

Business Contributions to the Arts

2019 Edition



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by Robert Schwarz, Randy Cohen, and Isaac Fitzsimons

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Executive Summary

The 2019 Business Contributions to the Arts survey shows that the environment for contributions to the arts is healthy. Participants expect the value or level of their support to remain the same or increase and are leveraging opportunities for employees to engage with arts organizations through volunteer work or other means. More companies are tracking the outcomes of their efforts. These results indicate that more companies are aligning arts contributions programs with business strategy and goals, thus justifying continued giving.

This year's survey garnered 130 responses, similar to the levels of participation of the last two surveys. One hundred and twenty-five of those respondents made a contribution to the arts in 2018, and the total amount contributed to the arts was \$77.7M (with an average contribution of \$631,997). These arts contributions represented 39 percent of respondents' total charitable giving for 2018. Total arts contributions were split between 66 percent in cash and 34 percent in-kind. While individual respondents' contribution amounts—and yearly variations in company participation in the survey—can make it difficult to draw definitive conclusions from year-over-year comparisons, the level of business support for the arts has been relatively consistent over the past three years.

The top means of making in-kind contributions in 2019 was “promoting volunteer opportunities at arts organizations,” at 58 percent. “Donation of products or goods” came in second at 48 percent. Interestingly, companies have reportedly reduced their emphasis on “promoting board service at arts organizations,” which fell from 63 percent in the 2018 survey to 43 percent in this 2019 survey. (Both surveys ask companies to reflect on the completed year prior to the survey.)

The popularity of promoting volunteering over board service may be due to the ease and immediate reward of volunteering and the social currency cause-related volunteering carries. The drop in promoting board service may reflect a demographic change. The lower interest in serving on boards of millennials, Gen Z, and others may be due to their perception that boards don't align as well with their values and interests.^{1,2}

In addition to contributions, employees took part in volunteer work and/or employee engagement activities at 67 percent of respondent companies across categories of company size (by number of employees) and market capitalization, thus showing widespread recognition of the recruiting and retention advantages of this employee benefit.

The survey shows a focus on giving locally. This reflects the view that such efforts strengthen local communities and economies, which can be beneficial to companies' operations over the long-term. Sixty-five percent of companies' support was allocated locally, 25 percent nationally, and 10 percent internationally. Indeed, 62 percent of respondents cited “improving the quality of life in the community,” and 46 percent cited “contributing to the economy of the community” in their top-three reasons for contributing to the arts.

1 Derrick Feldman, Amy Thayer, Melissa Wall, Cindy Dashnaw, and Amanda Hamilton, *The Millennial Impact Report 10 Years Looking Back, Final Report: Understanding How Millennials Engage With Causes and Social Issues*, Case Foundation, 2017.

2 Subodh Mishra, “US Board Diversity Trends in 2019,” Harvard Law School Forum on Corporate Governance and Financial Regulation, June 18, 2019.

Companies are increasingly focused on the outcomes brought about by their contributions. 2019 saw increases of over 20 points in each of the following contribution outcomes being tracked: 1) “strengthen creative community;” 2) “reach diverse audiences;” and 3) “cultural enrichment.” The percentage of respondents indicating “none the above,” meaning they don’t track outcomes, sank 36 points.

The overall picture of corporate support of the arts remains stable. One area where companies can continue to make progress is in measuring the return to *the company* of investment in the arts. Relatively few companies, at this stage, are conducting such an evaluation.

Insights for What’s Ahead:

1 Pressure on companies to measure the “return on investment” of their contributions to the arts will increase We expect corporate giving teams will be under increased pressure to demonstrate the value and/or benefits of all charitable contributions, not just those to the arts. Though 81 percent of respondents expect contributions will remain the same or increase in the coming year, the economic outlook shows slowing growth over the coming decade³, which will increase potential for program funding reductions across all departments.

This is particularly pertinent for the 19 percent of respondents who indicated that they don’t track any outcomes of their contributions to the arts. Being able to calculate an ROI-type figure will help to justify the benefits of sponsoring arts programs, thus strengthening the business case for continued and possibly larger amounts of support. For example, [Inner City Arts](#), a non-profit that trains educators in the arts and better equips underserved youths of Los Angeles for academic and career success through the provision of research-based visual and performing art instruction, quantifies the value of their programs in its annual report. This has helped grow their long list of prominent institutional and individual donors.

2 Collaboration between corporate funders and arts organizations is key for measuring impact Donors and donees can work together to set time-bound, quantifiable goals, thereby avoiding a mismatch between the needs of corporate funders and the reporting abilities of arts organizations. [Mission Measurement](#), an organization that is working to deliver a standardized means to measure and report social outcomes of corporate donations, and The Conference Board have partnered on this front with the goals of enabling donors and donees to make more informed decisions about resource allocation as well as expected outcomes and their cost through setting agreed-upon program goals and metrics.

3 Bart Van Ark, Bart, Abdul Erumban, Yan Gao, Erik Lundh, Ilaria Maselli, Ataman Ozyildirim, and Klaas de Vries, [Global Economic Outlook 2020: Stagnating Growth amid an Uncertain Outlook](#), The Conference Board, November 2019.

- 3 Arts funding can be used to serve specific business purposes** As companies improve their ability to measure the social impact of their contributions to the arts, their ability to “use the arts to address a specific business purpose” is likely to improve, thus moving beyond employee recruitment and retention. Other benefits that arts funding can bring to donor companies include: 1) improving the quality of the talent pool over the long-term, as evidenced with Inner City Arts; 2) opening up new markets; and 3) reducing service costs and the cost of goods sold through the generation of goodwill. Realizing these benefits through program enhancements may be an appropriate goal to set for the 29 percent of companies with a market capitalization in excess of US\$25Bn that indicated supporting the arts helps with recruitment and retention as they likely have the resources to do so.
- 4 Collaborations between corporate donors and arts organizations can develop into strategic partnerships** If donors and donees are able to work together to set time-bound, quantifiable goals, they may see additional benefits to working together, such as alignment of brands and missions that help companies capture market share and donee organizations gain wider recognition and/or additional support for their cause. For example, there is the potential for the development of a symbiotic relationship between a well-regarded local artist seeking to bring greater attention to an issue through their work and a company seeking to more effectively advertise a product and/or service that addresses the same issue.

- 5 Corporate donors and the arts organizations that receive their support should be prepared for criticism for collaborating in these ways** Even though a defining characteristic of strategic philanthropy is mutual benefit for the donor and the donee, some believe that philanthropy should be entirely selfless with no benefit to the donor. Critics are likely to argue that strategic philanthropy is not philanthropy at all but actually an investment and that measuring results and return on investment only furthers corporate influence on society. To address these concerns, companies should be clear about objectives and expectations, actively engage multiple stakeholders in the process of determining their philanthropic strategy, and be amendable to adapting to new conditions as effecting social change is a complex, dynamic, and long-term process.^{4, 5} This may also help address generational concerns about the nature of corporate philanthropy that may underlie the 20-point decline in the percentage of companies that cited “promoting board service at arts organizations” as a type of support for the arts in which they engage.

4 Ivan Barkhorn, “[Three Lessons from 13 Years of Strategic Philanthropy](#),” *Stanford Social Innovation Review*, February, 2014.

5 Katherine Fulton, [The Predicament of Strategic Philanthropy](#), The Center of Effective Philanthropy, February, 2018.

Introduction

This report presents the highlights and key findings of the 2019 survey in infographic form. The full, underlying data set is available to members of The Conference Board upon request.

Due to the number of respondents, findings are best interpreted as the choices of companies surveyed, all of which support the arts, rather than statistically significant evidence of industry-wide practices. Similarly, the results are the aggregate of two separate populations: the first, comprising 64 companies that responded to the survey upon an emailed request from Americans for the Arts; and the second,

comprising 66 companies that responded by way of a third-party service provider specializing in assembling panels of survey respondents.

None of the commentaries included in this report are intended as business recommendations. The Conference Board and Americans for the Arts suggest that decisions in this field be made after careful consideration of the specific circumstances the company faces in the current marketplace, including its reputational standing, stakeholder relations, and business needs.

Overall contributions

While individual respondents' contribution amounts and yearly variations in company participation can render year-over-year comparisons of these figures misleading, the annual Giving USA report shows that overall corporate contributions increased by an estimated 5.4 percent in 2018.⁶ Coupled with 81 percent of 2017 respondents indicating that their contributions would remain the same or increase in 2018, these levels appear consistently healthy.

With an average contribution worth

\$631,997

125 respondents contributed a total of:



\$77.7 million

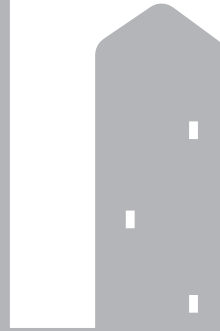
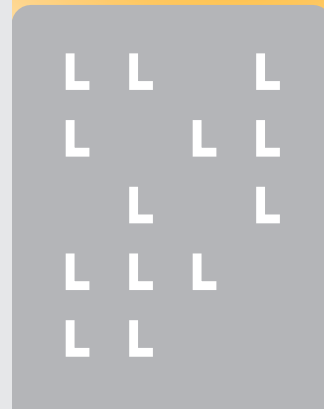
⁶ Lupui Lilly Family School of Philanthropy, [The Annual Report on Philanthropy for the Year 2018](#).

Types of contributions

Beyond the basic figures depicted, a noteworthy trend in the data is that as market capitalization grows, the cash to in-kind ratio skews in favor of cash. For example, for companies with a market capitalization under \$1M, the split is 52 percent to 42 percent in favor of cash, while for companies with a market capitalization of \$25Bn and up, the split is 76 percent to 24 percent in favor of cash.

2018
39%

of respondents total charitable giving went to the arts



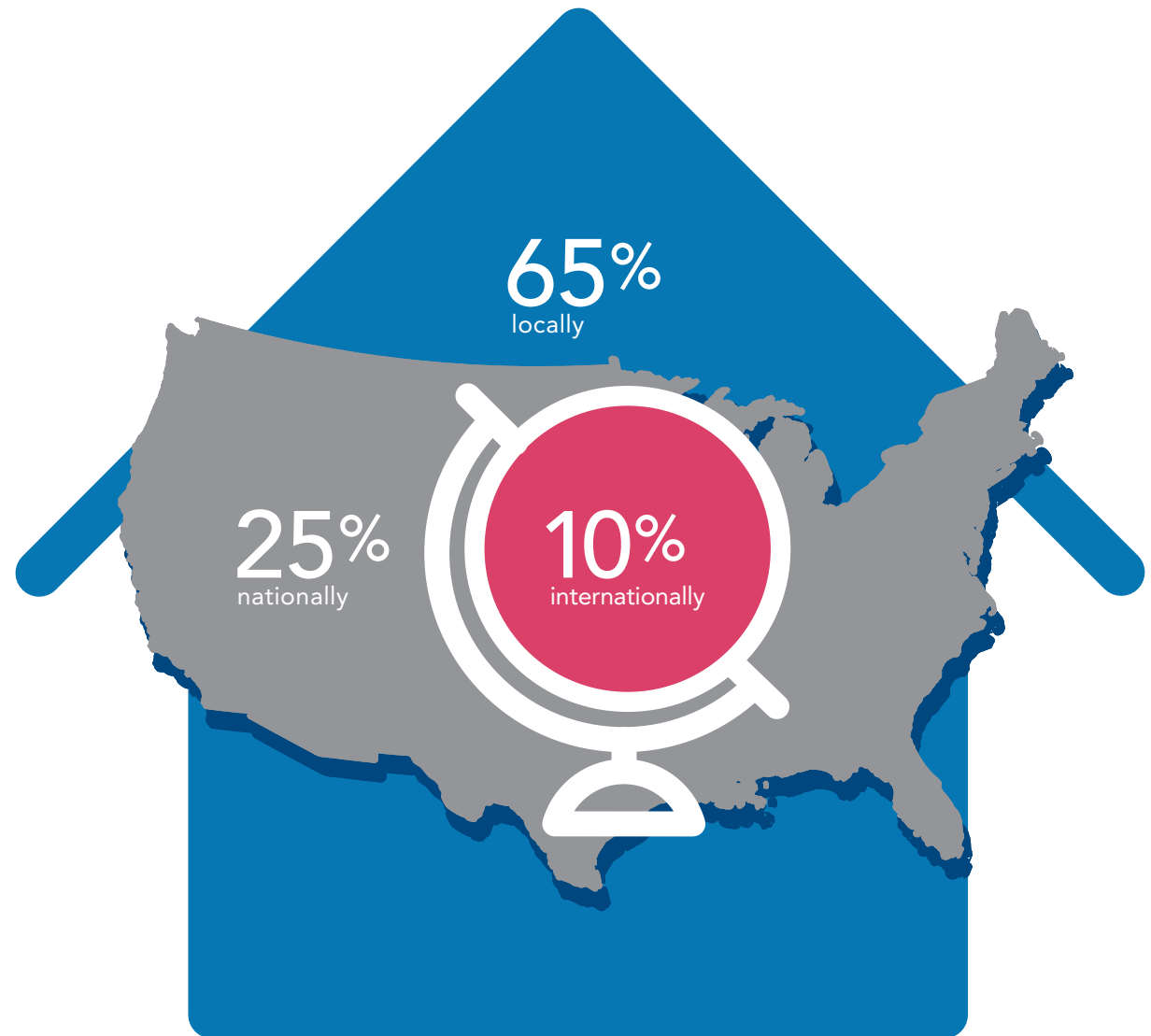
 **66%**
cash

 **34%**
in kind

Geographic distribution of contributions

The focus on local efforts supports the notion that companies see business value in strengthening aspects of the community and economy surrounding their operations. Research in this area, such as in the report *Ready to Innovate*, found agreement among business leaders that individual creativity, a trait which can be fostered through instruction in the arts, is essential to the ability of companies to innovate products, services, and processes. And that if companies hope to successfully compete over the long term, creative new talent must be hired.⁷

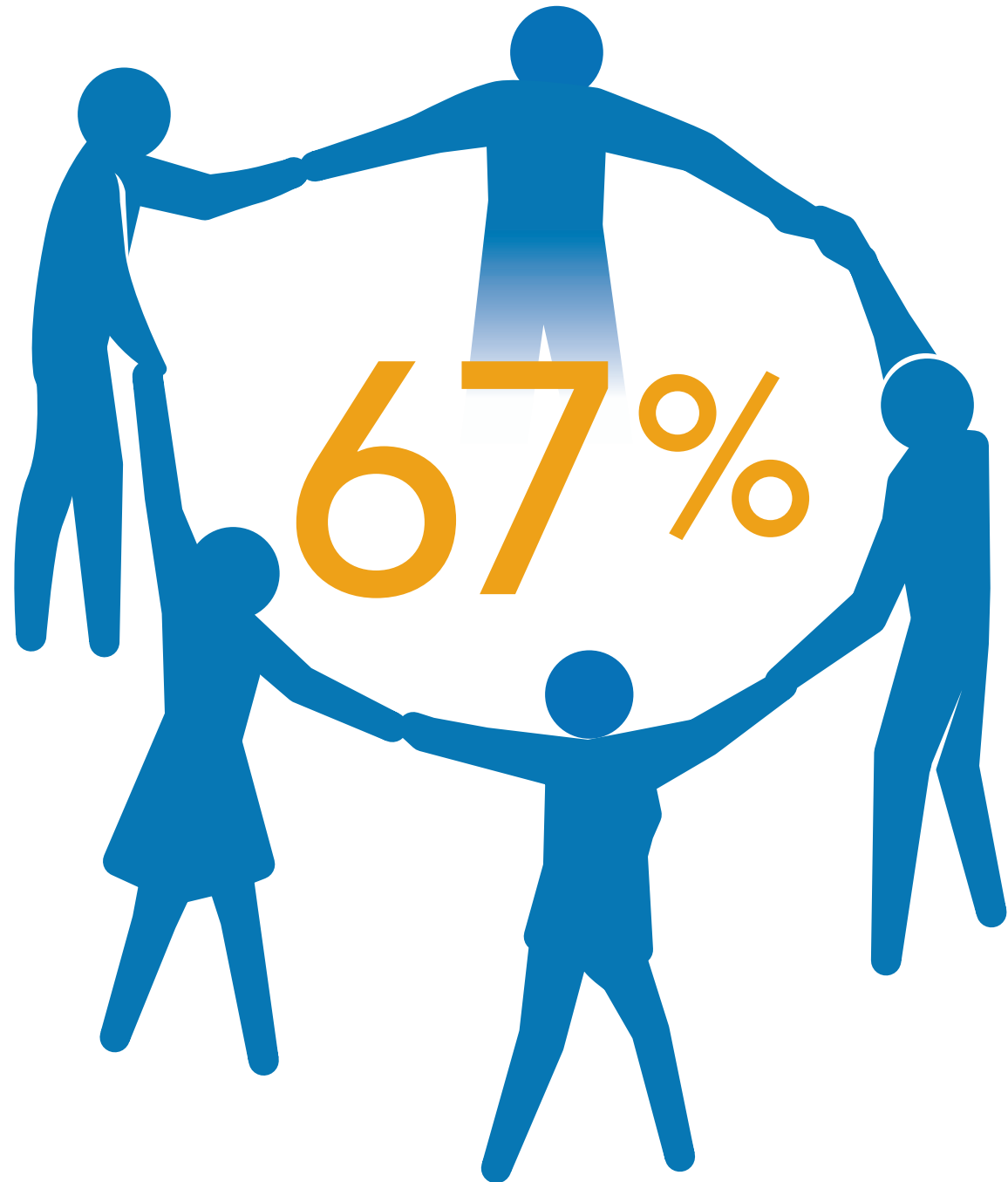
More research in this area could further illuminate how and why companies allocate funding to specific areas, including any stated goals donors may have, thus providing more insight to any strategic intent.



⁷ Mary Wright, Christopher Woock, and Jim Lichtenberg, *Ready to Innovate: Are Educators and Executives Aligned on the Creative Readiness of the US Workforce?*, The Conference Board, October, 2008

Volunteer work

With little deviation from an average of 67 percent, companies across categories of company size by number of employees, market capitalization, and sector seem to recognize the benefits of providing employees opportunities to take part in volunteer work and/or employee engagement activities involving the arts. Taking part in these types of activities has been shown to help maintain favorable retention rates and foster the development of skills that serve the company and accrue to the participating employees.⁸



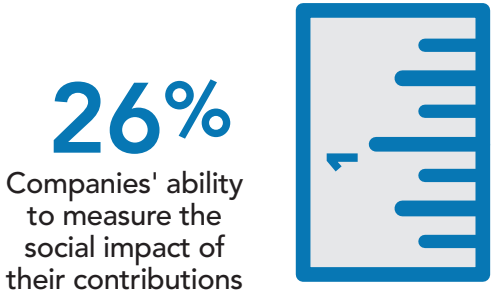
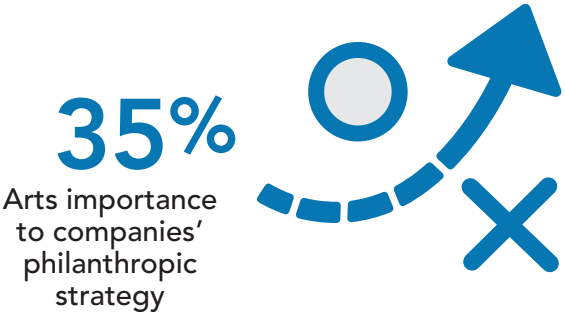
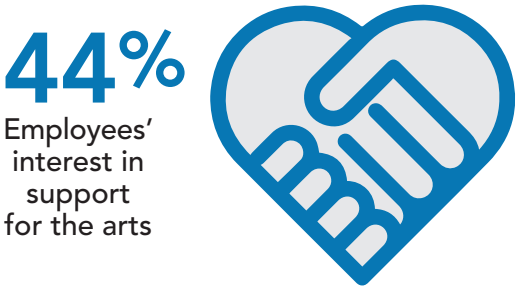
⁸ Christine Letts and Danielle Holly, *The Promise of Skills-Based Volunteering*, *Stanford Social Innovation*, Fall 2017.

Future contributions

Beyond the top four reasons given for the prospect of the continued health of future contributions, we found that 22 percent in the under \$1M, 8 percent in the \$1M–\$49M, 0 percent \$50M–\$999.9M, 33 percent in the \$1Bn–\$24.9Bn, and 0 percent in the \$25 Bn and above categories cited “using the arts to address a specific business purpose” as a reason for expecting an increase in their contributions to the arts. These figures indicate the spotty nature of companies’ strategic use of contributions to the arts.

83% of respondents expect their support for the arts to remain the same or increase

The top four reasons for this expectation are increases in:



Source: The Conference Board

Allocation of contributions

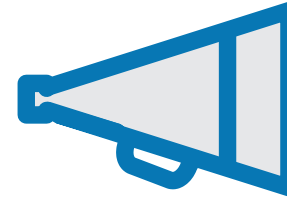
The top responses of “promoting volunteer opportunities” at 58 percent, and “donation of products or goods” at 48 percent evidence a strategic element in that enabling employees to productively express their values has been shown to keep employee retention rates favorable and measurably enhance skills and talents employees use during their day-to-day work.⁹

The popularity of promoting volunteering over board service may be due to the immediate rewards of employees engaging in the former relative to the latter and the high amount of social currency cause-related volunteering carries. It may also reflect a demographic change, with millennials', Gen Z's', and others' lower interest in serving on boards due to their perception that boards don't align as well with their values and interests.¹⁰



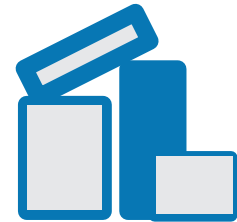
39%

Accommodate employees' volunteer service at arts organizations



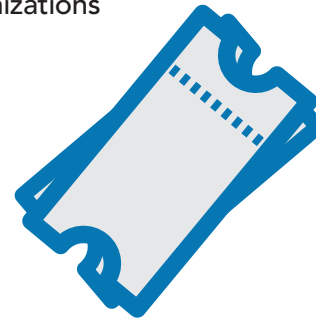
58%

Promote volunteer opportunities at arts organizations



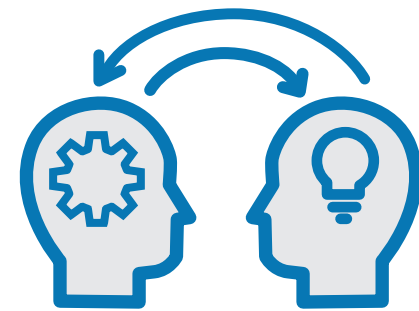
48%

Donate products and/or goods



42%

Provide employees free or discounted tickets to arts events



43%

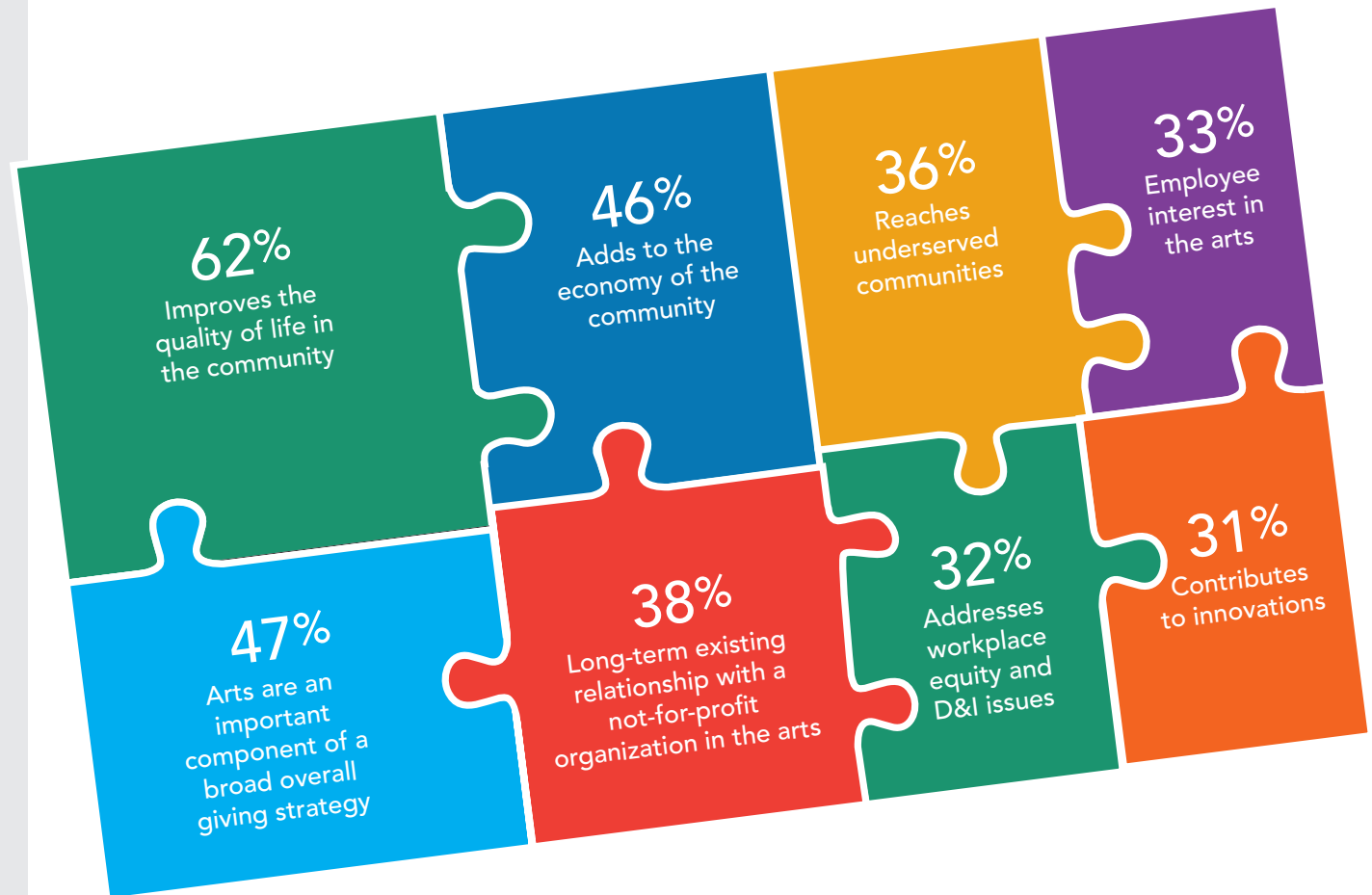
Promote board service at arts organizations

⁹ William D. Eggers, Nate Wong, and Kate Cooney, *The Purpose Driven Professional*, (Westlake, Texas: Deloitte University Press, 2015); and Letts and Holly, “The Promise of Skills-Based Volunteering.”

¹⁰ *The Millennial Impact Report*; and Subodh Mishra, “US Board Diversity Trends in 2019,” The Harvard Law School Forum on Corporate Governance, February, 2020.

Why companies contribute

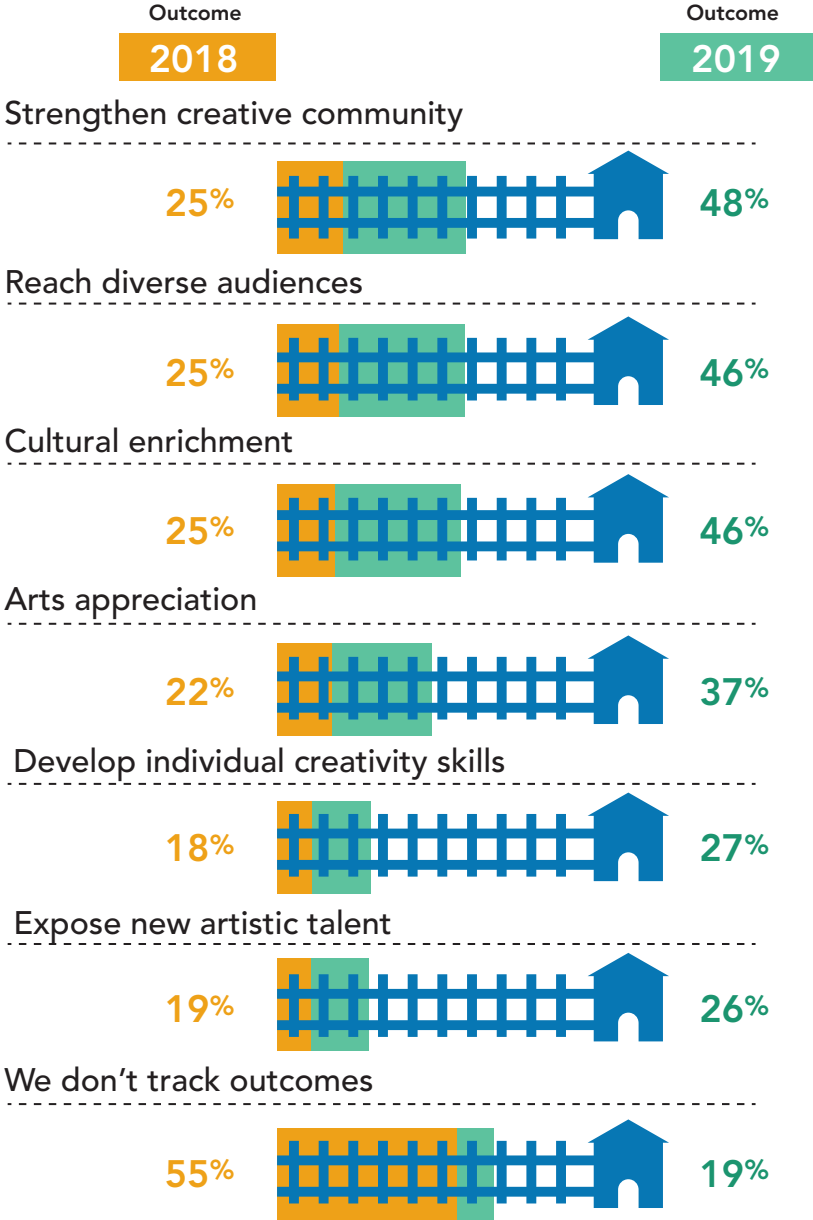
The top reasons for contributing are “improving the quality of life in the community” and “contributing to the economy of the community.” This emphasis accords with notion that the arts can raise the overall standard of living in a community. Overall, these results indicate that companies find a host of potential benefits in contributing to the arts. More specifically, 32 percent of companies with a market capitalization in excess of \$50M believe that arts support helps with recruiting and retaining employees compared to 11 percent of companies with a market capitalization less than \$50M. This may be due to the additional resources required to collect and track this type of data, capabilities that are more common at larger, more resource-wealthy organizations.



Outcomes tracked

This year sees a huge improvement over last year across potential social outcomes of arts contributions companies are tracking. Notably, the top three saw an over 20-point increase. Equally encouraging, the percentage of respondents indicating “none the above,” meaning they don’t track outcomes, sank 36 points. These marked improvements may be due to funding institutions’ and corporate boards’ demands for the recipients of funding to demonstrate the impacts of their efforts.

More widespread practice of this aspect of corporate contributions has a number of benefits, such as helping to sustain contribution levels over the long-term and helping donors and donees better understand what is achievable and how much it costs, thus enabling companies to make positive, data-driven adjustments to programs.



Conclusion

Several metrics from this survey indicate that arts-related philanthropy is healthy. From the perspective of funding levels, 83 percent of respondents indicated that their contribution levels will remain the same or increase. In a more general affirmation of the value companies place on the arts, contributions comprise 39 percent of their total charitable giving.

Further positive results lie beyond funding levels and outlook. Respondent companies seem to be leveraging opportunities to engage their employees through volunteer work, which rewards the company in terms of employee engagement, and ultimately with higher retention rates and productivity. The skills employees develop through volunteer work are an additional benefit to the company, one which also accrues to the employee. Further strategic intent is evidenced in that the majority of companies' support is provided at the local level, which indicates that companies understand that their donations can strengthen aspects of the community and economy surrounding their operations, in turn creating

opportunities for growth. This lesson is further supported by the shift to "promoting volunteer opportunities at arts organizations" and "donation of products or goods" as the type of support most frequently provided.

Despite fewer companies reporting that their ability to track outcomes has improved compared to last year and a lack of consistency in explicitly citing "using the arts to address a specific business purpose," perhaps the most positive discovery companies have made over that past year is that it is possible to track the outcomes of the efforts resulting from their contributions.

Overall, our survey results indicate that more companies are learning how to align arts contributions programs with business strategy and goals, thus justifying continued giving. Additional strides in learning, such as the ability to quantify the long-term benefits of the programs that donations support, remain a lesson only a few have learned.

About this Report

Business Contributions to the Arts: 2019 is the third edition of this annual report published by The Conference Board and Americans for the Arts. In 2016, Americans for the Arts and The Conference Board partnered on the report for the first time since partnering on the initial survey in 1969.

Conducted in the fall of 2019, this year's survey garnered 125 responses from companies that made a contribution to the arts in 2018. The survey asked for information based on corporate practices at the time of the survey completion.

The survey includes questions on funding levels and how support for the arts is organized at companies, including staffing practices for supporting the arts and the approach to measuring the impact of their support for the arts.

The report can be used as a general resource on this topic for businesses and arts organizations, a benchmarking tool by the former, and a window into corporate giving practices by the latter.

About the Authors

Robert Schwarz, MBA, MS, is a Senior Researcher for The Corporate Citizenship and Philanthropy Institute of The Conference Board. His work focuses on developing and disseminating fact-based, nonpartisan content on how businesses both strengthen their viability and promote the welfare of society through corporate contributions, employee volunteering, community engagement, and other related endeavors.

Randy Cohen, Vice President of Research and Policy at Americans for the Arts, the national advocacy organization for the arts, has been empowering arts advocates since 1991. He publishes *Americans Speak Out About the Arts*, a national public opinion study about the arts as well as the two premier economic studies of the arts: *Arts & Economic Prosperity*, the national economic impact study of nonprofit arts organizations and their audiences; and *Creative Industries*, a mapping study of the nation's 675,000 arts businesses and their employees. His *10 Reasons to Support the Arts* blog recently received the Gold Award from the Association of Media & Publishing, their top honor for best blog post of the year. Randy led

the development of the National Arts Policy Roundtable, an annual convening of leaders who focus on the advancement of American culture, launched in partnership with Robert Redford and the Sundance Institute. A sought-after speaker, Randy has given speeches in all 50 states and regularly appears in the news media, including the *Wall Street Journal*, *The New York Times*, and on C-SPAN, CNN, CNBC, and NPR.

Isaac Fitzsimons, Research Coordinator, first joined Americans for the Arts as a Research Associate, handling data entry for the *Arts & Economic Prosperity 5* study. Prior to joining Americans for the Arts, he interned at the Kennedy Center where he supported the planning and delivery of arts integration workshops for teachers in the DC Metropolitan area. A lifetime dabbler in multiple art forms, Isaac majored in psychology by day and wrote and performed sketch comedy by night at the College of Wooster in Ohio. While completing his M.Ed. in Educational Psychology at the University of Washington, he helped administer a grant from NIH centered on training teachers to use neuroscience principles in their classrooms.

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