

Strategies in International Fundraising for the Arts

[working paper]

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1. Abstract

As the world becomes more globalized, arts organizations become more global as well. This is reflected in their funding. Case studies of 37 professional arts organizations located in Europe and the US, consisting of document analysis and interviews, show that the majority of arts organizations receives gifts from abroad. Most of these donations are merely spontaneous gifts, driven by internationally oriented donors. There is the wish among arts organizations to raise funds abroad, but the majority currently does not actively pursue international fundraising. When arts organizations are in need of alternative types of funding, due to subsidy cuts or decreased income due to other factors, or the need of additional income due to an increase in the budget are the two main reasons for arts organizations to set up international fundraising.

The research demonstrates that among those arts organizations that do engage in international fundraising three dominant strategies can be outlined. First, there are arts organizations that embrace grassroots initiatives by foreign donors to set up an international friends circle. Second, some arts organizations themselves take the initiative to establish friends circles in specific countries. They carefully choose a country and set up all kinds of activities to draw people to their organization. Third, there are arts organizations that target foreign donors in general and who establish friends circles for these donors at the home organization.

2. Introduction

Globalization has caused an increase in cross-border transactions of goods, services and capital. Donations to arts organizations abroad and international fundraising are no exceptions to this trend, as the cross-border activities of arts organizations and their audiences have increased. Newspapers write about arts organizations that establish friends circles abroad and occasionally exceptionally large cross-border gifts are reported, such as the €350 million gift of artworks from a US couple to Musée d'Orsay (Catton, 2014).

This is in line with public benefit organizations (PBOs) in other sectors. The World Wide Nature Fund, Doctors Without Borders, and Save the Children are just a few examples of PBOs that receive their funding from a variety of countries. In these sectors, however, fundraising organizations are often separated from

the substantive activities. This makes it possible for these organizations to establish legal entities abroad and raise funds in multiple countries. If the economies of scale are large enough, these PBOs become multinational (Aldashev & Verdier, 2009). Unlike PBOs in other fields, the substantive activities of arts organizations and their fundraising efforts are closely tied together. They have less tendency to become a multinational organization. This differentiates arts organizations from other PBOs that receive funding from multiple countries. Now then how do arts organizations attract foreign benefactors? This is the question that is reflected upon in this paper. More specifically, the central question of this article is as follows: *What strategies do arts organizations use to raise funds abroad?* By answering this question, the research contributes to knowledge on the practice and organization of fundraising.

Focus lies on fundraising among foreign major donors. A donor is a foreigner when his country of residence for tax purposes is located outside the country of residence of the arts organization. Only professional organizations active in the fields of fine art, performing art and cultural heritage that qualify as eligible charitable organization in their country of residence are included in the research.

The outline of the paper is as follows. First, relevant literature on fundraising, philanthropy for the arts and international giving are discussed (section 3). Second, the methodology used is outlined (section 4). Third, the role of international fundraising within arts organizations is mapped (section 5), followed by the strategies arts organizations use when they raise funds abroad (section 6). Finally, the findings from the case studies are reflected upon and conclusions are drawn.

3. Fundraising for the arts and international philanthropy

3.1. Fundraising for the arts

Literature has paid little attention to the supply side of philanthropy, despite the fact that the majority of donations is in response to solicitation (Bekkers & Wiepking, 2011, p. 23; Breeze & Scaife, 2015, pp. 607-609). A prerequisite for philanthropy is that individuals are aware that there is a need. Fundraising contributes in creating such an awareness. The more opportunities to give individuals come across, the more likely they are to give (Breeze & Scaife, 2015). Larger donors receive more solicitations per year for philanthropic donations. This is because on the one hand solicitations yield contributions and on the other hand because contributions attract more solicitations (Bekkers & Wiepking, 2011, p. 23). Based on older research from the 80s and 90s we know that for museums effort put into fundraising pays off well, with ratios varying from 1:2 to 1:7 (Heilbrun & Gray, 2001, pp. 212-213). This underlines the importance of solicitation and fundraising for the arts. Luckily, the sector recognizes this and fundraising is becoming more professional and professionalized (Breeze & Scaife, 2015, p. 587).

Most arts organizations provide their donors with a range of benefits (Heilbrun & Gray, 2001, p. 264). This can increase donations, as a study on gifts to the English National Opera shows (Buraschi & Cornelli, 2002), but also engaging donors with the organization help increase loyalty. 74% of a representative sample of US donors to non-profit organizations say that attending an event, has a positive effect on their likelihood to donate (Dietz & Keller, 2016). Around the world, hosting events is one of the most frequently used methods to raise funds (Breeze & Scaife, 2015). A similar effect as for events holds for volunteering, where 73% stated that it increased their likelihood to donate. 11% of US donors had a volunteer leadership role, such as serving on a committee or board, over the past year (Dietz & Keller, 2016).

The board of an arts organization can serve as a fundraising tool. By attracting wealthy individuals as board members, it incorporates and attracts wealthy donors in the organization. Members on the board might give to the organizations themselves. This is a custom in the larger arts organizations in the US, for example. In other countries this, however, may be restricted by governance rules. Still, it can be beneficial to

have affluent people on the board, since peer pressure in philanthropy is strong and therefore the board members can enlarge fundraising efforts by mobilizing their friends to contribute to the organization (Ostrower, 1997). Having an elite of wealthy individuals on the board, however, can also be a source of tension as wealthy individuals can be concerned with the exclusivity of their own status while this might not be in the fundraising interest of the arts organizations (Ostrower, 1997, p. 9-10).

Despite these common trends in fundraising, fundraisers are faced with many differences around the globe. Wealth of the general population, average spending on philanthropy and other factors affect their work (Breeze & Scaife, 2015). This, amongst others, results in differences in philanthropy across countries.

3.2. International philanthropy

Philanthropy between countries is still very much an underexplored topic. Data on international charitable giving focusses on remittances and gifts from developed to developing countries (Hudson Institute, Center for Global Prosperity, 2013, p. 25). Comparable data on gifts from developed to developed countries are not available. Some figures with a broader scope than solely philanthropy to developing countries can also be found at intermediary organizations that help channel money from donors in one country to a PBO in another country. These data also include donations from developed to developed countries, developed countries to emerging countries and – in theory- can include donations from developing to developed countries. Still, these figures are limited in scope as they only encompass donations channelled through this one intermediary organization.

TGE is one of these intermediary organizations. It is a network of PBOs in Europe that channel money from donors in one European country to PBOs in another European country. In 2009 at the start of TGE €2.946.708 was channelled through them. By 2014 this had more than quadrupled to €12.055.641. In 2015 a total amount of €7.906.892 and €6.378.678 in 2016 was transferred through them to over 300 PBOs across almost 20 European countries (European Foundation Centre & Transnational Giving Europe, 2017; Transnational Giving Europe, 2016). The KBFUS is another intermediary organization that transfer gifts from American donors to PBOs abroad. In 2003 they channelled \$852,921 to PBOs outside the US. In 2013 this was \$15.801941. † In 2014 this had further increased to an exceptional high rate of \$20.229.537 (King Baudouin Foundation United States, 2015). In 2015 it was \$17,5 million (King Baudouin Foundation United States, 2016). It seems that both intermediary organizations witnessed an impressive growth over the years, with an exceptional peak in 2015. When interpreting these figures one has to be cautious in assigning trends to global philanthropy, as incidental large gifts, start up effects and other organizational factors might also be at work. Therefore, more long run data is necessary that controls for different variables before conclusions on cross-border giving can be distilled.

Some more general facts on gifts transferred through KBFUS are known. The size of grants transferred varies from \$ 48 to \$ 3.700.000. The average grant amounted to \$ 89.359. ‡ In 2015 the United Kingdom, the Netherlands, Belgium, Sweden and Switzerland were the European countries that received most grants (as a result from received gifts from US donors). The top 5 of African countries consisted of South Africa, Egypt,

† <http://kbfus.insight.foundationcenter.org/>. Accessed 7 July 2016. The figures on the size of grants refer to the grants made to final recipients by KBFUS. Therefore, multiple donations to one single recipient might be accumulated in these grants. Thus, the size of the average donation is likely to be below that of the average grant.

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Kenya, Liberia and Mauritius in 2015. Programs in arts and culture received \$1.990.473 (King Baudouin Foundation United States, 2015; 2016).

Major donors who contribute to the arts abroad are much like domestic donors. However, certain characteristics are omnipresent among foreign donors: a) they are wealthy; b) they have a high level of education; c) they are involved in the higher professions or are successful entrepreneurs; d) they have a strong involvement in the arts sector; e) they (temporarily) reside, or have resided abroad (Buijze, forthcoming). Nearly 80% of US donors contribute to multiple organizations per year. Among high net worth individuals more than 60% give to at least four organizations (Dietz & Keller, 2016). Also international philanthropists tend to give to multiple causes, both inside and outside their country of residence. Often, however, the donor focusses on one or few specific types of art, e.g. a specific discipline, style, or era. This leads to an overlap of donors among arts organizations (Buijze, forthcoming).

4. Method

To explore the strategies arts organizations use to raise funds abroad and to answer the main question, an inductive approach is used. Qualitative case studies of arts organizations are employed. The ideal selection of cases would be to draw a random sample. In practice, however, this is not efficient. First, no worldwide overview of arts organizations exists. Second, not all arts organizations receive gifts from abroad. Random sampling of arts organizations is, therefore, not feasible (Yin, 2003, pp. 77-78). Instead a purposive sample is made. Arts organizations are selected on both their heterogeneity as well as homogeneity (Bryman, 2008, pp. 375-376). Selection criteria based on the homogeneity of arts organizations are:

- The organization is of international relevance;
- Knowledge is available among employees of the arts organization on cross-border philanthropy. The organization either: received donations from abroad or did a serious attempt to raise funds abroad.

Selection criteria based on heterogeneity of the sample are:

- The organizations cover the fields of fine art, performing art or cultural heritage;
- The organizations cover organizations with different budget sizes;

To select arts organizations that meet these criteria, a non-probability sampling strategy was used that comes closest to snowball sampling (Bryman, 2008, pp. 183-186). For a first inquiry of arts organizations that meet the criteria above and receive gifts from abroad, experts and media coverage on cross-border arts philanthropy were consulted. I approached these arts organizations to inquire whether they truly met the requirements and whether they were willing to cooperate with this research. The majority of arts organizations responded positive. Interviewees were asked whether they knew peers that also engage in cross-border philanthropy, which I then approached. For practical reasons, arts organizations in the Netherlands and Belgium were chosen as a starting point to select cases. Not all heterogeneity criteria were covered by donations to Dutch and Belgian arts organizations. Arts organizations with a very large budget size were underrepresented. Arts organizations located in the following countries are included in the research: Austria, Belgium, Denmark, France, Germany, Italy, the Netherlands, the United Kingdom and the United States. Cases were added, up until the point that data saturation was reached. This was reached when 1) all homogeneity and heterogeneity criteria were met and 2) an additional case no longer led to additional findings.

As not all arts organizations are comparable, I differentiate between small, medium, major and superstar arts organizations. They are active in different fields; in the fine arts, performing arts and cultural heritage. Some have a year round program, museums for example, whereas others have activities only once every one to five years, such as festivals. There are arts organizations that have a fixed location, such as museums,

and there are arts organizations that travel to different locations, such as theatre companies and orchestras. A variety of all these different arts organizations is represented in this research and I labelled them according to their discipline and type of organization in Table 1.

Table 1. Arts organizations included in the research

	Fixed location	Festival	Network organization	Mobile organization	Total amount
Fine arts	3, 4, 8, 10, 13, 14, 18,19, 22, 23, 24, 25, 29, 30, 32, 33, 34, 36	21	16		20
Performing art	28	5, 27, 35		2, 7, 9, 12, 15	9
Cultural heritage	1, 6, 11, 26		17, 20, 31		7
Total	23	4	4	5	37

Sizes of arts organizations also differ, even among arts organizations within the same sub-discipline. The largest museum in this research has an annual income of approximately 475 million euro and over 6 million visitors a year, whereas the annual income of the smallest museum is just over €300.000 and receives just under 15.000 visitors a year. The studies by Chang (2010), who writes on small arts organizations and Frey (1998), served as anchor points to group the arts organizations included in this research according to their size based on their 2014 income. An overview of the arts organizations is included in Appendix 2.

Semi-structured interviews are combined with confined document analysis to inform the findings. In preparation of the interviews, I carried out a document analysis of websites, annual reports and news items on the arts organizations that participated in the research. This document analysis is a confined analysis, because it is restricted to a rather limited level of analysis. I created an overview of the gathered information, which served two purposes: 1) the overview served as background information to prepare for the interviews; 2) the information gathered during the interviews could be cross-checked and complemented with information from the earlier document analysis.

I held interviews with several groups of informants: mainly employees of arts organizations and in addition with tax advisors, patrons, employees of intermediary charities and other experts on cross-border giving. Key informants were employees of arts organizations responsible for fundraising among private donors, who are usually also involved in international fundraising. The majority of arts organizations have a fundraiser or development department, but in some arts organizations the managing director is responsible for raising funds. Job titles varied from 'director', 'manager friends', 'membership consultant', 'head of funding', 'coordination international friends', 'head of development', 'associate development officer' to 'senior deputy director of external affairs'. For the readability, the job titles are limited to two categories: 'director' and 'fundraiser'. Each employee of an arts organization who provided information was assigned the number of the arts organization, in order to anonymize them. If there were multiple respondents from one organization with the same function, an affix is added.

To retrieve maximum input from the interviews, I used semi-structured interviews. This allowed me to match the questions with the level of experience in cross-border fundraising of the interviewee. However, in order to be able to compare the different case studies with each other, in broad lines the same topics were

addressed as much as possible (Bryman, 2008, pp. 196, 438-442). The interview guide is attached in Appendix 1. As this research is part of a larger research project on the tax incentives involved in cross-border charitable giving to the arts, more topics were covered in the interviews (Buijze, forthcoming). In total interviewees of 37 arts organizations, 14 advisors of 9 different organizations and two donors were interviewed. The interviews with donors are treated as a revelatory case, since they cannot be compared with all other cases and are thus analyzed separately. Respondents spoke freely and at length about their profession, with interviews lasting an average of 64 minutes, and ranging from 23 minutes to 2 hours and 37 minutes. All interviews are recorded and transcribed, according to the 'system for simple transcription' (Dresing, Pehl, & Schmieder, 2015). The interviews were analyzed with the software for qualitative analysis 'Atlas TI', as were the annual reports, newspaper articles and websites. Initially, coding was done pragmatically. In the next round of analysis quotations were checked again, which in some cases led to a finer grained coding.

5. The role of international fundraising within arts organizations

The majority of arts organizations only receive incidental gifts from abroad and do not actively engage in international fundraising. For those organizations that do engage in international fundraising, it is something their organization either engages in alongside domestic fundraising or the organization does not distinguish between domestic and international fundraising, but receive support from both domestic and foreign donors. None of the arts organizations researched engages in international fundraising without domestic fundraising. Even if arts organizations do not raise funds abroad pro-actively, they may still receive donations from abroad. Often this concerns incidental gifts or annual gifts by one or a few foreign donors. A large number of arts organizations in the sample receive only incidental gifts from abroad, such as arts organization 2, 4, 5, 6, 12, 18, 23, 29, and 33.

Arts organizations that raise funds abroad do so in different manners. Each arts organization has its own strategy to attract foreign benefactors. Before exploring the strategies used, first the persons who raise funds abroad for arts organizations and the initial steps in international fundraising are discussed.

5.1. Initial steps in international fundraising

Those organizations that do engage in international fundraising took a long time before starting international fundraising. The exploration time between the initial thought of raising funds abroad and the actual act of raising funds abroad is rather long. Fundraiser 34B specified this, though for corporate international fundraising. He started exploring the opportunity of raising funds among international corporations in 2009. Only after a period of two years, in 2011, arts organization 34 established an international corporate support group. For some arts organizations it is also a matter of waiting for the right opportunity to come along. Among the fundraisers of arts organization 10 the idea of raising funds abroad was present long before they actually started raising funds abroad. They waited until some of the artworks of arts organization 10 travelled abroad, before setting up international fundraising.

For fundraiser 21 an opportunity came across when his organization hired an artistic director with working experience in various countries. The artistic director had a group of curators from around the world to advise her, each with their own network of people interested in the topic of the organization among whom fundraiser 21 could raise funds. He sent out a letter to these people, in which he explained that he was searching for supporters. This resulted in eight memberships, after which a second letter was sent out in which it was announced that an international circle of friends had been established and people were invited to join. This led to a substantial growth of the amount of memberships.

The plans to raise funds abroad are often much more ambitious than what is eventually being done. Fundraiser 15, for example, says: “[...] and so we have tried to set up an international friends circle in each of these cities. From the [home country], this is extremely difficult, because it is so far away. Singapore [...], Saint-Petersburg, New York and we were eager to go to Sao Paulo. What is left of these plans is that we said: we will create opportunities to give international, but we will not do it per city.” Fundraiser 15 now focusses on New York, since the arts organization has a large circle of people whom it knows in New York.

Starting to raise funds abroad requires a proactive approach. As noted in 7.2.2, several arts organizations had set up a structure that facilitates their American donors with a tax benefit, but for a long time did not raise funds proactively in the US. A few of them are now, or have recently, started to change this into proactive fundraising in the US. Arts organization 24 and 25 now making an effort to change their dormant American friends organization into an active group of contributors.

5.2. Foreign support as an alternative and additional source of income

The main reason why arts organizations start raising funds abroad is because they are in need of an alternative or additional source of income. Cross-border donations can compensate for a decrease in domestic funding from individuals, corporations or the government, but also for a decrease in other sources of income. When there is, for example, an economic downturn in one country but other countries are doing well, cross-border fundraising can provide interesting opportunities.

As European governments decrease their subsidies and arts organizations become more independent of governments, arts organizations search for alternative sources of income. This makes them more dependent on private funding. Several Dutch arts organizations explicitly mention in their annual report that support from these friends organizations is vital as subsidy cuts are faced in the Netherlands. Arts organization 24 sees its American friends organization as a new way of obtaining funds, to compensate for the budget cuts on arts and culture by the government and to add to the income from the government, foundations and companies it receives in its own country. For arts organization 12 subsidy cuts were not the reason to start raising funds among individuals. The arts organization already decided to start raising funds among individuals before the subsidy cuts started. The subsidy cuts, however, increased the urgency of fundraising among individuals and was a push factor to start raising funds among foreign individuals.

International fundraising is not solely a response to a decrease in government subsidies, interviewees also report it as an alternative to corporate support. The weakening of the economy in the residence country of arts organization 34 in 2008, due to the financial crisis, led to a decrease in corporate support. In 2009 arts organization 34 started looking at stronger economies. In these countries, the arts organization started to raise funds in order to compensate for the decrease in domestic corporate support.

A risk of the fast implementation of international fundraising in response of a decrease in another source of income is that it leads to ad hoc decisions and a lack of long term strategy. Philanthropy advisor 2 sees a positive development when she looks at the UK after the subsidy cuts in 1997 though. There philanthropy developed, after an initial shock reaction. A downside of sudden subsidy cuts is that fundraising among individuals is suddenly implemented in an unprofessional manner. Fundraiser 12 mentions that because of the unprofessional implementation of fundraising among individuals a large amount of counter benefits are offered. This threatens the long term benefit of individual fundraising.

International fundraising is also used as an additional source of income. Arts organization 28 started to raise funds abroad, because its general manager wanted to launch a new initiative and the organization had to increase its fundraising to realize the new initiative. For fine arts organizations special projects, such as exhibitions abroad or exhibitions of foreign artists, often create the wish and need to raise additional funds. When domestic sources are exhausted and additional funding is necessary, foreign funding can provide a

solution. However, when other sources of income are available that require less of an investment, these are preferred. During the process of recruiting interviewees, I quite frequently came across fundraisers who wanted to raise funds abroad but in the end did not engage in it. When I spoke with fundraiser 37 in the fall of 2014, for example, she was preparing for an exhibition about an American artist. She mentioned that she wanted to raise funds in the US for this exhibition. A year later, the exhibition was held. When I then asked her about the fundraising in the US she replied that in the end, she did not raise funds abroad for this exhibition, as she found a main corporate sponsor in the home country.[§] I also came across several cases where fine arts organizations had exhibitions abroad, but refrained from raising funds abroad, as the profit margin on their foreign exhibitions were large and there was no urgency to attract additional funds.** Arts organization 8 is one of these museums. When an exhibition travelled to the US, Japan and Italy, the organization decided not to raise funds in Italy, as the exhibition was there for only ten weeks and there was a large profit margin on the exhibition. This made it unnecessary to raise funds in Italy. In the US and Japan, however, the organization did make an effort to raise funds. Arts organization 8 came across several challenges, especially in Japan, where its fundraising efforts did not turn out to be successful.

In exceptional cases a domestic donor incentivizes an arts organizations to raise funds abroad. Arts organization 31 had a major donor who supported arts organization 31 for 10 years in a row with 10 million dollars annually. One of the requirements of the donor was that the arts organization matched his grant with foreign funds, whether private, governmental or corporate funding. After 10 years, however, when the grant expired, there was no replacement for the major donor. Fundraiser 31 says: *“And ideally we would have said, in years five to ten we would have been busy to replace it, but inevitably, I don't know [...]. That was kind of beyond my role. But it was a little baffling to me why yeah [...] I think it was a little bit challenging to the organization.”*

5.3. Who raise funds abroad?

At the majority of arts organizations, international fundraising among individuals falls under the responsibility of employees responsible for individual fundraising in general. Depending on the size of the organization, the degree of division of labor differs. This results in different levels of specialization. The main task of fundraisers 20A, 20B and 34B is international fundraising. In all other arts organizations this task is covered by somebody with a broader range of tasks. Depending on the size of the arts organization, the person responsible for international fundraising is responsible for fundraising among individuals, fundraising in general, or the organization in general (i.e. the directors).

Arts organizations of a medium size and larger employ at least one fundraiser – with the exception of arts organization 23- but more often they have a development team responsible for fundraising. Some development departments have a significant size. Arts organization 32 has a development department with 90 employees. This is the largest development department in this research. The tasks within development departments are usually divided among employees based on the type of funding sources they focus on, such as foundations, government agencies, corporate support, individual giving (sometimes further divided into

[§] Since this organization had no experience in cross-border fundraising, they were not interviewed, nor was a document analysis performed of their annual report and media coverage.

** Large sums of money are involved in traveling exhibitions. Producing exhibitions, but also transportation, insurance and protection of the artworks are valuable. But still, there is a large demand for exhibitions and some organizations are willing to pay a high fee to have a certain exhibition. Arts organization 39 reports fees for traveling exhibitions of €1,5 to €4 million. Although traveling exhibitions are valuable, producing them can also be very profitable due to the high fees paid.

the different levels of giving) and planned giving and legacies. The superstar arts organizations might also have employees in the development department that perform specific tasks, such as planning special events and prospect research.

Among small arts organizations the presence of a fundraiser is less common. Four out of the nine small arts organizations in this research do not have a fundraiser, one organization has just appointed a fundraiser and another arts organization has a freelancer for 0,1 fte to coordinate the friends circle. In the organizations that do not have a fundraiser, the director takes up this responsibility, sometimes supported by an assistant or volunteer. Director 16, for example, does the majority of fundraising for her organization. One of her employees supports her by sending out mailings and keeping a register of donors.

Employees of arts organizations are often supported in their efforts to raise funds abroad by people who voluntarily offer their skills and network to the arts organization. These can be board members, representatives of the home country of the arts organization and expats and diaspora.

When it comes to organizing events abroad and expanding the network, embassies and consulates are of great help for arts organizations. When arts organizations travel abroad with exhibitions or performances, embassies and consulates may host fringe events. During these events, the embassies and consulates invite their network to show the cultural prestige of their country. For the arts organizations, this is an opportunity to get in touch with potential foreign donors and to invite their relations in that country. Embassies often invite their network, provide the location and the catering during these events. Many arts organizations can count on the support of the embassies and consulates. Arts organizations 1, 6, 7, 8, 9, 10, 15, 20, 22, 30, 32 and 34 explicitly mentioned, either in the interviews or in their documents, that they received help from embassies in raising funds abroad. Some embassies also provide financial support to activities of arts organizations.

Some arts organizations deliberately select board members based on the countries in which they want to raise funds –which often goes hand in hand with developing substantive activities in these countries. Arts organization 36, for example, has several board members from foreign regions where the arts organization wishes to develop activities and raise funds. Foreign board members are usually influential professionals in the arts sector, successful business people with an art collection, or (former) ambassadors, all with a large network. This seems to be a trend. In the US, international trustees make up 20 percent of a museum's board (Kazakina, 2013). For foreign friends organizations the board is also key. It can provide the right network to raise funds in and host events, such as dinners and cocktail parties to expand the network. Arts organization 7, for example, relies partially on private events organized by its members and board members abroad to reach out to a wider circle of music enthusiasts and potential donors.

Finally, expats and diaspora play an important role in connecting arts organizations with potential foreign donors. First of all, it is interesting for arts organizations to attract expats who (temporarily) live in the city, as it is likely that these people might leave again and can represent the arts organization in their new country of residence. Arts organization 8 aims to attract expats who live in its city, amongst others with lectures in English. Second, and more importantly, expats who originate from the country of the arts organization are interesting for arts organizations, as they have established themselves abroad and have a network abroad. At the time of the interview arts organization 8 started to raise funds in the US. There, fundraiser 8 got in touch with the partners of Dutch expats. Through these contacts, fundraiser 8 aims at expanding the network of arts organization 8 in the US.

6. Strategies when raising funds abroad

Arts organizations that raise funds abroad use different strategies to attract foreign benefactors. Among the arts organizations researched three strategies can be distinguished: A) Embracing grass roots initiatives by foreign donors; B) Arts organizations that focus on one or few foreign countries and set up friends circles

in these countries; C) Arts organizations that have a friends circle at their home location specially dedicated to international supporters from all over the world.

One organization can use a combination of these strategies for different countries. Arts organization 20, for instance, raises funds in France through grassroots initiatives, and besides, it focusses on several other specific countries where it set up friends circles.

6.1. Grassroots initiatives by foreign donors

Spontaneous cross-border gifts received by arts organizations, as briefly addressed in section 5, illustrated that it is not always the arts organization that takes the initiative to attract cross-border gifts. Instead, at times foreign donors find the organization. Sometimes donors show to be eager to contribute to an arts organization and are even willing to take the initiative to raise funds for the foreign arts organization. Often it concerns donors with a strong involvement in the content of the arts organization or with a close relation with the location of the arts organization.

Arts organization 20, for instance, has a donor in France who wanted to start the French friends of arts organization 20. Arts organization 20 was, however, reluctant to embrace this initiative. The underlying reason was that arts organization 20 in the US and the UK experienced that having a formal foreign friends organization is labor intensive. Instead, arts organization 20, together with the French donor, decided to set up an association and first see how this would develop. The arts organization made an effort to advertise it on its website and to facilitate the French donor with the necessary information. The donor managed to attract a modest group of members. If it would turn out to be a successful initiative, arts organization 20 would commit to further formalize the French friends. As it was only set up three months before the interview, the fundraisers of arts organization 20 could not evaluate it yet. Earlier, arts organization 20 had collaborated with Swiss donors in a similar manner. There, some people wanted to set up an organization to support arts organization 20. They arranged everything themselves, even coming up with the needed amount of 50.000 Swiss Francs to set up the legal entity in Switzerland.

Yet another example is that of the Swiss friends of arts organization 7. That was initiated by two befriended couples, who come from the home country of arts organization 7 but moved to Switzerland. When they were still living in the home country of arts organization 7, they were regular attendants of its concerts. After moving to Switzerland, they remained in touch with the fundraiser of arts organization 7. During one of their conversations, the topic of establishing a support group in Switzerland came up. They organized an event and these Swiss fans of arts organizations established the legal entity. Since then the Swiss friends of arts organization 7 has grown into a group with 60 major donors. One strategy is thus to collaborate with foreign benefactors and enthusiasts for the arts organization to set up a friends organization abroad.

6.2. Foreign friends circles in specific countries

Other arts organizations do not await the initiative of donors to raise funds abroad. Instead, they themselves take action to raise funds abroad. To do so, arts organizations use a strategy in which the focus lies on one or a few specific countries, which are selected with care. In these countries, the arts organizations actively try to create a group of benefactors, by establishing (often formal) friends circles in these countries. At the location of these friends circles, activities are undertaken, to build the relation with the foreign benefactors and thank them for their support. From the interviews it came forward that the majority of arts organizations initially focus on one country. Later on, they might add several countries to this selection. The maximum amount of focus countries an arts organization in this research had, was five

countries. In the selection of countries, arts organizations tend to look at the countries where there is a large support base for the arts organization, but also at countries with which the organization has some sort of relation based on which it can justify the fundraising abroad and create a case for support.

Foreign countries where a large support base is expected are selected based on the size of the audience from the specific country. Furthermore, arts organizations tend to look at the existing network of contacts with peers and potential donors. The presence of emigrants and expats from the home country of the arts organization are also taken into account to determine the size of the support base.

Countries with which an arts organization has a certain relation, often based on the content of the art it produces or presents, are also potential focus countries. Furthermore, activities abroad are perceived as an opportunity to create a case for support. When arts organization 24 decided it wanted to raise funds in the US, it even arranged an exhibition in the US to have a strong case for support. Arts organization 8 had a similar approach. According to its 2013 annual report, the exhibition of some of its superstar artworks in the US and accompanying events – a cocktail party and a dinner - led to an increase in the amount of members of the American friends organization and a gift of \$100.000 for the arts organization. Also activities in collaboration with foreign arts organizations are used as a justification to raise funds in a specific foreign country. Fundraiser 8, for example, used the exhibition of a US arts organization that would be held at arts organization 8 as an argument to raise funds in the US.

Other aspects that are taken into account when selecting a country are the historical and geo-political relation with a specific country and the philanthropic traditions in a country. These are additional justifications for an arts organization's presence in a foreign country.

Fundraiser 34 summarizes the factors in a matrix when deciding on which countries to focus in international fundraising. The fundraiser puts countries on the one axe and possible links, such as existing contacts in the network, amount of visitors from that country, revenue from that country, programmatic links, the level of individual giving in the country, competition of local arts organizations and local prosperity on the other axe. The more links and the heavier the weight of these touchpoints, the higher the fundraising potential in that country.

Once a country is selected a friends circle can be established in that country, and the solution to obtain a tax benefit on the cross-border donation is usually established. The friends circle is typically established by identifying a few key persons who can mobilize their networks and local relations. Peer pressure, but also the exclusive character and prestige of these friends circles are used to attract persons to the friends circle abroad. Arts organization 11, for example, has developed a system that it employs in every country it focusses on. In each of these countries, there is a chairperson of the friends circle. This person is responsible for gathering a certain minimum amount of donors for its friends circle. Each of these donors pledges a gift for five years in a row to join the friends circle, and the chairperson gives the double amount of the donors. Key persons to attract donors can also be local representatives of the home country.

Some arts organizations decide to join efforts and to raise funds together in a specific country by setting up a joint friends circle over there. A common denominator, such as a common country of origin, seems to be required to make this into a success. The potential donors of arts organizations from one country are likely to overlap, as often there are a limited amount of individuals who have a strong bond with a specific country, are wealthy enough to engage in philanthropy and have an interest in the arts. The collaboration allows the arts organizations to gather additional funds from these potential foreign donors, while sharing the overhead costs. This can make a collaboration in international fundraising into an efficient effort. Mutual trust between the organizations, however, is required.

6.3. Global friends circles at the home organization

Only few arts organizations that raise funds abroad do not select specific countries, but instead target foreign donors in general. This approach is used by highly specialized arts organizations and superstar arts organizations with an international stature. Instead of establishing friends circles in specific countries, these arts organizations have friends circles at the home organization. Arts organization 10, 13, 28 and 34 have friends circles specifically targeting international donors. Arts organization 16, 17, 18 and 21 do not have separate circles targeting international donors. In these organizations the international donors join the circles that are also available for domestic donors.

Small arts organization 16 is one of these highly specialized arts organizations. It is specialized in visual art from a specific region and era. In its international fundraising, arts organization 16 aims at people interested in this specific type of art, who are spread across the world. Enthusiasts, who are often art collectors, and arts organization 16 find each other through the mutual love for this specific fine art and their relation is based on this joint interest. The majority of the art collectors got to know arts organization 16 by word of mouth or via its website. The donors are usually people who have been collecting for a long time and actively use the website of arts organization 16 to gain knowledge and then reach out to the organization to get in touch with curators.

Also among superstar arts organizations there are a few examples of organizations that target international donors in general. Superstar arts organization 36 targets international donors in general, as it has admirers in all corners of the world. It targets the wealthiest supporters among those admirers, instead of a specific country. Superstar arts organization 28 also targets international donors in general. It uses the visitor database to approach those wealthy foreign visitors. The arts organization once a year sends out personalized invitations to those who bought tickets in a high price section and with a foreign address to join its international friends circle. Every year, there are two or three visitors who join this circle, which requires a significant level of giving.

One strategy the fundraisers of highly specialized arts organizations use to recruit foreign donors strategic networking. They search for opportunities in the networks of people by whom they are surrounded. The fundraisers rely on the artistic staff of the arts organization, who have a (international) network of people who share their passion for art. Fundraiser 21, for example, got in touch with curators from around the world through the artistic director of his organization. These curators opened their network to him, so he could raise funds among those interested in the type of art arts organization 21 exhibits. This resulted in an international group of patrons.

Another strategy used is the advertisement of the international friends during events abroad. Arts organization 10 used the loan of one of its superstar artworks to several foreign arts organizations as an occasion to arrange fundraising events abroad. With these fundraising events, it aimed at advertising its circle for international donors. A variation to this strategy is that of arts organization 36. It specifically targets people with a connection to a certain region where it develops programs. It invites these people to join friends circles surrounding these regions at their home organization. The Middle East is one of these regions. Collectors of art from the Middle East (who can be resident in the same country of arts organization 36, but also foreign benefactors) are joined in a friends circle at arts organization 36. Together, they acquire artworks for the museum, support programming and exhibitions that involve art from the Middle East. Following the success of the Middle East support group, arts organization 36 is now starting a Latin American support group.

Connections with private collectors across the world are of high importance for highly specialized fine arts organizations. First of all because the collectors give works and loans. Second, because the arts organizations can exchange knowledge with them. Third, because collectors might be potential donors. The exchange of knowledge and raising support abroad go hand in hand for arts organizations. Therefore, arts organizations that target international potential donors in general, also use the exchange of knowledge to

attract donors. Private collectors are important as beneficiaries, but also as a network to gain knowledge for arts organizations. Director 16 visits international art fairs together with a curator, so that together they can approach art collectors and art traders and reach them through the knowledge and interest on this specific topic. Arts organization 32 gets in touch with art collectors who collect in its area of expertise when it organizes international loan exhibitions. Following these exhibitions, art organization 32 builds a relationship and the art collectors then become instrumental in negotiating loans for the arts organization and helping find funders for exhibitions. Arts organization 22 also has foreign donors who collect similar art as arts organization 22 and also know the curators, because of their shared interest. The same holds for arts organization 36. It has a group of international collectors who are very interested in the art world and want to learn at the same time. The curators of arts organization 36 provide this group with presentations on art, even including information on what to buy. When there is an important art fair in town, contributors to the arts organization get a guided tour with the curator of the arts organization. The employees, during these visits, share their expertise on collecting art. Fundraiser 36 says: *“And when they are here at the [...] art fair they walk around the fair with a curator. So they have an opportunity, you know, for a very educated eye. So that is part of the reason why they do it [contribute to the arts organization].”*

7. Conclusion

The majority of arts organizations does not raise funds abroad. Despite not raising funds abroad, still arts organizations might receive spontaneous cross-border gifts. Often arts organizations wish to raise funds abroad, but it is not a priority for them and, therefore, they do not actively invest money and time in it. Those arts organizations that do raise funds abroad take a long time before they actually start international fundraising.

International fundraising among individuals is usually done by the fundraiser of the arts organization who is also responsible for domestic fundraising among individuals. Only a few arts organizations are large enough to have a specialized department with people focussing on international fundraising. It can take a while before an arts organization turns its wish to raise funds abroad into actions. Usually, the increasing need of funds and the lack of other funding is the reason to transform the wish into actual international fundraising. However, when other sources of income are available that require less fundraising effort, these are preferred. International fundraising is mostly considered an additional source of funding or an alternative source of funding in case the regular income of an arts organization decreases.

The way arts organizations start raising funds abroad vary largely. Some use a top down approach, starting by selecting a country in which they will attract donors. Others start from a grass-roots approach, facilitating a passionate donor abroad in creating a group of foreign donors. The majority of arts organizations start raising funds in one country and potentially add a few countries to the selection across time. However, highly specialized arts organizations and superstar arts organizations attract an international crowd and some of them do not focus on a specific country but focus on international benefactors in general.

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Appendix A. Interview guide arts organizations

(After information about the interview procedure, anonymity of the interviews and room for questions)

1. Personal details

- What is your function and what are your responsibilities within the arts organization?
- What is the structure of your department/ the larger organization?

2. Sources of income

- What are the main sources of income for the organization?
- What is the importance private donations and how do you attract them?
- What are the motivations of donors to give to your organization?
- How important are tax incentives?

3. Raising funds from abroad

- What is your opinion on raising funds abroad?
- What is your experience with international fundraising and in which countries?
- What is the size of the annual donations you receive from abroad?
- What are the motivations of foreign donors to give to your organization?
- How do you characterize the foreign donors: M/F; age; occupation; involvement in the arts?
- How was the process of attracting foreign donations?
- How important are tax incentives for foreign donors?
- Where do you gather information on tax incentives for cross-border donations?
- What would make it easier for you to attract foreign donations?
- Can you distinguish any trends over time when it comes to cross-border donations?

4. Cross-border private donations

- Could you tell me about the last few private donations you received from abroad?
 - Where did they come from? What sum was involved? Did the donor use a tax incentive?
- Which solution was used to obtain a tax benefit?
- How did the donation and obtaining a tax benefit proceed?
- Were there any differences in the procedure, depending on the different donor's countries?

5. Solutions to tax effective cross-border charitable giving

- Which solutions do you know that can facilitate a tax benefit on a cross-border gift?
- With which solutions do you have experience?
- Based on which criteria did you choose to use this solution?
- Do you communicate with the donor about the solution?
- Are you willing to pay for the services of intermediary charities?

(For interviewees who are not familiar with –some of- the solutions: see vignette)

6. Concluding the interview

(Inquiring for relevant documents, asking whether they know other arts organizations who receive gifts from abroad, thanking the interviewee)

Appendix B. Interviewees

Experts

Location	Interviewee
NL	Tax expert 1
NL	Tax expert 2
NL	Tax expert 3
NL	Tax expert 4
NL	Accountant 1
NL	Tax expert 5
NL	Tax expert 6
NL	Tax expert 7
NL	Tax expert 8
NL	Tax expert 9
NL	Tax expert 10
NL	Philanthropy advisor 1
NL/UK	Philanthropy advisor 2
NL	Philanthropy advisor 3
BE	Philanthropy advisor 4
NL	Philanthropy advisor 5
NL	Philanthropy advisor 6
US	Philanthropy advisor 7
NL	Expert 1
NL	Expert 2
NL	Expert 3
NL	Expert 4
BE	Expert 5

Patrons

Location	Interviewee
NL	Patron 1
NL	Patron 2

Arts organizations

#	Location	Interviewee	Discipline	Type	Size	FFO*	EA**
1	NL	Fundraiser 1	Cultural heritage	Fixed location	Medium		
2	NL	Fundraiser 2	Performing art	Company	Small		
3	NL	Fundraiser 3	Fine arts	Fixed location	Medium		
4	NL	Director 4	Fine arts	Fixed location	Small		
5	NL	Fundraiser 5	Performing art	Festival	Medium		
6	NL	Director 6	Cultural heritage	Fixed location	Medium	V	
6	NL	Fundraiser 6	Cultural heritage	Fixed location	Medium	V	
7	NL	Fundraiser 7	Performing art	Company	Major	V	
8	NL	Fundraiser 8	Fine arts	Fixed location	Medium	V	
9	NL	Fundraiser 9	Performing art	Company	Superstar		
10	NL	Fundraiser 10A	Fine arts	Fixed location	Superstar		
10	NL	Fundraiser 10B	Fine arts	Fixed location	Superstar		
11	NL	Fundraiser 11	Cultural heritage	Fixed location	Small		
12	NL	Fundraiser 12	Performing art	Company	Medium		
13	NL	Fundraiser 13	Fine arts	Fixed location	Superstar		
14	NL	Director 14	Fine arts	Fixed location	Small		
15	NL	Fundraiser 15	Performing art	Company	Medium	V	
16	NL	Director 16	Fine arts	Network organization	Small		
17	NL	Director 17	Cultural heritage	Network organization	Small		
18	BE	Fundraiser 18A	Fine arts	Fixed location	Major		
18	BE	Fundraiser 18B	Fine arts	Fixed location	Major		
18	BE	Inhouse lawyer 18	Fine arts	Fixed location	Major		
19	CH	Fundraiser 19	Fine arts	Fixed location	Small	V	
20	IT	Fundraiser 20A	Cultural heritage	Network organization	Major	V	
20	IT	Fundraiser 20B	Cultural heritage	Network organization	Major	V	
20	IT	Fundraiser 20C	Cultural heritage	Network organization	Major	V	
21	DE	Fundraiser 21	Fine arts	Festival	Major		
22	FR	Fundraiser 22A	Fine arts	Fixed location	Superstar	V	
22	FR	Fundraiser 22B	Fine arts	Fixed location	Superstar	V	
23	BE	Director 23	Fine arts	Fixed location	Medium		
24	DK	fundraiser 24	Fine arts	Fixed location	Medium	V	
25	UK	fundraiser 25	Fine arts	Fixed location	Superstar	V	
26	BE	Director 26	Cultural heritage	Fixed location	Small		
27	AT	Fundraiser 27	Performing art	Festival	Superstar	V	
28	US	Fundraiser 28	Performing art	Fixed location	Superstar		
29	BE	Director 29	Fine arts	Fixed location	Small		
30	FR	fundraiser 30	Fine arts	Fixed location	Major	V	
31	US	fundraiser 31	Cultural heritage	Network organization	Medium		V
32	US	fundraiser 32A	Fine arts	Fixed location	Superstar		

32	US	fundraiser 32B	Fine arts	Fixed location	Superstar		
32	US	Inhouse lawyer 32	Fine arts	Fixed location	Superstar		
33	US	Fundraiser 33	Fine arts	Fixed location	Medium		
33	US	Inhouse accountant 33	Fine arts	Fixed location	Medium		
34	US	fundraiser 34A	Fine arts	Fixed location	Superstar		
34	US	fundraiser 34B	Fine arts	Fixed location	Superstar		
35	FR	Fundraiser 35	Performing art	Festival	Major		
36	US	Fundraiser 36	Fine arts	Fixed location	Superstar		V

* Foreign Friends organization

**Legal Entity Abroad with Charitable Activities