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Research article:

Game changers in Arts Philanthropy?

Motivation and giving behaviour of younger Dutch donors and founders for the arts

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Abstract:

The research aims at two sides of the (arts) philanthropic spectrum: smaller gifts generated collectively by members of giving circles for young professionals at arts organisations. Plus younger major donors, building their individual foundation or designated trust. In both cases, the motives of these younger donors are the main focus.

Surveys among members of two giving circles –aged between 28 and 40 years old- and focus group-interviews with members at two cultural organisations -a museum and performing arts institute- show that 90% of them has academic or higher training, 50% says their main reason for joining is learning, 48% requires more information about the impact of their financial support, 39% also contributes to other arts organisations and 38% also donates to charities. In depth interviews with 16 founders show that all younger founders have strong direct, personal involvement with the management of their foundation and prefer a proactive strategy rather than waiting passively for applicants. Seven out of 17 strive for social impact and 12 out of 16 establish multi-annual partnerships with beneficiaries. Stepping in the current transition in (arts) funding, new private players may prove to be game changers in the philanthropic field.

Context of the research project

Arts Philanthropy is on the rise since many European countries recently cut down substantially on arts budgets. An additional, growing problem is the ageing of arts audiences, while younger generations are less easily persuaded to join. More insight in the motives of younger donors and founders to contribute therefore is vital for the arts sector.

From 2008 until 2014 the economic recession hit The Netherlands, followed soon by severe budget cuttings by the government on the non profit sectors like healthcare and the arts. In 2011 state funding was slashed abruptly by 150 million euro, dropping to 200 million a year since 2013 and continuing until at least 2018. That is 25% off the total national art budget that once amounted to 800 million. Adding to this blow, regional and municipal governments followed, cutting their budgets between 10 and 20%- and more may come.

Sadly, the public subsidy system had not encouraged arts institutions to build up reserves, since grants needed to be spent in full each year. Without serious endowment funds, many organizations were left without reserves to manage the transition. Arts organisations therefore had to speed up their fundraising, especially from private parties. Rushing and pushing for gifts is not the way to develop long term relationships with people. It signals short term urgency. A private donor is not an ATM-machine- money is not provided on demand. Interviews with donors show that they may have felt addressed right after the severe budget cuts, but this effect has subsided quickly. They also pay their taxes and –if art lovers- buy sometimes costly entrance tickets for museums, opera houses, theaters and concert halls.

The message that these government cuts communicate, is not helpful either. The impression may be, that art is not worth supporting; that it is elitist, even supplementary. The lack of recognition for the autonomous values of art – the issue of “legitimizing” the expenses for art- is a serious threat to the cultural sector. The value of art as a collective good may also suffer. And shortage of money is not an attractive proposition when it comes to convincing people to give.

The Netherlands are not the only country that faces a transition in arts funding, parallel to a transition in the welfare state. The way the issue is dealt with is influenced by the roles different European countries allocate to civil society. Therefore it is useful to look at neighbouring countries. Public private partnerships, typical for the Rhine model countries, are developed on a small scale in The Netherlands by putting designated foundations under the umbrella of art institutions. Anglo-saxon trusts are supposed to form a counterweight against government arts policy, but develop parallel strategies as well.

The United Kingdom has experienced severe budgets cuts in practically all non profits sectors long before us, going back to the Thatcher-era. Denmark is another exemple. But even in centralistic France, where state funding is still relatively high, the government is slicing art budgets every year. This means that citizens have to step up and pay more- at least: according to politics. The so-called *civil society* therefore is in danger of becoming an instrument of a calculating government. And philanthropy is part of that civil society.

In Europe, one of the key questions now is if donors for the arts are willing to compensate for gaps in government funding or if they prefer to set their own agenda.

For which ngo’s do they want to make an extra contribution and for which ones they do not want to be held responsible?

At the same time, there is food for optimism. The Netherlands have a generous giving climate; crowdfunding and friendraising gain popularity among youngsters; endowed and designated foundations flourish. Over the last 15 years, a significant increase in private endowed foundations has developed in Europe and in The Netherlands as well. A considerable percentage of them has an annual budget of a million euro or more. Especially the younger generations of founders, often entrepreneurs, have a different view on the way they want to contribute to society. Central issue in this research project is the changing role of endowed foundations concerning their societal value and position and the consequences for the philanthropic field and civil society.

These foundations are becoming more and more important since European governments do not take care of the social field as it used to and gaps have fallen in for instance health care and poverty reduction.

Available data about giving in Europe and The Netherlands in particular

First we need to overlook what we know right now about the philanthropic behaviour of European citizens. Quite some quantitative research is being done, which is important for the

sector as well as for transnational comparison, although results are not always compatible or consistent.

According to Charities Aid Foundation worldwide research on giving behaviour by individual donors, the UK is the number one in Europe with 67 to 69%. The Netherlands follow closely with 66%.

According to the most recent data of the Individual International Philanthropy Database, concerning the period between 2003 and 2009 – so before the recession struck- 13% of Dutch citizens donated for art or to an arts institution. The UK holds the highest score with 18%, France is one of the lowest in individual giving with 6%. The average amount of a gift in Holland is 40 euro. It has not been specified to whom or in what way these donations were given. But 40 euro is quite the average amount that friends circles of arts organisations ask as a membership fee. This is not a net gift, overhead costs have to be paid out of it as well. But one thing is sure: there are many more small gifts than major donations, so the importance of accumulating moderate donations should not be underestimated.

According to Giving in The Netherlands, research of VU University in Amsterdam, data over 2015 are as follows: 9% of the households donated for arts & culture, amounting to 511 million euro. This includes foundations, corporations, the lottery and private persons. Donations for the arts in euro have risen since 2013 by 33%, although gifts do not yet reach the pre-recession level. Explanations include the recovery of Dutch economy and maybe the shock effect of the severe government cuts in combination with an extra tax facility for art donations, running from 2013 through 2017.

These quantitative data are useful, but they do not paint the complete picture. This research project aims at adding **qualitative** data by doing motivational research. That is, in depth analysis of motives of donors by interviewing them directly. Motivational data are not abundantly available, not in the Netherlands but neither in France and Germany. The UK seems to do best, as is shown in the reference list.

Qualitative research therefore can be a valuable help for arts organisations and ngo's in general for understanding –potential- donors and for widening the circle of givers.

Compared to the general philanthropic institutions, the arts sector has an advantage here: cultural organisations offer events (exhibitions, concerts, theatre performances) at –potential- donors at which they are able to meet their relations and develop closer ties with them.

Focus of the research project, key questions

The research focus is on the various motives and ways of giving of the younger generations in the (arts)philanthropic field, i.e. donors between 25 and 40 years old. New ways of getting involved, via the internet and social media, may prove to be game changers. Why and when do these younger donors decide to step in? Generosity and commitment seem balanced by more personal motives like peer group pressure, career opportunities and enhancing social contacts- but what is the ration between them?

A key question is, if donors for the arts, especially founders of endowed foundations, are willing to compensate for gaps in government funding or if they prefer to set their own agenda. This is the more important since economizing governments tend to favour the top art institutions.

The focus groups are based on the **definition of arts philanthropy** that is used:

- individuals donating money and/or art objects
- individually and collectively (in giving circles) and as founders of endowed foundations

- the main beneficiaries are arts organisations (visual and performing arts)
- donating time (voluntary work) is not included in this research project

Research methods

Methods of motivational research applied in this research project are:

- in depth interviews, person-to-person, with younger individual founders of endowed foundations, focusing on their giving strategies
- surveys among members of giving circles for young donors at arts organisations
- additional interviews with members in focus groups
- interviews by telephone with former members of giving circles

Recruiting of founders who are willing to cooperate demands serious effort, time and trust building. Family foundations tend to view their policy as very personal and opening up is not a common thing to do. Once three or four well known founders have cooperated, it becomes easier to convince others to join them, especially if a personal phone call from one founder to the other is being made.

Persuading arts organisations to share data about their members also takes time and trust, although it is easier than approaching individual major donors. A problem here is, that the researcher is dependent on the staff of the art institute who decides when the email with the survey is being send and if the mailing is repeated or not.

The interviewees are being recruited in The Netherlands, the aim is to cooperate with researchers in surrounding countries -England, Germany, Belgium- and possibly France and Denmark, to be able to compare and analyse similarities and differences in philanthropic behaviour of donors for the arts in different European society-models.

Results:

The research project started in January 2016 and will run through 2017. Mid-term results are the following.

Collective giving circles of young donors at arts organisations:

Young professionals (up to 40 years old): from art lovers to arts philanthropists?

Case 1: Club Foam at Foam Photography Museum in Amsterdam.

Club Foam at the time conted 35 members between 28 and 40 years old, who each payed 450 euro a year. 300 euro is a donation for Foam, 150 euro is for financing the actives of the club members itself.

20 members responded to the call to cooperate with the research project, that is almost 60%.

Their profile is:

- 90% of the Club Foam members have an academic or high education
- 70% says their main reason for joining is learning: acquiring knowledge about photography
- 48% requires more information about the impact of their financial support
- 26% also contributes to other arts organisations (hopping/shopping?)
- 21% also gives to charities

Case 2: the Young Patrons Circle at Dutch National Opera & Ballet (DNO&B) .

YPC had 150 members at the time, paying at least 500 euro a year each, plus –quite costly- tickets for opera and ballet performances. Therefore, we also looked into their attendance behaviour.

Their profile is:

- 53% has an academic degree, 20% has a bachelor degree, 27% finished higher professional education
- 67% of members visits a cultural organisation every month, 27% attends one every week, 7% visits more than once a week
- 7% did never visit Dutch National Opera & Ballet before they became a member
- 53% holds one or more memberships of other cultural giving circle(s)
- 80% does not know how much of membership fee is spend on opera and ballet performances, and how much is reserved for overhead and own activities of YPC itself
- 85% had meer informatie gewild over het bedrag dat als gift gebruikt wordt.
- 31% says they know how much state subsidies DNO&B receives, but 90% of them gives a wrong answer
- 54% thinks it is fair they pay the full rate for their entrance tickets, 38% thinks it is fair but would have preferred otherwise, 8% thinks it is not fair and they should have a discount
- 46% of members attend DNO&B performances once a year, 54% does so every month
- 66% also donates time and/or money to other charities: 38% donates money, 50% donates time, 12% contributes in other ways
- 83% makes use of gift aid (tax facility)

Young founders of endowed individual or family foundations

16 Dutch founders of bigger foundations with a yearly budget of 1 million euro or more were interviewed: 12 younger founders, of whom 4 are next generation chairman of the board, plus the 4 founders of these (often their fathers).

Their profile is:

- entrepreneurs: 8 out of 16
- strong personal involvement with strategy: 16
- proactive attitude: 14 out of 16
- social impact investment: 7 out of 16
- close involvement with beneficiaries/partners: 14 out of 16
- multi annual partnerships: 12 out of 16
- international focus and area of activity: 6 out of 16

As expected, this research project generates new questions, which will be addressed in follow-up research. For instance: former, younger members of giving circles who quit. Four people have been interviewed now, the aim is to talk to at least ten former members.

Mentioned reasons so far are:

- shortage of time, could not attend events
 - major changes in life: child was born, new job, moved away
 - membership cost (too expensive)
 - disappointment/expectations not met;
- among which: did not learn enough about art; did not meet new or interesting people.

Young art lovers are crucial to the ageing arts audiences, especially for traditional art forms like classical music and opera. To approach young donors and commit them to a giving circle, person to person methods of recruitment need to be supplemented with modern ways of getting involved, especially social media.

Arts Philanthropy in Europe takes a front seat in innovative ways of involving art lovers and citizens alike. Stepping in the current transition in arts funding, new private players may prove to be game changers in the field.

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