

Private Investment and Corporate Philanthropy – Underused Source of Funding for Arts and Culture in BiH

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MASTER STUDIES IN CULTURAL POLICY AND MANAGEMENT

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(Academic year 2010/2011)

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Introduction

Culture has a rough task to achieve in this country

M. Arnold, *Culture and Anarchy*

At local and national levels culture is suffering extreme funding cuts. Unprecedented squeeze on public services resulting from the 2008 global financial collapse are bringing new realities, making it necessary for cultural professionals to search for new sources of finance. Up until now, cultural professionals have focused on satisfying the bureaucratic and policy demands in order to gain the same support for culture that exists for health and education. However, severe budget cuts are now reality across industries (health and education included), and a whole new approach is an imperative for the world of arts and culture, even if it means laying the groundwork for a different infrastructure of the cultural sector.

A stagnant and inflexible funding formula does not work if the economic environment keeps changing. Cultural company's situation can change for a number of different reasons (successful or failed seasons, gains and losses in private and corporate sponsorship, general economy trends, new competitors etc.). The level of funding from government will change as well (the subsidy benchmark for major performing arts companies in Europe and the UK today is reportedly around 45%)¹

“Culture has an intrinsic value which should not be measured primarily by its economic utility but basically by qualitative criteria in the conviction that its value is not diminished by estimating its potential economic dimension... culture has an influence on both, the overall development of society and its cohesion”.² This is especially true for BiH's torn society, where culture is to perform a cohesive role: to restore sanity and dignity, to maintain the appearance of normal living and to encourage social inclusion of a whole troubled generation. As a poor society BiH is prone

¹ Queensland Government, (2009) *Arts Plus: New Models New Money*, Arts Queensland and the Centre for Social Impact

² Council Resolution of 20 November 1995, on the promotion of statistics on culture and economic growth

to be a victim of globalization and a loss of cultural identity more than a well-standing country with the capacity to protect its own. One hardly needs to be a pragmatic wizard to observe that the budget funding will not be sufficient or adequate in the period to come. Without finding alternate sources of funding, culture in BiH will cease to exist in any useful form.

One of the key issues that falls in the area of strategy and motivation within the cultural organizations is that they are missing the wider picture – they do not see the numerous ways in which culture can make a difference in the quality of urban life, they do not recognize the significant **social impact** that the culture has and they are unable to capitalize on it. Consequently, they are missing significant opportunities for rapid improvement in urban renewal processes, and generally, of the entire unfavorable situation in which they found themselves.

My primary objective was to examine whether there is a potential in funding arts and culture from private investment. The corporate milieu in BiH resembles any other corporate milieu even if on a much smaller scale: large companies and financial groups function, they sponsor the events, they invest in the community, they try to maintain the image of a “responsible citizen“. However, this involvement is **arbitrary and unfocussed**. The aim here is to show, in a clear and succinct way, that with a quality engagement on the side of the cultural managers, and through a better cultural offer, the corporate sector can be influenced to invest in arts and culture in a larger volume and in a more organized and relevant fashion.

Methodology

Desktop research of secondary resources was done on issues of private investment, corporate philanthropy in particular, scouting for best and promising practices and ideas. I have read reports and researched in detail tax facilitations and funding models of the USA and UK, as two systems in which private investment is a serious contributor in the funding of arts and culture. American field studies, even though conducted in a drastically different conditions than most European (let alone BiH) conditions, are abundant with information that serves to illustrate the fact that culture is indeed an important drive in local economy and urban renewal. Also, reports from both these countries are studies in diverse donor motivations and behaviors. As a lot of discussion on funding models and tripod economy are still ongoing (especially in the UK), newspapers opinion-articles and commentaries were a source of differing perspectives, too. Having studied all of the above I intended to detect and outline the main advantages and downsides of private investment as such. The summary findings are presented in this work.

My **main research** was a qualitative iterative process. Two samples of respondents were interviewed:

- 1) Current and possible corporate givers – I interviewed company directors and communications managers. I have also conducted a number of informal conversations with the people in charge of allocating their company’s budget for so-called corporate social responsibility purposes.
- 2) Cultural organization representatives.

The two questionnaires include:

- 1) Multiple choice questions
- 2) Open-ended questions – possibility to notice all of the observations respondent find useful to give – I asked each respondent to define philanthropy and the social impact of culture as they saw it, in their own terms. I asked respondents to contextualize their projects and experience.

The sample questionnaires are attached. A number of semi-formal interviews and conversations was conducted separately with what I have identified as potential individual givers, to get a grasp of the mind-set and the capacity of such a source.

Private Investment

Cultural creativity is easily one of the most important reference points available to humanity. It reflects the best of what we, as a diverse global community, share in common across time, geography, culture, and worldview.³ As such it is of interest to businesses and individuals. It contributes to the businesses' better reputation, bottom line and image. It is close to the hearts of individuals.

There are three common sources of private investment: business investment, individual giving and trusts and foundations. While motivations for individual giving are usually more fluid and harder to trace, and foundations are quite self-explanatory, the business investment has a very practical and logical argument. Now more than ever, authenticity is an imperative for businesses and their products. Culture and arts help businesses be more authentic. Consumers are searching for a finer relationship with the products and brands they consume, as well as the companies that provide them. Consumers will therefore choose a product or service not only according to how closely it matches their likes interests (product preference), but also on the basis of how it will transform them, their lives or their way of thinking (political, social or moral inclinations).⁴ The cultural product has a power to stimulate a dialogue between consumer and producer, to give identity to the product.

Even though private investment does not grow parallel to public funding, public funding itself provides the basis for the health of the sector, which is a prerequisite for further investment.

³ Bell, L.D. (2009), 'Arts and Culture: A Best Practice Case Study', *Diversity in Philanthropy Project* available: http://www.diversityinphilanthropy.com/news/case_studies/pdfs/arts-culture-best-practice-case-study.pdf

⁴ Bonini, S., Marchi, A. and Court, D. 'Rebuilding Corporate Reputations', *The McKinsey Quarterly*, June 2009, available: http://www.mckinseyquarterly.com/Rebuilding_corporate_reputations_2367

Issues and concerns

“My way or highway” attitude of donors

There are several major issues with institutions accepting excessively restricted private donations. Gifts, more often than not, come with strings attached. Museums accept donations to hold on trust, for the public only to find decades later that it is the donor who controls the artwork from his/her grave for the indefinite future. A museum must retain a certain amount of flexibility in art collecting and should reject a donation if it reasonably foresees difficulties in the future in giving effect to the donor's intent. But most importantly, it is donors who must refrain from tying-up the art they donate. Gifts should be made outright, free from vague or cumbersome conditions that can, and often do, result in expensive litigation for the recipient institution.

“Nothing succeeds like success” appeal

Businesses mainly want to invest in already successful institutions. Just like a base level of Government funding, private investment does not include funding for new and on-the-edge projects. New projects are a far higher risk than works known to and popular among audiences. If it threatens the attraction of large audiences, market success and generation of income, the new projects are always challenged and not likely to receive funding. The funding for major cultural organizations is relatively inflexible and responses to the quality of work presented are slow to influence the decisions of Government and Private funders.

The economy sucks up all the oxygen

The economy sometimes tends to dominate the art. It instrumentalizes publicly funded art into a tool of corporate interest. The economic argument in many instances cannot work harmoniously with the intrinsic value of the arts.

Donor motivation

When people make donations to a charity, there may be many factors influencing their decisions other than altruism. A desire to win prestige, respect, friendship, or social acclaim are all possible motivating aspects . Clearly social pressure, guilt sympathy, or simply a desire for a 'warm glow'

may play important roles in the decision-making process.⁵ Indeed, the charity giving is gaining a lot of momentum globally and so does the close inspection of the donor motivation by the general public.

These days there is a heated debate in China about whether the society should support the high-profile charity whose primary goal is self-publicity, rather than sincere altruism.⁶ The rogue style philanthropy of the Chinese new tycoons is only a current example of such publicity stunts garnering a lot of negative reaction. It is heavily criticized in the media, much as it is in the rest of the world, but leaves the main question open: as long as the philanthropists put money in projects, does it matter if it comes with a lot of style and elegance, or if it's done in a flashy way? Certainly it is easier in the long run if companies fund culture for culture's sake, but do we mind if they do it to influence opinion makers and stakeholders? However, the only question that emerges in the discussions at a grassroots level is how to get the donors excited about arts and culture and motivated enough to give.

The following aspects have been indicated as important drivers in philanthropic activities:

- Personal interest and passion,
- Desire to be part of the local community,
- Desire to contribute to the local community,
- Feeling of satisfaction and pleasure,
- Desire to be at the forefront of information about the arts.

⁵ Andreoni, J. 'Impure Altruism and Donations to Public Goods: a Theory of Warm-glow Giving', *The Economic Journal*, June 1990.

⁶ Maolu, C. (2011) 'Should We Support Ostentatious Charity?', *Beijing Review*, http://www.bjreview.com.cn/print/txt/2011-08/22/content_385102_2.htm

Underlying motivation:

- Intellectual curiosity,
- Exclusiveness and vanity,
- Positive image connotations/affiliations.

While corporations mainly want to generate economic benefits drawn from visibility and positive image, individual donors usually act out of admiration for aesthetic excellence and desire to support it. The new generation of donors (successful, significant creators of the ideas, products, and services that have made them wealthy) are used to being involved in the creation, implementation, and evaluation of projects: they respond to outcomes. They want to be involved.⁷

Ethical implications of corporate giving

*“However much value we may ascribe to truth, truthfulness, or altruism, it may be that we need to attribute a higher and more fundamental value to **appearance**, to **the will to illusion**, to **egoism and desire**. It could even be possible that the value of those good and honored things consists precisely in the fact that in an insidious way they are related to those bad, seemingly opposite things, linked, knit together, even identical perhaps. Perhaps!”*

Nietzsche, *Beyond Good and Evil*

We are unendingly warned of not taking charity too literally, at its face value. The ethical implications of charity giving, and by the extended logic – corporate philanthropy, is a much debated issue for a reason: corporate sales and corporate giving are mixed and presented as interdependent and reciprocal (a very frequent case in which companies are seeking more sales by promising to give some of its profit to charity).

⁷ Grace, K. (2006) ‘Understanding the Motivation of Major Donors’
<http://www.november.org/BottomsUp/reading/donors.html>

It is hardly possible not to be taken aback by the effect that the consumerist notions and concepts have had on our daily lives, pervading our discourse and infecting our minds. One cannot resist the rebellious sentiment that says that there are certain areas of our lives, of our souls and our intimate ineffable spheres, that should never be touched and infested by the corporate mind set-up, where the altruistic intentions, even when genuine, present merely an obstruction to the thorough reconstruction of the unjust society. There is no doubt that the companies give to acquire the **sophisticated and discrete connection** with the organizations' flair and causes they aid, to gain a sort of an admirable-by-association semblance. The Slovenian philosopher, Slavoj Žižek, argues in one of his lectures⁸, that by participating in the whole charity giving pretense we only contribute to the current economic system, which he refers to as cultural capitalism, and which is fundamentally flawed. He uses Oscar Wilde's formulation against the logic of charity:

*The majority of people spoil their lives by an unhealthy and exaggerated altruism-- are forced, indeed, so to spoil them. They find themselves surrounded by hideous poverty, by hideous ugliness, by hideous starvation. It is inevitable that they should be strongly moved by all this. The emotions of man are stirred more quickly than man's intelligence; and, as I pointed out some time ago in an article on the function of criticism, it is much more easy to have sympathy with suffering than it is to have sympathy with thought. Accordingly, with **admirable, though misdirected intentions**, they very seriously and very sentimentally set themselves to the task of remedying the evils that they see. But their remedies do not cure the disease: they merely prolong it. Indeed, their remedies are part of the disease.*

They try to solve the problem of poverty, for instance, by keeping the poor alive; or, in the case of a very advanced school, by amusing the poor.

*But this is not a solution: it is an aggravation of the difficulty. The proper aim is to try and **reconstruct society** on such a basis that poverty will be impossible. And the altruistic virtues have really prevented the carrying out of this aim. Just as the worst slave-owners were those who were kind to their slaves, and so prevented the horror of the system being realized by those who suffered from it, and understood by those who contemplated it, so, in the present state of things in England, the people who do most harm are the people who try to do most good.*⁹

⁸ Žižek, S. (2010) 'First as Tragedy, Then as Farce', the lecture is available at:

<http://www.thersa.org/events/video/archive/slavoj-zizek-first-as-tragedy,-then-as-farce>

⁹ Wilde, O. (1891) "The Soul of Man under Socialism", essay available from the Project Gutenberg at:

<http://www.readeasily.com/oscar-wilde/00207/index.php>

This is a legitimate concern, the one that is impossible to avoid when dealing with the topic of corporate donations. People are suspicious of good motives, and many of the motives for charitable giving are not good to begin with: some give out driven by political and business interests, others indulge in a supreme act of egotism, while at the same time reaping the benefits of tax incentives.

Then there is the fact that the private investment and the desire for profit have transformed the public space and interaction into a corporate device. It is only reasonable to ask whether by accepting a private investment the cultural organization, which essentially has public interests as a mission, is subordinating those very same public interests to the corporate goal of gaining profit. Perhaps the simplest and most outright debate of this issue is given by Naomi Klein in *No Logo*¹⁰, where she briefly deals with the “unfortunate tendency” of the critics of commercialization “the to tar all sponsorship with the same brush”, when

...in fact, many of these new public-private arrangements were just that simple, successfully retaining a balance between the cultural event or institution's independence and the sponsor's desire for credit, often helping to foster a revival of arts accessible to the general public.

Klein dismisses the advertising critic Matthew McAllister's notion of every corporate sponsorship being a devaluation of what it sponsors and diminishing of the public sector integrity.

And it is this description of Klein's that gives such an accurate picture of the situation with corporate donations and sponsorships almost everywhere in the world: it is not an ideal situation, and we are not in the position where cultural sector's independence and innocence is to be violated only by the tainted charity that comes out of suspicious motives and under certain provisions. The cultural sector, just like any other, is not fully independent with or without the corporate giving. It operates as a part of a much bigger system and suffers all the pains the rest of the system is prone to. The idea here is to get the best out of the situation at hand, to assess if this commercial exchange (which is the only fair and rational way to see it) brings more benefits or

¹⁰ Klein, N. (2000) “No Logo”, the text stripped of notes and appendices available at: <http://www.e-text.org/text/Klein,%20Naomi%20-%20No%20Logo.pdf>

damage to the arts, to the sector's image, and most importantly – to the community that the culture is trying to influence.

That said, I do not by any means suggest that attitudes towards the private money should not remain erratic across the sector. Quite the contrary: it is up to each individual organization to decide to what extent is this ethical implication of concern in their particular case. Every arts and cultural organization, regardless of its size and mission, should have its own tacit code of ethics when it comes to accepting sponsorships. That the sponsorships accepted should be the ones that are moral and tasteful, goes without saying. Easier said than done. The practical questions arising from the previous consideration are:

Is it relevant that the money given for the purpose of cause-related marketing is not given out of the pure altruism, but because it benefits the company? Can the institution that accepts an ethically dubious gift, and rely on it in order to subsist, retain its **potential to effect a worthwhile social change**? More generally, is this an instance in which the unfair system of capitalist accumulation is to be changed from the roots?

My guess would be that a merchant-meets-pedagogue approach is in order here: just take any legally acquired money and make the best of it. Once it is invested in arts it will only yield good. Your worry from that point on is no longer where it came from, but that you do the best you can to turn it into a social change.

Art patronage and the “nouveau riche”

Whenever the *new money* emerges, the process of affirming itself in the society is repeated. In the Italian Renaissance, for example, the new emerging middle class had wealth and leisure time, so they developed a new interest in education and the pursuit of pleasure like music, literature, and fine art. Money alone is never sufficient, wealth in itself is not a goal – the air of nobility and graciousness is.

The new financial elites behave pretty much the same in all epoch and societies – they use their riches to maintain lavish lifestyles, create beauty, and to provide extravagant entertainments first for themselves, and then for the masses. They have a desire to leave their lasting trace behind and

the patronage attests their power. This is conveniently used and acknowledged by marketers who sell luxury goods – they rely on the human yearning for life beyond death as an ultimate luxury:

*The predilection of luxury billionaires for art is founded on identity. It perpetuates the idea that the function of luxury is the anesthetization of society, the overtaking of the material by the spiritual, elevation through beauty and art.*¹¹

The rich patrons do not only want to possess the art, but to have a more intimate relation to it, to nurture it, to ensure that there is enough money and opportunity for the artists to produce more and better. By collecting items that elevate their status in society they create a legacy, and possessing and supporting art is a sign of culture and the ability to appreciate the intangible values.

*The greater the inaccessibility – the greater the desire... people do eventually get to enjoy the luxury after passing through a series of obstacles – financial obstacles, needless to say, but particularly cultural (they have to know how to appreciate the product, consume it).*¹²

Apart from the inaccessibility (material and “spiritual” wealth required to indulge in it) and technical perfection, luxury is distinguished by rarity – and what can possibly be more rare, more “limited edition”, than something that can be produced only once?

Art as an ultimate status symbol

*Art has long played an important role in helping to convey notions of power and authority. For centuries, court artists used their talents to glorify rulers and potentates. Today's corporate executives and politicians also recognize the power art has as a status symbol.*¹³

Any status symbol is a medium of constructing and describing a persona, and manipulating perception, norms and interpersonal relationships arising as a result of that perception. It is used as an indicator of a social and economic status. Art as a status symbol is not necessarily a matter

¹¹ Kapferer, J.N. and Bastien, V. (2009) “The Luxury Strategy”, London: Kogan Page

¹² *Ibid.*

¹³ From the exhibition “Displaying Power – Art as a Strategy of Rule” at the German Historical Museum in Berlin

of personal taste and sensibility. And while other status symbols might be an expression of aspirations, rather than a reflection of the actual position in the social hierarchy, it is rarely the case with art. Acquiring art has a different claim and pretext: it does not merely affiliate with the power, prestige and class, it also claims more intangible qualities: sophistication, style and delicacy of spirit. Art as a status symbol takes the concept of image creation to a different level altogether. No money, luxurious pursuits or material possessions achieve what art possession does – **exceptionality by association**.

No wonder that luxury, status and art have always been closely connected. Today there is a clear and evident line between every respectable luxury brand and art in some way. Following Cartier's *Foundation pour l'art contemporain*, all the major luxury companies have established their own foundation (François Pinault's Palazzo Grassi is in Venice and Louis Vuitton's in Paris). Patronage is a business tool, but a far more sophisticated one than a regular corporate sponsorship. Cartier wants to be associated with the creativity, freedom and originality, but there is a strict policy which expressly forbids any link between the Cartier's products and the Foundation. Except, of course, for the name and logo in the company's name.

Even though the critics are sharp when referring to some of these foundations as a triumph of tycoons, this kind of arrangement does benefit the art community a great deal, as it provides continuity in support, instead of offering one-off sponsorships. With its commitment to artistic production the Cartier's Foundation has more meaningful and solid cultural strategy than the state of Bosnia and Herzegovina.

The UK and US Experience

Based on a research work on the subject, the approach adopted here consists of demonstrating, with particular reference to UK and American experience, the possible evolution of fundraising practices. Although different in almost every way, these two funding models were not chosen as a possible parallel, but rather for the abundance of funding patterns and positive practices. I believe that some of these practices might be successfully used by cultural organizations everywhere.

Their purpose is to illustrate the relevance of a proactive approach to fundraising, so foreign to the cultural operators who are used to being funded solely from the public sources.

United Kingdom

The fearful anticipations of the arts and cultural sector in UK came through last year when the British government announced that Arts Council England was to have its budget cut by 29.6% (representing a £100 million cut in funds by 2014 and 206 organizations having their funding cut altogether in this year). National museums would take a 15% cut over the next four years assuming the Arts Council England complies with the government's request that it limit cuts to "arts organizations" up to this amount. By 2014/15 its budget will be £1.1 million compared with the £1.6 million it received in 2010/11.

The British government suggested that the arts should follow in the steps of the US model and make up the cuts in public funding by increased private giving¹⁴. It announced a strategy to encourage more social investment, philanthropy and giving, and to boost giving from private individuals to cultural institutions. Since the UK does not have some of the main legal regulations upon the US model is predicated, the UK Government devised an action plan to incentivize giving.

The most important actions started in April this year and were welcomed by the arts world:

- The increase of the Gift Aid benefit limit from £500 to £2,500, to enable charities to give “thank you” gifts, in order to **recognize the generosity of significant donors**; and
- Replacement of the substantial donor to charities legislation, in order to deny relief in cases where donors enter into arrangements with the main purpose of obtaining financial advantage from the charity.

Private giving

The future of the UK’s cultural economy is more and more dependent on funding from the private sector. According to the National Council of Voluntary Organizations, 4.2 billion pounds are donated to charitable causes every year in the UK. According to some analyses, it is believed that arts can secure more than 1% of that amount, which is what they currently receive.

¹⁴ The UK culture secretary Jeremy Hunt, inaugural speech

Individual donations account for 33% of overall individual giving and 18% of overall private investment.¹⁵ However, individual donations are quite unpredictable and not often repeated, to these figures could vary significantly on a yearly basis. Anecdotal evidence has suggested that the 80:20 fundraising norm stands for the arts, in that around 80% of the overall wealth accumulated in the sector comes from approximately 20% of the donors (high net worth individuals). However, recent Arts & Business estimates suggest that around 90% of donations are at mid-to-low level.

Reports show that business investment has suffered a moderate but steady decline in the past few years. Most businesses see investing in arts as a shaky and unsustainable spend, but this is not the case with the entire corporate world. It now accounts for less than a quarter of all private investment (22%), and the majority of it is concentrated in museums (15%), visual arts (12%) and festivals (11%). While private investment decreased on the whole in 2009/10, the decrease was more modest than it was feared it would be, so this source of funding remained quite steady even at the height of recession.

TYPE OF BUSINESS INVESTMENT	08/09	09/10	% CHANGE
CASH SPONSORSHIP	59,1%	54,9%	-18
IN-KIND SPONSORSHIP	13,1%	16,1%	+8
CORPORATE MEMBERSHIP	12,7%	14,8%	-2
CORPORATE DONATIONS (PHILANTHROPY)	15,1%	14,2%	17
TOTAL BUSINESS INVESTMENT	100%	100%	-17

Tax incentives¹⁶

“In Britain you get most tax breaks from the grave” is what is said grudgingly by donors and cultural professionals alike. This statement refers to the Acceptance in Lieu system, which reduces death duties by the value of the work of art donated. When alive, people who give over

¹⁵ Mermiri, T. (2011) ‘Private Investment in Culture 2009/10 – What Next for the Arts’, *Arts & Business*

¹⁶ ‘Making it simpler to give to the arts: an introduction to tax-effective giving to the arts’, *Arts & Business*

£25,000 a year (or £150,000 in six years) earn a tax deduction of 25% under the Gift Aid scheme, but if they give a work of art, they get nothing.

Gift aid

Private giving has been considered a major growth area for arts funding in the UK for some time now, and a number of tax incentives have been devised to encourage an individual donor to contribute towards the heritage scene and cultural life.

Since the introduction of Gift Aid in 1990, major steps have been taken to improve the tax treatment of donations in UK. The cumulative effect of these changes has meant that the UK now has one of the best systems for tax-efficient giving in the world, in terms of those supporting arts. Private investment reached almost £690 million in 2008.¹⁷

Donations

A donation is a gift of cash, shares or other assets that has been given freely and with no expectation of any benefits in return. To take advantage of the various tax breaks that are available, a donation must be given to an arts or cultural organization that is also a registered charity. Although the donor should formally have no expectation of any benefit in return, some arts organizations are able to offer a wide variety of benefits to thank their supporters (such as free admission, discounts, special events invitations and similar).

Seeing the importance of such benefits and signs of gratefulness in encouraging philanthropy, certain benefits that can be given in return for donor's support, in addition to the tax breaks, are available. The benefits given to donors in return depend on the value of donation and the monetary value of the benefits they are receiving.

Cash gift

UK has two different models for lower and higher rate tax payers donating the money to arts charities. When lower rate taxpayers make a direct cash donation to an arts charity, that charity is able to claim from the Government that they paid on the income they donated. Gift Aid allows the charity to claim this income paid on the amount of money donated to them (25% tax that is

¹⁷ Mermiri, T. (2010) 'Private Investment in Culture 2008/09', *Arts & Business*

paid on earnings). Higher rate taxpayers are able to claim the difference between the lower rate tax that the charity is claiming and the higher rate tax they have actually paid when donating.

Payroll giving

Payroll giving can be one of the most tax efficient ways in UK to support the arts, since this way the individual donors benefit from the maximum tax break available. In this case the donation goes from a donor's employer to the selected art charity through the Payroll Giving Agency. In this case donations are deducted before tax so, practically, this means that a donor is not paying tax on the amount donated.

Gift of shares, land and buildings

Giving shares, land and buildings can be a very tax efficient way to support arts in the UK, as a donor can offset the market value of the assets against his or her income before calculating tax. Furthermore, neither the donor nor the arts charity that receives the assets will be liable for any Capital Gains Tax.

The UK is moving to formalize the idea that philanthropic efforts that prevent problems which end up costing society the most to deal with (such as drug addiction, illiteracy and criminal behavior). It now issues "social impact bonds" that will provide government payments to private investors who finance nonprofit programs that are able to reduce the government's costs. For now, the bonds apply just to groups that reduce the number of people who commit crimes after they are released from prisons, but that idea should be extended to other causes. It is a common understanding that philanthropy must embrace this sort of sophisticated financing strategy that aligns the interests of government, donors and private investor.

The American model

Taxation measures which facilitate and prompt the donation of gifts or bequests to the arts are applied on a major scale in the US. Some of these measures have formed the cornerstone of the government policy towards the arts in the US since the beginning of the 20 century, and they are defended heatedly to this day. In contrast, while some of those measures exist in the other

countries they have rarely been used on any significant scale and it is only recently that a considerable effort is being put into their promotion.

American system of arts and culture support is more decentralized and diverse than the European models. Due to the magnitude of the United States, it is also more complex. It combines federal, state and local government support with private subvention from individuals, corporations and foundations, as well as box office receipts. The National Endowment for the Arts (NEA) was established by Congress in 1965 as an independent agency of the federal government. To date, the NEA has awarded approximately \$4 billion to “support artistic excellence, creativity, and innovation for the benefit of individuals and communities”¹⁸. The NEA extends its work through partnerships with state arts agencies, local leaders, other federal agencies, and the philanthropic sector.

Approximately 44% of the income generated by American arts organizations comes from sales or the box office (this number changes from year to year). Only about 13% of arts support in the US comes from government, and only about 9% from federal government, of which less than 1% comes from the NEA. These figures on government support exclude the vast indirect subsidy that the federal government provides by making cultural contributions tax-deductible. The amount of federal government support is minuscule by European standards (per citizen art tax in the US is 24 cents, while in Sweden, for example, it is 35 dollars).

Prevailing opinion behind this model is that this dynamism has a healthy effect of keeping artists and institutions realistically focused on their goals. The rationale is that the best institutions will make themselves irreplaceable in their field of work. Opponents to this idea argue that reliance on the market and private funding implies the commercialization of art, compromising of artistic mission and severe weakening of the art institutions. One of concerns brought up recently by the museum directors in America is the impact of marketing discourse on art museums.¹⁹ Due to the

¹⁸ National Endowment for the Arts (NEA), (2007) *How the United States Funds the Arts*, available: <http://www.nea.gov/pub/how.pdf>

¹⁹ Rentschler, R., Hede, A. (2007) *Museum Marketing: Competing in the Global Marketplace*, Oxford: Butterworth-Heinemann

numerous commercial exchanges (sponsorship deals, collaboration exhibitions, etc.) and focus on generation of revenue, museums are finding themselves under the pressure to offer a more involving and more entertaining content, in order to meet the audience needs. This emphasis on customer-focused delivery is seen by some as a direct threat to the aesthetic mission of art museums and to the maintaining of public trust. It seems to be a matter of a very careful balancing between providing a financial stability and turning an art institution into a product placement venue.

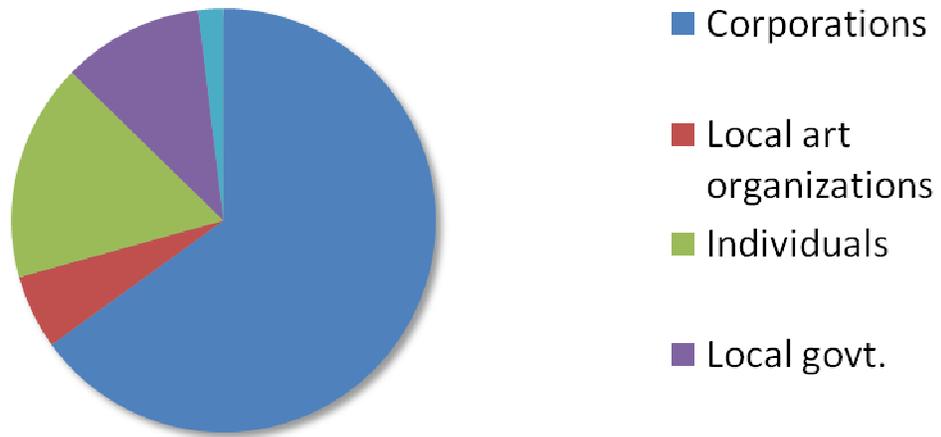
An expert estimate is that there are more than 1500 professional theatres, more than 1200 symphony orchestras, 600 youth orchestras, 120 opera companies, 500 writers- conferences in the US. NEA estimates its grants to have a powerful multiplying effect: each of their grants typically generates 7-8 times more money in terms of matching grants, further donations, and earned revenue. This way NEA funding serves to legitimize a new organization and to validate and give credibility to an existing one, much as the state budget funding does in European countries (BiH is not exception). Such endorsements attract further support.

Funding

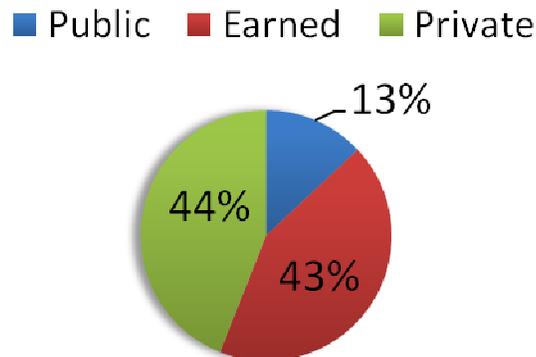
The US arts funding falls into three broad categories:

- direct public arts appropriations (NEA, state, regional or local arts agencies) – accounts for 13% of total funding (federal 9%, local 3%, state 1%);
- other public subsidies for arts and culture (direct or indirect support by various federal agencies; legislation including earmarks);
- private donations (individuals – 31%, firms – 3%, foundations – 9%).

Sources of in-kind contribution for arts and culture organizations



Financing non-profit arts organizations in the US



While 56% of financing comes from the contributed income described above, 44% of financing comes from **earned income**. Private giving as a third source of revenue comes from the individual and corporate donors, and charity foundations. It flows smoothly because of incentives in the US tax system. Earned or contributed, both means of income are unpredictable. What

American culture and arts professionals seem to be explicit about is the fact that direct public support is not used to impose arts policy. Instead, government decisions on arts funding tend to be driven by experts within a given field or discipline. Candidates for those funds are subject to peer review system, to ensure that the awards are based on the merit, not on a policy aim or on political favoritism.²⁰

Direct grants never finance the bulk of artistic activity in the US: rather they fill the gaps, enhance arts education, spread new creations, and enable preservation. Direct grants, thus, complement, and do not replace, other mean of arts funding.

Corporate giving, like private and foundation giving has been influenced by public policy decisions. Corporations have received tax breaks for supporting the arts since 1936. 3/4 of arts spending come from smaller companies with revenues less than \$50 million.

The economic crisis did not cause the apocalypse for American philanthropy that many experts had feared. In fact, charitable donations topped \$300 billion during each year of the recession, which is a sign of philanthropy resilience. In 2005 Americans donated \$13,5 billion to the arts, culture and humanities. In per capita terms, the total amounts to about \$45 for each individual in the US.

The economy imperative

The arts and culture industry leverages a significant amount of event-related spending by its audiences. This generates related commerce for local businesses such as restaurants, parking garages, hotels, and retail stores. Total event-related spending was estimated \$103,1 billion in 2005. This spending supports \$3,1 million full-time jobs in the United States, provides \$46,9 billion in household income and generates \$16,4 billion in government revenue.

²⁰ National Endowment for the Arts (NEA), (2007) *How the United States Funds the Arts*, available: <http://www.nea.gov/pub/how.pdf>

As communities are trying to attract more tourists, arts and culture have proven to be a major enticement for travelers. Local businesses are able to grow because travelers extend the length of their trips to attend cultural events. Arts and culture tourists spend more and stay longer.²¹

The arts benefit communities as well as individuals. Cities and towns with flourishing cultural activities attract business and tourists and provide incentives for families. Communities integrate cultural institutions into revitalization efforts. They have strengthened their economies and greatly improved quality of life in their neighborhoods.²²

ECONOMIC IMPACT OF THE NONPROFIT ARTS & CULTURE INDUSTRY

(expenditures by both organizations and audiences)

Total Expenditures \$ 166.2 billion

Full-Time Equivalent Jobs 5.7 million

Resident Household Income \$ 104.2 billion

Local Government Revenue \$ 7.9 billion

State Government Revenue \$ 9.1 billion

Federal Income Tax Revenue \$ 12.6 billion

Tax benefits

Ever since 1917, any donation to a tax-exempt nonprofit organization has qualified as a potential deduction for the tax-paying donor. There are several tax benefits for the private philanthropist making a charitable donation to a tax-exempt organization in the US (one falling under any of the tax-exempt categories in IRS 501(c)(3), (4), (6) or (19)). The most important of these is the immediate federal income tax deduction the donor gets when he itemizes the charitable donation in his tax return (the other two main forms of tax relief are the avoidance of capital gains tax on appreciated assets and an estate and gift tax deduction).

The amount deductible depends on whether the donated art constitutes *capital gain property* or *ordinary income property*. If the artwork donated was owned for a minimum of 12 months and

²¹ indicated by 2001 research study by the Travel Industry Association of America and Partners in Tourism

²² Americans for the Arts, (2007) *Arts & Economic Prosperity III - The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences* (2007), available:
http://www.artsusa.org/pdf/information_services/research/services/economic_impact/aepiii/national_report.pdf

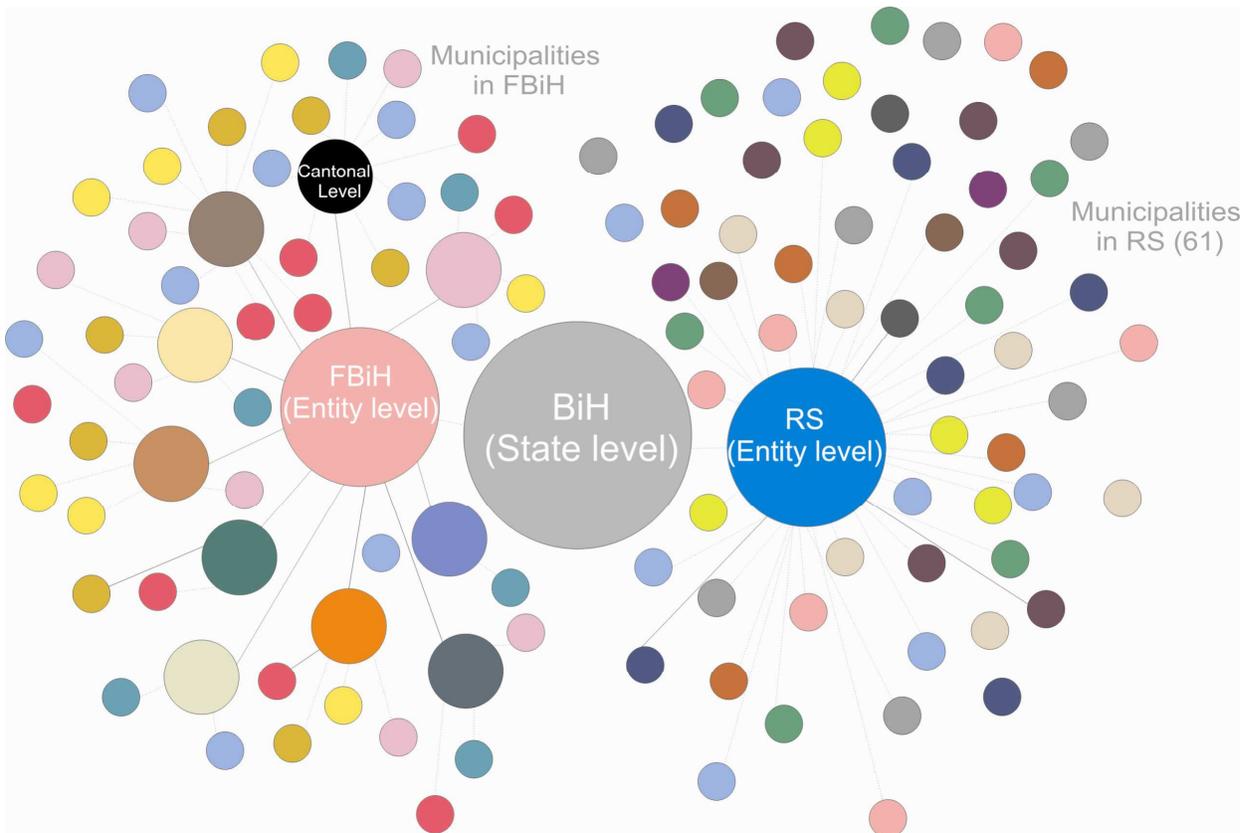
during this time it increased in value, it falls within the category of capital assets referred to as capital gain property and the donor can deduct the full fair market value ("FMV") of the donation on the date of the contribution, subject to certain rules and conditions (including the requirement to file an appraisal in support of the deduction if the FMV is greater than \$5,000). This means that a taxpayer can actually gain an advantage if he donates capital gain property obtained at a discount to the FMV.

If the artwork does not constitute capital gain property either because it was owned for less than a year prior to the contribution or it did not appreciate in value, it will constitute ordinary income property and the donor can only deduct his/her investment in the art (i.e. the cost of purchasing the art). In addition, the amount of the deduction in any individual tax year may be limited.

The question is whether the US institutions are able to survive on private donations because the system or society successfully encourages altruism or because they reward it financially.

Bosnia and Herzegovina – general information

The country is administratively separated into two ethnically-divided entities with a high level of independence in executing functions of state government: they exert authorities and undermine the state-level institutions. The Republic of Srpska as an entity has a Ministry of Culture, and it consists of 61 municipalities. The Federation of BiH is organized in 10 cantons, each with its own cantonal ministry of culture. The entity has little control over the ten ministries, which are difficult to coordinate. This amounts to 13 different culture departments and ministries, not counting the towns and municipalities in the RS that have their own sectors or departments for culture. All of them operate to different agendas. Obviously, such a gigantic and uncoordinated state apparatus is bound to be dysfunctional. The institutional structure in all areas, including the very important economic governance, is poor.



T. BiH three levels of governance: state, entity and cantonal/municipal

BiH has eight state institutions and there is great uncertainty about their status of “state” institutions, as they relate to only one entity – that of the Federation BiH. These institutions are: the National Gallery, National Theatre, the State Museum of BiH, the National Museum of Literature, the National and University Libraries, the Library for Blind and Sight Impaired Persons and the Centre for the Protection of Cultural, Historic and Natural Heritage.

The Republic of Srpska has seven institutions with the national prefix: The Archive of the RS, the Institute for the Protection of Cultural, Historic and Natural Heritage, the National and University Library, The Museum of the RS, The RS Museum of Contemporary Arts, the National Theater of the RS, the Children’s Theater of the RS, the Public Film Company of the RS “Srna Film”, the Public Institution “Književna zadruga”, and the Special Library for Blind and Sight Impaired Persons of the RS. All of them are situated in Banja Luka.

There are approximately 20 foreign cultural centers and libraries, most of them concentrated in Sarajevo, Banja Luka, Tuzla and Mostar.

In 2002 Charles Landry wrote a very sympathetic report on BiH cultural landscape. It is a benign document that tried to find a justification for each and every flaw in our organization system, although at moments Mr. Landry did not manage to hide the bewilderment caused by the total lack of any logic and order, as well as the inadequacy of the obsolete understanding of the contemporary world. Both these aspects, lack of method and inadequate approach, remain significant, if not crucial, barriers to the advancement in the field of culture.

The ministries relate only to the very narrow sense of culture, represented through the high arts (music, painting, performing) and the institutions connected to these activities. The art initiatives funded are often peripheral, while more central issues are left intact. There is no understanding of the extensive sense of culture and its impact, the role it plays in any society, particularly a society with a destroyed communal spirit, such as BiH society is.

*Crucially cultural or arts development in its humanistic and artistic dimension connects in this particular period of history intimately to the broader objectives above given that the arts are an empowering, self-expressive activity; the arts help provide identity, **meaning, purpose and direction**; the arts foster aesthetic appreciation and the arts as creative industries are major wealth creators. Firstly the arts, therefore, encourage a particular form of critical imagination, which BiH needs if its young people are to remain*

*attracted to staying in the country. Second the arts are concerned with quality, attractiveness, performance and beauty and thus the **design of our environment and how it is animated** – again something any cultural policy maker should be concerned with. Third, the arts and creative industries play a role both as economic engines of growth as well as in terms of their social impacts.*²³

It is precisely the lack of understanding of the entirety of the culture on behalf of cultural operators and decision-makers that makes the creating of new policy instruments and any strategic thinking impossible. This understanding requires an insight into and at least some basic knowledge of the related fields (the vast scope ranges from sociology, anthropology, aesthetics, urban landscape, economics, to philosophy, design, learning through animation, contemporary arts; to name just a few) – indeed, it takes a well rounded, imaginative and inquisitive thinker to devise cultural concepts.

Arts and culture give life to the underlying dynamic of a community, enrich it and impart a sense of the common identity. This is not a process that is to take place on a national level, this is one-step-at-a-time small community based process. If cultural organizations are to acquire any relevance at all, their projects must engage and be strongly owned by the participants. The state, in the form of state institutions (or in the case of BiH – the entity institutions), needs to set the context for individual and group behavior, and to provide resources individuals need. The culture is largely shaped by the structures provided. However, if the structures are not provided, or the ones that are provided are not relevant (for example: they do not respond to the needs of the individuals, nor do they communicate to them in the language they understand) the culture finds alternate routes to manifest itself. Sadly, these alternate routes are arbitrary and cannot act as a replacement for the solid cultural structure.

Although the BiH problem is purposefully and relentlessly imposed solely as political, thus providing the necessary tensions for the corrupt political elites to thrive, it is a societal issue of shattered social relationships and it is characterized by:

- lack of fellowship;
- lack of solidarity and commitment, tolerance and openness;

²³ Landry, C. (2002) 'Togetherness in difference: Culture at the crossroads in Bosnia Herzegovina', Council of Europe Experts Report

- humble and monotonous social life;
- poverty and power inequity;
- strongly felt financial woes and growing class differences;
- class and demographic restrictions on access to resources and exclusion from institutional patterns of decision-making;

These are not the issues that can be dealt with through political options and ethnic-based reasoning. They can be solved through all-encompassing intelligent policies that will adapt the BiH society to global forces, and reassert the notion of existence of **a public good**, in the midst of pervasive commercial transactions, excessive consumerism and moral relativism.

The institution of social structural changes is systemic and difficult, so the above mentioned problems linger, and no policy or institutional adjustments are being made to respond to the social and economic needs. The operating policy of official bodies is reactive and it “handles” the problems, due to the incapacity to resolve them.

The **cultural engagement** and **social capital** have the same role to play in BiH as in every other community:

- lessen the effects of socioeconomic disadvantages,
- create a platform that draws people together and engage in constructive social interaction,
- foster trust between participants and thereby increases their generalized trust of others,
- incite participants to further collective experiences and collective organizing,
- increase the individuals’ social networks, enhancing the quality of their lives,
- attract visitors, high-skill residents and businesses, thus creating diversity and encouraging investments.

Arts events at their best are a source of pride for community members (participants and non-participants alike) and serve as a tool of the image creation: inwards – for the community members, and outwards – for tourists and visitors. UNESCO’s research shows that contribution

of cultural activities to government in BiH in 2009 was 123,4 million BAM or 36 BAM per capita.²⁴

No one should be fooled into believing that any of the necessary actions in the field of publically funded culture are purely a matter of limited public funds. It is what F.L.Wright calls a “cultivated and enriched heart” that our cultural life lacks.

On cultural strategy or the lack thereof

“Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat.” ~ Sun Tzu

The ethnic mix in BiH consists of Bosniak 48%, Serb 37.1%, Croat 14.3%, and other 0.6%. This provides education and culture with a huge challenge in repairing a shattered community of people with similar backgrounds and life circumstances, but with no sense of belonging and shared values. On the other hand, the cultural strategy of BiH is an abstract document, which, apart from not having the elements of a strategy, is not based on the **cultural needs and habits** of the people it serves. It does not even begin to encompass the weight of socio-cultural animation in enriching the smaller rural communities, and, more importantly, it does not lay down the grounds for further social and cultural development. One of the sentences in the strategy states the following:

*Cultural policy in Bosnia and Herzegovina should favor quality in relation to the theatrical activities, which is to say that, in strategic terms, the quality principle must be represented in the cultural policy in Bosnia and Herzegovina.*²⁵

So, I am guessing that we want quality in our theatres and we consider that desire to be strategic.

It is generally the tendency of the political class in BiH to avoid dealing with the acute and obvious problems. Inability of the ministries and cultural players to imagine what the arts and culture might look like in the new social realities is also a weighty obstacle. There is no serious

²⁴ According to UNESCO's Culture for Development Indicator Suite for BiH

²⁵ “Strategija kulturne politike BiH” (2008), Vijeće ministara BiH

critical mass of professional associations and free intellectuals that would initiate a meaningful debate about the public worth, cultural system and policy. What is the public good in BiH, and, consequently, how we want the cultural institutions to protect it; what art initiatives are to be state funded as a matter of principle and why; should the institutions respond to the wants, tastes and interests of the public, or should it educate them and engage them – there are no clear answers to any of these questions, so it is no surprise that there is no functional strategy. Since there is no strategy, as a frame of action, the tactics that define those actions are random, made ad hoc and arbitrarily, and based on no comprehensible criteria. The character and personal preferences of a minister of culture and his staff, the hidden interests and influences of individuals, the lack of familiarity with the topic – may all eventually determine where the funding goes.

A good illustration of the decision-making processes based on no strategy was pouring one million KM into the first edition of an international film festival in 2007, based on a single presentation given to the RS National Assembly, and the complete cut of funding for the book acquisition for the national library in the following three years. If that is not work of a madmen, I don't know what is.

To conclude, there is no general framework that would explain, advocate and encourage private investment in arts and culture on the state or entity level. The tax exemption is stipulated for donations to public institutions, humanitarian, cultural and educational organizations which amount to 3% of total revenue (in one fiscal year) of the company making a donation. A donation that exceeds that amount can be transferred and distributed over the following three years, thus decreasing the amount that can be donated in each of those three years. The sponsorships are tax-deductible too, and the tax exemption in this case is up to 2% of total revenue in the given fiscal year. There is no organized effort to create a climate in which investment in culture becomes the norm and no tendency to replicate the best practices from the countries in which this model of giving is giving results. Cultivating a culture of philanthropy is a process, which takes time and clear objectives. It calls for some serious commitment, and again – an in-depth knowledge of how the mixed-source funding system works elsewhere. This kind of commitment and support

requires a critical mass among the officials in the highest ranks, which BiH doesn't have and is very unlikely to develop.²⁶

“Mass-affluent” as a source of individual giving in BiH

“Respect is the ultimate currency.”

From Spike Lee's *Inside Man* (2006)

Although BiH has seen a drastic fluctuation when it comes to the middle classes, there still is a segment of population that falls between the average pay and the extremely rich, and which is composed of what is roughly described as “higher-rate taxpayers”. This segment more or less corresponds to the middle class stratum, although there is no adopted theoretical concept of class, nor is there an official categorization labeling them as such. However, just like everywhere in the region, the notion of a society in which every individual has a roughly equal social standing is long forgotten.

For the purpose of this paper I took income as a dominant indicator, which still leaves a lot of room for differences in education, occupation, upbringing and lifestyle habits. This is exactly the segment that can be regarded as a **source of individual giving** – an important component of private investment and almost entirely unused by the cultural organizations in BiH (ex: in UK's cultural sector it accounts for 8% of total income). With an estimated over 6% of total adult employed population, this group is growing and becoming an interesting audience demographics for cultural institutions to target and approach.

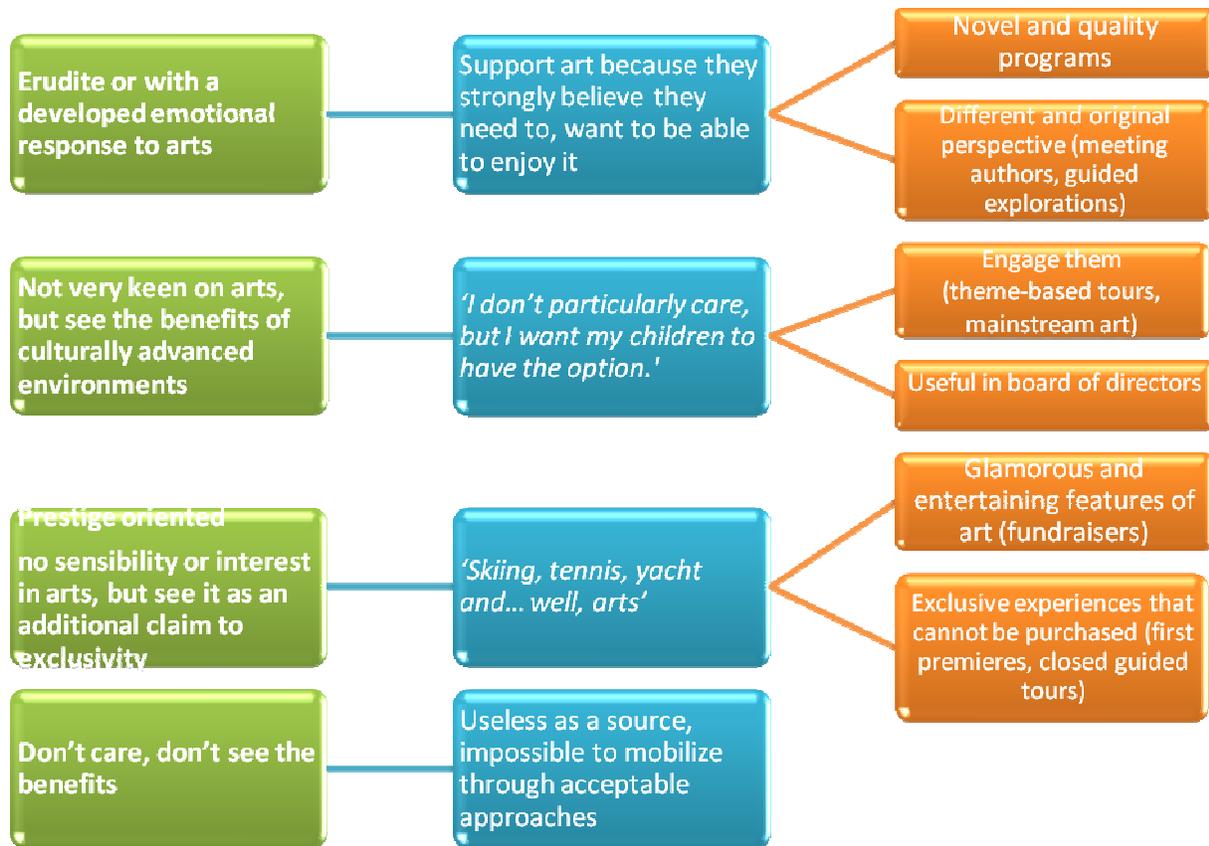
The group ranges from the mobile, savvy, sophisticated and well-educated to those who simply demonstrate the taste for exclusivity and luxury. If approached in an intelligent way, parts of the group are potential contributors and individual donors to the art. The banks are already calling

²⁶ Although a thorough restructuring of personnel dealing with cultural issues is necessary, it is not likely to happen, as authorities have interest in role preservation and maintaining the status quo (managerial positions in cultural organizations are seen as a matter of prestige for some, but leave no option for scams on a large scale, so they are usually given to political parties whose part in the power play is insignificant).

them the *lucrative market*. I think that resourceful cultural managers should call them *their new best friends*. This does not have to be cunning or compromise the artistic excellence in any way. The art is *not* a product, but a box seat in the theater *is*. Therefore, the art should remain independent and intact, but the access to the product should be managed so it delivers maximum advantage.

The tacit description (and division) of this segment based on the statistics borrowed from marketing would be the following:

- Well-educated professionals with comfortable incomes, who are willing to pay for quality, comfort, services and convenience;
- Less price-sensitive;
- Can and will afford indulgences and luxuries, upscale products and experiences;
- Invest in their lifestyle, therefore are more visible and tend to be trendsetters: influence the behavior of general public;
- Value experiences and relationships;
- Some of them are quite engaged in the world around them and have a strong social conscience;
- Financially secure and willing to invest in something.



T. Segment differentiation, attituded and proposed examples of approach - my theory in accordance with the observed

It takes but a little marketing skill to figure out that these financially secure individuals will want to excel on another, higher stadium – that of creativity, morality and social impact. It is only a matter of a mechanism with which to engage these new audiences: some of them already loyal and interested in arts, others prospective audiences, willing to be included and excited about the novelty and exclusivity of offer, the allure of cultural habits and what they imply in terms of prestige (“taste classifies and it classifies the classifier”²⁷).

Insert scheme of the composition of the mass affluent segment

²⁷ Differences in taste and appreciation of arts viewed as claims for the prestige constitutive of status, which Bourdieu termed “symbolic capital”. As such, these differences play an integral role in the legitimating of class stratification.

Marketing to this segment is an interesting challenge – instead of offering a standard ticket, give an option of extra service, engage them and give a taste of privilege. It is a manipulative exercise, but a constructive and beneficial one, as mobilizing this kind of support could ensure a solid base of devotees and long-term supporters.

Research

Research organization

Research problem came out of the question whether the cultural organizations could benefit from private investment in any form and volume. The additional questions were: what are the effective fundraising techniques? What are the flaws in the way cultural operators approach the sponsors? What changes in behavior cultural organizations need to adopt? What are the downsides of being dependant on private sources of funding?

The **subject of research** is the fundraising method, i.e. approach to givers by cultural operators. The subject of the parallel inquiry is the attitude of corporate sponsors and potential individual givers towards the arts and culture investment.

The **goal of research** is to determine whether there is more funding available in private sources, what portion of it is given to culture and arts currently, and if that ratio could be higher in favor of arts and culture. The goal is also to recognize crucial weaknesses of current approach and to determine the conditions that would motivate better giving practices, and consequently – higher funds available; given that possibility, to determine the extent to which private investment can replace the traditional public funding.

Results

- The results reflect the modest funding provided, but several organizations appeared balanced, on the verge of more substantial gains if the current source remained supportive.
- An overarching increase in tickets and attendances suggests that audiences are ready and able to attend more often.
- Cultural institutions rely heavily on public funding, even in the situation when it is practically non-existent – other than presenting an obvious practical problem, this is an enormous setback in terms of mind-set and attitude.
- Lack of professional training and technical expertise on the management's part.

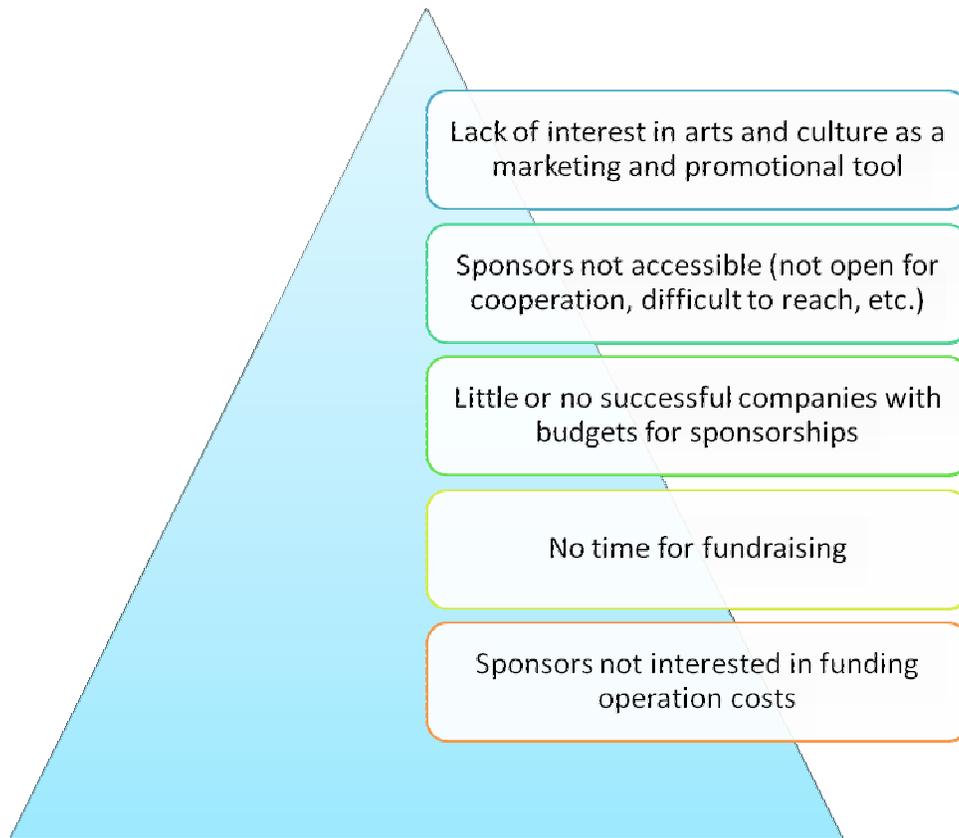
- Autocratic leadership, especially in the public institutions.
- Different groups of potential sponsors have different motivations.
- Even when giving money in the form of a donation, companies expect to get some kind of publicity in return (sometimes in an overly flashy and tasteless way).

Contrary to the popular belief the interest in arts and culture is not declining. The majority of cultural organizations in BiH mark increased attendance in comparison with the last year. All of them have a sort of a two-fold program: one leaning towards the mainstream projects that will ensure mass-popularity, and the other more experimental one (usually classical or contemporary), which is usually harder to grasp

Expensive art experiences (guest performances during the festivals, attractive exhibitions, guest speakers et al.) attract audience, just as expected, but the revenue generated from such events is not extendable to routine annual operations.

Lacking the renowned artworks and a tourist market, the museums depend almost entirely on the state budget (95%). They do not charge for entrance.

There is a skepticism in approaching the issue of mixed resource funding by some of the arts and cultural operators, especially the issue of corporate giving. The idea that the institutions should make themselves appealing to both, potential investors and the audience, is almost insulting to the state sponsored organizations. Marketing is not treated as something that creates a genuine customer value. The mere mention of the word “customer” gets the cultural professionals nervous and irritated, and this is especially true for those appointed to their positions by the political parties. A part of it seems to be due to the ignorance and, well, plain indolence and hesitation to act in any way at all. Asked about the way they approach the private sector, one institution director answered that they don’t at all due to the “suspicious origin of the private capital”. Still, as the main difficulty in acquiring financial support they list “the lack of interest on behalf of companies”. This kind of attitude and lack of knowledge when it comes to the basic trends in their own branch is the root cause of much of their financial woes. The ethical component of private investment is used as an excuse to stay blind for the new and better possibilities.



T. Difficulties in fundraising

Even though many of them list the nepotism and powerlessness to get virtually anything done without personal connections, it was startling to see how disorganized and uniformed their approach to sponsors was. Cultural operators do not conduct any kind of research prior to addressing the sponsor, some of them were on the verge of being insulted when asked about it, actually. They are not resourceful even when it comes to selecting potential sponsors – most of them go to the obvious choices (the large corporations that already sponsor all types of events). While the majority responded that they addressed the sponsors in specially designed offers, I found that what they meant by it was *offers for special projects*, not special in terms tailor-made for each sponsor.

The thing that seems to be an oversight and a waste of perfectly good resources is the fact that they ignore the luxury sector altogether. The arts have historically been viewed as elitist in content, and as such, the privilege of the sophisticated few. This is precisely the image that most luxury brands are trying to assert. BiH does have several successful companies that sell jewelry,

watches, cars and other items that traditionally like to be connected with arts and culture events, as the high end market's focus of interest. This would be a natural fit between the brand and the arts, and nothing more than imitating the good practices from abroad would be necessary.

Their sponsorships cover the full-spectrum of engagement, from one-off sponsorships (84,6% of all respondents) to ongoing long-term partnership deals (15,6%), that are decided upon by the public relations and marketing teams, or the management, depending on the size and organization of the company. There seems to be no clear system of investment, although the interviewed staff disagrees with this, as will be explained later in the text. Most companies rather respond to specific needs and their donations are usually designated to problem-solving rather than giving donations without a designation or funding the operation costs – this makes it difficult for large organizations to qualify with some of their offers, especially the national institutions with a numerous staff and high monthly costs. This is where the public funding cuts are most visible.

Being more vulnerable, due to the constant public scrutiny, the financial sector naturally invests more and it is dominant among the corporate sponsors. Their investment in culture compared to their overall community investment ranges from 15% to 50%. Since the efficient privatization of banking industry is a major feature of BiH's economy, it is no surprise that the major sponsors are found in the banking sector. In addition, the similar trend has been present in other countries for decades and banks have always claimed their commitment to art, so this is a predictable result.

Sometimes there is a natural fit between the brand and the arts event they sponsor (ex.: the *Nektar* brewery and *Demofest* music festival) and this is found to be a pleasing format of cooperation, but more often than not, the choice of a sponsored organization/activity depends on one or all of the following factors:

- Quality and timing of the sponsorship proposal – something in the proposal appears more attractive or useful than what's proposed by other causes at the given moment;
- Company's determination to invest in the culture as the need for a greater visibility arises;
- Successful lobbying on behalf of the organization;
- Inclination of the management or employees in charge of making the decision.

Some of them are fully aware of the benefits of being associated with the arts and cultural projects' qualities, seeing them as progressive, modern and trend-setting, while others simply see

it as a possibility of gaining an additional publicity (not separating these events from any other audience-attracting opportunity).

They all say that by supporting community projects (arts and culture included) they get a positive reaction from their employees and affirmative feedback from their customers.

Corporate support for arts and culture in BiH takes two main forms:

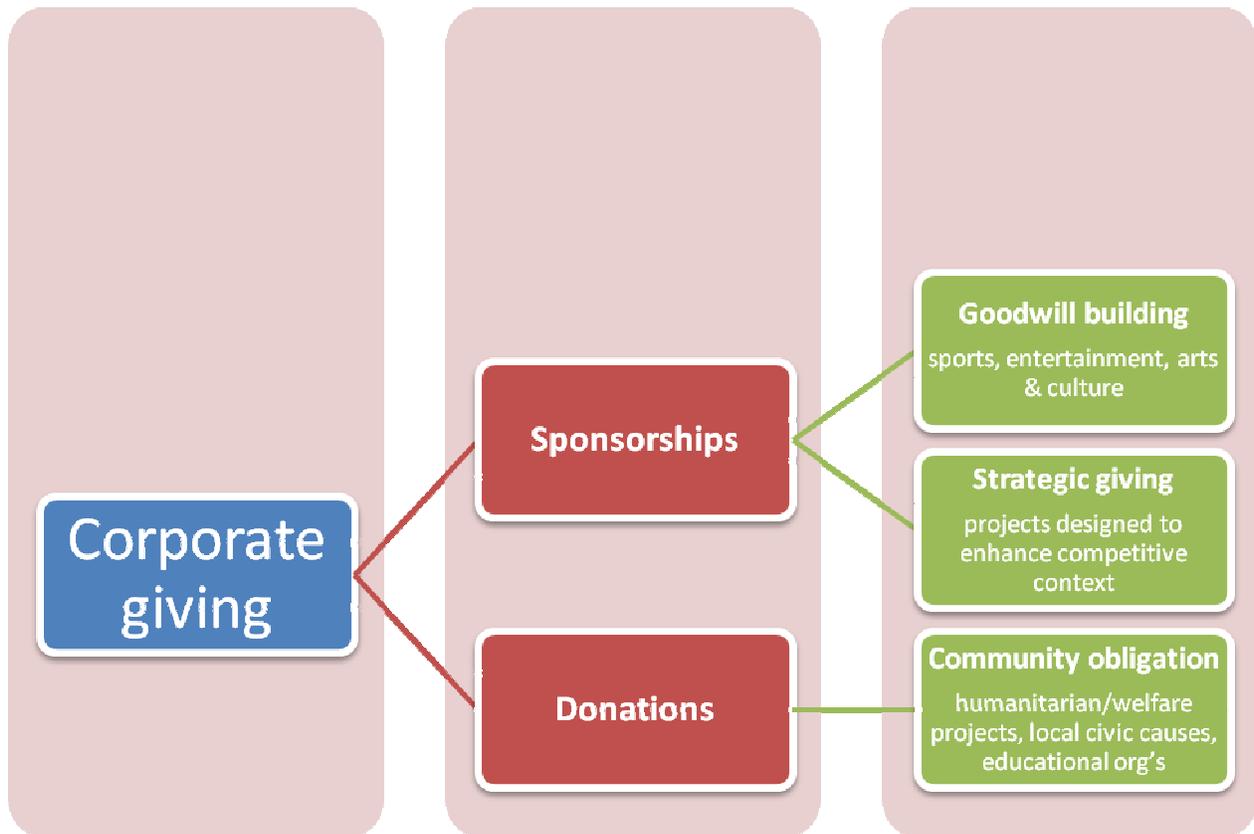
1. **Corporate donations**, often regarded as charity giving. These usually come from some kind of a PR or publicity budget and this kind of spending provides tax benefits for the company. However, these annual tax liabilities stipulated by BiH laws are quite small in and the sums donated are usually limited and irregular. The companies admit that they have no direct gain from this kind of investment, but it does accrue a fine amount of good will and publicity.
2. **Sponsorships** come from a company's marketing and advertizing budget. It is treated as a commercial transaction, the conditions of which are usually precisely stipulated in sponsorship agreements. The advantage expected from such a transaction is quantifiable (an increase in number of clients as a result of the improved image, public approval or community relations).

The supported programs usually fall in one of the categories outlined by Porter²⁸:

- **Community obligation** – this is mainly support for humanitarian and local civic causes, sometimes educational projects or organizations. Companies do not insist on getting a lot of publicity on this account, so this is probably the only type of giving that is driven solely by the company's desire to be a good citizen and do something good;
- **Goodwill building** – necessitated by the need to establish good connections with the key players in the community, or to create a goodwill among the employees (internal PR and motivational aspects) and customers. Most activities fall into this category, as the companies interviewed gave their desire to foster an image of social responsibility as a main factor in decision-making. They publicize these activities and the amounts they

²⁸ Porter, M. and Kramer, R. 'The Competitive Advantage of Corporate Philanthropy', *Harvard Business Review*, December 2002

spend a great deal, so these investments usually come hand in hand with additional costs of advertizing (generosity unnoticed by the general public is not a goal here). These



T. Corporate giving in BiH – forms, categories and causes

efforts are often met with cynicism, but can still be credited with making a positive contribution to the community.

- **Strategic giving** – only two interviewed corporations described this policy; these projects are focused on creating some social and economic value, while the publicity here is viewed only as a positive side effect. They are driven by the desire to help establish a competitive context, by investing not only money, but their expertise (Mtel launching a contest challenging young people to design innovative applications for android mobile phones is one example of this kind of thinking – the inherent benefit is the availability of innovative and skilled employees on the long run). This kind of giving aims to advance knowledge in the chosen field, counting on the community, the company and the whole sector gaining some long-term benefits from it. This is probably the most advanced form of corporate giving, but is way too complex for small companies to handle.

With their access to communication channels and marketing expertise, the companies say that they purposely provide additional support through advertizing and marketing, in order to raise the awareness of their giving efforts. This type of publicity is useful for both, as the customers are informed of the company's public spirit, and the general public receives information about the program.

Where the cultural organizations make mistakes – sponsors' perspective

The companies that have PR and marketing teams have tend to have procedures, if not policies, when it comes to investing and communication with the cultural organizations. These outline the company's philosophy, image and basic protocols in administering sponsorships. For the most part, they will not offer sponsorship before their procedures are met. 40% of the companies interviewed have their general investment strategy decided at the central level, while the specific activities are chosen in the field. This is the due to the fact that many large companies doing business in BiH (especially in the financial sector) have their headquarters outside of the country. 30% responded that the decisions about their investment in the community is made exclusively on the central level, while the other 30% react on an ad hoc basis, depending on the offer presented. Those last two groups are mainly national or local companies, with their main offices in one of the urban centers in BiH.

There are several things that came up during the interviews, when the sensitive issue of why they didn't invest more and in a more organized fashion. Apart from the personal preferences of the people in charge, a lot of the blame was on the cultural organizations themselves. The following missteps were identified:

- Sending their requests too late;
- Sending unclear and unattractive proposals (sponsors cannot figure out the benefits their company would have from the sponsorship which is offered);
- They do not adhere to the sponsorship contracts;
- They do not follow-up on donations/sponsorships;

- They don't approach this task creatively – no interesting bids and requests – proposals that would incite the interest of sponsors which were not traditionally predisposed towards the arts and culture funding;
- Not exploring and presenting their audience reach (type and scope), thus not providing the very useful demographics to the marketing departments;



T.

What's attractive to sponsors and donors?

- The potential economic impact of cultural content (museums, galleries, concerts, festivals et al.)
- The sought-after customer profile –through culture companies reach the elusive target market (sophisticated, prone to criticism, opinion-makers, media savvy), which is generally difficult to reach.
- The internal PR aspect of sponsorships and donations – employees like to be affiliated with the companies which invest in the community;
- The feel-good factor;
- Use of the glamorous and entertainment quality of cultural events;

- Privileged entry (experiences that cannot be bought through a simple ticket purchase);
- Peer recognition and other forms of recognition;
- The “cognoscenti” aura;
- Access to a social group (like-minded individuals, similar interest group, tastemakers)

Discussion

A long line of writers have predicted a grim reality for art under the reign of Capitalism, in which nothing is produced and consumed and yet wealth is generated (or to put it more crudely money is made by shifting numbers from one column to another). Art can no longer serve as a field of culture that translates shared vision and visibility into community and communality.

Pil and Galia Kolektiv

A perfect combination where organizations are never fully dependant on any single source of income is something to be strived for. In this respect, cultural organization is no different than any other successfully functioning business organization.

Building relationships is the single most important task for successful fundraising **in this and any other climate**. This means that the cultural institutions cannot afford to have loose relationships with their sponsors and neglect their loyal audiences.

For many businesses investing in arts is still **discretionary and unsustainable spend**. Cultural philanthropy efforts are individual and still on a low level. The challenge is to grow and direct the budding philanthropic activity. The fact that the businesses are not ecstatic about donating to the arts and culture should not serve as an excuse, it should be a starting point to devise an action plan on how to get them excited. The business's business is to make profit, and there is nothing that can or will change this. However, it is a worthwhile endeavor to create the cultural offer which is compelling enough to make businesses want to invest.

The offer made by the cultural organizations must **respond to a certain need** – whether it is a business objective or a deeply hidden intimate hope of a private giver, the offer needs to address it and satisfy it. Not only do these organizations need to create and show good art, they must also learn to present their projects in a persuasive and efficient way.

A great change of attitude needs to take place in the cultural institutions that are used to being funded from the public budget. The need to **expand and diversify the funding mix** is crucial. The idea that an institution can (or should) survive without the significant new projects or any relevant core program, in a manner that its operation costs are funded by the state, is an absurd

residue of the past times. The fundraising issue is truly one of the deeper strategic issues, and it should be of interest to the organizations leaders, even though many of them simply do not have the capacity or the will to adjust.

Another field of work they heavily neglect is marketing and advertizing of their activities. As it is suggested elsewhere in the literature, this is often a weakness of the cultural organizations working in difficult conditions:

*The dynamics of advertising is usually neglected in turbulent circumstances, and it is by no means unusual to find that the public (that is, the potential audience) receive the information about the program me only at the moment it is to be realized. What is lacking is long-term subscription schemes, annual tickets for museums, free pass badges, and other forms of support in recognition of the loyalty of an audience and the marketing managers should develop the innovative ways to encourage such an audience to remain loyal.*²⁹

As recommended, this is the issue that could be overcome by innovative approach on part of the organizations' creative teams, since many of them cannot afford to employ marketing professionals. This leads me to the matter of cross-sectional relationship building. The advertizing is a point in which it becomes very obvious that many organizations do not have **functional partnerships** with their colleagues in other creative branches. Those resourceful ones among them manage to arrange some very constructive and interesting collaborations, in which they mutually promote each others work. A good example is a special dumping rate most designers have for their colleagues from theaters – some of the best theater play posters were produced as a result of such partnerships.

Other than the income generated through tickets sales, cultural organizations solicit no other support or gain from their audiences. Possibilities here are numerous, even in the situations where it requires some additional work on obtaining licenses and permissions (change of purpose of part of the museum space for example, in the case of museum coffee shops or catalogue and poster sales as an additional activity of theatres).

²⁹ Dragičević Šešić, M. and Dragojević, S. (2005) "Arts Management in Turbulent Times: Adaptable Quality Management", European Cultural Foundation, Boekmanstudies, Amsterdam, p.125

Individual giving schemes, such as widely used elsewhere *friend schemes*, are not provided by any of the cultural institutions interviewed. The “friend“ title is often mistakenly treated as a sponsorship category. Even though individual giving is not a significant source of funding in comparison with corporate giving, it is a potentially stable income available, but completely unused. Persuading the regular visitors that giving is not just duty, but one of life’s finest pleasures would result with more people donating at modest levels. With proper interventions, the philanthropic spectrum could be substantial.

It is striking to what extent the cultural institutions are neglecting the motivation and interests of potential donors. One would think that the first logical step in planning the approach would be to pay attention to packaging, to **making the offer more appealing** to the final target. Even though the interests of various donors may vary, it is still possible to predict them or at least to cast the web wide enough to appeal to wider audiences.

If the extremely market-oriented American example can show anything with certainty, than it is the fact that **motivations and expectations** range from one market segment to another, just like their respective giving capacities. The ways in which they are targeted should be equally diverse. One-size-fits-all solutions, so common in approach to sponsors, are a bleak and pitiable excuse for engagement on behalf of cultural institution managers, and it is no wonder that they do not reap appropriate end results. If one is to enter the fundraising process, one should respect the common sense and simple psychological underlying principles – fundraising interventions must be tailor-made to meet expectations and incite the motivation in donors. Otherwise, if the fundraisers do not get the donors excited about a certain project, if they are not moved to make the impact – how and why would they donate at all?

Cultural operators do not demonstrate their success or sustainability to the sponsors, nor do they provide the information about the impact that their project has had, even though this information would be very useful for both: the company managers could use it in their corporate responsibility reports, while the organization remains current on the company’s agenda. Regular feedbacks are constant reminders of what a good deal the company has made by investing in that particular project. The omission to report is a waste of opportunity – opportunity to stay in touch and opportunity to reaffirm the project’s value.

It is the visual arts and other forms of culture that dominate the urban landscape, making it an attractive and competitive destination. The very notion of accessibility of cultural resources, mingling, and vibrant creative environment is precisely what makes for the lifestyle which draws the creative class and potential investors to the urban centers. But more importantly, **culture is the connecting tissue within the society**: it increases social capital and community cohesion, acceptance of diversity and inclusiveness. Yet, there is an ever-present attitude that it comes for free. Artists are sole producers of unique local content, who help sustain the individuality of the place and community, and it is unfortunate that they fail to illustrate how a vibrant cultural life contributes to a healthy overall system. Not only does this message come across in their communication with potential sponsors, but also with the general public and entity/local administration.

Contribution of culture to the community is irreplaceable and cultural organizations would do themselves a favor to point that more often. It is a mistake that originated in the American system of cultural funding made, and BiH artist and culture professionals are repeating nowadays, to overemphasize the commercial benefits of the arts, under the parole that *if the art is good, it will find a way to survive*. This has been patently proven wrong, since there are benefits in arts and culture that are multifaceted, measurable and intangible, even though impossible to translated to financial terms.

If we neglect several highly commercial successes of cultural institutions on a global cultural scene, it is obvious that arts and culture organizations cannot function without the state support. However, this does not mean that the funding needs to be “unearned“. Not in a financial sense, but in every other respect: cultural institutions need to gain back the social impact they once had. They need to acknowledge that the cultural landscape has changed and they need to reevaluate the role they play in the life of their communities. It is simply a matter of producing something that is **valued by the society**. They need to become relevant again.

When applying for donations, cultural organizations compete not only with other organizations from the sector, but with any other aid organization. In this rivalry arts and culture have several advantages that they do not emphasize enough:

- Arts and cultural events are compelling and sometimes glamorous;

- They attract a different sought-after customer profile;
- They exude a quality of excellence and sophistication, both great assets in the image of the company.

These should all be taken into account and elaborated, while taking good care not to compromise the creative integrity of the organization, by turning into a tasteless circus or appearing elitist and condescending.

There should be more of a hearty and savvy articulation of the issues of quality. Sponsors are not a typical audience and the corporate sector is not persuaded by the same arguments used to acquire the public funding. Based on the canonical idea that “client is the king“, as most successful businesses tend to be, reaction to any new target market comes to them naturally. “Public wants culture“ translates to “Target market wants culture“, and that is a perfectly logical rationale which provokes practical action. Sponsor proposals need to be supported by business driven data: What is arts' and culture's marketable quality? It speaks to our hearts, it enriches us and makes our lives better. Why fund culture? Because the public wants it, because it attracts audiences, because it is a good PR, because, eventually, it contributes to the bottom line.

It is obvious that private investment at this stage cannot fill gaps left by swinging public funding cuts, especially when philanthropy by most philanthropists' accounts should serve as a supplement to government funding. That said, there are several equally obvious reasons why cultural operators should count on private sector in the following period:

- Private sector is more likely to recover faster than the public sector (after two years of sharp decline, the financial sector in BiH is marking a modest recovery).
- Private funding doesn't have to answer to the political pressure of conservative groups.
- BiH does not suffer from arts & culture charity fatigue – generally, there is hardly any organized long-term charity fundraising in BiH, so the chances are that most of the fundraising techniques will appear to be a novelty, fresh and interesting.
- Giving is trendy – the noble aspiration to leave the world better and happier than we found it never goes out of fashion. Globally, some of the most forward thinking and influential members of society decide to donate their time, money, impact, reputation and

energy to charitable causes. Let alone the huge contribution they make in practical sense, but they also make a good role-model, making it trendy and fashionable to give back to the community, to reflect on how the world around us is living, and what we can do to help, sending the undisputable message – that we certainly *should* do something to help.

Recommendations

Money is only a tool. It will take you wherever you wish, but it will not replace you as the driver.
Ayn Rand

Increase the impact and nurture new audiences

- Give your contribution to the **community repair** through cultural animation, enrich the smaller neglected communities through theatre performances, festival content tours, mobile cinemas, exhibitions, and poetry readings. Participate in the community cultural initiatives (especially in the small rural communities), theatre workshops, and specially tailored trainings. This way you are not only building a strong network, but your affirming your organization as a socially significant player. You are also cultivating the new audiences, potential devotees and future contributors.
- Develop a more **holistic and exciting program for different audience segments**, children for example are a great target group for museum classes – design attractive workshops; exhibitions adjusted to their span of attention, level of knowledge, language and understanding; story sessions in the case of libraries and theaters; guided exploration of the life and work of writers/artists; theme-based tours – all of these have long term impact. Instead of performing, show, storing, displaying, expand your mission – to understanding and enjoying the art. The time we live in requires it. Making art more accessible to the public by providing clever and appealing interpretative tools and forums is not a matter of choice, it is a necessity and, if you are a publicly funded institution – it is your obligation. Museum of Contemporary Art Chicago goes as far as to offer Stroller Tours (“to offer caregivers a stimulating hour of art while they tend to little ones in tow”) and events such as Coffe&Art:

*Fueled by coffee and driven by an artist, each conversational session focuses on a handful of works from a current exhibition, which serve as models for **a way of seeing and interpreting** contemporary art. All are welcome, no prior knowledge is necessary.*³⁰

- **Attract influencers** –

³⁰ From the Museum of Contemporary Art Chicago website: <http://www.mcachicago.org/>

- Attract the influencers and trendsetters – they are setting trends and redefining taste in different areas of the arts and life in general. They contribute with their loose interactions and large social networks, and they may become your greatest advocates and promoters. Influencers are magnets.
- Expel any outdated and unnecessary programs you may have. This one speaks for itself, but it is worthy expanding it to include: don't let yourself get lazy – it is counterproductive and demotivational for the entire organization.

Build and maintain relationships

- **Network** – identify the people of interest and investigate: what you don't know can and will limit your fundraising opportunities. If they're your prospective sponsors – what are their needs, how can you best respond to it. If they are your donors – what is it that they fancy about arts and contributing to the arts, how can you best accommodate their interests and desires, how can you engage them more, mobilize them. And your most important relationship – that with your audience: content that speaks to their hearts and minds; that makes them *want* to get involved; appreciate the diversity of your audience and respond in equally diverse voices and content. Turn your visitors into your *supporters*.
- **Acknowledge your donors** – pay some kind of tribute to those individuals who contribute their time, money and expertise to arts projects and organizations, even if it is merely mentioning their names on special occasions. Although BiH rarely has individual donors or Maecenas, there are usually people behind the scene advocating your interests and pushing for a good cause (be it the company directors, board members or other representatives of funders). Identify them and make sure that they now that their effort is noted and appreciated. Exclusivity and small meaningful signs of attention never go out of style – handwritten thank-you notes, an opportunity to meet your star performers, invitations to first premieres and special events, privately curate exhibitions, box seats.

Take the time to know the people you cooperate with and make it personal. None of the above should be a scheming and perfidious pursuit – you should enjoy every aspect of it, otherwise you are not cut out to be a fundraiser. Find the people within the organization who

have most proclivity and aptitude for fundraising, the natural minglers and socialites, and delegate the bulk of the fundraising to them.

Design a creative offer

- Writing and offering **better sponsorship deals** – the purpose of the proposal is to present an idea or a plan that should meet the prospect’s business and marketing goals. It is the identification of those goals that gives value to the sponsorship offer. (Simply proposing to display the sponsor’s logo on a poster or a website is not a sponsorship offer – it is a lazy and a unimaginative work on behalf of a cultural manager, it shows that whoever wrote the proposal invested no time and energy trying to identify the prospect’s business purpose, and it closes the door for building a relationship in the future with that very prospective sponsor). Do your homework – just like with so many other things, **the meticulous research** is vital to putting together a good sponsorship offer.
- Charm your potential corporate and individual givers – personal contact is usually the easiest way to let the artist’s passion for the project show. The excitement of those involved with the project or organization is a powerful call for givers to get involved.
- Introduce *friend schemes* - expand the privileges to more than just the tickets: send out invitations to meet with artists, talk with curators, attend exclusive performances. Tie in your offer with other cultural organizations and offer reciprocal privileges – provide passes that include different cultural events and contents (annual tickets to theatre performances + private guided tours in museums, for example).
- Expand the board of directors – most institutions have some kind of managerial body, have at least one influential donor as a member of it. Donors can help with their connections, useful advice and business know-how. They can play important role in finding the future support: increasing the number of sponsorships and bringing in other major contributors.
- Access to the happenings and encounters that do not come with purchasing of the ticket
- Exhibitions aimed at specific target groups
- Design and sales of promo-materials – bookmarks, posters, catalogues, postcards – not only does this gain profit for the organization, it also creates more work and opportunity for the artists, it brings artistic imagination and ingenuity to a fore.
- Coffee shops

- Animation of the space – the way that the National Theater is used for the short film festival, MoMA hosts regular jazz concerts et al.

A note to a random person who decides to be a BiH strategist

A proper strategy is a long-term, big picture, approach to success. If a strategy is to serve as a baseline for collective future direction, it is bound to have:

- Decisions made from informed positions,
- Productivity,
- Strategic outcomes,

These are not voluntary provisions, these are the prerequisites for a document to constitute a strategy. Otherwise, it is a literary composition of some other kind.

For any strategy to have a practical merit, it has to lay down some ground rules and the tactics that help achieve strategic outcomes. The tactics must take into account the current and imminent circumstances, trends and variations. Tactics constantly change; strategy doesn't. If the tactics do not explicitly formulate the following:

- An action,
- Purpose,
- Schedule,
- Measurable results,

then we are no longer dealing with the tactics. We are probably dealing with a bunch of randomly made decisions, based on inconsistent presumptions and with speculative results.

If you are involved in any aspects of the faulty performance described above, you are an irresponsible, poorly informed official, unaware of the grave consequences your actions may, and probably will, have on the community you are supposed to serve and enhance. It is highly likely that anything done by this approach will yield more evil than good. Therefore, you should step

down and let any teenage video-gamer take up your role of a strategist, as you are no more fit to perform that duty, than you are to fly a space-shuttle or perform full-genome sequencing.
Ignorantia non excusat.

Conclusion

- There's a room for growth in private investment;
- More effort – more gain.

It is evident that arts and culture cannot be self-sustained (at least not without losing the artistic freedom and completely turning into an entertainment industry with the mass appeal, and on such a small market as ours is, even that could not bring the financial independence). Philanthropy in BiH can result in more if the right interventions are put in practice. These require a whole lot of effort and a careful planning. Ideally, this will result in building a culture of giving. Even though a traditionally very close and devoted community, BiH society has suffered a major destruction and it is finding its way to recovery and stability. The way it is doing it is not the best and most efficient of all ways.

The issue of money in arts and culture is one mundane, but alas, ever so significant an issue. It seems that all other cultural management issues recede in the face of the practical problem of not being able to provide for basic existence of an arts and culture organization.

The arts and culture community in BiH must not let itself be a victim of government spending cuts but instead devise innovative solutions that help close the deficit by offering programs that deliver better results at a lower cost to taxpayers. Cultural professionals, as well as donors, must become active players in shaping how society works. Cultural professionals should have a vision, pay attention and respond to the trends in the world that surrounds us. Simply, they should adopt a more **entrepreneurial approach** to generating income: modernize the processes and leverage the constantly evolving business surroundings, thus improving the capacity of the sector to generate new partnerships with the private sector.

Donors in BiH, currently weak and few, can become **good social investors** by improving the way they approach giving. They can increase their impact on critical social issues. And while some may argue that behavior that seems altruistic is really self-interest in disguise, and charity and

fellowship nothing but the cultural drapery atop the iron logic of nature³¹ there is reason to treat that source of income differently than the public funding. It is a common misconception that just because an institution receives public funding it will deliver at the highest artistic standards – some of the abundantly supported cultural organizations actually do not. Government support, when based solely on political affiliations as the case is in both BiH entities, does not solve artistic problems. To a certain extent, it sometimes complicates them further.

Philanthropy in BiH can result in more if the right interventions are put in practice:

1. Developing these fundraising practices (more creative methods of soliciting support);
2. Cultivating relationships with givers;
3. Building a culture of giving.

In this respect, the cultural institutions would be wise to follow the marketing path of success for commercial enterprises.

That said, even a rapid increase in charitable giving could not possibly make up for the cuts in government spending that has already been made and that will be made over the next few years. The money contributed through philanthropic endeavor and private investment is very small compared with governments' outlays in BiH, as well as in most European countries. However, to the extent that philanthropy can help build high-performing organizations that are able to deliver effective programs and services in low-cost ways, it can be a major part of solving the current deficit woes in the cultural sector.

The arts and culture are a huge powerful force socially, politically and economically, and there is no reason why cultural managers should not capitalize on that, making it possible, if not easy, for the cultural sector to work and produce lavishly, even amidst the public funding cuts.

³¹ Brooks, D. (2011) 'Nice Guys Finish First', *The New York Times*, 16 May, p. 27.

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Appendix

Upitnik za firme:

Da li vaša firma praktikuje ulaganje u zajednicu?

Da, sastavni dio naše misije je da kao društveno odgovorno preduzeće pomažemo zajednicu u kojoj djelujemo. Svake godine raspisujemo Konkurs za sponzorstva i donacije u okviru kojeg podržavamo veći broj projekata iz oblasti humanitarnog, obrazovnog, sportskog i kulturnog djelovanja.

Koji procenat vaših ukupnih ulaganja u zajednicu ide u kulturu?

Koja oblast:

- (a) Pozorište (film, festivali poput filmskog i dječijeg)
- (b) vizuelna umjetnost (galerije, muzeji, izložbe, podrška samostalnim umjetnicima...)
- (c) književnost (biblioteke, izdavaštvo, prevod književnih djela...)
- (d) muzika (koncerti, festivali...)

Da li vaša firma radije ulaže u:

- (a) Jednokratna dešavanja i kratkoročne projekte (npr.: izložba, predstava, festival)
- (b) Dugoročna partnerska sponzorstva (uključuju sve operativne troškove institucije tokom dužeg perioda)

(jedno ne isključuje drugo, navesti omjer po mogućnosti)

S obzirom na imidž i opredjeljenje vaše firme da li pretežno sponzorišete:

- Nove i eksperimentalne forme
- Tradicionalne forme
- Oboje/ne pravimo razliku

Na kojem nivou se ustanovljuje strategija/plan ovakvih ulaganja:

- Na centralnom nivou, u okviru godišnjeg plana
- Okvir se usvaja na centralnom nivou, na terenu se biraju konkretne aktivnosti
- Ad hoc, u ovisnosti od ponuda i zahtjeva za saradnju/pomoć

Na povećanje broja i obima ulaganja uticalo bi:

- Veći broj ponuda bilo koje vrste (zahtjeva je malo)
- Originalnije ponude, tj. za kulturne aktivnosti koje se dešavaju prvi put (dobijate uglavnom tipske zahtjeve za sponzorisane identičnih projekata od različitih institucija)
- Atraktivnije ponude – jasnije predočene, s privlačnijim sponzorskim paketima i većom vidljivošću (ono što vam se nudi u zamjenu nije dovoljno dobro)
- Kvalitetnija dešavanja, viši nivo kulturnih aktivnosti (dobijate brojne ponude, ali ste nezadovoljni kvalitetom kulturnih projekata)
- Drugo

Šta vam je atraktivno u sponzorisaju kulture i umjetnosti, što ne nalazite u drugoj vrsti sponzorstava? (npr.: nedostupna ciljna grupa, sofisticiran imidž...)

Kako smo već naveli, nekoliko je osnovnih vrsta oblasti koje spozorišemo putem sponzorstava i donacije i kod svih se vodimo ciljem promicanja pozitivnih vrijednosti u društvu. Naravno, vodimo se ocjenom koristi pojedinog projekta najprije za zajednicu a potom i za banku, zatim jako važnim smatramo ulaganje u domaću umjetnost, a sve to kao krajnji cilj ima podizanje svijesti građana o značaju kulture.

Upitnik za institucije:

- 1) Broj posjetilaca (u posljednjoj sezoni ili u ovoj godini)
- 2) Da li se bilježi porast ili pad broja posjetilaca:
 - Vezano za neku konkretnu predstavu/postavku/dešavanje/projekciju?
 - U ovoj sezoni u odnosu na prethodne?

- Kao posljedica neke konkretne promjene u organizaciji institucije?
- 3) Broj premijera/novih postavki u ovoj godini? (uporediti s prethodnim godinama/sezonama)
 - 4) Procentualno u ukupnom prihodu:
 - Prihod od posjetilaca
 - Budžet (na državnom ili lokalnom nivou)
 - Prihod od sponzorstva i donacija
 - Mecenstvo (finansiranje od strane pojedinaca koji ne očekuju nikakvu povratnu uslugu)
 - 5) Na koji se obraćate finansierima :
 - Tipskim sponzorskim ponudama u kojima se navode različiti sponzorski paketi i njihove karakteristike
 - Posebnim ponudama za svakog sponzora u skladu s njegovim interesima (posebne mogućnosti promocije u skladu s oblašću u kojoj sponzor posluje)
 - Ličnim kontaktima putem sastanaka, umrežavanja, zajedničkih poznanstava
 - 6) Da li koristite potencijal drugih izvora finansiranja (npr.: iznajmljivanje prostora za različite svrhe)?
 - 7) Koju vrstu promocije nudite sponzoru, a koje dodatne protivusluge koje ne spadaju u promociju?
 - 8) Rangirajte po ozbiljnosti šta vam predstavlja najveći problem u iznalaženju sredstava (najveći problem ide na mjesto broj 1 itd.):
 - 1. Nezainteresovanost za kulturu i umjetnost kao vid marketinga i promocije
 - 2. Nedostupnost sponzora (nisu otvoreni za saradnju, teško je zakazati sastanak i sl.)
 - 3. Nedostatak vremena za *fundraising*
 - 4. Nepostojanje ili mali broj uspješnih firmi koji imaju budžete za sponzorstva
 - 5. Nezainteresovanost sponzora za finansiranje administrativnih troškova
 - Drugo:
 - 9) U poređenju s dosadašnjim periodom kako se promijenila situacija s nalaženjem sredstava (procentualno ili opisno)