it. [X] focuses on education initiatives in its community relations programme. We like to help people lead fulfilling lives in the digital economy, that's the sort of corporate way of putting it if you like, and [X] is not a great one for corporate advertising, particularly in the UK and Europe, or large ongoing public relations activities. We are well known in the business community now, we are not well known amongst the general public if you like. And when

we have people coming answering our ads for example, graduates answering our ads for the jobs, very often they don't know who the company is, haven't heard of the company [X] -who is? - the cry that goes up from time to time. So we wanted to be better known in the communities in which we are working, so we are looking for branding opportunities, we are looking for educational opportunities and we want to be a good corporate citizen." (B6)

In this case, the community is a means to an end. Another example where the idea of community equates to employees and so is about meeting employee needs is:

(Lance) "Why do you undertake community-based activities in the first place?"

"As a firm? Because we are a successful business that makes a fairly large amount of money and I think in order to make money we have to take from the community and that can be from the demands that we put on our employees in terms of them having to come to work, travel to work, etc. To them potentially having to work quite long hours, potentially working away from home and the impacts that has on their family's relationships and things like that. So I think we have a responsibility around our people. I think we work in offices that are if you look at where some of our offices are, I mean our major office in London at [X] is certainly not the nicest office in the world you are going to find at all, but it's not the worst, it could be worse." (B7)

Thirdly, the community is a way of securing an enhanced reputation with opinion formers or as another way of demonstrating that this is a legitimate business. No business raised this connection directly. However, the combination of community involvement, the focus on opinion formers, frequently politicians, and the attention to access led to this conclusion. In the second half of the interviews, I then proposed that the focus led to a licence to operate argument which, in a number of cases, prompted the reply – 'absolutely!' Therefore, these companies would also communicate externally that their involvement is part of a community programme:

"Our involvement with the National Gallery forms part of a wider ExxonMobil community investment programme through which we endeavour to support and enrich the lives of the communities in which we work. We hope that our sponsorship of this exhibition will enable many to discover the delights of Madame de Pompadour's commissions. It is our pleasure to play a part in exhibiting such an array of treasures." (From the foreword of a National Gallery brochure)

Finally, there is a group who speak of community involvement as a form of social obligation. Frequently this seemed to be part of the corporate culture and had been long standing. Some of these companies appeared to have no overt legitimacy issues and yet community support such as providing equipment to arts organisations was something they just did:

(Lance) "This isn't as it might be for some other firms about them obtaining a licence to operate."
"Definitely not. We are a very old, very traditional company."
(Lance) "This has got a licence to operate, this is about who we are."
"Yes, absolutely." (B11)

For many, involvement with the community appears to be a route to a more significant stakeholder – customers, employees or politicians. Yet, for a small number of firms, there is undoubtedly a sense of some form of obligation or, at the least, social expectation. The involvement of the community within arts programmes is often a secondary issue, but there is a clear sense that it is becoming an essential part of a fully-rounded arts programme. This analysis may only apply to the arts, given the combination of opportunities the arts presents – it may not apply to other forms of community involvement, such as education which do not offer immediate economic benefits.

Results from the Arts and Consultancy Interviews
Again the results from these interviews confirmed the attention to the community, although the analysis of the different forms of community comes from the business

interviews. Nevertheless, the issue of the customer as community for the retailer cited above was seen by an arts organisation in a similar way – the need to provide links where there are overlapping 'audiences':

"The key one that we are involved in at the moment is talking to a large family retailer that are national and we've been looking at activities where we have the same constituents or the same audience as they do - yes the same target audience and what we are doing at the moment is putting together a programme that fulfils their community aspirations." (A13)

The frequent convergence of community and employees was also seen:

"Third is employee benefits or community benefits if you like." (A12)

However, the move towards community involvement was also seen as a recent phenomenon for the arts – a move away from basic marketing:

"I think there is an emergence and an activity at the moment for arts based companies that is to do with corporate social responsibility and a growing awareness of their power and influence within the community." (C1)

5.3.5 Shareholders

Shareholders are hardly mentioned by my business respondents in the context of their support for the arts and not mentioned at all by the arts managers or consultants. The return to the shareholders may be implicit in any mention of benefits to the firm and as such they are not a distinct stakeholder. However, shareholders notably arise in two respects. First, two firms had both had a period of poor financial results and had been challenged on the level of their charitable and community support at the annual general meeting. Following a change in chairman in both cases, they had reviewed their giving programmes and redesigned them with a more commercial focus:

"Well, what forced the change was a change of leadership at the top of the business and also a, coinciding with a change of fortune inside the business, or within the business, whereby at one AGM in about 2000, in my recollection it's the first and only time a shareholder has stood up and asked the chairman to justify how the company can continue to spend 1% of pre-tax profits on community investment. Now we still remain committed to be a member of the Percent Club but that certainly focused the mind and for that one shareholder that asked the question you can, but many more thought it, and we needed to make much more contemporary a traditional approach to community investment from philanthropic. So that did lead to a major review of areas that we would support which were going to help drive the commercial objectives, it isn't just about, you know, cause marketing opportunities but where there was a synergy with what the business was around and was about." (B14)

Questioning from shareholders was not seen by one firm as a problem and in stark contrast to any concerns about agency problems with shareholders came this exchange:

(Lance) "Do you get any questioning from your shareholders?"
"No, because we don't really do enough for them to notice; as long as you take them to the odd event, they are mostly quite well behaved." (B2).

The other example returns to the theme of influencing corporate image – but this time with investors:

"The key benefits for the company I think are, company benefits it has to be around PR and profiling. It's just such a high profile sponsorship and I think the, just increased reputation. A company like [X] does suffer a little bit from not being as well known I think as [competitors], because at the moment as you know we don't have [X] on all the packs and I think some of the people in the company will worry about the profile and high profile ones of - its good to keep the company up there as an example of the first class consumer goods companies. I think that the benefit – I mean reputation benefit – is certainly there and it's a

sizeable investment. It's a committed investment. It demonstrates very much the kind of long term approach to arts investment and I think that those PR benefits are solid."

(Lance) "But for whom – with which stakeholders were you trying to associate [X] to?"

"I think you try and hit everyone at once – I think you try and obviously hit the markets…. Financial markets I'm referring to – I'm talking about investors." (B25)

This firm seeks to use its arts support in order to raise its name with major shareholders and to persuade them that the firm is creative and will thus generate new consumer products. So shareholder concerns are not front of mind for business except where the shareholders impose their view from the outside or where, like other stakeholders, the firm wishes to influence the shareholder view of the management of the firm.

5.3.6   Conclusions on the Attention to Stakeholders

The strong theme that emerges from the analysis of the stakeholder attention is that corporate involvement with the arts is largely about image and reputation. With customers it is in order that they buy more, have a deeper relationship or think well of the firm. For employees, it is about thinking well of their employer or providing them with skills. For firms with a legitimacy issue, gaining the goodwill of opinion formers is evident, whilst community involvement appears mostly to be a route to these three other groups. Shareholders are little in evidence and benefit from the commercial advantages gained from other stakeholders. There remain, however, the three or four firms who have a view that corporate support of the arts is something that firms should do:

"And I think we do it because we feel we ought to."

(Lance) "Can we just explore that phrase 'we ought to'? What do you see as the source of that 'ought'"?

"I think to some vague sense of corporate duty." (B2)

For this firm and for others with a strong pro-social consideration, there appears to be a long-standing or other strong corporate cultural dimension, almost as if these are vestiges of a waning tradition of altruism or enlightened self-interest. However, before drawing firmer conclusions, the next two sections will examine the ways in which firms evaluate their support for the arts and identify other decision criteria that were mentioned.

5.4   Measurement and Evaluation

As I set out in chapter two, the issue of measurement and evaluation is important in that an understanding of this issue will provide further evidence of what issues are important to firms in their support of the arts. Furthermore, a study of this issue will also assist arts and business managers to focus their interaction in order to meet their objectives, which means, in effect, the business objectives. Measurement is not undertaken in many cases – businesses just know whether or not the arts support has 'worked'. However, where business interests, particularly around brand promotion and marketing are dominant, evaluation is evident and is focused on these objectives. Measurement of social outputs or social outcomes is absent from the business discussions except where community involvement as a means to reputation enhancement is evident and here the difficulty is that business doesn't know how or what to measure. The conclusions of the study of measurement support my other findings that there are clear motives around either marketing or legitimation. A further finding is that the need for business to show a return from its support for the arts means that the ease with which instrumental business objectives can be measured in specific ways is driving corporate philanthropy in this context to be more strategic.

The surprising answer I often received to the question of *How does business evaluate or monitor its involvement?* was that either there was none or else it was largely informal and subjective.

Overall, the issue with measurement in particular is that it is either hard to do or *there isn't any clear understanding of what the objectives for the involvement are in the first place and so what should be measured*. Similar themes to the earlier discussion in

sections 5.2 and 5.3 did emerge around measurement; principally where measurement occurs it is directly linked to brand awareness or sales. Where there are clear targets, often of a marketing nature, these are measured. Where reputation or image is a key issue, it is again brand that is measured. I now discuss the themes around measurement in the context of understanding motivation, rather than reviewing the process of measurement itself.

5.4.1   Informal Evaluation

Often the evaluation is informal. The interviewees know if the sponsorship has worked and, as such, the test is largely subjective. There was quite a strong idea that, in the end, evaluation is a judgement made by the business manager about overall success:

> "I think the key point is to make sure that everybody understands what the expectations are at the start and I personally feel that you know whether a sponsorship has worked or not. And the key thing is to sort of have that barometer during the active phase of the sponsorship, because a report afterwards just to sort of fulfil something is what many people would see as - a number of people have described it as a safety net; you do it and you have it but most people aren't asked to show it.   We do submit it to the committee that we have which is our governance committee so that they know what the attendees were and something, but it's my perspective that they will have known during the sponsorship itself whether it's working or not, because it will either be there reflecting back the things we want to see reflected or reflecting the potential of what we think that sponsorship is. Or, if we haven't got that, then there will be a sense that it hasn't worked." (B9)

Results from Arts and Consultancy Interviews
Data may be gathered and if there are specific objectives, such as first time visitors, such specific data will also be collected. Given the emphasis on client entertainment, the evaluation is often in the form of a formal debriefing:

"In terms of each sponsorship, that's taken on an individual case by case basis. We sit down with people afterwards, we ask them on a formal level and also on an informal level how they feel it went, what they feel it could achieve next time. We review internally what went wrong, where mistakes have occurred, where the client felt that perhaps they didn't get as much out of the relationship as they could. We try and identify which aspects are worth pursuing and which aspects perhaps that we should retain in further solicitations. Then, of course, there's a financial component to it as well which is that we review on a purely kind of business level as to what kind of remuneration we achieve, whether it's cost effective, what our ratios of costs and income are and try and analyse how we should make more efficient these processes in the next financial year. We generally work on a three-year financial basis." (A4)

This ambiguity points to a lack of clarity within the businesses around motivation. The specific metrics of press coverage and visitor numbers were mentioned. However, the use of these metrics seemed to have two purposes – either the direct marketing needs of reach in the sense of advertising or else internal legitimation for the support where educational initiatives are involved.

5.4.2 Press Coverage

Press coverage was particularly evident where marketing was cited as the principal purpose. One particularly stark analysis of this showed that the evaluation is very economic:

"[Gallery] did their own publicity, we do our publicity, and we measure and monitor all of that sort of coverage we get for ourselves so we get something like a 17:1 return on investment, in terms of the investment we put into the PR programme and what we get back in terms of media coverage." (B5)

Others, however, seemed to collect the data just because it was there:

(Lance) "Do you measure press counts?"

"It's quite important actually that we do get mentioned.   I mean it's always going to be hard to get mentioned, you know all about that sort of thing.   So I don't count words and stuff, we collate all of the information sent to us."

(Lance) "You collate it, you don't actually analyse it?"

"Well we do circulation and we do basic analysis which is circulation.   I mean we can do spend - if I wanted to do that sort of thing."

(Lance) "But do you?"

"I get it done. I don't do anything with it, but yes I get it done." (B3)

Results from Arts and Consultancy Interviews

The results from the Arts and Consultancy interviews were more telling than the business respondents on the subject of measuring marketing and brand visibility in the press. Part of the explanation for this difference appears to lie in the importance of the measurement of press coverage as a marketing tool *for the arts*. This issue of measurement was also the one where I heard contradictory evidence from business and the arts. Frequently, the arts said that they prepared detailed reviews of exhibitions and yet many of the businesses said that they made little use of such detailed evaluations. In effect, measurement undertaken by the arts organisations seemed to be a marketing tool for them. However, data had a key use in securing internal decisions within business to proceed.

> "If we are working with say a marketing team, or a sponsorship team and they are going to a senior board for the endorsement of a sponsorship that they want to take forward, they will use key statistics that we have given them in that report to get the senior management approval to go ahead, along with their own personal recommendations about one proposal as opposed to another." (A12)

This arts manager listed a number of businesses that would expect a report. A respondent within one of the firms this arts manager mentioned, in contrast, told me:

"We have evaluated sponsorship before but not in the arts for all sorts of reasons. A lot of it is budget driven in effect." (B24)

For the leading arts organisations, addressing the issue of measurement is about being a professional:

"We have definitely since 1997, probably earlier, always produced an Evaluation Report at the end of each sponsorship. … We also seek feedback from our visitors about the prominence of logo crediting in the gallery, whether they think it's intrusive or the right level and so on. Their views on whether they have a better impression of a company that sponsors the arts and sponsors say [name of exhibition] than one that doesn't. We also monitor very carefully how much crediting we are able to achieve for the sponsor in the press and evaluate that. In quite a detailed way we will always provide absolutely everything that has been printed in the press on the exhibition and will highlight the ones that include the press credit. We will provide basic statistics on the overall visitor attendance, sales, corporate entertainment that's taken place by other corporate supporters during the exhibition, to give an overall view of who has been through the exhibition, how many people, who are they, what socio-economic category do they fall into, what else has taken place around the exhibition, how many schools groups have been in, how many hundred thousand leaflets have we mailed. We aim to provide a whole picture of the exhibition and the sponsor's exposure as a result of it."
(Lance) "Is that something that you generally decide yourselves, or is that something that sponsors have been asking you for?"
"It's something that we will always do, whether they ask us for it or not. Some of our sponsors aren't particularly bothered or chase us for an end report, but we will do one anyway. It's a very useful thing for us." (A12)

A considerable problem with press coverage that was mentioned by a number of interviewees is that the press rarely credits the sponsor of an arts event, in stark contrast to

sports events. One consultant put this problem down to the strategy adopted in the early days of arts sponsorship:

"You see, one of the things frankly that one actually has to consider is that in the early days of sports sponsorship, and I think it is important that, probably others have said this to you I don't know, but it's important to realise that when people like the PGA, professional golfers, and the tennis and certainly horse racing, when they actually recognised that there was an opportunity from the commercial sector, what they did, very cleverly was actually call the media in, the editors of the various sports pages, and began to talk to them about how they were going to develop a whole new strand of funding and they wanted their support, and it was going to be good for their business. This is what the arts singularly failed to do. It still actually objected to commercial money right through the whole of the 70s until it began to realise very coldly and very candidly that it didn't have any other option." (C1)

Nevertheless, many arts organisations systematically collect press coverage:

"And now our head of marketing [X] has also introduced a media monitoring piece of research which basically tells us in terms of editorial on our advertising how the sponsors did as far as this analysis is concerned. Who got decent awareness and in where." (A1)

However, for some organisations visibility is the only issue, as one gallery explained:

"Oh, we were providing analysis of the sponsorship. We would analyse how much press coverage we got, we would analyse in terms of visitor numbers, we would have done market research that looked at who these visitors were, where they came from. Socio-economic research. And we produced wonderful reports; I thought and devoted quite a lot of time to doing them. And it became very clear that, you know, this is just something that gathered dust. They [sponsors] are

much more now keen on having their bound press cuttings and having a breakdown of our marketing activity and that counts for much more." (A7)

As such, the collection of press coverage matters where marketing is the key objective. It may also be relevant where reputation in the sense of overt branding is a key objective. However, measurement of press coverage seems to be only a minor factor in the decision to support a specific arts activity.

5.4.3   Visitor Numbers

Overall visitor numbers are collected in a number of cases, but it is by no means clear that visitor numbers are key other than as part of understanding the marketing reach:

"And in that debrief they tell us how much print promotion material they have done, how many people came to the shows, what press coverage we got, how many people came to hospitality, etc, etc. In addition to that we've got an appointed agency who work for us to exploit our sponsorships and they monitor media coverage and deliver back on that; they deliver us monthly figures and how things are going." (B10)

Measurement of visitor numbers is, however, important in three categories. First, where employees had free tickets, then these data were collected, with the objective of seeing how popular the exhibitions are with employees:

"And as an example, we drove nearly 7,000 employees through the [X] Exhibitions. It was just incredible, I mean our inboxes were filled with e-mails from employees, and then we communicate all of this activity very visually of course through our website. So I mean it's a two-way thing, but we actually haven't gone in with a formal evaluation process and tick boxes in a thorough way right across all those different elements, including external and internal evaluation." (B24)

Secondly, if increasing access to the arts is a key issue, then there would be an attempt to record data and to see if the objectives had been achieved:

> "with the aim of attracting 30,000 visitors to [gallery]. With a week to go we've got about 28 – 29,000" (B1)

Thirdly, measurement and evaluation is particularly evident around community activities, especially education:

> "On the larger sponsorships when we do an evaluation … and naturally put in a not insubstantial amount into a community project, we tend to do an analysis of who, how many were involved …" (B16)

Results from Arts and Consultancy Interviews

The responses from the arts managers again had a different tone.   Interestingly, the great majority of the references to evaluation of education came from the arts organisations – perhaps it is their accountability to their funders that matters. One significant exception came from a global firm where their entire community and arts programme is directed at education with a strong social perspective.

The arts managers also supported the measurement of employee numbers and of the focus on access:

> "So our last figures for the [particular series] was something like 44% of the audience were new, which has gone up by about 10% on last year. That for them is success, that's working; you know they do measure things, they are a financial information company, they do measure things on success." (A8)

> "In terms of educational sponsorship, we do do a lot more measuring. How many schools their money went to, how many more schools have got involved this year because of the money that they have given us, how many children would have

been to a concert as a result of the money that they have given us, how many schools that had for instance [name of company] now have pioneered a scheme with us making all tickets to schools' concerts free because their agenda is all about getting children's bums on seats in arts organisations in the London area. And they all want to know exactly how many more schools that hadn't previously been coming to the concerts came this year came as a result of the seats being free. How many more could have come if the hall hadn't sold out. Basically the effect of what their money is doing for us." (A6)

This focus on measurement might be because the targets were clearer:

"It's easier in education because evaluation is a much more advanced science in the education field. I mean one tends to do evaluation sheets for all the participants, or at least all the school groups that are participating, or youth groups, if they are community groups, so it's quite easy to get some sort of direct feedback and evaluation. When people take part in a workshop, or a seminar, they're always more willing to give you sort of some concrete feedback than people just attending an event that they've paid for." (A2)

or because there is a greater sense of accountability:

"…these education workshops, obviously because of the sector it's done with, the demands of accountability are far more fiercely felt, and there's a far greater amount of paperwork which accompanies it. Which in some ways seeks to quantify exactly what has been learned and how much and now of course one can break it down into numbers of children who were in the groups or whatever, but there's also an attempt to try and identify what they've learnt through the process and how successful the original intentions and aims and objectives of the project were achieved." (A4)

Thus, the measurement of visitor numbers matters where there are specific objectives around access or employees. Otherwise, this does not seem to be a critical issue.

5.4.4 Sponsor Recognition and Client Response

If marketing is a key objective, then the issues of name recognition and client response would be expected to be important and they do appear to be so to many sponsors.

The responses differentiated again between those where customer response and brand awareness mattered:

> (Lance) "At [X] do you do an audience survey of name recognition of [name of firm]?"
>
> "Yes we do. We do that at [X], we do that at [Y]. We did it at [Z], we did a 24 hour opening. We set an amazing set of priorities for the first time ever for each project and that was the final part, the important part, of our…I'm sure they mutilate the figures but they are all much higher than you'd imagine. But yes we do that - where relevant." (B3)

as opposed to client entertainment:

> "I suppose we evaluate and monitor the key areas to us which primarily the clients and contacts that we will entertain, we will do some quite in-depth research. I suppose our evaluation is weighted depending on what's most important to us, so the entertainment facilities or the opportunities that we get are most important and those opportunities to build relationships. So we'll get independent researchers to do research with our clients and contacts. It's telephone-based research, they are pre-recruited before one of our events and then followed up afterwards for a 10-15 minute telephone call that covers their enjoyment of the evening, their perception of [X] as a brand, their perception of the exhibition and our link to it, their views around corporate social responsibility and sponsorship of the arts and that kind of area. So from that we can test favourability and that kind of area, so obviously that is key to us." (B7)

Thus, measurement is evident where it is directly linked to brand awareness or sales. Interestingly, in contrast to education, all the measurement on brand awareness is undertaken by the sponsors and not by the arts organisations.

Results from Arts and Consultancy Interviews

The importance of brand awareness to certain sponsors was confirmed by some arts managers and a further insight is that this type of measurement really only matters where the costs involved are high:

> "I mean [X] is about brand awareness and from their own evaluation measures they would like to reach a certain percentage point of awareness amongst consumers who are not necessarily attendants at the Festival. But awareness of their brand. And again it becomes a kind of negotiation because they can say we want 15% awareness, but we are also absolutely aware that awareness comes depending on what the brand profile is and how much money you've invested to get that profile, and you are going to get a different level of awareness amongst a general London audience if you spend £70,000 as opposed a target sponsor spending £400,000 - it's a fact. And also we get into comparative analysis of well, £70,000 is what in terms of television advertising or what in terms of how many ads would you have got in The Evening Standard for that and so what's the value for money equation. And we get into an awful lot of that." (A1)

5.4.5 Reputation and Social Measurement

Whilst business measures its business impacts, the measurement of any social impact on output is notable by its absence. In virtually all cases, I prompted the businesses to talk about measurement of social issues but there is little undertaken:

> (Lance) "One of the things you didn't mention in any of your evaluations is any of the social measurement; they are all business benefits you are measuring. Is that fair?"
>
> "That's fair, yes."

(Lance) "Have you thought about that? Was it a conscious decision or is it just something that you've not done?"

"Just something we've not done." (B19)

There was one instance of a retailer with a community focus seeking to ensure that its investment in the community would have an impact in that community:

"Yeah, I mean we always look, before we make the decision, we always look to work out, you know, how many people are going to be involved and if it's going to be of long-term benefit to that community.…we wouldn't sponsor a kind of a one-off production or something like that" (B20)

However, for some of the major firms I have described as seeking a licence to operate, this does not mean that they do not want to measure the impact of their involvement with the community – they just don't know how:

"Evaluation isn't something we're particularly good at. We're involved in a London benchmarking group, also involved with some of the organisations we work with to develop an evaluation tool with a community focus.…what that doesn't show is how do you feel about your community, do you know your next door neighbour, these are the basic questions that begin to show us the significance of the project. And we are using New Economics Foundation as a best practice, we're working with them and other organisations in order to try to - we try to work with organisations to see what they see as important in their evaluations." (B1)

"It's extremely difficult. We've been grappling with how do you measure success and for the last probably eighteen months it's very, very difficult to measure the impact of your arts programme - positive impact of your arts programme. It's very easy to monitor health and safety in the environment, you know how many emissions, etc.   We are still working with, we are still brainstorming, we are

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looking towards Arts & Business to help us here, come up with kind of measurement, KPIs, key performance indicators." (B4)

The rarity of the measurement of community outcomes is a clear pointer to the primacy of business interests. Where it is measured, it is around specific objectives which, it might be argued, are capable of helping the sponsor promote their reputation.

Results from Arts and Consultancy Interviews

Again the arts managers did not mention social measurement, save in the case of visitor numbers in the case of education as discussed in section 5.4.3 above. The responses from these managers support the view that business focus is on their own interests.

5.4.6 Conclusions From Consideration of Measurement and Evaluation

Where business interests, particularly around brand promotion and marketing, are present, evaluation is evident and largely supported these motives. Indeed one of the consultancies that I interviewed is developing a model with which to compare the effectiveness of alternative forms of sponsorship. The problem with this model is that it presumes focused motivations, largely marketing in nature, which can be compared. Social measurement was absent from the business discussions except where community involvement in the form of reputation was evident and here the difficulty is that business doesn't know how or what to measure.

The conclusions from this discussion of how measurement features in business support for the arts, are that measurement is still largely an informal activity. However, the measurement that is present supports the view that corporate philanthropy is becoming more strategic. As the amounts involved become larger, measurement appears to be important but more in the sense that it measures the meeting of significant objectives where these are marketing focused. Large investments which are about clients are easy to measure, as are employee numbers and visitor numbers – beyond that evaluation is subjective. Surprisingly, where reputation is the issue, measurement is desired but, education and visitor numbers aside, difficult to achieve.

Ultimately, for many of the businesses, they just know whether their support has been successful or not and that was the key test for them, yet 'success' and 'objectives' were often vaguely expressed.

5.5 Factors That Are Relevant When Deciding to Support the Arts

In presenting the evidence in this thesis, an important factor is to look for other supporting data. During the interviews, a number of themes arose which are relevant to the issue of whether business supports the arts and, if so, what specific art form. This section also answers my remaining research question set out in chapter one: *What other arguments does business advance internally for its support?*

First, I consider the role of key senior individuals in the decision process. This was a key factor which emerged from the literature review. Here I find that individuals are still a key factor in the decision to support the arts; however, there is clearly a diminishing impact of individual whim. Then I examine the themes of available resources and so the need to focus (or have a philanthropic strategy) and, finally, the nature of partnerships which is an important feature of business-arts relationships. Consideration of these issues will also help to explain why particular art forms are supported as opposed to others that could be supported.

5.5.1 The Role of Key Senior Individuals – The Chairman and His (sic) Wife?

The predominantly US-based literature review points to an argument that corporate giving, especially to the arts, is about social currency and is used by senior executives to advance either their own political interests or else to support their own pet causes. This issue might also be strong in the UK, where the honours system might be suggested to persuade chairmen to support good causes in the hope of receiving a knighthood 'for services to charity'.

However, my interviewees confirmed that the need to account more formally for corporate spending internally has led to a greater business focus in supporting the arts to a point where the professionals in business are taking the decisions:

"I think businesses are becoming a bit more hard-nosed about arts sponsorship in terms of decision making etc. Even in the time I've been involved in the last six or seven years, in here and in terms of other organisations, there's a lot less chairman's whim on arts sponsorships. At one time, you know, it was the chairman 'oh, I think we should do that', but now it does seem pretty much to be left to the practitioners to make the decisions. And the chairman is less likely to come along and say 'oh I want to sponsor such and such' unless there's a good reason for doing it." (B19)

There was continuing evidence that the support of senior executives was necessary, but this support is no longer a sufficient condition for giving:

"I had a meeting with [name of chairman] and put a paper to him and we had a discussion and it was [name of chairman] who made the final decisions." (B4)

There was also evidence that times had changed and, although senior executives' preferences were key in the past, this may no longer be the case:

(Lance) "To what extent does [name of chief executive]'s personal interest influence the direction that you've gone?"
"I think in the early days very much so. You are obviously aware that he is an art lover and I think in terms of sponsoring [X], he was critical to it probably. I think as the years have gone by he's still very much involved and engaged with it and very interested in it, but I think we now have got to a point where we can very clearly see the business benefits and I think if he left we would continue to do it." (B7)

Again the arts managers supported the responses from the business managers. An explanation emerged from one arts manager for this shift in senior executive involvement, that pre-1990 it might well have been the case that a chairman (or his wife) could choose to support the opera, say, and that would be fine. But not any longer:

> "…and also my general observation about having been in this business for quite a number of years now, is that we've been in exactly the same journey as everybody else which is we saw that change from the chairman writing the cheque, the company cheque, to a world where … if the chairman writes a cheque, it's probably on his own bank account, and it's the marketing director or whatever writing the cheque for the company. And you can see that happen; the magic mark I always put down is 1990 because that was my experience in my previous jobs. But I can actually almost see the same pattern from having gone back and looked into what has happened here that you get that change from … all you have to do is to have the great and good around the committee table or one or two very influential people on the board and they'd kind of pull in their mates and they could write the cheque. And it's all that kind of…….was it the Cadbury Report, which is the series of reports on corporate governance which limited powers of the chairman and that sort of thing. You get a change you know it can be very widely seen and I think it is a watershed in corporate support around that time." (A11)

This does not mean that the 'old ways' are still not around, but the role of the individual supporter within business is to advance a particular idea. It will still need a business justification:

> "Despite Arts & Business saying that the element of whim doesn't come into sponsorship, it clearly still does. And if you have someone who is passionate about music, theatre or whatever, that is something that still carries a huge amount of weight. And I don't think that's any bad thing. When Arts & Business talk

about, you know, chairman's whim or chairman's wife's whim being about things
- if someone's got a passion and they're prepared to nail their colours to the mast
and get their company involved, that's great. It's better than not, and it's people's
passion that persuades them to do things. [Name of firm], I mean [chief
executive], is passionate about the visual arts. If he wasn't they wouldn't do the
visual arts." (A7)

Although there is an increasing role for the professional giving manager within business,
in some cases, senior executives still wanted to be involved:

"There will often be an involvement with the chief executive, the chairman or
their office because quite often this will be a key event in the company's year."
(A11)

The role of the individual as a supporter, probably as a necessary condition, remains
important, but it is only in the privately-owned companies that personal taste could
overrule business justification:

"I mean as far as I know, but I can speak from other experiences as well, I think
you always find that there are firms that don't want to engage. I mean their
priorities lie elsewhere, they're interested in cricket and rugby and Wimbledon and
they are not interested in the arts. And that's often something that's led by you
know the taste of key partners and senior people and I think that was even more
prevalent in the past when it was more of a chairman's whim as to what was
supported. So I think it would be fair to say that in the past for the Festival, there
were relationships with certain companies because of the personalities involved in
them. I think now it might be a broader agenda that the marketing people within
the organisations are taking a much more sort of calculating view in wanting to
have a broad portfolio." (A2)

The conclusion of this section is that the role of the senior individual has waned over
recent years and that the agency issues which are to the fore in much of the extant

literature are no longer critical. The individual support within the giving firm is a necessary condition, but no longer sufficient. This evidence supports the idea that giving is becoming more strategic and also that management is becoming professionalised in an institutional sense (DiMaggio and Powell, 1983; Saiia, 1999).

5.5.2 Available Resources

However, if giving management is developing a new profession of giving managers, this is also imposing a constraint on what can be supported. As businesses' management of their involvement with the arts becomes more professional, this leads to a clearer philanthropic strategy or focus. A clear issue which emerges in the interviews is that the people who manage the interface for businesses are, in some cases, single individuals or, maybe even teams of two people! This becomes a critical constraint to how many arts organisations or projects that can be supported as the manager of one highly visible programme commented:

> "The other thing is we don't have resources; we've cut back on resources and I'm the only person who looks after the arts programme for [X] without any consultants at all. So I cannot do absolutely everything, so focusing a programme enables me to deliver higher quality, higher value for the organisation as well." (B4)

Even where there is a larger team, the need to focus in terms of quality and impact is important:

> "But all I'm saying is the limit is not money, the limit is time. There may be projects worthwhile, but you've got to give, I believe, ideas and energy." (B3)

> "You can do a couple of big things and you can only do so many rather than do ten small projects where you need a lot of internal resource to really make the most of them. You can focus on two or three more easily and get the benefit on them because you are not sort of spreading it." (B9)

Thus the increasing professionalisation of giving management associated with a greater attention to business benefits means that there is a clear focused strategy which, in turn, leads to larger projects for the larger firms with larger budgets. There were no further insights on the issue of available resources from the arts managers or the consultants, although the use of consultants in the field supports this aspect.

5.5.3 Partnerships

In contrast to the suggestions of pure economic exchange which is biased in favour of business interests and where only business returns get measured, a number of both businesses and arts organisations spoke of being partners. These partnerships have been in existence for some time and there was a sense of commitment and continuity:

> "So the arts institutions have come a long way in recognising the value of creating great relationships with their partners and for me it's a partnership with my institutions; it's not just one-sided for either [name of sponsor] or for them. Maybe that's what we should have touched on, the fact that it's a great working relationship with the institutions." (B4)

> "We try to support things that grow out of a collaboration, so it's not just people coming to us and saying we want this, would you sponsor it. It's a matter of us sitting down with organisations who think similarly, where they are saying what do you need, what can we offer? It's about access as I say." (B3)

This idea of partnership links back to the idea of informal evaluation and the mutual interest of both the business sponsor and the arts organisation in success:

> "Most of us are just interested in having a successful programme. And if that's success and it has worked as a partnership, then the benefits are sort of shared I think by the institution and the sponsor to some extent." (B9)

"We work very hard with the gallery and I really do think that's set us apart. We do not just write cheques. That is something that we just wouldn't contemplate and I'm not saying that is what some of the other big sponsors do. But I think we do genuinely work really hard with the galleries to help them make it as successful as possible. [Gallery] has said that the success of [exhibition] was partly down to our input and our help, not just financially in terms of the sponsorship fee and they have actually stated that." (B7)

Results from Arts and Consultancy Interviews

The sense of partnership was particularly pronounced in the responses from the galleries. They, in particular, pointed to the number of years that they had been supported by particular firms. In contrast, it was clear from the theatres, opera houses and the festivals that support might be just for an individual production or else for a set period of up to three years.

However, tying this back to my earlier discussion, the success is for the sponsored event not the wider objectives of the arts or their impact on society, other than in the case of creating wider access. The sense of partnership is actually back to *economic exchange* where the parties choose to work with each other on a regular basis but for their mutual benefit.

5.6 Why Does Business Support the Arts? Conclusions

This chapter has considered why business supports the arts from two major perspectives. First what use does business make of its involvement with the arts, both for itself and for society. Secondly, to which stakeholders does business pay attention when considering its involvement with the arts? These primary forms of evidence were then supported by examination of how business measured and evaluated its involvement with the arts together with other factors. Three dominant themes emerge as motivations for business support for the arts – reputation, marketing and employees. I consider and justify each of these in turn.

5.6.1 Reputation

Ultimately, it can be argued that all business support for the arts is about enhancing corporate reputation. However in this sense, I mean it to be about securing reputation with key publics – opinion formers for business where regulation is key and/or consumers where this is an important consideration, or other constituencies where the consideration is not about making sales.

The results of my interviews have shown that companies which seek reputation enhancement in the sense of legitimation pay close attention to community issues (sections 5.2.2 and 5.3.4), are concerned with how their brand is presented (5.2.1.2) and support longer term projects, which require more committed funding such as permanent collections (5.3.3). Evaluation is limited to issues around access (5.4), as these firms are particularly concerned with encouraging access to the arts. This conclusion is consistent with the findings of my first study.

An extract from one internal set of guidelines for sponsoring the arts expresses it thus:

> "The objective of the arts support programme is to enable or facilitate the performance, display or establishment of worthy arts projects and thereby enhance the corporate reputation and create goodwill for the company."

There is a clear desire to help the arts but it is with the intention of improving corporate reputation. This was confirmed by one of the consultancies:

> "If they are the kind of corporation for whom reputation management is a key issue, such as [X], then without a doubt, in the case of [X]'s sponsorships, they do it. But the principal value is reputation management, the second value is corporate hospitality." (C2)

Similarly, one energy group described the purpose of these 'partnerships':

"The partnerships all help to promote and enhance [X]'s reputation as a leading international energy company." (B23).

Reputation could be with a number of constituencies and is usually directed towards politicians, opinion formers and, for consumer-facing businesses with image issues, customers. However, for those firms that wish to change their image with shareholders, the arts may also offer a different route to mainstream investor relations. The way in which this reputation is obtained is mostly by being seen to support the arts for themselves. However ,there are levels of association – often with creativity or excellence:

"My understanding at the time is [X] is very keen to convey the message to its stakeholders that it is a company where creativity is really at the heart of what [X] does. As a consumer goods company the sort of constant innovation that goes on within the business in terms of new ways of understanding customers, new ways of delivering what customers want. These are things that are very important and there is a very genuine feeling within the business that that creativity, that the company has a responsibility to encourage that creativity within the country and it's something like the [gallery] which, when it was conceived and was being developed, really was a symbol I think within, not just the country, but the world of, you know, an outstanding modern art gallery, an outstanding sort of symbol of that modern new creativity." (B25)

5.6.2 Marketing

At the other end of the spectrum to reputation in my first study is the idea of marketing and pure economic exchange. The arts provide a product and sell it at a market price (section 5.2.1.1). This product could be provision of entertainment facilities or it could be associated exclusive advertising (5.2.1.2). Firms that are largely interested in marketing issues are less concerned with community activities and would tend to measure client or customer awareness themselves (5.3.1). They would be interested in single exhibitions or an event where they could gain suitable exposure. For example, one attraction of art

exhibitions as opposed to operas is the duration of the exhibition, leading to wider exposure (and hence the higher price). Similarly, single events or local events are difficult because of the need to address a marketplace:

> "When I was in business I reckoned brand fit and business fit is often to do with reach fit. I think it is often whatever is meant by the business fit and I think that you often need the vehicle to make a CRM [cause related marketing] work; you've got to have a guaranteed vehicle of some sort to get you that association, the story of that association out. And I think for your average local orchestra or local theatre or something like that, I can't see there's going to be…. because business is less and less local these days, it's probably more and more difficult to get that sort of, find a partner I'd have thought." (A11)

At the client entertainment end, the clear focus on client response and the association with quality supports this argument. However, I find that for some businesses, the idea of strategic philanthropy has moved beyond any idea of philanthropy towards market pricing of a market exchange. For some supporters of the arts there is no idea of philanthropy, there are needs to be met at a price, as recognised by this arts manager:

> "I'm sure in days gone by it was the chief executive or the chairman or even the chairman's wife who made a great (presuming the chairman was a man) - that would make a huge impact on the decision of future sponsorship. That was really in the days of philanthropy and really my philosophy is that we are not in the business of philanthropy, we are in the business of mutual support and rewards and mutual benefits. And I'm sure that I've been doing this now for about 4 years and definitely that message is coming across very strongly from businesses. They want tangible results." (A9)

5.6.3 Employees

Employees are very present throughout the interviews (sections 5.2.1.3, 5.3.2, 5.4.3). For almost all businesses the employee angle is important, but it is secondary to the primary

motive of reputation or marketing. That is not to say that the involvement would go ahead without the employee component, or at least not at the same level, because it is clear that it has become an integrated element – however, in these cases the employee element was always mentioned after another purpose.

There are two exceptions to this analysis of employee involvement. The first is the single case in my interviews where the involvement with the arts is about buying, in effect, management development services from the arts (B13). A number of arts organisations now offer these services. One partnership between a business (B15) and an arts organisation (A3) that I examined has developed from an initial branding exercise into employee development and community involvement very successfully. The second exception is the two cases where the driving issue is about securing better reputation with potential employees (B6 and B12).

5.6.4   A Holistic Interpretation or Multiple Motives?

Throughout the interviews, I find four major areas that business wants to address through its involvement with the arts:

- Reputation
- Marketing
- Employees
- Community/corporate social responsibility

However, the dominant motive is either reputation enhancement or marketing. Ideas of undertaking support for the arts as some form of manifestation of corporate social responsibility or as in the interests of the 'community' are secondary. This is not to say that society does not benefit from business support for the arts or that *some* businesses do not wish to support community activities, but that there is a clear business objective which must always be met.

Thus this thesis supports the strong evidence for strategic philanthropy and for the argument of Schwartz and Carroll (2003) that philanthropy often combines both economic and ethical issues. However, there are cases where I find that such support is purely economic. But if much 'philanthropy' is 'strategic, what is the nature of that strategic philanthropy?

Fundamentally, the primary motivation of the economic (or business) component of support for the arts is about reputation (in the sense of legitimation) or marketing. Even the involvement of employees is secondary to one of these motives. However, the employee element is common in business with both primary motivations. The four areas that business addresses are expressed in different ways. For example, in one firm, where the interviewee and I agreed that marketing is the primary motive, the respondent listed the objectives thus:

> "Building relationships with clients and contacts;
> Engaging our staff and partners;
> Building our profile in the business community, and
> Making a contribution to culture in the community" (B7)

For this firm, there is an initial need to 'build relationships with clients', but support for the arts offers wider possibilities. Therefore, it is difficult to separate the employee component from the total package – however, the community element is something that is being developed. As the organisation began to see the benefits of the community programme it expanded it and the arts element is being integrated with other community programmes. However, the first and third objectives listed amount to the same thing – develop more income.

Another way that this is expressed – again where branding is paramount is:

> "So it does start with the brand. We would look at our client entertainment requirements, we would look at our internal employee possibilities, we would always bring our community into any sponsorship initiative. We would almost

always drill down even to HR training, education and quite possibly communicate it right through to sort of the grad recruit level." (B24)

Where the starting point was reputation, the ordering of issues is put differently:

"There's a little bit of we have some people in the company who understand the value of <u>art sponsorship on multiple levels</u>. We always look for something where's there a component for staff and ideally an education component and some corporate hospitality/ corporate entertainment opportunities." (B9)

Figure 5.2 expresses these multiple objectives against an understanding of ultimate motivation. I describe these two involvements as 'mainstream strategic philanthropy'. This description excludes those three or four firms who start from a social motivation; it can also be used to exclude activities which are pure profit-seeking, i.e. those activities which the firm views explicitly as the buying of a service. Business starts from a position of using the arts to enhance its image and so it needs to influence key publics – either customers from a market viewpoint or stakeholders more widely with attention to society where reputation is more important. There are three areas of attention – branding and advertising, employee involvement and community and education. Depending upon where the firm starts, it can choose to extend into all three areas or not. Firms with a reputation focus will start with an attention on community issues but may down-play the hospitality aspect. Firms with a marketing focus may not move beyond advertising if they are solely interested in economic exchange. The common second stage is the extension of the arts involvement to include employees – this can be for varying reasons, it could be to enhance the firm's image with the employees, possibly by giving them benefits or it could be to develop skills. Many firms with major programmes seek to work in all the areas as they find that this also provides a richer set of benefits to the firm and also allows them to manage the arts involvement in a focused manner. This is described by some as 'leveraging' the involvement.
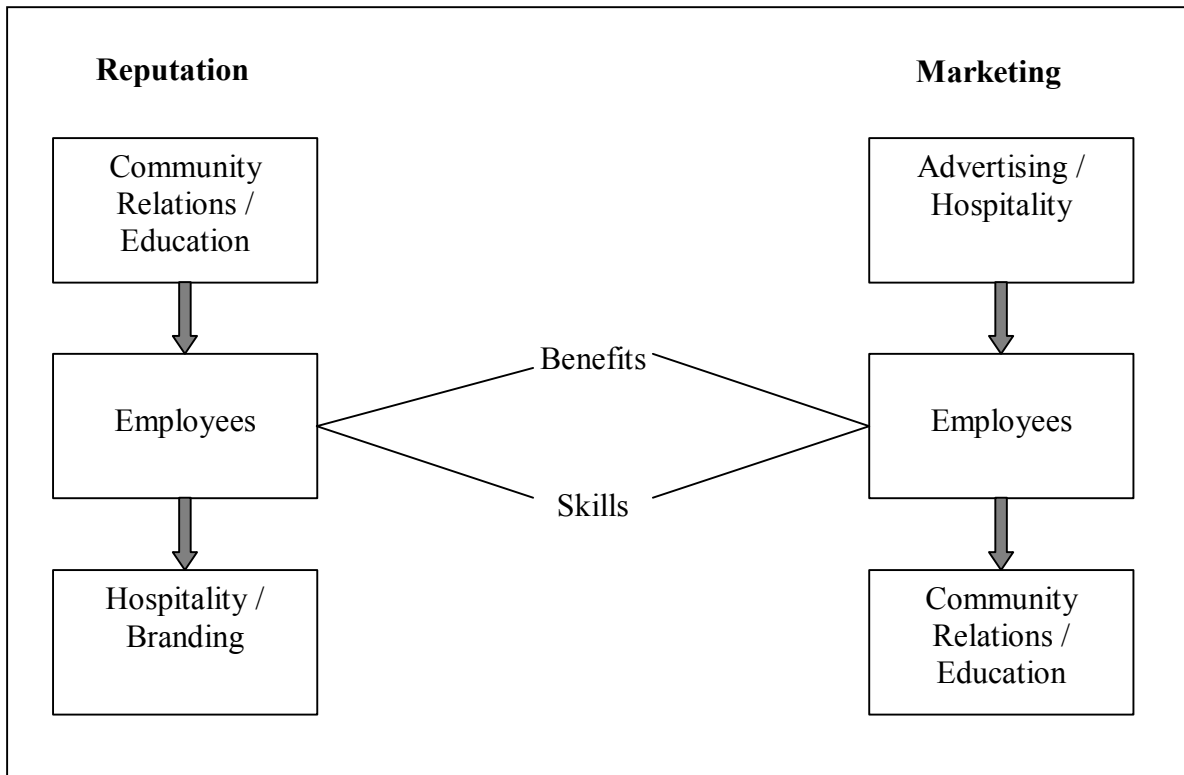
Figure 5.2: A Hierarchy of Uses for Mainstream Strategic Philanthropy

Table 5.2 summarises the differences highlighted between a largely reputation motivation and a marketing motivation, as identified in my interviews and seeks to differentiate between the activities involved in the two basic motivations. Given the different relative attention of these motivations towards community and indirect stakeholders in the reputation motivation and towards customers or direct stakeholders in the marketing motivation, the different aspects of strategic philanthropy might be termed differently. Therefore, I propose that those firms acting from a reputation motive could be seen to be undertaking *Societal Strategic Philanthropy* and that those acting from a marketing motive are undertaking *Business Strategic Philanthropy*. In addition to these two categories, there are the purely economic actors and the potentially altruistic actors.

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	Societal Strategic Philanthropy	Business Strategic Philanthropy
	Reputation	**Marketing**
Stakeholder Focus	Focus on community (in order to enhance reputation)	Focus on customers / clients
Projects supported	Long term projects – access	Single events – profile
Control of funds once given	Business directs use of money	Gives
Brand focus	Corporate brand	Consumer brand
Internal tension within business	Pull towards justification	Pull towards maximising returns
Whose focus?	Business and society	Business
Nature of relationship?	Partnership	Buying a product

Table 5.2: The Differences Between a Reputational Motivation and a Marketing Motivation

A simplified way of understanding the ways in which business support for the arts can be used is shown in Figure 5.3. This takes the two basic dimensions of my framework, first set out in Figure 2.7 – relative business-society attention and relative stakeholder attention and explains the underlying motivations. The stakeholder axes are re-labelled to show the direct and indirect nature of the employee stakeholder group – as either resources or influencers. The *pure* business interests of marketing and reputation are shown on the right hand side as the business focus and enacted via the direct stakeholders of customers or employees as resources or via the indirect stakeholders of community and employees as influencers. The left hand side shows the focus for society and gives an example of education support where the stakeholder focus is towards the community. It is difficult to identify a pro-social activity with the use of customers or employees as resources but which does not also provide business benefit. It is acknowledged that this is an over-simplified representation of motivation, but I develop a more complex interpretation in section 5.6.6.
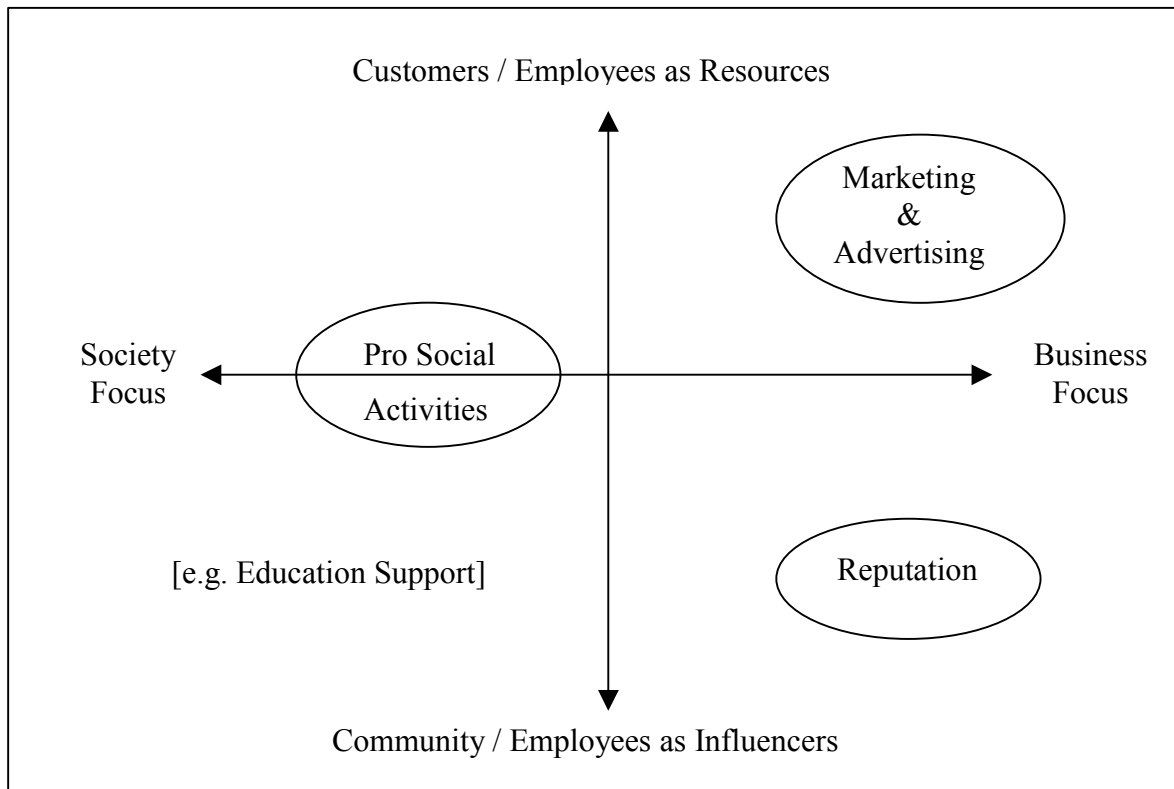
Figure 5.3: A Simplified and Partial Explanation of the Motives for

Corporate Philanthropy

5.6.5 Cases That Do Not Appear to Fit

In any qualitative study, there is a need to consider cases that do not appear to fit an exact model and to try to explain why this is so. Three business interviews do not fit the model of mainstream strategic philanthropy exactly. In summary, I suggest that the model I have developed focuses on explaining a business rationale to which the social motive is secondary. One is straightforward in that it is privately owned (B3). I explain in chapter three that I had not intended to interview privately owned firms as the explanations might differ. However, the name of this business kept recurring. Whilst this business is concerned with its image and also with business benefits, it undertakes some small scale work in community theatres where there is no clear business rationale. There was a clear philanthropic strategy in the respective interview, expressed:

"You know, it's about bringing the audiences to arts organisations whether it's through our everyday price programme that we do, or audio described programmes, you know different kinds of access areas. It's about trying to do things that other sponsors might not consider doing. It's about doing from top to bottom the whole range and for all kinds of different reasons, so there is actually social responsibility in there." (B3)

The next case that doesn't fit also has a strong pro-social element (B11). There was a clear business need – however, this firm was clear that it starts with a social need and then finds a business solution. Thus this firm has a focus on using its skills to broaden the access to the arts organisations it supports. Once a particular solution had been identified, they *then* thought about how to gain commercial advantage. This is in contrast to the majority of firms who start from seeking a commercial advantage. The explanation for this is that it is part of a long-standing culture about *who* the organisation is:

"So it's part of the brand and our brand values and what we want our stakeholders to associate with the brand so we want our stakeholders to associate leadership, technology, innovation, integrity and some world class and so all our projects need to reflect that in some way. We also as a company as part of our values, feel we have a strong role to play in the community. And the shift we've made if you like is to say that we want to make that more strategic and we want to focus on some issues where we believe our business can make a difference." (B11)

Some elements of this organisational culture are also true for case B25. However, an instrumental business motive appears to have become the focus.

The third case that does not fit is that of the tobacco company. At first sight, it might be expected that this case would be about reputation and there is an element of this present. However, in the interview, we discussed the problems of sponsorship by a tobacco company. The interviewee said it couldn't be about reputation as this was a pointless activity. Reputation was there in part:

"It probably comes down to three things: certainly corporate entertainment is a bit of it, but you don't need very much of that; certainly a sense it's a good philanthropic thing to do, but we are under no illusions that what's more important to us than any amount of philanthropy is how we actually run our business. How we make our money rather than how we spend it. And third, if you get it right, maybe some open minded people think - well that's a civilised thing for a company to do." (B2)

Much as I tried to understand this firm, I came away with a feeling that this was an old style firm and thus, again, it was part of the culture of the firm. There was no sense that there was any need to pay back society because of the nature of the firm's business. The interviewee spoke of a 'civilised thing to do' or a 'nice thing to do.' There was a clear expression of some form of social duty or obligation:

"And I think we do it because we feel we ought to."
(Lance) "Can we just explore that phrase 'we ought to'. What do you see as the source of that 'ought'?"
"I think to some vague sense of corporate duty." (B2)

This may be just my interpretation of the interview. Others might still see a firm attempt to influence reputation or else as an abuse of agency power. Ultimately, there were quotes which pointed to reputation – given advertising restrictions on tobacco it could not be about marketing and it was mostly about sponsoring very established art forms in relatively establishment places. In the end I conclude that this firm does not fit the model of modern strategic philanthropy which means that business undertakes giving activities which also meet the business mission, goals or objectives. It does not have a clear philanthropic strategy, but it does have a long tradition of support – this may have been the pattern of arts support some 25 years ago.

5.6.6 A Revised Model

This research has identified four patterns of behaviour, the two dominant forms of strategic philanthropy – societal and business – pure economic activity and the small group where there is an initial focus on society, but where this also extends to business interests. I now show how these patterns can be represented in a revised version of my original framework. The framework thus far has focused on the *relative* attention to business and society and *relative* stakeholder attention. However, the data from the interviews shows that firms pay attention to both business and to society and also to multiple stakeholders. By consideration of how much *absolute* attention a firm pays both to its own interests and to those of society, the degree of strategic attention can be identified. This ranges from totally pro-business in terms of pure economic exchange to largely pro-social, where the business interest follows on from that pro-social focus to include some business benefit. The underlying motivation for strategic philanthropy can then be differentiated by consideration of the stakeholder focus, where an attention to customers points more to a marketing motivation, which I term Business Strategic Philanthropy, and where an attention to community is a focus on the indirect benefit of reputation enhancement, which I term Societal Strategic Philanthropy.

On the basis of this research, the motivations for any firm's giving can be represented or profiled along the four dimensions of:

- Extent of business interest ('B')
- Extent of societal interest ('S')
- Extent of attention to customers/employees as resources – in effect 'direct' stakeholders ('R')
- Extent of attention to customers/opinion formers/employees as influencers – in effect 'indirect' stakeholders ('I')

Figure 5.4 illustrates the underlying model deriving from these four dimensions.

Extent of Attention to
Customers/Employees as Resources ('R')

Extent of Societal
Interest ('S')

Extent of Business
Interest ('B')

Extent of Attention to Community Opinion
Formers/Employees as Influencers ('I')
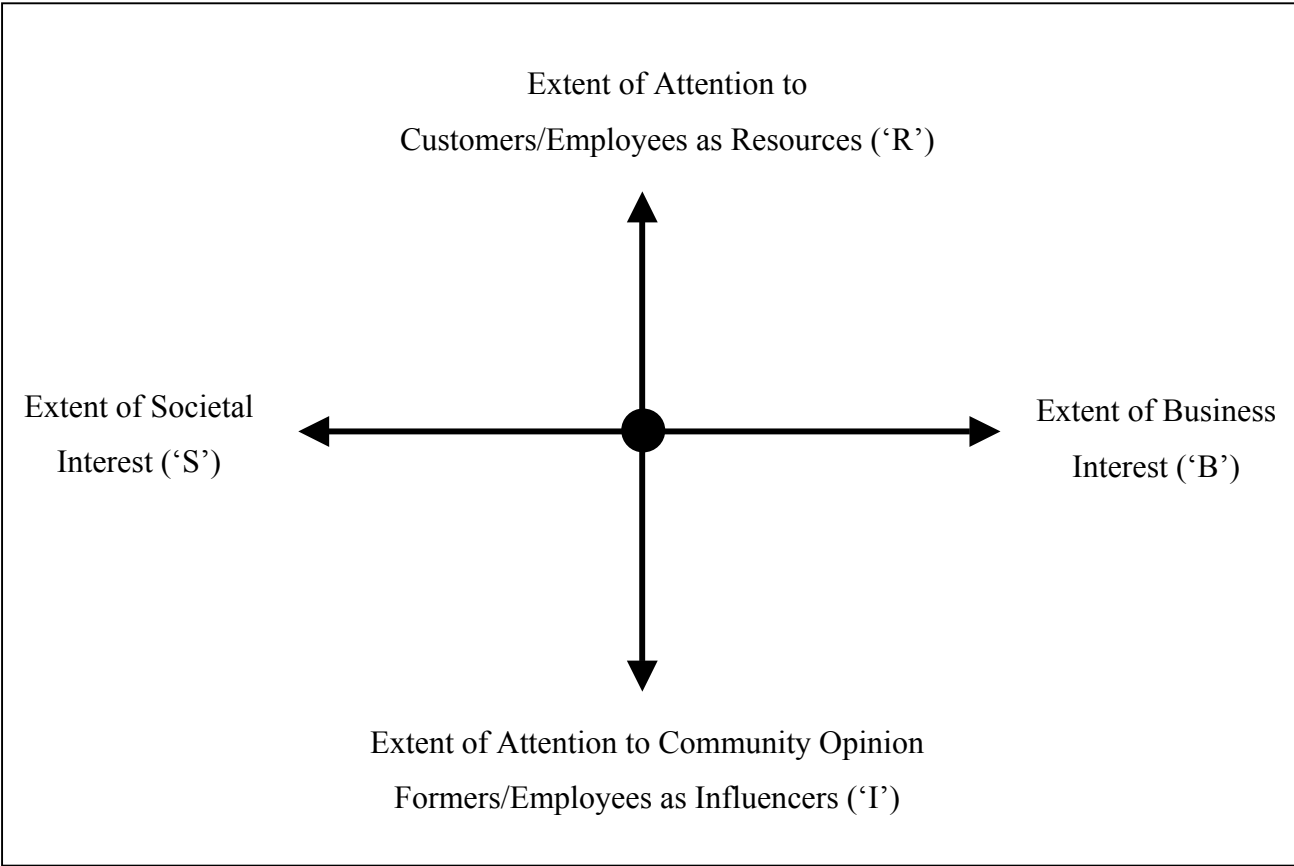
**Figure 5.4: A Revised Model to Represent and Understand
the Motivations for Corporate Philanthropy**

For a given firm, the extent of attention to each of these four dimensions can be plotted and the resulting four points joined to provide a quadrilateral representation of its motivations for giving (which I term Motivational Profiles). The measures of these 'extents of attention' might be derived, for example, from study of documents, by self-assessment of managers or by stakeholders. They are not intended to be objective measures, but a way of establishing some underlying degree of focus and thus illustrate the profile of a given firm. A contribution of this research is to provide a way of profiling motivations for corporate 'philanthropy'.

Figure 5.5 then shows how the model illustrated in Figure 5.4 can then be applied to show different archetypes of motivational profiles. So Figure 5.5A shows a purely economic approach, where there is no societal interest and no community interest; Figure 5.5B shows a Business Strategic position, where the focus is largely pro-business and the motivation marketing; Figure 5.5C shows the Societal Strategic Position and where the motivation is largely reputational; Figure 5.5D shows a largely pro-social position in the form of Shared Benefits/ Social Involvement.

Figure 5.5: Archetypes of Motivational Profiles of Corporate Philanthropy

There are a number of significant developments to the earlier frameworks, which are important to provide this fuller model. Firstly, 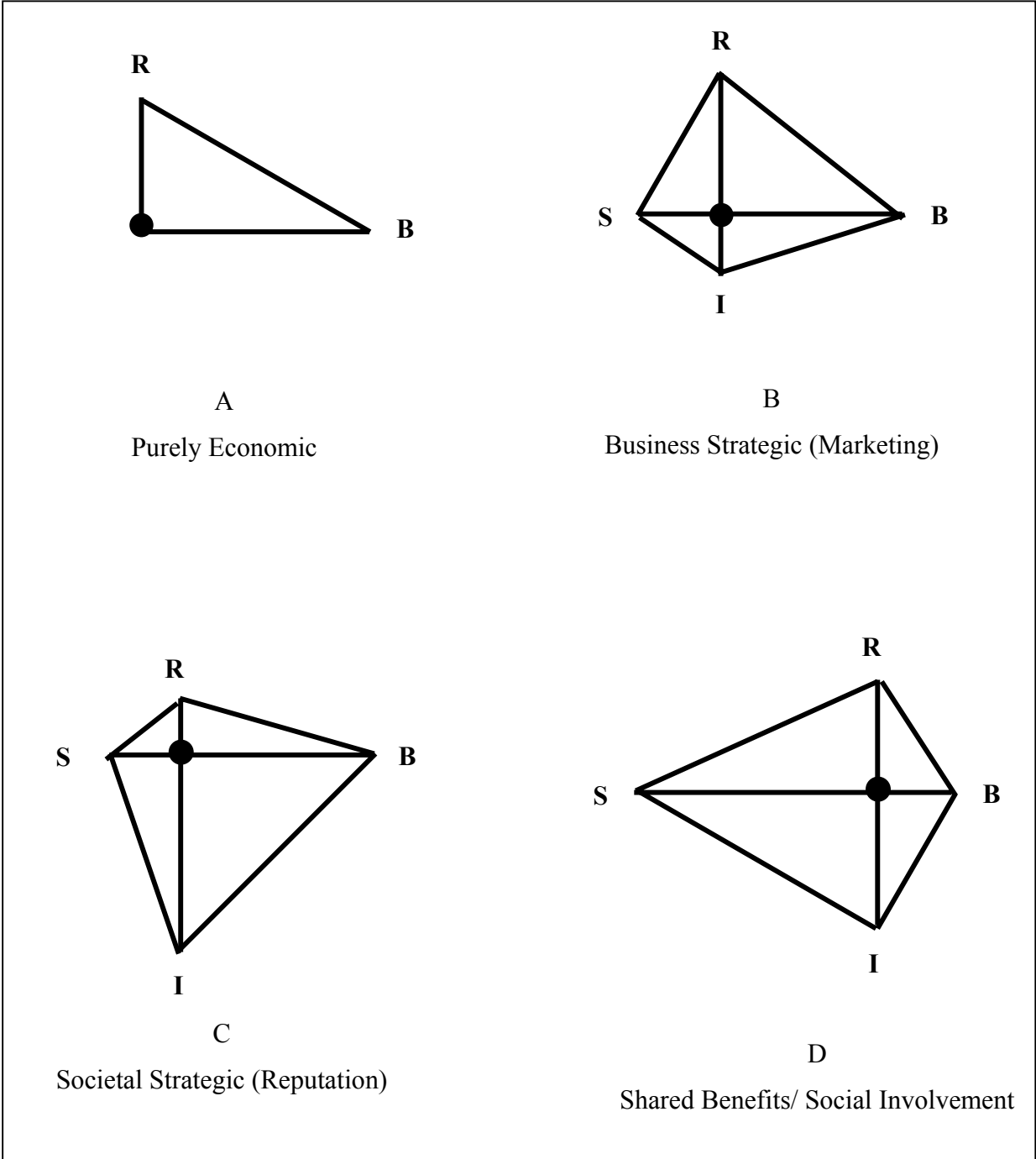the analysis is now on absolute levels of attention rather than relative levels of attention. Secondly, the stakeholder interests are redefined with customers and employees as resources at one end and community, opinion formers and employees as influencers at the other end. For example, the positioning of the archetypical reputation motivational profile (5.5C) is mostly below the S-B axis. Similarly, the archetypical marketing motivational profile (5.5B) is mostly above the S-B axis. I have shown that firms actually have multiple objectives – therefore, the degree to which these multiple objectives are involved (as shown in Figure 5.2) can determine the position and size of the motivational profile.

To illustrate how this model can be applied to profile different firms' for giving, I show how the motivations of four different businesses I interviewed can be depicted. In each case I estimate the extent of attention to each dimension from a close review of the interview transcript, based on my interpretation of the associated interviews. First, for case B11 as shown in Figure 5.6, the motivation agreed by the interviewee and me at the very end of the interview for this firm was:

> (Lance) "With [name of firm] I sort of see a social contract expectation…you've gone to the point where the giving has to be strategic, has to be business focused rather than societally focused… it's about customers, it's about selling unashamedly. There's also something about brand – the reputation of [firm] as a firm – about society's view of the way it views [name of firm] as an organisation. Is that fair?"
>
> "Absolutely"
>
> (Lance) "So in terms of why you do this, there's an underlying value but it's an *and*? You've got to do this and you've got to meet business needs as a criterion?"
>
> "Yes"
>
> (Lance) "I sense with [firm] in the rare event that you know something was appropriate and you could find no business link, you might just still do it?"
>
> "Yes, because the only point I would disagree with you is its not unashamed selling. It's part of marketing and that's the brand" (B11)

Figure 5.6 shows how firm B11 has a fairly balanced attention along these four dimensions, with perhaps a slight focus towards society. All stakeholders are addressed. Although this excerpt has more discussion of customers, the remainder of the interview included substantial attention to education and community. This firm's documents confirm this analysis.
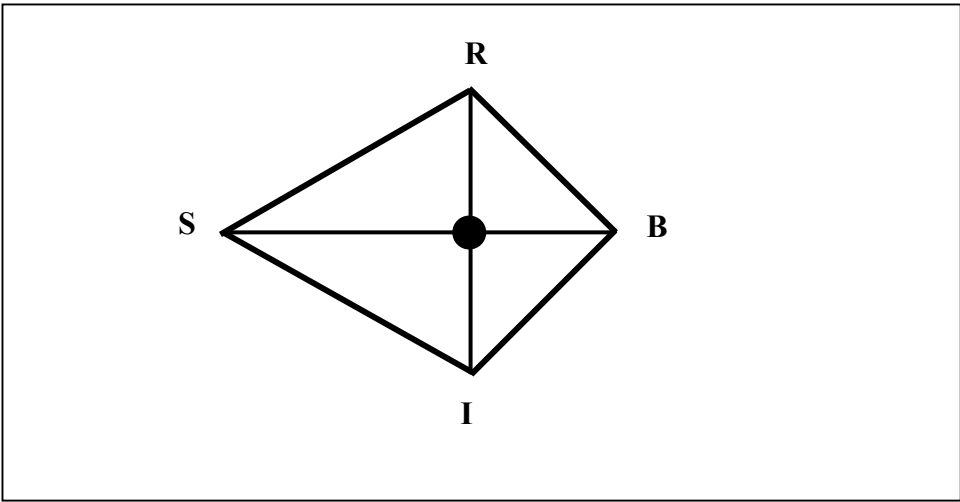
Figure 5.6: The Motivational Profile of Firm B11

In a similar manner, Figure 5.7 shows the motivational profile of firm B8 where the agreed motivation, is reputation in the form of licence to operate:

> (Lance) "…and therefore it's employees, it's local environmental degradation, those types of issues that are important to you in community terms. Is that right?"
> "So for example, we might sponsor the local fishing contest or something like and get a lot more out of doing that."
> (Lance) "What is it that you say that you get out of that?"
> "We definitely get some publicity … So we get the goodwill from people, they come along and have a nice day. We might get a bit of a write up in the local paper … Again it's really working with our stakeholders. Again it's a licence to operate as you'd say."

This firm has a focus on the local community and the environment for reputation purposes, so the focus of the motivational profile is towards the firm benefit of reputation; the benefits to the community are implicit.
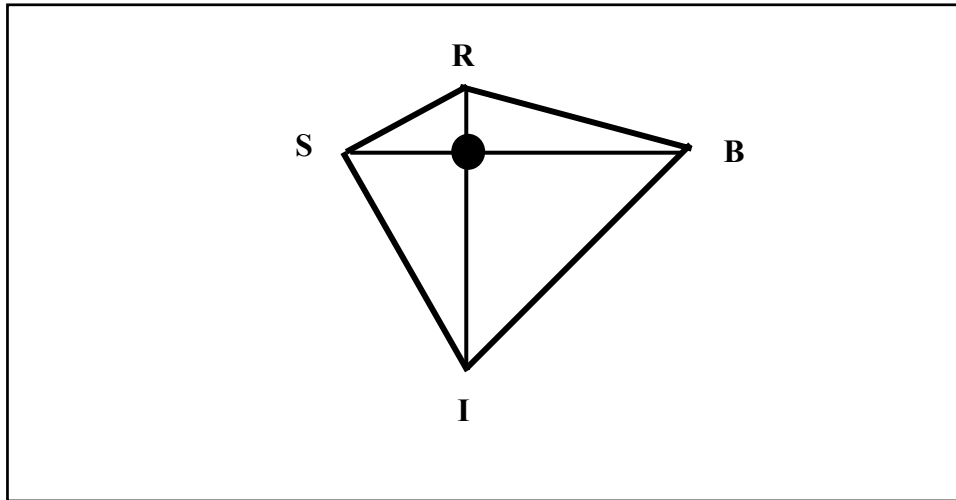
Figure 5.7: The Motivational Profile of Firm B8

In the case of Firm B7, the respondent defined the firm's objectives as:[2]

    *Building relationships with clients and contacts;

    *Engaging our staff and Partners;

    *Building our profile in the business community, and

    *Making a contribution to culture in the community (B7)

The motivational profile representing this firm in Figure 5.8 shows an example of a firm with considerable customer attention and thus a marketing motivation, but again with some attention to societal outcomes.

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[2] This explanation also appears on the firm's website
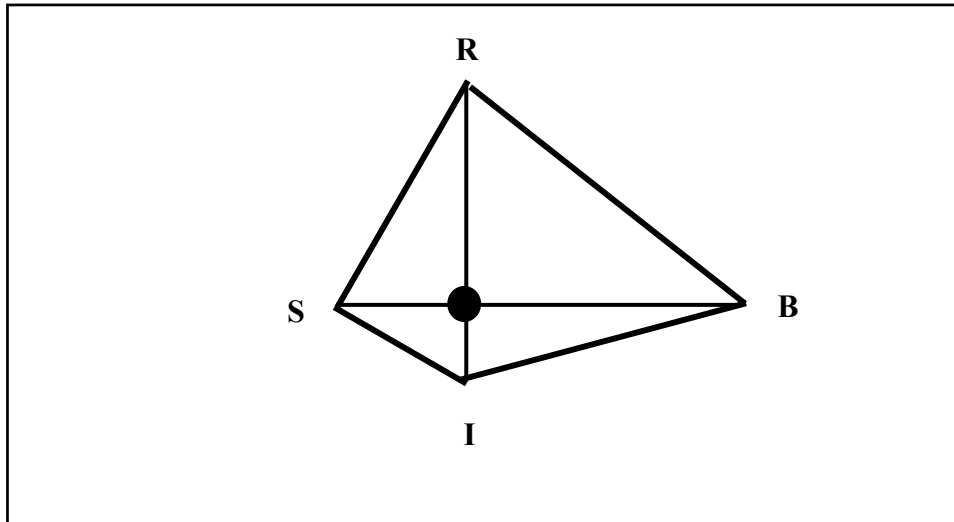
Figure 5.8: The Motivational Profile of Firm B7

Finally Figure 5.9 shows the motivational profile of firm B21 where there is a completely economic marketing focus:

(Lance) "Is it fair to deduce from what you say that the sole reason you do any of this involvement is effectively marketing. If it didn't work for you in marketing terms you wouldn't be doing it?"

"Yes. I mean we are a public company and there's been sort of decisions like has [this] been for the value of shareholders. … It is purely down to commercial [considerations]." (B21)

Although there are benefits to the arts, notably via the support of new artists – this support is but a means to the end of brand promotion. Thus this firm uses only two dimensions of the model as opposed to other firms which seek to address *both* business *and* society as well as *multiple* stakeholders. This firm is interested only in business interests and customers.
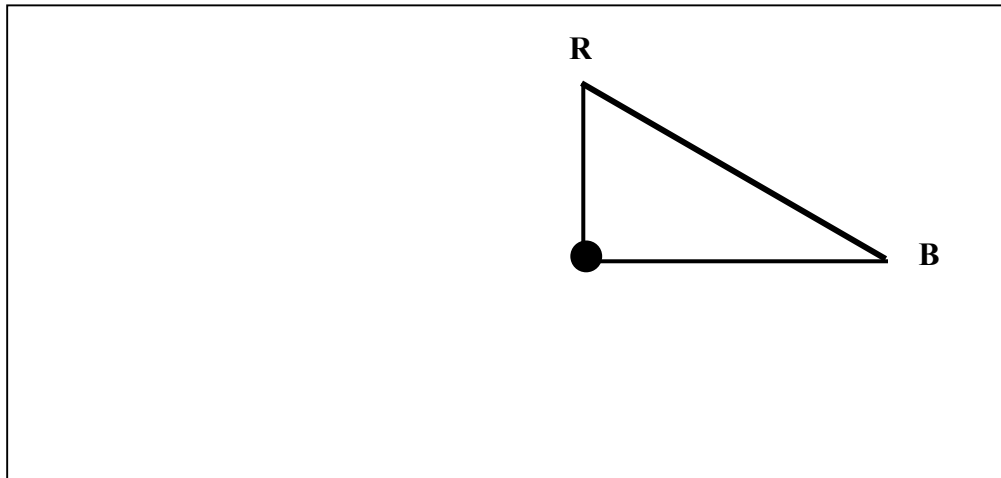
Figure 5.9: The Motivational Profile of Firm B21

5.7 Conclusion

This chapter has presented the results of a series of 39 interviews around the issue of business involvement with the arts. It has presented the issues in a sequence moving from uses through stakeholders, evaluation and decision criteria towards an understanding of motivation. This presentation has mostly used direct quotations from the interviews in order that the story is constructed in the respondents' own language. The chapter has concluded with a re-formulation of the framework presented in chapter two and developed in chapter four. What is yet to be answered is why different firms behave as they do. I will present one explanation for this in chapter six, using Miles's (1987) idea of business exposure. Chapter six will also position this research in the context of the philanthropy literature and discuss its application to both theory and practice.

Chapter Six: Why do Firms Act in Particular Theatres? Impressions They Choose to Paint

"Reputation is an idle and most false imposition; oft got without merit, and lost without deserving"

Shakespeare: *Othello*

(Mahon, 2002)
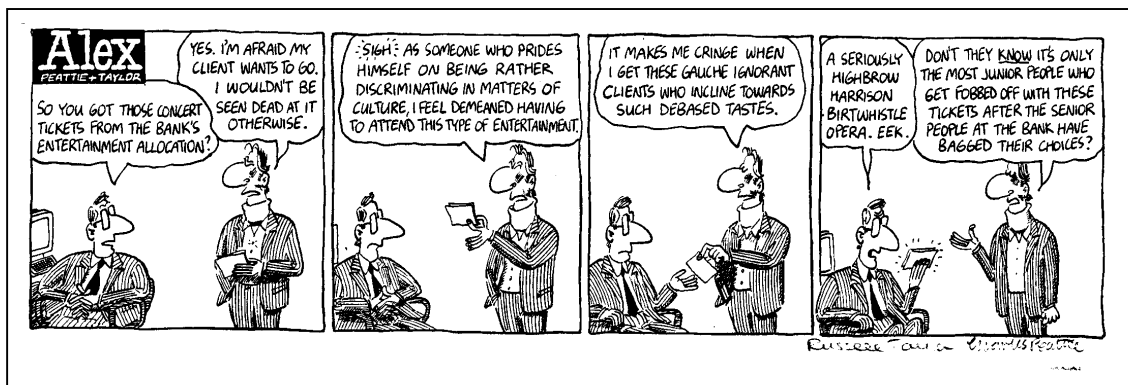
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6.1 Introduction

The findings of my two studies show that a meaningful way to understand why business supports the arts is to consider first the relative attention business pays to its own interests and society's interests, and secondly to examine which stakeholders it seeks to address. Two principal motives are observed: reputation enhancement and marketing. Firms that are interested in their reputation pay more attention to community interests and they are also keen to extend benefits to employees. Firms with a dominant marketing interest are keen to use branding and hospitality opportunities in order to address customers or to spend time with clients. They, too, may seek to 'maximise' their returns by extending the involvement to employees. These basic motives are then consolidated into a framework with which to understand firm motivation as shown in Figure 5.4.

Beyond these principal motives, there is a very small group of respondents where the fundamental business focus is secondary to a societal focus. Here there is some idea of duty or societal expectation – somewhat close to the 'shared benefits' position on Burlingame and Frishkoff's (1996) continuum presented in chapter two. These firms start with a focus on the benefits to or impact on society; however, the vast majority of firms in the UK now start with an attention on their own benefits from their involvement with the arts. This does not mean that other firms did not speak of some form of duty or of wanting to be a 'good neighbour', but that it was more an aspect of legitimacy rather than social contract, as I differentiated in chapter two.

But, having identified these motivations and shown how the arts are used to meet corporate objectives, a relevant question is *what are the characteristics of a business that might make it act in line with one principal motive rather than another?* In order to answer this question, I examine my interviews once more using the idea of business exposure as used by Miles (1987) and developed by Saiia (1999) and Altman (2000). The basic motives of marketing and reputation will then be positioned in line with an idea of business exposure.

This chapter is therefore organised thus. Section 6.2 re-introduces the idea of business exposure in the context of this study and section 6.3 positions the businesses interviewed in this study in terms of their business exposure and draws conclusions about how business exposure can explain particular motives within strategic philanthropy. Section 6.4 then discusses the overall findings in this thesis and presents a continuum of corporate philanthropy which includes motivations and types of arts supported. Section 6.5 positions the findings within the context of the corporate philanthropy and related literatures and the final section summarises this chapter.

6.2 Business Exposure

This section addresses the further question of why particular firms adopt particular motives. I use the idea of business exposure, which I introduced in section 2.3.1.6 to answer the question and find that firms with a higher business exposure undertake support for the arts for reputational motives.

Miles (1987) introduces the idea of business exposure as a way to describe decision-making in the insurance industry in the United States and also as a way to understand corporate social performance. Miles explains business exposure in terms of three factors – product mix, customer mix and geographic mix. In particular, in terms of product mix, businesses which produce essential products as opposed to luxury items will experience higher business exposure and those businesses that have higher negative externalities, such as firms that pollute the atmosphere or impose costs on third parties, will also experience higher business exposure. Similarly, consumer products businesses have higher business exposure than those producing industrial or commercial products. Finally, Miles extends the idea of exposure to consider geographical mix by looking at the number of states in which the firm operated and he argues that firms with a wider geographical reach will have higher business exposure.

As business exposure increases, the company is subject to greater scrutiny from a wider group of stakeholders. But the idea can also be seen in reverse, i.e. that managers experience higher business exposure when they are subject to greater external stakeholder scrutiny (Saiia, 1999). Saiia argues that corporate philanthropy "can be understood as a response to stakeholder expectations and industry pressures in the form of business exposure." He finds in his survey of large US corporate givers that higher levels of business exposure are associated with both higher levels of corporate philanthropy and higher levels of strategic philanthropy.

Saiia (1999) develops the idea of business exposure further. In particular, he develops a scale, using responses from a survey of the extent of product mix and process use to

give a measure of product mix; survey responses on customers and number of stakeholders to develop a measure of customer mix; and number of states and number of employees to give a measure of geographic mix. Using these data he develops an overall measure of business exposure. Thus proximity to customer, higher numbers of employees and states all lead to higher business exposure. It is this measure of business exposure that Saiia relates to levels of corporate and strategic philanthropy.

Altman (2000) similarly uses Miles' (1987) concept of business exposure in her study of the community as a stakeholder in the retail and petroleum industries. She finds that community involvement is often undertaken for a complex interplay of moral and economic rationales. She then stresses the idea of exposure by defining the community as stakeholder as:

> "Those groups or individuals having mutual interests with the firm, those located within the immediate vicinity of the firm's operations, and those having the power to negatively impact the corporation's operations. Corporate actors in individual corporations at single locales where a company has operations determine the identification of stakeholders." (p.65)

These approaches to business exposure point out that the nature of the firm's exposure or need to respond to the external environment will characterise the degree to which the firm will focus on community activities in the form of corporate philanthropy. Based on my interviews, I argue further that the level of business exposure will also change the nature of the philanthropy undertaken, driven by the underlying motive. Both Altman and Saiia recognise the increasing component of economic interests within corporate philanthropy in the form of strategic philanthropy. *I argue that firms with low levels of business exposure will be more prone to using philanthropy solely as an economic act, but that firms with high levels of exposure will be motivated more by the management of that business exposure and will thus undertake corporate philanthropy in order to improve their reputation.*

Werbel and Wortman (2002) further show that some levels of strategic philanthropy increase following negative media exposure. They suggest that companies may use corporate philanthropy as a strategic tool to remedy these negative portrayals of their social responsibility. In a similar manner, Wartick (1992) finds that the nature of corporate reputation is correlated to the volume of media exposure. For firms with poor reputations, he finds that the tone of media exposure directly affects corporate reputation. Thus, it can be argued that negative media exposure is a further measure of business exposure which would lead to deliberate use of corporate philanthropy.

6.3 Business Exposure and Business Involvement with the Arts in the UK

In order to test the hypothesis that firms with higher business exposure will be motivated to undertake their support for the arts in order to enhance their reputation, I show in Table 6.1 how the 23 firms I interviewed had relatively high or low levels of business exposure and the motivation for their support for the arts. In order to construct an appropriate measure of the degree of business exposure, I use three components. I take two variables used by Miles (1987) and I add a third dimension of negative public relations as identified by Werbel and Wortman (2000). This latter dimension is a judgemental exercise and, within the bounds of maintaining confidentiality, I assess in Table 6.1 whether there are negative public relations issues which require attention and I indicate what these are.[1] The three dimensions are:

(1) the degree of externalities

(2) the consumer/industrial industry split. } Both as used by Miles

(3) the degree of public relations pressure

Each of the three factors contributes to high or low business exposure. Thus firms with high externalities would show high business exposure on that dimension;

---

[1] I acknowledge a degree of subjectivity in choosing between issues that are significant or not. However, this issue only arises within the banking sector where some banks are subject to more critical comment than others.

similarly, on the customer dimension, proximity to public consumers would contribute to high business exposure; finally, firms with significant image issues would also have high business exposure on that dimension. I then combine these dimensions in order to provide an overall judgement of the level of business exposure and thus a firm with two or more dimensions rated as high is described as 'high' overall, those with one high and where one is ambiguous are described as 'medium' and others with only one dimension that is high as 'low' and those with no dimensions high as 'very low'. Table 6.1 is ordered to show the firms with the highest levels of business exposure on an overall basis; I also show the agreed motivation for that firm as well as the stakeholders that firm addresses. Where the motivation is reputation, this is shown in bold. From a visual scan of Table 6.1, it can be seen that the firms with the highest levels of business exposure are mostly those firms who undertake their support for the arts in order to enhance their reputations. The high profile firms are those with significant negative externalities (the energy and tobacco firms) and those firms with current high profile image issues (one bank has been routinely in the press over a number of issues and the pharmaceutical industry has been dealing with the issue of drug pricing in the developing world). Thus, the evidence from my interviews is consistent with the argument that the motivation for a firm's support of the arts is a function of its business exposure.

Table 6.1: Interview Responses Ordered by Degree of Business Exposure

Interview No.	Sector	Externalities	Consumer/ Professional[2]	Significant Image Issues	Level of Business Exposure	Reason	Key Stakeholders Addressed
B2	Tobacco	High	Consumer	Yes - product	High	**Unclear part reputation**	Shareholders
B8	Energy	Yes	Industrial	Yes - environment	High	**Reputation**	Opinion Formers Community
B4	Energy	Yes	Mixed	Yes - product	High	**Reputation**	Opinion Formers Employees
B1	Banks	Low	Consumer	Yes - branch closures. History	High	**Reputation**	Customers Employees
B10	Banks	No	Consumer	Yes – impact of merger on local presence	High	**Reputation**	Opinion Formers
B9	Pharmaceuticals	No	Mixed	Yes – cost of drugs	Med	**Reputation**	Employees
B5	Telecoms	No	Consumer	Not now Formerly – privatisation	Med	Marketing	Customers
B12	Financial Services	No	Consumer	No	Low	**Reputation employees**	Employees
B14	Retail	No	Consumer	No	Low	Drive Commercial Objectives	Community Employees
B17	Telecoms	No	Consumer	No	Low	Marketing (Economic)	Customers

---

[2] Many of the firms I interviewed are professional service firms, rather than industrial. However, in the Miles analysis these can be included within the industrial category, given their distance from the public consumer. The absence of industrial manufacturing firms also confirms the findings of Kirchberg (1995).

B19	Banks	No	Consumer	No	Low	Marketing	Customers
B20	Retail	No	Consumer	No	Low	Marketing	Customers Employees
B21 and B22	Consumer Goods	No	Consumer	No	Low	Marketing (Economic)	Customers
B25 and B13	Consumer Goods	No	Consumer		v^3	**Reputation social impact**	Key Stakeholders addressed
B3	Media	No	Profession		Low	Social – privately owned	Shareholders
B6	Business Services	No	Professional	No	V. Low	Attract employees	Opinion Formers Community
B7	Business Services	No	Professional	No	V. Low	Marketing	Opinion Formers Employees
B11	Technology	No	Professional	No	V. Low	Social contract – cultural	Customers Employees
B15	Business Services	No	Professional	No	V. Low	Marketing	? Community Employees
B16	Investment Banks	No	Professional	No	V. Low	Marketing	Opinion Formers
B18	Business Services	No	Professional	No	V. Low	Marketing	Employees
B24	Investment Banks	No	Professional	No	V. Low	Mixed led by brand	Customers

---

[3] Although this firm is in the consumer field, it is its brands that are exposed. I was talking at a corporate level where the name of the corporate brand is less exposed.

This analysis supports the idea that high business exposure means that firms pay more attention to reputation issues. Further, combining this idea with the earlier findings of my research, such firms will pay more attention to the community. This finding is consistent with Altman's (2000) view of the community as stakeholder. It also explains why the community is salient to managers of firms with reputational issues (Mitchell et al., 1997). In contrast, firms with low business exposure are more likely to pay attention to marketing issues, focusing on customers and clients. This analysis of stakeholders supports the idea of stakeholder salience being a factor of power, urgency and legitimacy (Mitchell et al., 1997; Agle et al., 1999). But power here is the ability to confer economic benefits in the form of sales or employees or to confer legitimacy in the form of reputation. The stakeholders above all are managed in order to meet a corporate objective.

There are two aspects of the linkage from business exposure to motivation which require further comment. Firstly, those firms that act from a dominant social imperative seem to have no particular link to business exposure, as I explain elsewhere in this thesis; for these firms there is a deeper cultural aspect. This could be the subject of further research. Secondly, for those firms that act from purely economic reasons, they appear to have low business exposure at present. However, it is not difficult in either case (or for that matter for one of those mentioned by the arts organisations) to imagine how this low business exposure could become high. The drinks company could experience exposure around issues of 'binge drinking' or alcoholism; the telecoms company could be exposed to issues of high child use of mobile phones and the associated costs; credit card companies are already subject to parliamentary and press comment on levels of consumer debt and high interest rates. Perhaps these firms will seek to extend their involvement into the strategic philanthropy field at some stage in order to address or to avoid these issues.

This blunt analysis needs to be modified in two ways, which arise from this research. First, many of my interviewees were uncomfortable initially with the final conclusion of either marketing or reputation as they saw themselves as needing to meet multiple objectives and thus to have multiple motives. Nevertheless, they invariably concurred

with the basic motivation identified as the initial or dominant motive. But the way that their businesses' involvement with the arts developed and became of greater value to it was due to these multiple motives. Thus firms start from one position of either reputation or marketing and move towards the other, including more dimensions as I showed in Figure 5.2. Once the initial motivation has been established and the work has been shown to be effective, the nature of the involvement will expand into other areas. This might be from reputation into broader activities (B9) or from marketing into more community-focused activities (B7, B24). Firms with a primary motive of reputation include more constituencies and add more firm value - as Saiia (1999) suggests, this is about finding legitimacy. But here the legitimacy is in the context of shareholder returns and justification in an economic sense. For firms with a primary economic motivation, the pull is in the other direction; the language is about 'leveraging returns' and 'maximising benefits' i.e. gaining greater economic benefit. The economic is paramount; it provides the 'strategic' rationale for strategic philanthropy.

Secondly, for a small number of firms (B3, B11, B25), there is arguably the overriding idea of the culture of the firm and the obligation to 'give back' to society. Two other firms also pointed to the idea that this had been part of their culture, but that economic considerations are now more significant and are associated with a change in senior management (B5, B14). All these firms have a long tradition of community support – it may once have been altruistic, but the strategic benefit is now clear.

Only the tobacco firm (B2) does not easily fit this analysis; for me this firm is in a 'time-warp'. Decisions are made by a small group of executives because it is the 'civilised thing'. This is also the only business to position their involvement with the arts within a *charitable* policy. Other firms acknowledged that the idea of senior decision-making was how it used to be in their organisations, but senior management had changed (B5, B14, B20) or there had been a re-focusing around more strategic objectives (B4, B10, B11).

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Firms that start with an overt marketing motivation find themselves seeking to 'leverage' their involvement into adjacent areas such as employee involvement and community support. Firms, however, that start with a desire to support the community find that the tension is to justify their involvement in terms of business benefits. Thus there is a convergent form of strategic philanthropy in business support for the arts in the UK which will include a business benefit, some support to the community and extended to employees.

6.4   A Re-formulated Continuum of Corporate Philanthropy

Firms essentially undertake support for the arts with an initial focus on their own benefits or on those of society. The vast majority now start with a focus on the business benefits first. In the handful of cases where firms do start with a more societal focus, they then need to find ways to justify their benefits in terms of shareholder value. As one interviewee puts it:

> "I personally feel that it's around an ethical reason and this underlying commitment to society. But what we strive to do is really also to find those business cases and present them as business arguments and present them as we are getting involved in these projects because they add value to the business which allows us in the sort of community teams to safeguard them when people come budget cutting." (B25)

This 'commitment to society' goes a long way back and seems to be part of the culture of the firm. Beyond this cultural element, the focus is on business interests, which are primarily about managing corporate image with key stakeholders (Whetten and Mackey, 2002). This management of corporate image is either about reputation in the sense of securing a licence to operate or it is about securing valuable economic benefits. The licence to operate can be conferred either by opinion formers such as politicians or by consumers, depending on the customer base of the industry in which the firm operates. Firms seeking an active licence to operate will focus upon the

community as a key stakeholder and will speak of access. Firms seeking to improve their image in order to secure economic benefits will mostly direct their attention to customers and clients, but in some cases the focus may be on employees. One of the consultants agreed with my fundamental analysis late on in the research:

"If they are the kind of corporation for whom reputation management is a key issue, such as [X], then without a doubt in the case of [X]'s sponsorships, they do it, but the principal value is reputation management, the second value is corporate hospitality. But if reputation management is not their key issue, then corporate hospitality comes first. Then can come, in no particular order, employees, motivating and rewarding employees, being seen to be active and participating and returning some things in the communities in which you operate. Each company that we work for has these sorts of objectives and therefore put these kinds of values on their arts sponsorships, but in different orders, depending on who the company is." (C2)

The findings of this research can be summarised in a re-formulated continuum of philanthropy as shown in Figure 6.1.
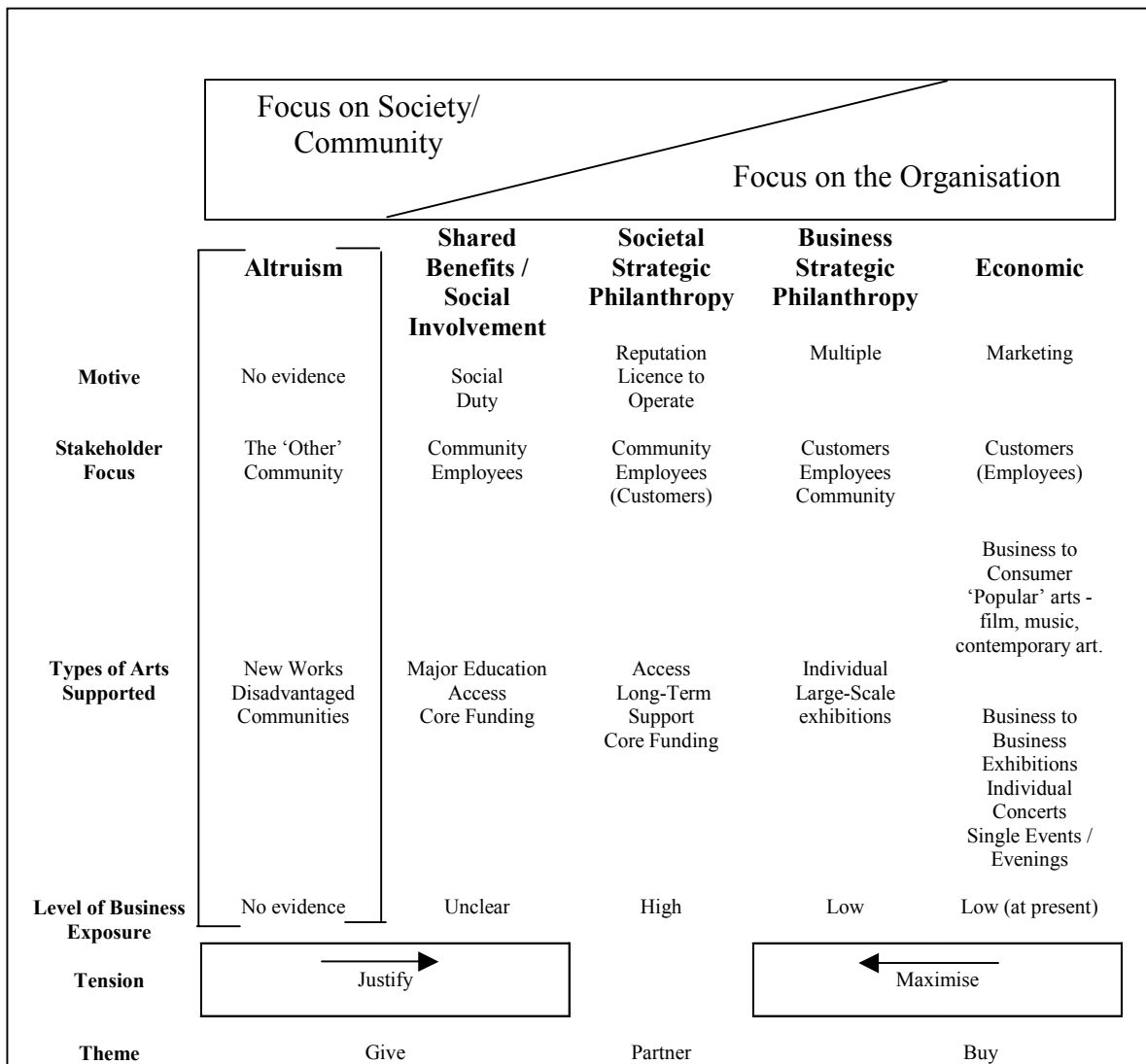
Figure 6.1: A Revised Continuum of Corporate Philanthropy

	Altruism	Shared Benefits / Social Involvement	Societal Strategic Philanthropy	Business Strategic Philanthropy	Economic
Focus on Society/ Community → **Focus on the Organisation**					
Motive	No evidence	Social Duty	Reputation Licence to Operate	Multiple	Marketing
Stakeholder Focus	The 'Other' Community	Community Employees	Community Employees (Customers)	Customers Employees Community	Customers (Employees)
Types of Arts Supported	New Works Disadvantaged Communities	Major Education Access Core Funding	Access Long-Term Support Core Funding	Individual Large-Scale exhibitions	Business to Consumer 'Popular' arts - film, music, contemporary art. / Business to Business Exhibitions Individual Concerts Single Events / Evenings
Level of Business Exposure	No evidence	Unclear	High	Low	Low (at present)
Tension	Justify →			← Maximise	
Theme	Give		Partner	Buy	

This continuum develops the earlier work of Burlingame and Frishkoff (1996) and Saiia (1999) and adds a number of key features. Most significantly, it is explicit about the motives for the activity. It also lists the stakeholders on which the activity will focus – these stakeholders are listed in order of priority and those in brackets are optional. In the context of the arts in the UK, the continuum identifies the form of art involvement that will be most relevant to each category of motivation. It adds the dimension of business exposure which helps explain why firms operating within mainstream strategic philanthropy act from the motives that they do. Finally, it points to the tensions from each end of the continuum which pull in an institutional way (DiMaggio and Powell, 1983) to the centre. These tensions arise from the shareholder value culture in the UK, that of justifying what looks like giving shareholders' money

away from one end and the opportunity to be more 'strategic' by maximising returns from the other end. Finally, key themes of give, partner and buy are proposed. Partnership is increasing, but I find that buying is evident.

In terms of the major descriptions in Figure 6.1, I move away or reposition terms used by both Burlingame and Frishkoff and by Saiia. First, and most significantly, I add a category: economic. There is an element of business involvement with the arts which is not philanthropic, if philanthropy has as a component of gift the sense of giving goods at a below market price or buying services at above their worth to the recipient. There is a developed market for support of the arts where clear services are provided:

> "…so that this idea of kind of patronage is just given because it's the right thing to do; it's almost completely gone as an ethos. It very much has to be now if we form an association it has to be real good returns for us somehow, some way it has to deliver against certain objectives for us." (B5)

Next, I separate out the major areas of 'strategic' philanthropy between those where there is a largely business focus and those where there is a societal focus. A business strategic position will look at the benefits to the firm and then extend these into employee and community areas in order that the return is maximised:

> "We make our money work very well with sponsorship especially in the investment banking arena. We work generally with very small budgets and we like to make sure that we get as much as we can. We leverage fully our contract with [name of gallery]. As a part of any sponsorship initiative, we would work through a number of very key factors that would have to be workable in the context of a contract…. Educating people into how you can leverage sponsorship and that's both the arts organisation and the company itself and I think that we have matured in terms of our understanding of what we can actually do with our own sponsorship commitment." (B24)

The societal strategic area will still focus on business benefits and is still strategic philanthropy, but the firm will be less overt about marketing return; the returns will be harder to identify:

> "Why don't I like calling it philanthropy? Because that tends to imply a sort of give away with nothing in return and I think that the whole environment now is much more one of mutual benefit of where the donor – the partner that is giving cash – forms a partnership with or product or in kind or whatever the thing is will form a relationship with the group and I describe what we do as: we are not doing what we do to increase the sales of our company's products, but there are many other benefits we get through our association with the programmes by doing them. They may be recognition for the brand; in the case of some of the arts sponsorship they may be a recognition of doing something innovative in terms of sponsoring. In other areas it may be, if we are supporting programmes in Malawi or Uganda, it may be that the local Minister of Health sees us as something other than a company that is just trying to sell its drugs in the markets. We are actually supporting infrastructure and we are helping build infrastructure. So that's the sort of two way thing and there is a huge benefit that I would put right up there with that in employee morale and motivation and pride in working for the company."
> (B9)

The external factor that leads to the difference between societal strategic and business strategic is business exposure. Beyond the strategic elements, there are those firms who start with a social perspective. I incorporate the idea of social investing here, but the investment is for society. This is subtly different from strategic philanthropy, but an important distinction, nonetheless. It is also about shared benefits:

> "It's what many people might call philanthropy, but I believe we are investing shareholder funds in various causes – you know you could be giving it back to the shareholder as increased dividends, but we feel we have a mandate as a company to build on our success and invest part of that success back in both

the global community and the communities where we operate locally. And if we do that in a fair and balanced way that can bring good to disadvantaged communities which is often where we are operating, then I think we are supporting the mission of the company which is to improve the quality of people's lives." (B9)

The return on the investment in this case is intended to accrue to society as well as the firm. A very small number of firms do start from a societal focus and these firms fit into the column headed shared benefits/social involvement. They are few in number and show vestiges of greater societal focus – certainly, the pressure is to become more 'strategic' in their giving in terms of strategic philanthropy as well as philanthropic strategy. Ultimately, in theory, pure altruism might exist. Certainly, none of the businesses I interviewed mentioned it, so I have shown this column in square brackets as a theoretical possibility. I was pointed by one arts organisation towards an example from the foundation of a major European bank. I attempted to interview individuals there, but when I made contact – all the names given had left the organisation and there were no obvious alternatives:

"But there is a third category of sponsors who really are not interested in the branding. An example would be [X] who are sponsoring one of our education projects called [Y] who signed up for 3 years working with us on this project and really the branding is absolutely minimal and they don't insist on any kind of sight of logos or number of mentions. It's purely part of their philanthropic programme towards the community." (A9)

Overall, the continuum in Figure 6.1 shows a more developed explanation of corporate philanthropy than has appeared in the literature. It includes motives, stakeholder focus, levels of business exposure, tensions and, for business support for the arts in the UK, the type of art form supported.

6.5 Implications for the Theoretical Understanding of Corporate Philanthropy

In chapter two, I identified a number of potential motives from the literature for corporate philanthropy. These were:

- Altruistic
    - As part of being a 'responsible' firm – it's the 'right thing to do'
- Political
    - For the business system
    - For the firm – securing a 'licence to operate'
- Management self-interest
    - In order to gain power or resources – managerial utility
    - In order to select causes that are key to the individual manager
- Strategic
    - Prompted by licence to operate
    - Prompted by some element of direct return to the business
    - Creating a better business environment generally
- Purely economic (and potentially, therefore, not philanthropic)

I also pointed to Young and Burlingame's four models of thinking about the nature of the firm – altruistic, political, neo-classical and stakeholder. In this section I position my findings within these frameworks and comment on earlier literature.

6.5.1 Altruism

Pure philanthropy barely exists and, if it still does, it's an endangered species in the current world of business and the arts in the UK. This does not mean that some firms, in terms of their senior managers, do not want to do good and do not feel some sense of social contract or obligation. However, it needs to be justified in business terms. In terms of earlier motivations, the findings of Collins (1995) that 40% of managers had

pure philanthropic reasons for giving is surprising. This difference may be explained by Collins' use of a self-selection survey which suffers from the usual problems of interpretation of terms. The ethical element of the altruistic model is consistent with my findings, given the number of firms with economic motives who seek to extend their involvement into community-based activities. In the business environment of 2003, following a decade with a focus on shareholder value and a weak stock market, it is difficult to be purely philanthropic. Indeed, one soon-to-retire chairman and I had this conversation which shows that even where there is some desire to put back, it has an economic rationale, so pure altruism in any form of social responsibility or 'giving back' is unlikely to be able to exist in the modern public corporate world:

(Lance) "What do you understand by the term CSR?

What? Corporate social responsibility?

(Lance) What do you mean by it?

Putting some of the resources, the profits that we are making into something that is not for profit to help the communities, either locally or in the general run to give them money that they otherwise wouldn't get to help with pump-priming, to help with maintaining, to be able to scrub up, to do good in the community I suppose.

(Lance) Why should business do that?

It shouldn't.

(Lance) Why do you do it?

Well, I think that the world that I grew up in which was the world of the 1960s, when I came into business, you know, if you weren't a capitalist you weren't a capitalist and that was it. But I think there is a different world that's now grown in the last 20 years; it may be even longer, but particularly the last 20 years, where the graduates leaving university with ideals and that sort of thing have got a slightly less rosy eye view of capitalism and believe that they actually want to do some good at the same time that, and they would join companies who tend to have what values that they think are the right values to have. And I think there is evidence of that because very often, probably put up by the universities, say ask these guys whether they've got a CSR thing and

what their view of it is. And certainly the youngsters are very, very keen on it." (B15)

6.5.2 Political

Without a complete critical analysis, it would be difficult to comment on philanthropy as a way of maintaining the legitimacy of the business system. However, a number of interviewees did remark that the idea of corporate social responsibility was becoming more prevalent, but this might be more a form of wider political pressure on firms to be seen to be more socially responsible:

> "I think there is an emergence and an activity at the moment for arts based companies that is to do with corporate social responsibility and a growing awareness of their power and influence within the community." (C1)

From a critical perspective, this could be seen as business seeking to maintain its power. Certainly the forms of arts that I have studied could be regarded as more highbrow and one interpretation is that senior business leaders wish to maintain their privileged access and power as a group (Useem, 1984; Bourdieu, 1993). I did not collect data in order to answer this type of research question and so, from a critical perspective, such an analysis might be possible.

The alternative political viewpoint – that of the power of individual managers or firms, has informed my interpretation of my research. First, the idea of senior executives using support for the arts as a form of social currency seems to be waning. During the interviews, I was told anecdotes about the funding of the Millennium Dome or Tate Modern, where it was suggested that senior executives were called up and expected to contribute:

> "When the Dome hove into sight and it was beginning to become a political problem, people like Michael Heseltine actually got on the telephone to, I mean he did never speak to me, but I know that he called a number of senior

executives in business and actually said, you have got to help, you have got to come on board and do that, and work with us on the Dome to celebrate the millennium." (C1)

Although the tobacco company pointedly noted that they hadn't been invited to support the launch of Tate Modern:

"The Tate won't touch us.
(Lance) The Tate won't have you?
No.
(Lance) Did you ask them to have you?
They wouldn't…. Serota [Director of The Tate Galleries] is very anti and I sounded him out through the Trustees and for instance we are probably the only large company that was not asked for fund raising at Tate Modern, so we know that to be the case. You can't do everything." (B2)

Thus, the political element is still present but there were stronger arguments that the business case has to be present. Therefore, it seems more likely that the support of a key executive is a necessary condition to gaining funding, but such personal commitment cannot deliver any actual funding. Thus, individual political influence seems less likely as an explanation for corporate philanthropy. Another reason for the difference from earlier research is that most of that research was undertaken in the US where the social culture is very different and hence the nature of elite structures might also be different. I identify these cross-cultural issues as an area for further research in chapter seven. If such a question were to be pursued in the UK, a review of corporate giving related to awards of honours might be more productive[4].

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[4] However, even that process has changed since 1997 and is still under pressure at the beginning of 2004 with calls for the honours system to be both meritocratic and transparent.

6.5.3 Neo-classical

This is where my research adds to previous models of corporate philanthropy by showing firstly that there is a point beyond what is called philanthropy that is actually buying normal services. This may be unique to support of the arts given the resources that the arts can provide in terms of hospitality facilities, advertising profile and skills development. This finding may not extend to other areas of community involvement such as education or social exclusion. Secondly, and of wider application, is the sense that evaluation of support for the arts, for some firms, needs to be justified in the conventional language of return on investment. This need to justify in classical economic terms is undoubtedly part of the neo-classical model of business, but it seems to go beyond what Saiia (1999:130) describes as "the corporate giving manager legitimizes the giving program internally by proving its ability to add value to the firm." The dominance of marketing objectives with little attention elsewhere points to a stronger reason for these firms. More assessment of what is termed philanthropy needs to be viewed from a neo-classical perspective in order to understand where the returns to the firm are and whether there is indeed a transfer of net resources to the community. This understanding could then provide insights for those literatures such as corporate social performance and social accounting which use corporate giving as an input in order to develop further theory. Corporate philanthropy is not just becoming more strategic, in the case of corporate support for the arts in the UK, it is often pure profit seeking.

6.5.4 Stakeholder

Overall, this model, described by Young and Burlingame (1996) in terms of "managing the corporation is an exercise in managing the stakeholders" has the most power to explain the complex set of multiple motives that has been identified in this research. I have shown that involvement with the arts is used to address customers, employees, politicians and other opinion formers and the community, all whilst ensuring the shareholders do not object too strongly. I have shown that, through understanding what businesses seek to achieve with each stakeholder group, it is possible to understand the multiple motives that business has for its involvement with

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the arts. The key stakeholder that needs to be focused on in order to understand the motivation for corporate philanthropy is the community as stakeholder and the way that it is 'used' rather than 'managed' in order to convey an image of the firm to other stakeholders. It was telling to see in this research how little business sought to measure the impact of its support on the arts organisations or society – again this may be specific to the arts. Following the argument that 'what matters gets measured', this shows how little societal value matters to firms in their support for the arts when compared with business value. There was occasionally clarity about the objectives of business involvement with the arts for the business; but, apart from the idea of access, there was no clarity from business on the objectives for the arts organisations. It may also be argued that access is a higher priority for business than for the arts organisations. This is a dimension of the community as stakeholder that needs to be considered further within the literature. The analysis of the inter-relationship between stakeholders also has implications for our understanding of reputation (e.g. Fombrun and Shanley, 1990) through stakeholders as a network (Rowley, 1997).

6.5.5   Strategic

The results from this study support Saiia's (1999) findings that corporate philanthropy is becoming more strategic. However, the nature of the strategic intent in the case of support for the arts is limited to issues of corporate image. Apart from the firms that seek to develop their pool of employees, there is little in terms of strategy that Porter and Kramer (2002) advocate. Strategic here means having a clear business focus in terms of benefit directly to the giving firm. Even where the benefits are vague such as 'developing relationships', there is an informal understanding of whether the involvement is 'working' or not. In effect, support for the arts has not moved beyond the reasons put forward by David Rockefeller (Koch, 1979) which I cited at the beginning of chapter two:

> "… can provide a company with extensive publicity and advertising, a brighter public reputation, and an improved corporate image. It can build better customer relations, a readier acceptance of company products, and a superior

appraisal of their quality. Promotion of the arts can improve the morale of employees and help attract qualified personnel."

This research has added to our understanding of this quotation by showing which firms will support which forms of arts organisations and for what motive, as I have demonstrated in Figure 6.1. Some firms are now extending their arts involvement into broader community-based activities and yet there was little clarity as to why this should be beyond a sense of wanting employees to feel that they work for a 'responsible firm'. There is some evidence from my interviews that there is an emphasis on firms to focus on their social responsibility. But this is responsibility with a business purpose. Certainly, there is an understanding that business involvement with the arts can provide more than pure marketing, as shown by the firms who seek multiple motives, but this has to be within an organisation where the culture will provide the room for that development. Consequently I agree with Altman (2000) that there is a need to re-evaluate stakeholder frameworks that see responsibility to the community as driven predominantly by morals or values, towards a framework that also emphasises the economic or strategic. However, I disagree with her that we should move philanthropic activities lower down Carroll's (1979) pyramid towards its economic base – what we need is greater clarity between the economic and the truly philanthropic or ethical. If we do so, then the absence of pure philanthropy will be evident. In terms of Schwartz and Carroll's (2003) argument that philanthropic activities could now be considered within the economic and ethical domains, this research broadly supports that analysis. However, it points out that there is some giving which might be viewed externally as 'ethical' but which, is in fact, 'economic'. There is the single case referred to at the end of section 6.4 which might be construed as 'altruistic' and where there is no external visibility. This does not appear to fit the intersection of Schwartz and Carroll's ethical and economic categories, it might fit their utilitarian aspect of the ethical category. Beyond these cases, most corporate support for the arts fits into the intersection between economic and ethical with the bulk of the attention economic as Figures 5.5 - 5.8 show. Ultimately, in our study both of corporate philanthropy and corporate involvement
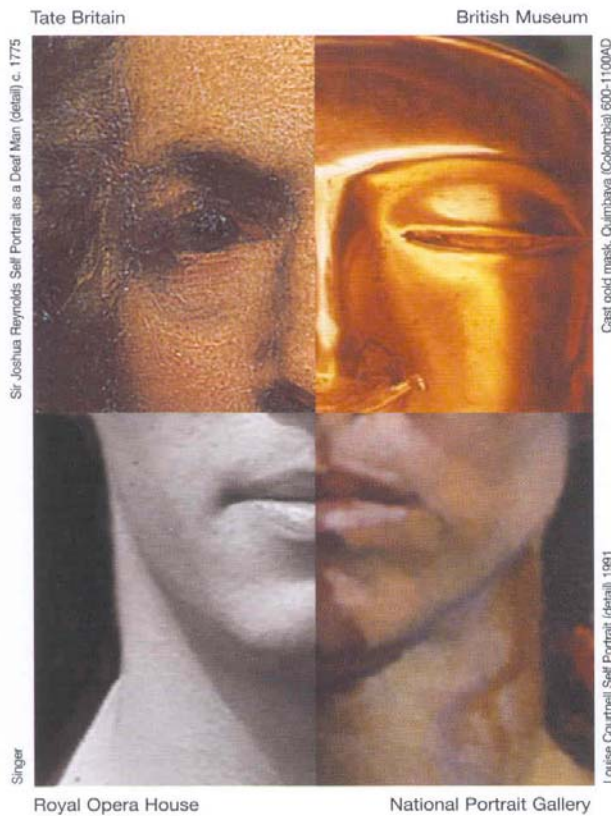
with the community, we need to acknowledge the economic imperative as well as the social obligation.

6.6   Conclusion to Chapter Six

This chapter has pulled together the findings of the two studies and extended the results of those two studies to explain why firms act from different basic motivations. It has also positioned the findings of my thesis within the broader corporate philanthropy literature. This chapter began by taking the motivations identified at the end of chapter five and positioning them in the context of business exposure in order to explain why particular companies might act with a given motive. This analysis was then combined with the findings of chapter five to present a revised continuum of corporate philanthropy which takes account of motivations and stakeholders addressed in the context of business involvement with the arts in the UK. The findings of my research were then discussed in the context of the previous literature on corporate philanthropy. I point to a need to recognise more fully the economic aspect and conclude that analysis using the stakeholder model of the firm will yield richer insights in this field. In particular, if we take as given a clear understanding of the primary economic objectives of the firm, an analysis of how any given firm might wish to address customers, employees and the community can help us understand why and how firms can effectively support 'philanthropic' activities. The final chapter summarises the results and identifies the contribution of my research. It will also review the implications for practice as well as proposing further research.

Chapter Seven: Conclusions and Recapitulation

How BP helps the arts to change the face of our culture.

Tate Britain

British Museum

Sir Joshua Reynolds Self Portrait as a Deaf Man (detail) c. 1775

Cast gold mask, Quimbaya (Colombia) 600-1100AD

Arts organisations try continually to provide fresh experiences for people. And BP supports their efforts.

For instance, we help galleries and museums create new displays and exhibitions and opera houses and theatres expand their repertories.

But, as always, projects in the arts are meaningless without an audience.

So while we do try and help, it's actually your support that really counts.

Singer

Louise Courtnell Self Portrait (detail) 1991

Royal Opera House

National Portrait Gallery

bp
www.bp.com

BP Advertisement from a Royal National Theatre Programme

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7.1 Introduction to the Final Chapter

This thesis set out to understand why business is involved with the arts in the UK. It is positioned within the corporate philanthropy literature, using this both as a base from which to address the underlying research and also with the intention of using the findings of my research to develop a deeper understanding of the nature of corporate philanthropy.

To answer the question of motivation, I first developed an initial theoretical framework in chapter two. This framework has two dimensions: the first is built around the relative attention business pays to its own interests and those of society, and the second is the degree to which the giving company attends to different stakeholder groups. I then developed and tested this framework in chapter four in my first study by examining a set of texts in which business discusses its support for the arts. This identified the key uses business makes of the arts of marketing and reputation or legitimation as well as a number of themes for further exploration. In my second study in chapter five, I used a series of 39 semi-structured interviews to explore further the themes identified in the first study and to test my redeveloped theoretical framework. A revised two-dimensional model from analysis of these interviews emerged. This identifies the two basic motivations for 'giving' to the arts as 'investing' in reputation and marketing and is shown as Figure 5.4.

Chapter six develops these two dominant motives further in the context of business exposure in order to understand why different businesses (in effect industries) support the arts from different motives. I identify that firms with higher levels of business exposure are more likely to support the arts to enhance their reputation. From this final analysis, a reconfigured continuum of corporate philanthropy is developed and is presented as Figure 6.1. Chapter six concludes by positioning this research in respect of previous work and argues that there needs to be greater focus on firm economic interests when seeking to understand business giving activities.

The prime objective of this research is to explore and build theory. Therefore, I do not limit my examination of the data to the two initial dimensions of my theoretical framework of relative business/society attention and stakeholder focus. These dimensions provide a set of initial themes through which to interpret the responses to my interviews as suggested by Miles and Huberman (1994) and also to provide further sets of evidence against which to test the emerging theory. I go beyond these dimensions by also examining issues of measurement and other key factors such as the role of senior management.

Section 7.2 summarises the answers to the research questions posed at the beginning of this thesis. Section 7.3 sets out the contribution of this research to the field of corporate philanthropy for academics and also for managers within industry and within arts organisations in practical terms. Section 7.4 discusses the limitations of the research, while section 7.5 offers suggestions for further research, some of which emerge from some of the comments made during the interviews. The thesis closes with a brief reflective coda in section 7.6.

7.2 Answers to the Research Questions

The fundamental research question of this thesis is: **Why does business get involved with, and support the arts?** The essential answer to this question is, as Useem (1991) finds, about enhancing the firm's image. This is either about the business's reputation with their key publics (opinion formers for industrial and commercial firms and the public generally for consumer-facing businesses) or about marketing its products or services. The motives may appear to be more mixed between business and societal interests as firms extend their involvement from a primary business motive to achieve multiple motives. Beyond this disarmingly simple explanation, a very small number of firms appears to have an established cultural basis that includes a sense of duty to society, thus showing vestiges of a less economic focus. The attention of these firms begins with society's interests and then extends them into the business area. The absence of more firms that start with a societal focus shows that, overall, strategic philanthropy is widely practised with differing attention to business and society.

Indeed, for some firms, the motive is purely economic. Once the primary economic motive has been established, a number of **uses or purposes** are then evident.

The answer to the first sub-question posed in chapter one – **What are the benefits perceived by business to be derived from its support for the arts – both business and societal?** was heavily balanced in favour of business interests. The framework, presented in Figure 5.4 developed from both the documentary analysis in my first study and from the interviews in my second study has shown this to be the case. Business benefits are about marketing, unique client entertainment, motivated employees and an improved reputation. For society, businesses with an interest in reputation see benefit in wider access to the arts as well as the impact on those who encountered the community or education projects. For some it is enabling an exhibition to occur, but this is really more of an economic exchange.

The list of **uses or purposes** sought in the second sub-question ranges from customer or client benefits such as advertising or hospitality opportunities; employee benefits such as family days, free or discounted tickets or skills training; reputation benefits such as more entertainment and branding visibility and community benefits such as access and education events. The associated list of stakeholders becomes a key construct in helping to understand motivation. Thus the attention to customers points to a marketing focus, whereas a dominant community focus suggests a reputational intent.

The study of **measurement and evaluation** provides an inconclusive set of data. Certainly there is little focus on community or societal benefits and impacts other than in the education field. Businesses that are concerned with marketing compile their own data on customer response and brand visibility. Apart from some basic calculations of media coverage and bald visitor numbers, measurement in any respect is not of great importance to business.

The final sub question posed in chapter one: **How does the nature of the industry of the business influence the choice of art form supported?** is addressed in chapter six

via the idea of business exposure. Businesses with higher externalities or high profile image issues have higher business exposure and, in a variant of Saiia's (1999) finding that firms with higher business exposure have higher levels of strategic philanthropy, I find that they are more interested in 'giving' to enhance their reputation. Firms with lower business exposure might still seek to support with the arts, but this is most likely to be for marketing. This marketing could, in some cases, be argued to be economic and not philanthropic. Businesses with an interest in reputation issues are more interested in long run or large scale projects which develop access; businesses with marketing interests are more focused on single or high profile events. From these answers, a collage or impression emerged which I interpret in Figure 6.1.

7.3 Contribution

The findings of this research provide contributions to three distinct groups: academics, managers within industry and arts organisation managers.

7.3.1 Academic Contribution

For academics, this research provides an answer to the question of 'Why does business engage in giving and volunteering activities?' (Young and Burlingame, 1996). However, as this is a study of the arts in the UK, it can only be an answer for this context. The findings agree with many of the observations made earlier in the literature, such as those by Moore (1995) and Kirchberg (1995), that there is an element of promotion around support for the arts – but this is not the entire story. I agree with Useem (1984) that image is an appropriate starting point in order to understand giving, but my analysis moves away from the largely sociological understanding adopted by Useem and by Galaskiewicz towards one with a more economic element.

Much of the major research in corporate philanthropy has been undertaken in the US, where there is a particular structure to giving activities both by individuals and by corporations. This research operates both within a narrow area of giving – the arts, but

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also, more tellingly, in the United Kingdom where the role of high art in society is different to that across the Atlantic.

The two-dimensional framework I developed from theory in order to understand corporate philanthropy more fully has proved to be robust in this research and can be used in other research in the fields of both corporate philanthropy and more generally in studies of the community as stakeholder. In particular, understanding motivation by focusing on stakeholder attention and then looking for further linkages has proved to be a valuable approach. The further development of the philanthropic continuum, including motivations and forms of support as well as a deliberate extension into an economic (and, thus, possibly not philanthropic) category, improves scholarly and practical understanding of the uses of philanthropy and community activities in a corporate context.

Finally, I agree with prior research that points to a greater strategic element to philanthropy (Saiia et al., 2003) with economic return as a necessary element and extend this idea to suggest what that strategic element might be.

7.3.2 Managers in Business

The contribution of my thesis to managers in business is to prompt them to think more clearly about the objectives of and motives for their involvement with the arts. A number of interviewees told me that they had not thought so clearly about why they did what they did before our meeting and this might help them focus their future work. For others, the stark realisation that they spoke about community but paid little attention to the impact of their giving gave them a different point of reflection. Managers will also be able to think about how their support for the arts compares with that of other firms – unlike Galaskiewicz's (1985) findings, surprisingly few of the managers I interviewed knew any of their opposite numbers – this was a role for the consultants. Business managers will be able to recognise which events have a natural fit for their support and those that might not. They will also be able to reflect further on how their support could be extended, and not just maximised, into adjacent areas

of corporate work. Finally, a greater clarity on motive can help with clearer evaluation - evaluation that might be about optimising performance and not just return on investment and, in particular, a greater focus on how social outcomes can receive more attention.

7.3.3 Managers in the Arts

The contribution of my thesis to managers in the arts is to provide them with a greater understanding of corporate objectives in respect of their involvement with the arts. Businesses might present themselves to the arts manager as seeking corporate entertainment opportunities or a way of engaging with the community, but there is a needs for arts managers to understand further the ultimate objectives of their business supporters and how the initial need can be developed to form an enduring partnership.

The arts need to be clearer themselves on their ultimate purpose and how this adds value to society and therefore how that might add value to their business supporters. If arts managers can attend first to the primary objectives of their business supporters, then they can apply their creative skills to delivery. During some interviews, I hypothesised with my business respondents about the ideal type of art form they could support – these suggestions always met with interest, but they had not been offered these ideas by the arts. Such an ideal type would be relevant to the business product, be of high quality, align brand values and then be relevant to customers, employees and the community. For example, a pharmaceutical company with a desire to show their scientific discovery skills could support an art exhibition of famous scientists whilst also developing an education programme around some of these discoveries. Some arts organisations may not have the resources to develop these products, but if they are of value to business then the next logical step is to seek funding for the development activity, this is not easy but a deeper basis for a strategic partnership. Often, it is the absence of funding to develop these ideas that appears to restrict the arts creativity in this field and funding for this activity could develop more deeply the entire field of business/arts support.

The other area of contribution to the arts is in the area of measurement. Much of the measurement that the arts does is undertaken by the large well-funded galleries and is more about helping the arts to market their product better. Indeed, the arts need to recognise that what they have is essentially *a product*, a term which sits uncomfortably alongside artistic creativity. However, it is a 'reality' in the modern public corporate environment. Many businesses and arts organisations would like to know what to measure, but this links back to ultimate purpose and showing that the support adds value to *both* parties. Thus measurement around both reputation and client response is best managed by the business, not the arts organisations. What the arts could develop are measures around the impact of the arts on society, on education, social cohesion and around how to secure new visitors. This means that the arts need to be clearer about how it adds value to society. What is needed is not bald counts of visitor numbers, differentiated by various characteristics such as social background, but a deeper understanding of the impact of the arts on individuals and broader social issues such as exclusion, unemployment and education via the medium of creativity. As in this research, such evidence is going to be qualitative, i.e. individuals telling stories as well as the arts combining their outreach work with the curatorship and performance. Without these elements the traditional arts might well be increasingly pressurised towards the economic. In some interviews some businesses recognised how to extend the reach. I am not really sure that the arts organisations had made these internal linkages for themselves.

7.4 Limitations

Although this research has been positioned within the corporate philanthropy literature, the greatest limitation is that, in the end, it can only talk about (i) involvement with the arts, (ii) within essentially large firms, (iii) in the United Kingdom (iv) in 2003. However, the frameworks developed should be capable of being applied in other settings, in particular my framework can be applied to other forms of corporate philanthropy, such as education. We need to understand whether firms give for the two basic reasons in other areas of giving and how these vary by industry or management interest. Nevertheless, this research has shown a fuller

understanding of corporate philanthropy, the motivations for it and the forms it can take than hitherto.

A limitation of my first study was that the vignettes I analyse were written by Arts & Business and then agreed with businesses; and so they might not have been the entire story and might also have been biased. As I explain in chapter three, I believe that these vignettes are useful for analysis as they are written with the intention of encouraging greater business support for the arts. However, a reason for undertaking the interviews in the second study was to remove these issues of bias and partiality.

Further potential limitations arise as with all interviews. First, there is the issue of the selection of the businesses to be interviewed. The initial selection was purposive in the light of the findings of the first study. As the interviews progressed, I was careful to ensure representation, within the bounds of access, to a balance of industries until I had reached theoretical saturation, in terms not only of what I had heard recently, but also in terms of the two major groups of reputation (with a community focus) and marketing (with a customer focus) that were emerging. The second issue concerns how the interviews were conducted and the risk that I had either heard just what I wanted to hear or that I was leading the interviewee. The interview guide was limited to open questions in the first half of the interview; this ensured that I gathered similar data from each interviewee. In order to limit my interpretation, the interviews were tape-recorded and transcribed, which allowed me to read and re-read the transcripts. There is also the issue of potential bias in interpretation. The best that any qualitative researcher can do is to make explicit the methods used in analysis. I have described these fully in chapter three. Further, the presentation of the analysis uses direct quotations from the interviews, so the reader can 'hear' the evidence in the interviewee's own words. In the second stage of the interview, I clarified my interpretation of the interview with the interviewee. Mostly their response was that I had captured their meaning; in two or three cases this led to a further stage of discussion before an eventual agreement. Finally, when writing up, I went back and forth to my data, checking and looking for disconfirming quotations.

A further limitation is that I used a single respondent in each business and that I may have gathered this respondent's view rather than an organisational view. I explain in chapter three how I managed the interview through a series of probes and also triangulated the responses against both documents and the interviews from arts managers and consultants.

Virtually nothing emerged from the additional analysis of the documents and other interviews. The interviews, in fact, proved to provide a rich source of data, free from the carefully crafted external presentation of, for example, annual and social reports.

7.5 Further Research

The results of this research prompt issues for further research, both within the context of business support for the arts as well as more broadly.

One limitation of PhD research is the need to focus on a narrow area to produce a limited coherent thesis. Whilst completing this research, a number of potentially interesting areas suggested themselves to me. Given that a key finding is that business support for the arts is about image, it would be valuable to understand how business presents its involvement in image terms to its multiple stakeholders in a variety of media such as brochures, reports, press releases, advertisements or the company website. This would be a valuable contribution to the social accounting literature and would fit the call from Milne and Adler (1999) to review more sources than annual reports. Such an analysis would also add to the stakeholder management literature. In a practical sense, there is more work to be undertaken around measurement which would fit both the performance management and corporate social performance literatures. Much of the analysis to date is partial and there is a need to develop coherent metrics to show the impact of business on society.

If businesses seek to improve their image, does their involvement with the arts have any meaningful effect on business image? One or two businesses did attempt to evaluate prompted and unprompted awareness of the association, but this does not

satisfy a meaningful test of association. A variation of the work proposed by Fombrun & Shanley (1990), which looks at reputation via stakeholder evaluation, would be valuable.

An interesting alternative question is to look at businesses in similar sectors which do *not* support the arts and try to establish what factors are present or absent to explain such differences. The research presented in this thesis and the literature review in chapter two already suggest some potentially interesting explanatory variables, e.g. culture, senior management, different views of business exposure. I did consider this as an avenue for this thesis, but concluded that an explanation of motivation for those who do support the arts is a valuable research topic in itself.

This research was undertaken in the UK, in contrast to much of the literature on corporate philanthropy, which is set in a US context. It would be valuable to test my model and revised continuum of philanthropy in different national and cultural contexts. In particular, contrasts between the US, the UK and the rest of Europe would be interesting, given the differing degrees of state support for the arts. On my way out from one arts interview, the arts manager remarked that he had just returned from the United States and described how his opposite numbers there complained that their business supporters demanded too much of them. He found this strange as the business expectations didn't seem unreasonable from a client management point of view. This different level of attention and expectations from and of the arts would be a further interesting cross-cultural study.

Finally, the analysis undertaken here can be extended to look at other areas of community involvement, both in the UK and elsewhere. In particular, examination of areas such as education and social exclusion where there is a less overt commercial use would be valuable. The application of the framework presented as Figure 5.4 could be readily applied in a number of other settings. Such studies would add to our understanding of the concept of Corporate Social Responsibility, both theoretically and empirically.

7.6 Coda

This thesis has answered its prime research objective; it has developed an understanding of why business supports the arts. It has made a contribution to the research literature and to practice, not just in the written form, but also to some of the interviewees during the interview, some of whom have asked me back once I have completed my work in order to continue our discussions. Insights have been gained which should be of benefit both to the theory of corporate philanthropy and to practice of business involvement with the arts. The tension of theory and practice has been with me throughout the research, much in the same way that economic and social issues have been in the research. I mesh the two to provide value to both the business and academic worlds.

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Dear

Business involvement with the Arts

I am writing to ask for your help with research I am undertaking as part of a PhD into why business becomes involved with the Arts. I am a Senior Lecturer in Finance and Accounting at Cranfield School of Management, which is regularly rated among the top ten business schools in Europe.

 I have already undertaken a detailed study of the references in companies' published accounts and also into press comment, but now I would like to interview a number of companies about the reasons for their involvement. Therefore, I would like to arrange a time over the coming two months when I could discuss your company's involvement with the Arts. The interview should not take longer than an hour and I am able to guarantee complete confidentiality in the review process. None of the details revealed in the interview will be disclosed nor will your company be able to be identified from the interview. At the end of the interview, I also typically reflect back how the company concerned seems to fit within the market, together with other hopefully helpful comments.

This research is supported with funding from Arts & Business under wider support from the DCMS. Again, neither organisation will be given any company-specific information, nor will they know the identity of any of the interviewees. Part of the purpose of the research is to allow business to understand better their involvement with the Arts and the second part of the interview will allow for part of that discussion. Another part of the purpose of the research is for Arts organisations to understand better how they can approach businesses in general.

As additional background to myself, I have been on the faculty of Cranfield for four years, where I also work in the field of business and society. In that regard, I am a member of the Management Board of the European Academy of Business in Society, which is a co-operative venture between major European businesses and business schools. I understand well the management pressures on large companies as, before Cranfield, I was Group Finance Director of a FTSE 250 company and before that had run the corporate finance functions for two FTSE 100 companies. A brief resume is attached.

I hope that you will be able to participate in this work and in anticipation, my secretary, Thea Hughes, will be in contact before the end of the month to try to arrange a mutually convenient time. Thank you in anticipation.

Yours sincerely

FINAL CODE LISTING

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Nodes in Set:All Nodes
Created:     12/08/2003 - 09:01:58
Modified:    12/08/2003 - 09:01:58
Number of Nodes:    354
1       Age of company
2       Amount of sponsorship
3       Corporate memberships
4       Focus
5       Good quotes
6       Hard to sponsor
7       Historical basis
8       History
9       Interview method
10      Interview useful
11      Last 5 or 6 yrs
12      Links to charities
13      Maximisation ~ working
14      Organisational culture
15      Ownership structure
16      Partnerships
17      Role of key decision makers
18      Role of the individual barrier spann
19      shareholders
20      (1) /Primary Business Motivations
21      (1 1) /Primary Business Motivations/Client entertainment
22      (1 2) /Primary Business Motivations/Reputation
23      (1 2 1) /Primary Business Motivations/Reputation/With opinion formers
24      (1 2 2) /Primary Business Motivations/Reputation/With clients
25      (1 2 3) /Primary Business Motivations/Reputation/With customers
26      (1 2 4) /Primary Business Motivations/Reputation/With employees
27      (1 2 5) /Primary Business Motivations/Reputation/With potential
        employees
28      (1 3) /Primary Business Motivations/Marketing
29      (1 4) /Primary Business Motivations/Corporate social responsibility
30      (1 5) /Primary Business Motivations/The thing to do
31      (1 6) /Primary Business Motivations/Branding
32      (1 7) /Primary Business Motivations/employees
33      (1 8) /Primary Business Motivations/Link to business
34      (2) /Primary social motivations
35      (2 1) /Primary social motivations/Provide access
36      (2 2) /Primary social motivations/Create art
37      (2 3) /Primary social motivations/Education
38      (2 4) /Primary social motivations/community
39      (2 4 1) /Primary social motivations/community/corp citizen
40      (2 5) /Primary social motivations/Charity
41      (3) /Subsequent business motivations
42      (3 1) /Subsequent business motivations/Branding
43      (3 2) /Subsequent business motivations/Reputation
44      (3 2 1) /Subsequent business motivations/Reputation/intermediaries
45      (3 2 2) /Subsequent business motivations/Reputation/opinion formers
46      (3 2 3) /Subsequent business motivations/Reputation/clients
47      (3 2 4) /Subsequent business motivations/Reputation/markets
48      (3 3) /Subsequent business motivations/Employees
49      (3 3 1) /Subsequent business motivations/Employees/volunteering
50      (3 4) /Subsequent business motivations/CSR
51      (3 5) /Subsequent business motivations/Marketing
52      (3 5 1) /Subsequent business motivations/Marketing/subsids
53      (3 6) /Subsequent business motivations/Benefits in kind
54      (3 7) /Subsequent business motivations/Client ent
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55      (3 7 1) /Subsequent business motivations/Client ent/location
56      (3 8) /Subsequent business motivations/Association
57      (3 8 1) /Subsequent business motivations/Association/excellence
58      (3 9) /Subsequent business motivations/Staff development
59      (4) /Ultimate purpose
60      (4 1) /Ultimate purpose/Marketing
61      (4 2) /Ultimate purpose/Licence to operate
62      (4 3) /Ultimate purpose/Multiple
63      (4 4) /Ultimate purpose/Employees
64      (4 5) /Ultimate purpose/Social expectation
65      (5) /Quantification ~ evaluation
66      (5 1) /Quantification ~ evaluation/Monetary inputs
67      (5 2) /Quantification ~ evaluation/Visitor numbers
68      (5 3) /Quantification ~ evaluation/Press coverage
69      (5 4) /Quantification ~ evaluation/Specific targets
70      (5 5) /Quantification ~ evaluation/Sponsor recognition
71      (5 6) /Quantification ~ evaluation/Regular reports
72      (5 7) /Quantification ~ evaluation/difficulty
73      (5 8) /Quantification ~ evaluation/not asked for
74      (5 9) /Quantification ~ evaluation/education
75      (5 10) /Quantification ~ evaluation/client response
76      (5 11) /Quantification ~ evaluation/No arts
77      (5 12) /Quantification ~ evaluation/informal
78      (5 13) /Quantification ~ evaluation/employees
79      (5 14) /Quantification ~ evaluation/Contract
80      (5 15) /Quantification ~ evaluation/Management
81      (5 16) /Quantification ~ evaluation/society
82      (6) /Philanthropy quotes
83      (6 1) /Philanthropy quotes/Doesnt exist
84      (6 2) /Philanthropy quotes/it is phil
85      (7) /Specific Organisations
86      (7 1) /Specific Organisations/Barclays
87      (7 2) /Specific Organisations/Bloomberg
88      (7 3) /Specific Organisations/BP
89      (7 4) /Specific Organisations/A&B
90      (7 5) /Specific Organisations/National Theatre
91      (7 6) /Specific Organisations/Royal Academy
92      (7 7) /Specific Organisations/Sainsburys
93      (7 8) /Specific Organisations/Tate
94      (8) /Location
95      (9) /Origination
96      (9 4) /Origination/arts seek
97      (10) /Type of support
98      (11) /Types of supporters
99      (11 1) /Types of supporters/Financial Services
100     (11 2) /Types of supporters/Media
101     (11 3) /Types of supporters/Consumer goods
102     (11 4) /Types of supporters/Business to business
350     (16) /Reasons for ending
351     (16 1) /Reasons for ending/org change
352     (16 3) /Reasons for ending/lack of depth
353     (16 4) /Reasons for ending/achieved
354     (16 5) /Reasons for ending/resources
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List of additional documents consulted by interview, together with links from business interviews to arts and consultancy interviews.

Interview No.	Documents Consulted	References in Other Organisations Documents	Links to Arts/ Consultancy Interviews
B1	Questionnaire to visitors at exhibition CSR Report 2002	A9 wrapper for programme of evening sponsorship Foreword in catalogue for A7 Advertisements in A9	C1, C2, A7, A9, A12
B2	Social Report 2002/02		A11
B3			A8, A9, A12
B4	Staff magazine		A10, A12
B5	Leaflet re sponsorship of A12 Internal report on work in society		A11, A12
B6	Global Community Affairs Overview		
B7	Catalogue from children's work in response to exhibition at A12 Outline of board presentation	Foreword in catalogue for A7	A7, A12
B8			
B9	Internal sponsorship policies	Foreword in catalogue for A7	A7, A12
B10	Format for debrief of sponsorship	Sponsor's foreword in brochures	C2
B11		Programme for A2 HBR Article (given by interviewee)	A2
B12			
B13*	Staff leaflets		A8
B14		Booklet from Work Foundation re Community Work	A9
B15	Marketing plan for sponsorship of A3	Year book of A3	C2, A3
B16	Community brochure		C2, A7, A12
B17			A1
B18		Programme for A2	
B19		Catalogue for sponsored exhibition	

B20			C1, A13
B21**			
B22**			
B23	*Not applicable*		
B24	Community Affairs Booklet	Foreword in catalogue for A7	C2, A7, A12
B25*	UK Charitable Donations Policy Code of Business Principles		C2, A12

In addition, all companies annual reports for the last two years were consulted, as were their websites around the date of the interview

* Company B13 is a subsidiary of B25

** Interviews B21 and B22 were with different individuals at the same company

Interview No.	Documents Consulted	References in other Organisations Documents
A1	Sponsorship contract Sponsorship brochure Festival brochures	
A2	Programme for festival	
A3	Year book Marketing plan for sponsorship by B15	
A4	Membership schemes	
A5	Programmes	
A6	Yearbook	
A7	Foreword in catalogues Sample sponsorship contract	
A8	Sponsorship report	
A9	Sponsorship Brochure	
A10*	Education brochures and leaflets	
A11*	Season leaflet	Article from Economist
A12	Leaflet re sponsorship by B5 Annual Report	Catalogue from children's work in response to exhibition sponsored by B7
A13	Brochures	

* Interviews A10 and A11 were with different individuals at the same organisation