WORKING FOR THE PUBLIC GOOD

THROUGH CROSS-SECTOR PARTNERSHIPS IN THE ARTS

by

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ABSTRACT

Title : WORKING FOR THE PUBLIC GOOD
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Once seen as a marginal component of corporate philanthropy, cross-sectoral partnerships have aroused considerable interest in recent years in business publications, non-profit management literature, as well as academic papers. Indeed, partnerships between corporations and non-profit arts organizations seem to represent for both sides an inevitable, if not vital, strategic tool to survive and thrive in the marketplace. However, despite increasingly successful or less successful examples of nationwide community-based collaborations between the corporate and non-profit sectors, cross-sector partnerships have rarely been addressed at a public policy level, and when it comes to the art sector, at a cultural policy level. By reviewing and analyzing literature from the early 1990s to the present, this study intends to better understand the value of such cross-organizational practices and its further implications on society. Central to this study will be to evaluate how nonprofits' increased reliance upon corporate money can affect those organizations' missions and how cross-sector alliances can address and respond to community needs. Last, by emphasizing major issues such as possible areas of collaboration, strategies, and potential dangers of alliances, this research project also aims at helping business professionals, arts administrators, as well as non profit managers to build partnerships in the most strategic and effective way.

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CHAPTER I

INTRODUCTION TO THE STUDY

Problem Formulation

> *Enterprises- including a good many non-businesses, such as universities- should start experimenting with new corporate forms and conducting a few pilot studies, especially working with alliances, partners and joint ventures…*
>
> *Peter Drucker*[1]

Since the early 1980s, and after two decades of expansion and development, many non-profit arts organization have witnessed an erosion in public funding as a consequence of financial constraints and fiscal austerity at both the national and local levels. Once perceived as a viable alternative the private sector eventually proved to be a fragile source of revenues as a result of the volatility of the market, massive restructuring and the ever-increasing competition between non-profits for limited corporate financial resources (Muirhead, 1999; Burlingame & Young, 1996). Recent surveys also suggest that tax-deductible contributions are no longer an incentive for corporations, which now tend to give favor to more strategic and market-oriented donations as opposed to more traditional forms of philanthropy. "Downsizing has transformed the management of corporate contributions in the United States" states Muirhead (1999),"…(and) forced to explain why businesses should give away money while laying off workers, contributions managers at hundreds of companies have come up with an approach that ties corporate contributions directly to strategy"(p.41). Faced with the inexorable decline in traditional corporate giving non-profit arts organizations have been forced to reexamine their funding strategies in order to fulfil their mission and community services. For arts organizations, this reevaluation increasingly points toward developing more strategic alliances with the for-profit sector.

Once seen as a marginal component of corporate philanthropy cross-sectoral partnerships have aroused considerable interest in recent years in business publications, non-profit management literature, as well as academic papers (Austin, 2000; Wyszomirski, 1999). As "vehicles for achieving each participant's mission…[and] an integral part of any NPOs or company's strategy" (Austin, 1999, p.15), partnerships between the for-profit and the non-profit sectors are now considered for both sides as an inevitable, if not vital strategic tool to survive and thrive in the marketplace. Such partnerships, points Googins (2000), "present the opportunity to *create a formidable, mutually reinforcing systems which combines the unique capabilities and resources of each party to deliver outcomes that surpass those of any sector acting in isolation" (p.128).*

For businesses and corporations the intensification of global competition, the saturation of the market, the deterioration of the workforce and urban communities have made it more difficult to maintain existing markets and to reach new consumers. In order to enhance its position on a given market and improve its image a corporation needs to interact effectively and become closely involved with its social environment (Korngold, 1996; Peterson, 1994). As Korngold puts it "companies realize that the health and welfare of the communities where their employees and customer live and work are critical to the success of business" (p.23). While describing their consumer expectations, more and more citizens emphasize the importance of socially responsible and community-oriented corporations. Now increasingly put under public and interest group scrutiny (Saiia, 1999) businesses are not only expected to respect ethical standards of conduct, but also to give back to their communities and behave as corporate citizens. C. Smith (1994) offers an explanation of this emerging concept of socially responsible corporations:

> *Like citizens in the in the classical sense, corporate citizens cultivate a broad view of their own self-interest while instinctively searching for ways to align self-interest with the larger good. That is, they hunt for a reconciliation of their companies' profit-making strategies with the welfare of society, and they search for ways to steer all parts of the company on a socially engaged course. (p.107)*

To be successful means for corporations to build sustainable and long-term relations with their customers and communities. However community service programs are difficult to implement and require a knowledge that corporations often lack (Anderson, 1996). And working in conjunction with non-profit organizations and institutional partners already involved in the community may facilitate a corporation's effort to reach a particular area:

> *On the one hand the community partner paves the way for local acceptance and can help the company screen for a responsible labor force. On the other hand, its participation ensures that some of the benefits of economic activity will be reinvested*

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[1] *The Way Ahead.* The Economist. *November 3rd 2001 (p.19)*

in the neighborhood for long-term community development. (Conference Board, 1994, p.12)

For non-profit organizations partnerships present the advantage not only to generate substantial funds but also to make the general public more aware of their mission and activities (Garrison cited in File, 1995, p.250). Also "the great virtue of this new strategic approach to corporate social responsibility" observes Salomon (1999) "is that it makes corporate managers available to nonprofit organizations not simply as donors, but as allies and collaborators in a wide range of socially important mission" (p.167). By generating new sources of revenues and expanding markets, well-planned and effectively implemented partnerships may help both non-profits and corporations achieve their goals and serve the public good.

Purpose of the study

The purpose of this study is to collect, describe and analyze documentation on the subject of partnerships between non-profits and corporations. This study will be a literature review encompassing early 1990s to the present arts and administration, business, nonprofit, and academic publications. These bodies of literature, as well as specific books on the subject, will provide the bulk of the data. Through the collection and interpretation of the data this integrative literature review will provide a general understanding of the phenomenon of cross-sector partnerships and its repercussions on society.
While contemplating partnerships, nonprofits and corporations are mostly concerned with appropriate strategies and possible challenges that may affect their potential cross-sectoral alliances. Although seen as inevitable and imperative strategies, partnerships are never the less approached with apprehension. "Successful corporate sponsorships", observes Rich (2001) "are a little like successful marriages. Both depend on finding the right partner- one with similar interests and goals. The long-term success of a partnership requires hard work, to ensure that each party's needs are met" (pp.186-87).

Cross-sectoral partnerships are indeed risky and take both sides to make concessions and closely negotiate the nature of their mutual agreement. Whether for a long or short term, partnerships require each participant to evaluate the benefits and potential pitfalls of their collaborations and to develop strategies to ensure effective coordination and control during the whole process (Kanter, 1994). Not surprisingly the motivations, advantages and potential dangers of partnerships, as well as *recommendations to deal strategically during the collaborative process are at the core of related business and non-profit literature.*

Core issues also present in the different components of the literature are community development and the social and political context that led to the increasing need for cross-sectoral collaborations. The impact of cross-sector collaborations on society is indeed enormous and developing a successful alliance necessarily imply for both participants to clearly emphasize how their community may benefit from their partnership (Fosler, 2002). In other words, cross-sector partnerships can be defined as an interaction between three main components of society with corporations and businesses on each side and community at the center. Surprisingly, despite increasingly successful or less successful examples of nationwide community-based collaborations between the corporate and non-profit sectors, cross-sector partnerships have been hardly ever addressed at a public policy level, and when it comes to the art sector, at a cultural policy level. Needless to say that at a time when different parts of society are joining efforts to achieve public purposes, a proactive cultural policy embracing, orienting and informing these new cross-sector relationships seem determinant. As stated by Atlas (2002), "Cultural policy is connected to all the major issues of our society: economic stratification, race relations, globalization, technology and community development…Cultural policy is both a product and a process, a framework for making rules and decisions that is informed by social relationships and values" (n.p. italics are mine). Greater cross-sectoral interactions, the blurring of the distinctions between the sectors, and a subsequent increased participation of the private sector in the non-profit sector make it more necessary to provide a general framework to question, balance and discuss issues and values relevant to cross-sector partnerships. Those issues range from the raison d'être of not-for-profit world in the context of increased corporate support to the possible impacts on these organizations' mission and constituencies. As observed by Salamon (1999) " it remains to be seen whether the values that gave non-profit its distinctive flavor can be retained in this new funding environment" (p.131). As a matter of fact, even if the concept of socially responsible corporations has gained greater importance on the corporate agenda, it must be remembered "that a predominately cultural sphere is less disposed to address questions of aesthetic diversity, public accessibility, and cultural representativeness. The corporate sector may be concerned about distributional equity in its investment in cultural product but it is, at root, market driven and necessarily concerned with profitability" (Yudice cited in Mulcahy, 2001, p.18).

Although not new, concerns about the increased participation of corporations in the art sphere and the potential missteps and pitfalls of cross-sectoral collaborations have paralleled the intensification *of connections between the corporate world and the nonprofit sector. In the last few years scholars, artists, as well as non-profit managers have emitted reservations, if not serious warnings regarding the extent to which corporations now interfere with cultural programs that were previously publicly funded or run by sole not-for-profit organizations. Taken together, these bodies of literature (Mulcahy, 2001; Bourdieu & Haacke, 1995; Jacobson, 1993 to cite only a few) suggest that greater corporate involvement in the arts may, along with the withdrawal of public authorities, undermine both public access to the arts and cultural diversity and accelerate the commercialization of art products. In a powerful and incisive dialogue with German-born American artist Hans Haacke, French sociologist Pierre Bourdieu (1995) also insists on the potential threats that economic forces may represent for both artists and citizens:*

> *…It may be feared that recourse to private patronage in order to finance art, literature, and science will gradually place artists and scholars in a relationship of material and mental dependence on economic powers and market constraints. In any case, private patronage may justify the abdication of public authorities, who use the pretext of the existence of private patrons to withdraw and suspend their assistance, with the extraordinary result that citizens still finance the arts and sciences through tax exemptions. Furthermore, they finance the symbolic effect brought to bear on them to the extent that the funding appears as an example of the disinterested generosity of the corporations. (p.16)*

Cross-sector partnerships raise fears and, as expressed by many artists and arts administrators may deeply alter, for better or worse, the way performing art centers, museums manage and bring artistic products to an audience. Increased reliance on the private sector, consolidation and expansion of major communication corporations, and retreat of governmental authorities regarding funding for the arts—at least at the federal level (Seaman)— are a legitimate cause of anxiety regarding the health of what is referred to by Atlas (2002) as a diverse cultural ecology. This uncertainty coupled with the necessity to rethink sources of funding in the not-for-profit art world makes debates and discussion even more necessary. At a public policy level more recommendations and guidelines should be initiated to offer guidance as to how to understand and deal with these new relationships emerging between the sectors. As stated by Thrusby (2001):

> *An enlightened cultural policy in the modern world is…likely to be one that seeks to forge a cooperative coalition in the pursuit of society's cultural objectives, a partnership*

where public agencies, NGOs and the corporate sector have an incentive to act together rather than independently…In this way a genuinely democratic cultural policy might emerge, providing a context where the private sector can be constructively involved without the public interest being subverted, and looking to manage processes of cultural change in society rather than trying to direct them (p.148)

While exploring key issues on the subject of cross-sectoral partnerships, this study will draw upon the most recent critical developments related to the topic and will provide important theoretical frameworks rarely found in popular and business publications. Although this literature review does not intend to offer an exhaustive account of recent debates surrounding the growing marketization of the art sector, the previously cited scholars will, among others, provide a solid basis, on which to discuss the value of cross-organizational practices and its further implications on society.

By reviewing and analyzing different perspectives that partnerships inevitably raise, this study's main purpose is to develop a more integrative and, as stated by Thrusby (2001), constructive body of knowledge on the subject. By emphasizing major issues such as possible areas of collaboration, strategies, and potential dangers of alliances, this research project also aims at helping business professionals, arts administrators, as well as non profit managers to build partnerships in the most strategic, thoughtful and effective way. As new models and structures of cooperation are each day even more needed to build what Drucker (2001) calls the 'Next Society', it seems fundamental to better understand the complex web of relations that increasingly link together corporations, non-profits, and the communities in which they are implanted.

Significance of the study

Over the last decade the subject of cross-cultural partnerships have attracted considerable interest in the United States. Historically, US corporations have played a determinant role in financing artistic creation since the mid 1950s. As a result of fiscal incentives, and to a degree unprecedented in any other country, innumerable American corporations have for decades associated their names with cultural institutions, arts organizations and artistic events. "The proliferation of private foundations in the 1950s", observes Martorella (1996), "and the publicity derived by the efforts of Carnegie, Ford, and Rockefeller foundations, made corporations aware of the benefits to be derived from arts sponsorship and lead to the establishment of their own foundations and corporate-giving programs"(p.18). Following the *massive restructuring of the role and size of the federal government in the 1980s and 1990s, what has considerably evolved in the last few years however is the trend toward greater interactions between sectors (corporations, non-profits) that formerly worked in -relative- isolation. (Googins, 2000; Austin, 2000). "This trend", observes Googins "portends a new stage in how societies organize themselves in the world of global capitalism. Relationships between the sectors have always been a reality, however it has usually been one sector dominating at the expense of the others. It could be argued that we are now on the cusp of yet another shift in roles and relationships between the three sectors with private enterprise occupying the center seat" (p.129). Other factors ranging from the intensification of global exchanges- including both information and goods-, to a growing sense of defiance toward hierarchical organizational structures also opened the door to new structural and organizational models where partnerships appear as a key component. Understanding the fundamentals of cross-sectoral collaborations is now imperative for any corporate or non-profit managers willing to expand the capacities of their business. However, the scarcity of literature on the subject is still deplored by both professionals and scholars (Austin, 2000, The American Assembly, 1999). As Martorella (1996) puts it "the unprecedented corporate growth of the late 1970s and 1980s is over, and little has been written on its impact on the visual and performing arts. Despite the enormous attention given to government and state subsidies, and the continuing debate over the impact of such relationships, both the academic and art communities continue to require analyses of private art patronage" (p.xiii). Never the less literature is now more accessible and has been in expansion since the mid 1990s. In this respect, it is worth noting that updated nonprofit management books (Colbert, 2001) now include an additional section on the subject. Still, an integrative research has not yet been made to assess the current body of knowledge on the subject.*

The expansion of related books and articles reflect a growing interest, in and outside the US, for cross-sectoral partnerships and the potential collaborations between business and the art sector. Perceived by many (Wyszomirski, 1999; Googins, 2000) as a major societal shift, cross-sectoral partnerships are almost always described as a way to improve community life, social conditions, and public purposes. By providing a synthesis of literature found in arts administration, business, nonprofit management, as well as popular and scholarly publications, this research intends to give a clear and concise overview of the intricate links that now increasingly unite corporations, non-profits, especially in the arts and their communities.

Design of the study

This research will be an integrative literature review based on Cooper's article "Scientific Guidelines for Conducting Integrative Research Reviews" (1982). As described by Taveggia (cited in Cooper, 1982, p.292), "The goal of an integrative literature review is to summarize the accumulated state of knowledge concerning the relation(s) of interest and to highlight important issues that research has left unresolved" (p.292). Drawing upon Cooper's methodology and recommendations, this study will develop a body of knowledge on partnerships between non-profit arts organizations and for-profit corporations.

By reviewing and integrating data from business, arts administration, and non-profit management angles, this study will eventually provide a "synthesis of separate findings into a coherent whole in order to infer generalizations about substantive issues from a set of studies directly bearing on these issues" (Cooper, 1982, p. 291). Whereas Cooper's procedures are applied to quantitative research and eventually point toward scientific objectivity, this study will explore partnership issues from a qualitative perspective. In this respect, the first objective of this study will be to collect "numerous form of data and examine them from various angles to construct a rich and meaningful picture of a complex, multifaceted situation" (Leedy, p.147). Designed as a qualitative research, this study will describe and investigate the data collected from different sources: arts and administration, business, non-profit management, and academic publications. Similarities, differences in the motivations and strategies occurring before and during the collaborative process will be interpreted, as well as the further social and cultural implications of such cross-cultural alliances for the public good and community development.

Early review of the literature reveals that the concept of cross-sectoral partnership has been scarcely analyzed from an arts administration perspective. However, the 1998 American Assembly on the 'Arts and the Public Purpose' made aware a larger audience, composed of artists, arts managers, and scholars, of the current and potential areas of collaborations between the for-profit and not for-profit arts. Following the Assembly's recommendations, arts administration publications, such as the Journal of Arts Management, Law, and Society, as well as popular art magazines have devoted relatively more attention to the subject. Still, the arts administration literature lacks the in-depth studies found in general non-profit management literature, from which most partnership issues affecting the non-profit art sector will be extrapolated for the purpose of this study.

Following Cooper the literature review process will be divided in five steps including collection, description, analysis and synthesis of the data:

1. *Problem Formulation*
    - *Introduction to the study*
    - *Purpose*
    - *Significance*
    - *Design of the study*
    - *Definitions*
    - *Limitations*
2. *Data collection*
    Procedures to retrieve the data.
    Tools used to interpret the data
3. *Description of the data*
    Summary and description of the data
    Identification and classification of key issues under emergent themes
4. *Analysis, discussion and interpretation of the data*
    Key notions will be compared and contrasted in light of more general notions related to cultural policy and privatization of the non-profit art sector.
5. *Presentation of results and further implications*

As stated by Cooper (1982), the data descriptive stage (3) rests upon a summary of the collected material. These summaries will provide general theoretical and practical orientations on the subject of partnerships between corporations and non-profit organizations. The descriptive stage will consist in the identification of key concepts and issues of importance that may help non-profit and business professionals better understand the current state of knowledge available on cross-sectoral collaborations. The analysis and interpretation of the data stage (4) will consist in contrasting, comparing, and establishing possible connections and relationships among the concepts and notions emerging from the different bodies of literature spanning from 1990 to the present. These bodies of literature will be analyzed in relation to public good and community development issues. Of major importance will be to understand how increased cross-sectoral collaborations and a subsequent greater reliance on corporate dollars as a source of revenue for non-profits may affect the way these organizations pursue their mission and serve their constituents. In an era when corporate support grows in importance- with inevitable strings attached-, much attention will be devoted to evaluate and assess the new challenges faced by non-

profit organizations-- especially in the art sector-- engaging into a collaborative process. In addition to the selected bodies of literature, the interpretative stage will include non-related studies drawn from different academic fields- sociology, cultural policy- that will help better understand the effects of cross-sectoral collaborations on society at large. By providing references from different study areas, this research intends to give as accurate and up-to-date an overview of the subject as possible. Following recommendations addressed by Wyszomirski (1999), this study indeed adopts the premise that cross-sectoral partnerships represent a major cultural and economical shift that needs to be reflected upon, not only at contextual level- as many publications do- but also at a more general theoretical one. In that sense this literature review will consider the value of cross-sectoral interactions and its repercussions for the benefits of society at large and provide cadres of thinking to understand the "general laws of behavior[2]" of cross- sectoral alliances. As Wyszomirski (1999) puts it:

> *Research [on cross-sectoral interactions] also involves analysis- that is, formulating theories and models that explain connections, causality, and processes. Together research and analysis have applications from theory building to coalition building, from understanding the past to anticipating the future, from guiding practice to informing policy (p.132)*

By delineating major trends and implications surrounding cross-sectoral partnerships, this literature review intends to familiarize non-profit as well as corporate managers with the multifaceted aspects of collaborative processes and the further consequences that such alliances inevitably raise.

Definitions

Cross-sectoral partnerships

Any research addressing a notion as scarcely explored as cross-sectoral partnerships may inevitably come to grips with a terminology in continual redefinition. The notion of partnership has indeed been used to describe those situations when two parties interact together for a given and agreed period of time. Different conceptual and definitional frameworks have been proposed, but no research as yet established a typology of collaborative acts and processes (Austin, 2000). As a matter of fact, it is impossible to isolate the notion in a single category. Each partnership is indeed unique, drawing its characteristics from the social environment in which it is implemented and the expectations and degree of involvement of both partners. "Strategic alliances are multifaceted relationships that change over time",

[2] *The expression is from Wyszomirski (1999), p.132.*

acknowledges Austin, "[and] how they change depends largely on the strategic choices the partners make" (p.19).

However unstable and changing the nature of cross-sectoral partnerships, this research will first try to provide a preliminary set of definitions that will be further explored and analyzed in the following chapters. To begin with, it was found that improved interest in partnerships had contributed to an expansion of the terminology used by experts. Related literature reveals that terms such as alliances, crossover relationships, connections, collaborations, cooperations, cause-related marketing, interdependence, and relationships are commonly used to describe the act of two distinct parties partnering together. For the purpose of this research, the terms previously cited will be used as synonyms and will refer to the same practice. In addition, the concept of "partnership" was preferred to "sponsorship". The distinction between the two terms remain very elusive (Colbert, 2001), but as noted by Sutton (1997), "There is a evidence of a trend away from the use of the term "sponsorship" in favor of less-commercial sounding terms. Ukman (1996) now advocates using the phrase "strategic partnership" instead of "sponsorship", which she believes carries a negative connotation because of overly-commercialized sponsorships predominantly associated with the sports industry" (p.6). One of the major aspects of cross-sectoral partnerships is the distinctiveness of both parties. "The participants in any such alliance", points out Austin (2000), "[are] likely to have noticeably different performance measures, competitive dynamics, organization cultures, decision-making styles, personnel competencies, professional languages, incentive and motivational structures, and emotional content" (p.14). Partnering also involves the pursuit by both organizations of similar goals and common interests that are not, or not only, measurable in strictly financials terms. In fact cross-sectoral partnerships necessarily imply the advancement of a social or charitable cause whose characteristics and criteria are discussed early on by both collaborators. "Individuals from all partner organizations", emphasizes Waddock (cited in Googins, 2000), "…work cooperatively to solve problems that affect them all. The problem can be defined at least in part as a social issue; its solutions will benefit all partners. Social partnership addresses issues that extend beyond organizational boundaries and traditional goals and lie within the traditional realm of public policy- that is, in the social arena" (p.130). From a corporate perspective, cross-sectoral partnerships, although conceived as socially oriented, remain a strategic investment that has nothing to do with traditional disinterested forms of corporate philanthropy. While engaging into collaborations with non-profit organizations, corporations expect a tangible return, which is assessed, now more than ever, in terms of image enhancement and brand recognition (Sutton, 1997; Colbert, 2001). Cross-sectoral *alliances indeed reflect radical transformations in corporate giving and especially a move from tax-deductible direct donations to strategic partnerships that align with the company's business objectives. And "Unlike in philanthropy", observes Rich (2001), "money spent on sponsorship and cause related-marketing is a business expense, not a donation and is expected to contribute to the company's marketing communication and show a return in investment"(p.184). As a key component of what Smith (1993) identified as the 'New Corporate Philanthropy', the concept of cross-sectoral partnerships is a precious indicator, by which to identify and evaluate the dramatic changes that have been taken place in corporate giving practices. Partnerships are seen by corporations as a promotional and marketing tool designed to reach new audiences, and strengthen the company's position on the marketplace while promoting social values in the community (Rich, 2001; Smith, 1996).*

Public Good & Public Purpose

The concept of public good/purpose encompasses a large combination of meanings that centuries of much-debated controversies have not yet resolved. "Each age", observes Wyszomirski (2000), "finds its own way of defining what is public and what is private, as well as of linking and relating across these interests. As societal conditions change, public purposes may also change, and certainly the ways in which we seek to achieve such purposes will vary" (p.55). For this study, the terms public good, common good, public interest, public purpose will be used interchangeably and will refer to an organization's commitment to achieve positive outcomes for the community rather than for narrow self-interest (Mansbridge, 1998). In this respect, this study will draw on the conceptual cadre developed by the 1998 American Assembly and will include under the public good/purpose definitional umbrella, core values and initiatives that:

- *Help define what it is to be an American and communicate the nation identity and the reality of American pluralism.*
- *Contribute to the quality of life and economic growth—making America's communities more livable and prosperous.*
- *Help to form an educated and aware citizenry by promoting understanding in a diverse society…and encourage freedom of inquiry and the open exchange of ideas and values[3].*

Corporations and non-profit organizations

[3] Adapted from The American Assembly. 1998. Deals and Ideals: For-profit and Not-for-Profit Arts Connections. Preface of the 93rd American Assembly, Nov. 13, 1998. New York: American Assembly/Columbia University.

Non-profit organizations are usually referred to by their 501(c) 3 tax-exempt status code conferred by the Internal Revenue Service (IRS). Salamon (1999) emphasizes six characteristics of non-profit organizations:

Organizations with a legal status recognized by the IRS
Private, as opposed to governmental agency
Non-profit distributing and not-profit driven
Self governing and independent from outside entities
Voluntary and
Of public benefit (p.10)

The differences between non-profit organization and for-profit corporations mainly reside in the profit-driven nature of the latter entity. Traditionally corporations are viewed as simply responsible to their shareholders whereas non-profit organizations have responsibilities to their community and constituents (Hogdin, 1993). Even if such concepts as socially responsible and community-oriented corporate programs have contributed to blur the traditional delimitations between the for-profit and not-for-profit sector, this study will adopt the conventional profit motive as a main definitional characteristic of corporations. In fact, this study doesn't intend to discuss the nature of corporations but rather their increased commitment to society through partnerships with the not-for-profit sector.

Limitations

This study will focus on literature related to cross-sectoral partnerships between for-profit corporations and non-profit organizations, with specific emphasis put on the art sector. This study will rest upon different bodies of literature drawn from the arts administration, non-profit-management, and business fields. As stated previously cross-sectoral interactions have still been scarcely explored from an arts administration perspective. Therefore hypotheses and implications will be extrapolated from more general non-profit management publications. I also extended my research to other sources of information such as the American Assembly proceedings (1997) that provide an excellent basis for reflection and further research, as well as doctoral dissertations, and articles found in popular art magazines and periodicals spanning from the early 1990s to the present.

CHAPTER II

COLLECTION OF THE DATA

As stated in chapter I, this study will explore the character and nature of cross-sectoral partnerships from different perspectives: arts administration, non-profit management, business, and academia. This literature does not intend to provide an exhaustive account of collaborative practices engaged between two different entities, nor to discuss the financial and legal issues that such alliances inevitably raise. Rather, this literature review is conceived as an conceptual overview highlighting key issues and notions aimed at helping non-profit managers as well as arts administrators better understand the implications of cross-sectoral alliances. In other words, by examining major trends and evolutions affecting cross-sectoral alliances this research will synthesize the current state of knowledge on the subject and will propose a cadre of reference designed to identify the mechanisms of cross-sectoral partnerships - motivations, motives, strategies, as well as potential dangers and benefits of such ventures. The underlying assumption of this literature review is that cross-sectoral partnerships reflect major changes not only in the business and not-for-profit world, but also in society at large. In this sense Weisbrod (1998) observes that "Massive change is occurring in the nonprofit sector. Seemingly isolated events touching the lives of virtually everyone are, in fact, parts of a pattern that is little recognized but has an enormous impact; it is a pattern of growing commercialization on nonprofit organizations" (p.1).

Preliminary review of the literature reveals that the advancement of a public or social cause and community betterment are almost always determinant factors emphasized by both parties engaged in collaborative practices. However, it was found that the potential benefits and dangers of such an increased participation of the corporate world in societal problems have yet to be clearly balanced and further explored.

For the purpose of this study, the collected data will be summarized and included under emergent themes arising from literature found in arts administration, nonprofit management, and business *publications. Due to the relatively new interest in cross-sectoral collaborations, the related literature will be limited to a period spanning from the early 1990s to the present.*

In addition, data will be retrieved with respect to two other factors:

(1) *The bodies of literature address at least one major issue related to cross-sectoral partnerships: motivations, strategies, opportunities and potential threats of such alliances. Studies focusing on partnerships between similar entities(i.e. two nonprofits partnering together for example)will not be included in the literature review.*

(2) *The bodies of literature explore the issue of cross-sectoral partnership and evaluate the possible consequences of such alliances for the public good/purpose. For this study, the concept of public good/purpose is closely associated with community development issues and refer to a set of values and initiatives borrowed from the 1998 American Assembly's conceptual framework.*

During the data collection process, keywords such as partnerships, corporate philanthropy, corporate sponsorship, art sponsorship, community development, cause-related marketing, joint ventures, cross-sectoral alliances were used in computer databases. Additional references and useful links and bibliographies were also found on specific Internet sites. After collection of the literature, data was evaluated with respect to a retrieval procedure described by Cooper as contamination. Following Cooper's recommendation, "each data point is examined in light of surrounding evidence to determine if it is contaminated by too many factors irrelevant to the problem of interest" (p.296). In that sense, each article was assessed in relation to the set of criteria previously cited.

Data collected was set into two categories. The first body of literature identified as the "primary sources" category fitted all the collection procedures established for the purpose of this study, and will be described and summarized in the next chapter. These primary sources will also form the interpretative basis of the discussion section. Some articles and publications were significant to this study's overarching concept, but focused on one aspect of cross-sectoral partnerships or/and raised issues not immediately relevant to or going beyond this study's scope. This body of literature was categorized as "secondary sources" and will be used in the discussion part where, although not directly related to this literature review's preliminary purposes, it will provide useful perspectives on the subject and help further understand and reconceptualize information found within the primary sources category. 27 sources were identified and included in the primary body of literature. The articles were categorized under emergent categories whose main purpose was to contribute to easier understanding of the mechanisms of cross-

sector partnerships. Further details and information regarding the data immediately follow this chapter. Moreover, tables including a list of primary and secondary sources were attached as appendixes.

CHAPTER III

DESCRIPTION OF SELECTED LITERATURE

Among the various sources of data and information identified for this research, 27 articles were considered relevant to this study's overarching concept: the impact of cross-sector partnerships on communities and how this impact can be evaluated and directed from a cultural policy standpoint. Of the 27 data sources, 8 were found in arts administration publications, with reports and proceedings from the American Assembly amounting for half (4) of these sources. Bodies of literature from non-profit management and business reviews represent the bulk (15) of the data retrieved. To say that the subject of cross-sectoral partnerships has been cast aside by arts administrators and specialists of the art world would never the less be jumping to misleading conclusions. In fact, the concept of collaboration between the for-profit and not-for-profit sectors have emerged later on, e.g. in the mid 1990s, in arts administration journals as a result of several American Assembly gatherings and final recommendations aimed at developing research on this particular topic. Business and non-profit management publications, on the other hand, initiated surveys and proposed models for collaborations since the late 1980s and early 1990s in order to better and more strategically direct corporate philanthropic donations and marketing efforts in an increasingly competitive world. One could also argue that it took the 1990s so called culture wars and the subsequent cuts in government funding for many arts organizations to realize the necessity to diversify their funding in order to survive. If corporate contributions are not new for non-profits, what has considerably changed, however, is the nature of transactions between the two sectors with growing emphasis put by corporations on how their giving practices can help further business objectives. As exemplified by the scarcity of arts administration resources on the subject, such a dramatic evolution was *generally ignored by arts organizations, in the relative absence, one may add, of any specific government-sponsored programs to address and thus help understand such transformations.*

Another reason for the lack of arts administration literature in the present study was the elimination of those articles that were not found pertinent or directly relevant to the purpose of this research. As stated in the data collection procedures, the selection of data was based on the following criteria: (1) the bodies of literature address at least one major issue related to cross-sectoral partnerships: motivations, strategies, opportunities and potential threats of such alliances. Studies focusing on partnerships between similar entities (i.e. two nonprofits partnering together for example) will not be included in the literature review and (2) the bodies of literature explore the issue of cross-sectoral partnership and evaluate the possible consequences of such alliances for the public good/purpose. For this study, the concept of public good/purpose is closely associated to community development issues and refers to a set of values and initiatives borrowed from the 1998 American Assembly's conceptual framework.

Many arts administration sources did not fulfill the above criteria or partially focused on aspects of the research topic. However, such articles contain precious information and were kept as secondary sources since they provide useful material for the interpretative chapter. As demonstrated by the flurry of recent symposiums dealing with such notions as art and economics, cultural industries and art entrepreneurship, it can be expected that the interest in cross-sector partnerships initially generated by the American Assembly conventions will be intensified as well as better conceptualized in the coming years among arts administrators. Arts administration articles focused on both the opportunities and potential dangers that cross-sector partnerships could present. The American Assembly's (1998) preliminary remarks insisted upon the necessity to acknowledge the blurring of distinctions and overlapping of activities between the various sectors, and thus the importance to provide guidance and practical applications for arts managers. The mutations of the art world, the increased participation of the corporate sector in arts funding as well as community involvement and how to further public purposes through cross-sector alliances were the key-themes found in the arts administrations bodies of literature.

Business and non-profit management articles offered many case studies of cross-sector partnerships and examples of collaborative models aimed at better grasp and manage the evolution and implications of corporate community interactions. Often referred to as cause-related marketing programs, cross-sector partnerships are seen by corporations as a way to address community problems—through the medium of a partnering non-profit organization— and as strategic business investment. Business *literature is very specific as to how to initiate, maintain and sustain successful alliances with partners from the non-profit sector. In this respect, most of the articles include guidelines, strategic models with methods and procedures aimed at facilitating and easing the collaborative process. Business literature increasingly reflect a more holistic, if not organic, approach to corporate practices with much emphasis put on how intersectoral connections and community interactions can better business performance and solve societal problems. Coupled with a significant withdrawal of government authorities in regards to education and social programs, corporations' self-assigned benevolent role may have very serious consequences for communities. That, as a few articles argue, corporations, through partnerships with the non-profit-sector, should fill the civic void left by previous institutions will undoubtedly change the way our social environment and its values are shared by its members—with, for example, the possible equation of corporate values with those of society.*

*

Articles were set into five different categories: (1) fundamentals of cross-sectoral partnerships, (2) the changing faces of corporate philanthropy, (3) partnering for the community, (4) dangerous liaisons and (5) strategic collaborative models. Such categories develop and explore a specific set of ideas pertaining to the topic of cross-sectoral partnerships. The classification in five different sections was found relevant for the purpose of this study, although, as any classification system, it may seem arbitrary and limited. On the other hand such inevitable, and I acknowledge restrictive, categories were aimed at bringing clarity on so large a topic as cross-sectoral collaborations. Given that each author explores the topic of cross-sector partnerships from a certain angle, while at the same time referring to notions found in different categories, very limited overlapping was also inevitable; but bodies of literature reflect the concepts and notions of the categories they were assigned to.

In an effort to facilitate comprehension, a set of definitions and a typology of cross-sector partnerships is provided in the first category, which, as indicated by its title, includes a selection of articles addressing the various aspects, evolutions as well as the social and historical context surrounding the notion of cross-sector partnerships. The following section surveys the recent and deep transformations that have shaped corporate philanthropy in the last decade and how, as exemplified by the increase of cross-sector collaborations, this trend has been affecting the non-profit world. As emphasized in the third category, such a redefinition of corporate giving practices necessarily involved mutations as to how corporations and non-profits respond to community needs through active collaboration. Dangers and problems raised by cross-sector collaborations, although alluded to in most of the articles, are further *explored and emphasized in the penultimate section. Last, the conclusive category focuses on a more practical level of partnerships by offering strategic frameworks aimed at building and sustaining effective cross-sector collaborations.*

The following is a series of abstracts of each article found relevant to the purpose of this study. Concepts and notions stressed in each summary will be further developed in the fourth chapter of this study.

Fundamentals of cross-sectoral partnerships

1. *American Assembly for the Arts and the Humanities. (1997) The arts and the public purpose /Final report. Columbia University, New York City*
   http://www.columbia.edu/cu/amassembly/programs/recent/arts/arts.html

   The 1997 American Assembly was set up to discuss some current trends affecting American cultural life and to provide a set of definitions and recommendations aimed a helping the arts better serve public purposes. Central to the American Assembly's view is that the arts in America encompass a wide, and sometimes interconnected spectrum of activities and services provided by unincorporated organizations, not-for-profit organizations, as well as for-profit corporations. Participants argue that the arts are a fundamental aspect of American life and are deeply connected to the lives of all citizens. New ways to promote and expand the role of the arts to the benefit of the public are emphasized. Among other recommendations, particular attention is paid to how the different sectors of the art world could join efforts and better work together to achieve public purposes. Cross-sector partnerships and active collaborations between the various interested parties, including government, private funders, non-profits and for-profits, may indeed facilitate financial support, investment, as well as enhance the exchange of ideas and creativity and thus contributing to the well being of both the art sector and society at large.

2. *American Assembly for the Arts and the Humanities. (1998) The arts and the public purpose/ Deals and ideals, for-profit and not-for-profit arts connections. Columbia University, New York City*
   http://columbia.edu/cu/amassembly/programs/recent/arts/Dipreface.html

   The 1998 American Assembly participants reiterate their belief that the arts are fundamental agents for the promotion and advancement of public purposes. A better understanding and articulation of collaborations between the for-profit and not-for-profit sectors is, according to the participants, a necessary step toward the achievement of such purposes. Cross-sector partnerships may benefit both *parties and may help non-profits expand their activities and commercial organizations gain access to new markets. New collaborations inevitably open the door to new challenges and participants point out factors that may generate problems or conflict during the collaborative process. Existing and potential areas of collaboration, the financing of cross-sector partnerships, as well as the need to develop strategic collaborative models and to promote research—especially case studies of partnerships-- are among the recommendations stressed by participants. Issues regarding audience development, the use of technology and examples of successful community-oriented partnerships conclude the 1998 Assembly proceedings.*

3. *American Assembly for the Arts and the Humanities. (1999) The arts and the public purpose/ The collaborating arts, for-profit and not-for-profit connections, existing and potential. Columbia University, New York City.*
   http://columbia.edu/cu/amassembly/programs/theartsPP_eastFR.html

In its effort to better understand and address the recent transformations affecting the art sector, the American Assembly becomes more specific as to how partnerships may help not-for-profit and commercial arts organizations maximize their respective performances. Participants lay out the argument that both parts of the sector increasingly share similarities and that much overlapping occurs between the cultural products they provide. The blurring of the distinctions between the sectors-- and the concerns this inevitably raises-- should not, according to the participants, overshadow the fact that, as proven by some examples of successful partnerships, much is to be gained from collaborative processes. Of major importance, reassert participants, is to develop research and to expand knowledge on cross-sector partnerships in order to generate practical applications and goals to the benefit of those engaged in collaborative practices. Case studies of cross-sector collaborations, the mutations of the various parts of the art sector, ownership, marketing, legal as well as training issues should, in that sense, be privileged in future research.

Assembly participants conclude by emphasizing the need to explore new ways and models to provide funding for cross-sector collaborations.

4. *Arthurs, A., Hodsoll F., & Lavine S. (2001). For-profit and not-for-profit arts connections: Existing and potential. The American Assembly for the Arts and the Humanities, Washington, D.C.*
   www.columbia.edu/cu/amassembly/programs/theartsPP_essay.htm

Based on a series of interviews with arts professionals, this essay—itself and outgrowth from the 1997 American Assembly—closely reviews current, emergent and future areas of cooperations *between the commercial and the not-for-profit sectors, as well as advocates creative ways to strengthen such ties. If corporate philanthropy, according to the authors, has largely contributed, through grant making and donations, to artistic creativity, new approaches to art funding such as program-related investments, loans, rotating funds seem, however, necessary to generate more money and thus help both sides achieve better results. Collaborative efforts regarding marketing, promotion and product development are also encouraged in order to facilitate the exchange of ideas. Such a combination of both sectors' methods and styles could increase creativity and diversity, as well as help reach new audiences. Authors stress that cross-sector partnerships, by having both parties work for the same cause—such as the (re) development of a downtown district-- can also be to the benefit of communities and further public and civic purposes. Authors go on to emphasize how collaborative projects focusing on technology could expand access to the arts and better the distribution of cultural products. The preservation of the nation's cultural heritage, as well as the need to develop further training aimed at increasing cross-over collaborations are also stressed as areas that would benefit from being better addressed, informed and articulated in the future.*

5. *Googins, B. K. & Rochlin, S. A. (2000). Creating the partnership society: Understanding the rhetoric and reality of cross-sectoral partnerships. Business and Society Review, 105 (1), 127-144.*

Googins and Rochlin assert that cross-sector partnerships between government, business and civil sector have been on the rise in the past few decades and can positively contribute to the sustainability, well being, and livability of communities. Central to the authors' argument is that collaborations, understood as a convergence of mutual interests, can—and should—help all parties engaged in such practices better achieve their respective, and sometimes common goals. At a time when complex societal problems can affect all sectors—and thus necessitate mutual efforts to be resolved--, partnerships present, for each participant as well as for the community a potential for sharing creativity and resources in order to facilitate innovation and change.

Authors argue that in order to be properly implemented, partnerships need be better defined and conceptualized so that participants can fully grasp and articulate the nature of their relationship. Indeed, a "true partnership" has little to do with traditional forms of philanthropy and requires the corporate partner to demonstrate a proactive engagement vis-a-vis its community and to establish, with the other sectors, a trusting collaboration based on a commonality of interests. Better understanding between the participants can indeed help each sector compensate for the other's *weaknesses in order to generate mutual strength and gain. Googins and Rochlin go on to propose a typology of partnerships and identify a three-stage continuum characterized by the ascending level of dependence between the partners. Each level of interaction, including reciprocal exchange, developmental value creation, and symbiotic value creation should be careful examined by partners in accordance with the complexity of their project and the expected outcome and value generated through their collaboration.*

6. *Roschwald, S. (1990). Corporate eyes on the market: Funding the arts in the 1990s. Journal of Arts Management, Law and Society (19) 4, 73-84.*

Published in the very early 1990s, this article provides an overview of what might constitute the new relationships between the corporate and the not-for-profit worlds over the following decade. Roschwald's key assumption is that corporate funding for the arts is increasingly viewed by corporate executives as a marketing strategy rather than a philanthropic gift. For nonprofit arts organizations to respond and adjust to this dramatic shift without giving up their mission will inevitably be a challenge to be handle with caution. However, if cross-sectoral ventures and partnerships present risks and potentials pitfalls for not-for-profit organizations, they also open new opportunities in terms of funding. Without compromising or undermining their mission or their tax-exempt status, nonprofits can engage into a fruitful business relationship if they learn to better understand corporate rules and negotiate the nature, terms and limits of the collaboration. Roschwald concludes by saying that partnerships and business ventures may help nonprofits diversify their source of revenue but may not end more traditional forms of income like donations

7. *Seaman, B. (2002). National investment in the arts. Issue paper published by the Center for Arts and Culture: Washington, D.C.*

Written as part of Washington, D.C.-based Center for the Arts and Culture's effort to better address and articulate cultural policy issues, this research paper seeks to clarify the extent of public support for the arts in the United States as well as investigate the nature of partnerships between the for-profit and not-for profit art sector. As distinctions between the sectors have been increasingly blurring, Seaman argues, a more holistic approach to the realities and transformations of the art sector seems necessary in order to favor initiatives and direct public policy. The author of the *research paper observes that connections between the commercial and not-for-profit arts, especially at the performing arts level have been a common, although largely unnoticed phenomenon encompassing a wide range of diverse successful initiatives. As exemplified by numerous non-profit theatre companies, which Seaman argues, have a long history of implementing partnerships with the commercial sector, cross-sector collaborations together with the development of business-like methods can be successful in expanding economic resources in the art sector. But despite their increasing popularity, partnerships have been scarcely analyzed from a cultural policy prospective and have received very little encouragement and financial support from the NEA. In fact much could be gained from public policy initiatives aimed at helping both for-profit and non-profit organizations overcome the challenges and difficulties inherent in collaborative processes. In that respect, Seaman identifies six significant problems that may hinder future collaborations:*

- *Non-profits are usually left alone in facing the consequences of a failed partnership vis-a-vis their communities.*
- *Non-profits lack the knowledge to enforce contractual and legalistic agreements, especially when the corporate partner steps down.*
- *Corporate demands can be overwhelmingly excessive for the not-for-profit partner at the expense of the latter organization's other collaborators.*
- *Conflict of values can occur between the partnering organizations, with the corporate participant focusing on profitable product-oriented and short-term investments and the non-profit organization opting for a long and stable relationship with the community.*
- *Increased collaborations with the corporate world can divert not-for-profit organizations from their initial missions and drive them away from artistic merit and "risk-taking" projects.*
- *Cross-sector partnerships, by blurring the distinctions between the commercial and not-for-profit art may endanger existing systems of support such as private philanthropy and public subsidies.*

The changing faces of corporate philanthropy

1. *Lombardo, B. (1995). Corporate philanthropy: gift or business transaction? Nonprofit Management and Leadership, 5 (3), 291-301.*

Lombardo lays out the argument that corporate philanthropic contributions are increasingly viewed as purely economic transactions rather than gift exchanges. By exploring the historical and social manifestations of gift exchanges, the author asserts that gift-giving practices—corporate *philanthropy being defined as a contemporary variation of those gift-giving rituals performed in traditional societies— encompass a whole lot of social functions that sheer business practices do not retain. Gift exchanges, Lombardo argues, do not explicitly guarantee a tangible return to the donor, although strong expectations are implicitly put on the recipient to act in a similar and reciprocal fashion. In this respect, such rituals contribute to strengthening the links and relationships within a community or a group of people. In modern societies, gift-giving practices have not totally disappear and still coexist with economic exchanges, which, based on a mutual agreement aimed at benefiting both parties in the most rational way, are the most currently favored forms of collaboration. However, as agents of social interaction, gift exchanges, in the case of an agreement between a corporation and a non-profit organization, create a formidable bonding between the two entities. In that sense, gift exchanges can be considered as a form of partnership, in which mutual understanding and acknowledgement of each participants' valuable contribution—especially the non-profit collaborator—are given specific attention. At a time when the relationships between the two sectors can be very strained, a reconceptualization of the gift exchange, argues Lombardo, may thus help corporate philanthropy better achieves its goals.*

2. *Smith, C. (1994). The new corporate philanthropy.* <u>*Harvard Business Review*</u>*, 72 (3), 105-117.*

Corporate philanthropy, Smith argues, is increasing viewed by business executives as a powerful strategic way to expand their companies' competitiveness on the market and to enhance their image. As corporations try to link their business interests to those of society, partnerships with non-profit organizations are seen as tools to adequately advance social causes as well as achieving business objectives. Until recently, corporate philanthropy was not intended to serve business purposes and giving programs were not specifically tied to the corporation's interests. Business practices and philanthropic initiatives, although directed by the same corporation—or its related foundations in regards to philanthropy—, operated in two separate worlds. Drawing upon AT&T successful corporate citizenship programs, Smith argues that by establishing and strengthening connections between its marketing managers and philanthropy professionals, the telecommunication company, through its socially-responsible initiatives, was able to appear as a leader on social causes, as well as increasing its economic performance.

3. *Smith, M.F. (1994). Should corporations be charitable?* <u>*Business and Society Review*</u>*, 89 (Spring), 19-21.*

Although the concept of social-responsibility has gained increasing popularity among business executives, Smith holds to the traditional argument that corporations should not engage in charitable programs, which he considers antagonistic to corporate purposes. Central to the author's view is that corporations, as economic entities, have an obligation to their shareholders and interest groups and should use their money to pursue their basic business objectives within the legal frameworks set up by government. Charity, Smith argues, is best directed when left in the hands of individual benefactors. In addition to diverting the giving corporation from its basic purposes, corporate charity may also exacerbate self-serving acts of corporate managers pursuing their own charitable interests at the expense of the direct interests of their company. Unlike Smith, Patrick Mendis proposes that increased corporate involvement in community affairs can be highly beneficial for both corporations and the communities they serve. Successful corporate involvement, the authors points out, can be achieved through respectful partnerships with the public and philanthropic sectors. Corporate citizenship, concludes Mendis, is both a business strategy and a social necessity, which, through the achievement of public purposes, is aimed at sustaining democracy and free enterprise.

4. *Waddel, S. (2000). New institutions for the practice of corporate citizenship: Historical, intersectoral, and developmental perspectives. <u>Business and Society Review</u>, 105 (1), 107-126.*

   The concept of corporate citizenship, Waddel argues, refers to socially accountable business practices that engage both corporations and communities in the pursuit of mutual benefits. What is more, such a concept presupposes that corporate entities, like any individuals, have rights and responsibilities toward their communities. Corporate citizenship rests upon the development of strategic intersectoral connections—this notion encompassing collaborations between corporations, government and Community-Based Organizations (CBOs)— and a greater involvement in community affairs in order to advance corporate interests. To be successful, such interactions, Waddel observes, should be supported by adequate skills as well as institutions. Central to the author's argument is that partnerships between the three sectors should have a common mobilizing issue, which, if successfully achieved will eventually yield distinct benefits for each participant. By reviewing different intersectoral collaboration cases, Waddel proposes six lessons aimed at better directing corporate citizenship and partnerships between the sectors:

- *Recognizing tensions and contradictions and identifying each participant's rights and responsibilities in order to create a trusting relationship.*

- *Acknowledging and understanding each participant's assets and weaknesses and build strategies that support such sectoral differences.*
- *Developing strategies based upon the reality of specific historical, social or technological circumstances.*
- *Creating new intersectoral organizations and new models of institutions that combine the qualities and competencies of each sector.*
- *Developing leaders with appropriate cross-sector experience and management skills to direct intersectoral projects.*
- *Acknowledging power issues between the sectors and ensuring that each collaborator gets what they consider as a fair deal.*

5. *Yankey, J. (1996). Corporate support of nonprofit organizations: partnerships across the sectors. In Burlingame, D. & Young D. (Eds.). Corporate Philanthropy at the Crossroads. (pp. 7-22). Bloomington and Indianapolis: Indiana University Press.*

Yankey lays out the argument that, although corporate giving practices have been waning in the early 1990s and only represent a small percentage of charitable contributions, both non-profit organizations and corporations have demonstrated an increased interest in developing new connections. Such intersectoral initiatives, which see the non-profit-sector increasingly seeking corporate support and corporations, in return, redirecting their philanthropic practices in a more strategic way, reflect profound changes in corporate philanthropy and may help better serve society. With the intensification of competition and the stagnation of economy of the late 1970s and 1980s, corporations started associating their involvement toward the community to the consolidation and furthering of their own business interests—this association between community needs and business performance being referred to by the author as enlightened self-interest. Moreover, as corporations are asked to become proactive and integral participants in solving societal problems, partnerships with the non-profit sector are seen by corporate executives as an opportunity not only to demonstrate a strong commitment vis-a-vis their communities but also to expand new markets and enhance their company's image. For non-profit organizations, such alliances can help increase their visibility and develop valuable business skills to better achieve their mission. Yankey goes on to say that the success of cross-sector partnerships will depend upon the capacity of each partner to clearly evaluate the extent of their mutual performance and the benefits drawn from the collaborative process.

Partnering for the community

1. *Carroll, A. B. (1998). The four faces of corporate citizenship. Business and Society Review, 100/101, 1-7.*

In this article, Carroll defines corporate citizenship as a set of four responsibilities that, if fulfilled, contribute to the well being not only of the company, its employees and shareholders, but also its consumers and the community where the company is located. The first responsibility of any company is to generate profit and, secondly, to operate within the legal and regulatory frameworks set up by government. Such government regulations are a basis that can be furthered and expanded upon by corporations. By closely associating ethical behaviors with their business strategies and management practices, corporations should constantly take the lead in demonstrating and displaying strong ethical values within their communities. By positioning themselves as virtuous role models, Carroll argues, corporations can expect to better advance their business interests. The last face of corporate citizenship refers to philanthropic giving practices. By helping to improve their communities and filling the void left by civic and religious institutions that previously maintained community bonding, corporations, through partnerships with non-profits can foster and sustain their social environment as well as their own economic development.

2. *Davidson, J. (1994). The case for corporate cooperation in community affairs. Business and Society Review. 90 (Summer), 29-30.*

Corporations, Davidson argues, can make a very positive impact on their communities not only through financial contributions but also by promoting volunteerism among their employees and providing volunteer labor to community organizations. Partnerships with non-profit organizations and government agencies through corporate volunteer councils (CVCs) have been developed throughout the country to better address and tackle local problems. CVCs, Davidson observes, facilitate the exchange of information and ideas, as well as enable participants to focus on long-term projects. By providing volunteers, corporations can increase their visibility within the community and help their employees gain leadership skills.

3. *Kanter, R. M. (1999) From spare change to real change. Harvard Business Review. 122-132*

In this article, Kanter argues that the social sector now represents for corporations an opportunity for learning, innovating as well as stimulating their own development. In dealing *effectively and proactively with social problems, the author argues, corporations can expect to bring durable and sustainable change for both their communities and themselves. Such an alliance between the private sector and the public interest has little to do with traditional forms of charitable giving but represent a strategic business investment grounded upon the corporation's core skills, expertise and unique capabilities. However, tackling social problems through partnerships with non-profit organizations and government agencies can proved to be difficult for the corporate partner. In this respect, Kanter identifies six factors that may help facilitate successful cross-sectoral collaborations:*

- *A clear business agenda that addresses specific social needs.*
- *Strong partners committed to change and innovation.*
- *Investment by both parties.*
- *Understanding of the community.*
- *Links to other organizations.*
- *A long-term commitment to sustain and replicate the solution.*

Kanter concludes by emphasizing that corporate social initiatives, although they benefit to the communities, are primarily an investment made by corporations to gain the knowledge and capabilities that arise from the social problems solved.

4. *Somaya, S. (1995). Non-philanthropic corporate involvement in community development. Business and Society Review, 97, 32-38.*

Community corporate involvement, Somaya argues, traditionally referred to either disinterested philanthropic contributions—with no expectation of direct reward— or strategic business motivations aimed at expanding a company's visibility on a given market. However, as charitable giving practices are increasingly tied to the advancement of business objectives, corporations' commitment to their communities will significantly change, thus requiring more planning and careful implementation. Non-philanthropic business activity, the author argues, can be defined as a corporation's effort to help solve social needs through its business strategy and should leverage and sustain a company's activity and not incur additional costs. In other words, while making a strategic business decision—site location, supply, employment, etc--, a corporation can opt for the choice that will yield social benefits to the community—like minority hiring or site urban revitalization. Community needs can also be addressed through cause-related marketing, with the *corporation partnering with a non-profit organization to tackle societal problems and, at the same time, increase its public exposure.*

5. *Waddock, S. & Smith, N. (2000). Relationships: the real challenge of corporate global citizenship. Business and Society Review, 105 (1), 47-62.*

   In this article, Waddock and Smith expand the notion of corporate citizenship and propose a more inclusive approach to such citizenship based upon the full integration of core social values with day-to-day business operating practices. For corporations, to become good global corporate citizens means articulating positive social core values and engaging a dialogue with their stakeholders in order to better implement them. Building respectful relationships—and this includes respect for the environment, community, employees, shareholders, and customers— refers to those business practices that transcend sole economic considerations and take into account the concerns and needs of stakeholders prior to making decisions. By fostering mutual respect and understanding, the integration of social values in the business process can ultimately benefit companies and their communities in terms of sustainability and livability.

Dangerous liaisons

1. *File, K. & Prince, R. (1995). Cause-related marketing, philanthropy, and the arts. Nonprofit Management and Leadership, 5 (3), 249-60.*

   Cause-related marketing—a collaboration between a non-profit organization and a business— is an increasingly popular practice in both the corporate and art sectors. For nonprofits, cause-related marketing programs, File and Prince argue, are usually developed in order to generate new sources of funding and expand their visibility. For businesses, such practices have been used as a strategic alternative to traditional forms of philanthropic contributions in order to enhance their image and attract new customers. Focusing on several medium-sized corporations, the authors of this article suggest that cause-related marketing practices, although still minority compared to traditional forms of giving, are on the rise. However, a majority of business owners expressed dissatisfaction with the collaborative process. The causes of such dissatisfaction, the authors observes, may reside in the lack of clarity about goals and lack of communication. Successful cause-related programs require from both parties to clearly articulate their motivations and evaluate how their collaboration relate to their respective mission and objectives.

2. *Jacobson, M. (1993). Museums that put corporations on display.* Business and Society Review*, 86 (Spring), 24-27.*

   As a result of dwindling federal and local government support, collaborations between museums and corporations have been increasingly seen, for the former institutions, as a way to generate new funding and as new marketing strategy for the latter. However, such interactions may potentially harm the partnering museum's artistic credibility and integrity when corporate support is seen as interfering with the kind of materials presented in the exhibitions. To avoid corporate sponsorship pressures and commercialism, Jacobson argues, museums should find alternative ways to generate funding such as increasing membership and public support.

3. *Page, A. L. (1995). We're good guys: image propaganda from Mobil oil.* Business and Society Review*, 93 (Spring), 33-35.*

   As exemplified by Mobil Oil Corporation's marketing and arts sponsorship programs, corporations now increasingly seek to communicate socially oriented and civic-minded values through non-product advertising campaigns. However, Page argues, such apparent corporate benevolence is usually aimed at promoting the company's own interest and, in the case of sponsorship or underwriting programs, support is directed towards non-controversial conservative organizations that reflect the capitalist values embodied by the giving corporation. Moreover, corporations' socially oriented image can be strategically used to divert media and popular attention when unfavorable events affect the company's image.

Strategic collaborative models

1. *Andreasen, A. R. (1996). Profits for nonprofits: find a corporate partner.* Harvard Business Review, *47-59*

   Andreasen's article outlines how non-profits organizations can develop effective ties with the corporate sector. Such cross-sector collaborations, the author argues, requires that non-profits act as true partners fully engaged in the marketing efforts. Three kinds of partnerships are identified:

   - *Transaction-based promotions in which the corporate partner provides money or in-kind donations to the non-profit organization.*
   - *Joint issue promotions refer to those cross-sector alliances aimed at tackling a social problem*

- *Licensing practices in which nonprofits allow corporations to use their name and logo in return for a fee or percentage of revenues.*

However beneficial for nonprofits in need of funds, partnerships are potentially risqué. Common pitfalls that may hinder the collaborative process range from reduced donations from the organization's regular donors, tainted corporate partners, restrictions and pressures from the partnering corporation, as well as excessive reliance on corporate funds. To avoid such dangers, nonprofits need to develop a proactive and strategic approach to develop partnerships. Last, to help collaborations work, the author emphasizes the necessity for both partners to share complementary goals, to be explicit about their goals, and to provide measurable results to evaluate the success of their alliance.

2. *Austin, J. E. (2000, supplemental) Strategic collaborations between nonprofits and businesses. <u>Nonprofit and Voluntary Sector Quarterly</u>, 29 (1), 69-97.*

   Based on a series of case studies, this article seeks to develop a conceptual framework aimed at better understanding the mechanisms of cross-sector collaborations and thus managing such relationships in the most effective way. Austin first identifies cross-sector collaborations as part of a three-stage continuum in which the relationship between the two partnering entities intensifies and gains in complexity. From peripheral and based on limited reciprocity (philanthropic stage), alliances can evolve to a deeper and mutually beneficial level of collaboration (transactional stage), which sees greater overlapping and compatibility of values between the two organizations. The last stage referred to as integrative consists for the two sides in furthering their interaction to the point of becoming, for a given period of time, a single organizational entity sharing a common mission. Central to the author's argument is that cross-sector partnerships generate an exchange of value occurring before and during the collaborative process. The extent and magnitude of the value involved and produced as a result of the collaborative exchange should be clearly defined and evaluated by both partners. The search for value is a process that needs to be redesigned or rearranged as each partner's priorities and needs evolve. Austin goes on to identify four key elements that contribute to successful and sustainable alliances:

- *Alignment of strategy, mission and values.*
- *Personal connection and relationships.*
- *Value generation and shared visioning.*

- *Continual learning.*

The four driving elements cited above are fundamental to the existence of an alliance. Moreover, cross-sector partnerships rely on a series of factors that contribute to the effective management of the collaborative process. Such factors are categorized by Austin as follows:

- *Focused attention by decision makers.*
- *Effective internal and external communication.*
- *Clearly established responsibility for the management of the relationship.*
- *Mutual expectations and accountability.*

3. *Kanter, R. M. (1994). Collaborative advantages: The art of alliances.* Harvard Business Review, *72 (4), 96-108.*

Partnerships, Kanter argues in this article, are not mere financial transactions but include a complex network of political, cultural, organizational, and human aspects often neglected by managers. Effectively managing the multidimensional nature of partnerships is a major corporate asset referred to by Kanter as a collaborative advantage. While surveying 31 companies over three continents, Kanter lays out the argument that, similar to relationships between people, partnerships involve an emotional component that needs to be taken into account in order to make the collaborative process work. In this respect, the author emphasizes a series of five stages that can help generate and sustain successful collaborations:

- *Courtship: discovering each other's compatibility*
- *Engagement: setting up plans and closing the deal*
- *Housekeeping: discovering each other's divergences*
- *Maturation: developing mechanisms to bridge differences and implementing rules to coexist*
- *Harmony: understanding the beneficial changes produced by the collaboration.*
-

4. *Rich, D. (2001). Sponsorship. In Colbert, F.* Marketing culture and the arts *(2nd Ed.) (pp.184-198). Montreal: Presses de Hautes Etudes Commerciales (HEC).*

Sponsorship or cause-related marketing, Rich argues, is a collaborative transaction engaged by a corporation in order to further its marketing efforts and bring a return in investment. Such collaborations, the author goes on, generate benefits for each of the participants that initiated the collaborative process. As strategically and carefully designed marketing tools, sponsorship programs have nothing to do with philanthropic contributions and are fully integrated to a company's plans to *expand its activities in the marketplace. While approaching a potential corporate sponsor, Rich insists, arts organizations should indeed keep in mind the reciprocal nature of sponsorship and thus clearly evaluate the dangers involved as well as the benefits that each of the partner can draw from the future collaboration.*

5. *Scheff, J. & Koetler, P. (1996). How can the arts prosper through strategic collaborations? Harvard Business Review, 74 (1), 52-62.*

   After decades of expansion, arts organizations started facing in the 1990s shrinking revenues, debts and cutbacks in government and private foundations funding. In such an environment, Scheff & Kanter argue, carefully planned and implemented partnerships with other arts organizations, community groups and businesses can help arts organizations generate new sources of revenues. By joining efforts partners can expect to expand their audience/customer base, provide new products and services, maximizing their promotional and marketing strategies, as well as increase exposure and visibility. Cross-sector partnerships, the author argue, combine each partner's strengths to the benefit of both parties. In that sense, Scheff & Kanter emphasize common issues that will help collaborations work in the most effective way:

   - *Setting goals. What is expected from the collaborative process? What can each organization bring to the other?*
   - *Building consensus. How can each organization contribute to the common project in an equal way?*
   - *Building trust. How can each organization understand the other's specific culture and way of performing business?*
   - *Communicating. How to insure the adequate exchange of information in order to better face unexpected situations and potential problems?*
   - *Designing leadership. How to best allocate leadership and responsibilities?*
   - *Committing adequate resources. How to best manage financial resources?*

6. *Wise, M. (1995). The mammon and the muse. ARTnews, 94, 138-141*

   In order to attract corporate money, museums have increasingly adopted a more cooperative profile vis-a-vis their business sponsors. Whether or nor such an attitude may undermine museums' cultural integrity and how those institutions can collaborate with corporations without compromising their *mission and reputation lie at the center of this article. As the funding trends evolve, Wise argues, so have corporate sponsors' expectations, which are now increasingly tied to marketing and promotional strategies. To better accommodate both the demands of their corporate partners and their institutions' excellence, museums now try to negotiate a worthy compromise that will benefit each party. But, Wise points out, if each situation requires a different strategic approach, museums should not give favor to their corporate sponsor's demands at the expense of the quality of their work.*

7. *Young, D. (1998). Corporate partnerships: a guide for the nonprofit manager. National Center on Nonprofit Enterprise. Arlington, Virginia. www.nationalcne.org/papers/corp_partner.htm*

   More than ever, Young acknowledges, corporate contributions are tools aimed at consolidating and furthering a company's business strategy. However, for non-profit organizations, carefully planned collaboration with the business sector can provide endless opportunities. Cross-sector partnerships, the author argues, encompass a wide range of collaborative arrangements. But before engaging in a cross-sector partnership, non-profit managers should evaluate the nature of the collaboration with respects to a combination of factors, e.g., (1) how such a collaboration can help their organization pursue their mission and (2)what levels of profitability can be expected. By identifying the combination of profitability and mission contribution/interference, non-profit leaders can measure the feasibility of the potential alliance and adequately make adjustments to areas that seem too risky or less profitable.

CHAPTER IV

INTERPRETATION OF SELECTED LITERATURE

The following is an analysis of the articles and publications pertaining to the subject of cross-sector partnerships. To facilitate comprehension, this chapter will follow the same five-section division found in the previous chapter. As stated in the preliminary chapter, concepts and notions emerging from the summaries will be contrasted and compared in each of the five divisions. Central to this evaluative process was to further discuss and show the relationships between such notions. The 27 articles were interpreted from a cultural policy standpoint, whose main purpose was, as emphasized in the introductory chapter to provide a conceptual framework to question and discuss issues and values relevant to the topic of cross-sector partnerships. Of major importance was to evaluate the impact of cross-sector partnerships not only on nonprofits and corporations but also on society at large, and especially in the communities where such alliances are developed. As nonprofits revenue increasingly relies upon greater interactions with the private and corporate sectors— together with a substantial retreat of government funding—, how will the civil and civic structure be affected? How will intersectoral alliances respond to and address community as well as societal needs? And how, in the long run, can such alliances, whose initial justification mainly resides, in the case of corporations in the advancement of business interests, help the development of communities? Whether or not nonprofits-corporate alliances can adequately handle and direct such community responsibilities and provide an alternative to the civic void left by government will constitute the conceptual backbone of the following interpretative sections. In this respect, the *information retrieved in each of the 27 primary sources will be further developed in light of articles taken from business, management, cultural policy and public policy publications. It is expected that the following chapter will provide the reader with a concise, balanced and up-to-date critical account of intersectoral collaborations and how such alliances might affect the non-profit sector as well as the communities they serve.*

Fundamentals of cross-sector partnerships

- *Cross-sector partnerships and civic engagement*

To better understand the nature and mechanisms of cross-sector partnerships as well as the implications of such practices for communities, one can first take a look at the conclusions that emerged from the American Assembly proceedings. Among the different assumptions generated by the participants, greater interaction, increased interdependence and overlapping of activities between the various components of the art sector as well the wide range of public purposes that the arts can advance were particularly emphasized. And as stated by Pankratz (1999), himself an active participant of the Assembly's debates:

> *Despite differences and traditions of separation, the boundaries between for-profit and not-for-profit arts are rapidly changing. A new appreciation for the interdependence of the two is emerging as people become more aware that the arts, in both for-profit and not-for-profit forms, are integral parts of a larger arts sector that serves many public purposes and has significant impact on the world economy (pp.113-114)*

Interestingly enough, the above statements as well as the rest of the American Assembly proceedings provide very little information as to what constitutes the nature of cross-sector partnerships. Rather, strong emphasis is put on the roles that such alliances can potentially play to the benefit of communities and civic as well as economic values—such values encompassing such notions as pluralism, economic growth, understanding of America's diversity, exchange of ideas, creativity and entertainment. Such a functional approach to the realities of the American art sector and the potentialities that cross-sector partnerships may present in regards to civic values and citizenry is not new (Thrusby, 2001). In the early 1990s, Alexander (1994) laid out an almost similar argument by proposing that:

In an increasingly fragmented society, the arts have the ability to speak to every man, woman and child, to reach our imaginations, and to help us build a community…one way to…[succeed] is by forming partnerships. The not-for-profit theatre, video, film and television industries are ripe with ideas… I have asked the commercial sector to consider strengthening its partnerships with the theatres, the AFI, public television, and other not-for-profit institutions and organizations...The industry's support of those nurturing institutions is essential for their future success, and partnerships between the commercial sector and the regional theatres, film schools and public television will prove to be a tremendous investment. (pp.36-38)

From a public policy standpoint, the assumption that, as argued by the authors cited above, cross-sector-partnerships can positively contribute to both the art sector and societal needs represent an interesting shift in regards to the dissemination of cultural products as well as the civic engagements and duties that the arts are now expected to perform vis-a-vis their communities. The fact that arts organizations together with their corporate partners should be socially responsible to their communities has been gaining importance in the last few years (Martorella, 1996). What has considerably changed however is how such civic mission should be pursued and which particular organizations or entities should be involved in the process. In this respect, it seems important to note that the American Assembly participants devote only scant attention as to how governmental agencies could help inform and direct cross-sector alliances. When mentioned in 1997 executive summary, government's action is mainly referred to as indirect and "for the purpose of stimulating innovative partnerships with commercial arts organizations in furtherance of public purposes, and for the purpose of providing support to incorporated arts groups" (p.14). Moreover, community organizations and foundations are viewed as best prepared to advance the public good given that "they have unique capacities to identify community public purposes and raise and grant money to achieve them. These foundations should consider proactively establishing pools of funds from both public and private sources that would help the arts achieve public purposes" (p.15). Generous as it may seem, and without denying the third sector's benevolent action in sustaining artistic creation, the American Assembly's central message seems to reinforce two major trends, that is the devolution of civic values maintenance *from the state to the private sector and the idea that, like any other types of economic investments, such devolution should produce a return to be measured, in that particular case, in terms of the social and civic capital created. This evolution was further explored by Miller & Yudice (2003) who recently observed that:*

> *In the cultural sector, the arts become part of social social-service rationales or economic development plans for communities, thus justifying subvention by corporations and foundations. The new legitimation discourse encourages partnerships between government, business and the third or non-profit sector. This shift from the state to partnerships is a way of resituating management of the social squarely within civil society—a new transformation in governmentality... The basic premise here is that investment in the arts will provide a return…Today's notion of return indexes a shift among economists to the concept of social capital: the arts should provide safer communities, increase the ability to learn and earn higher salaries…This is an example of the conversion of non-market activity to market activity. (pp.63-65)*

The purpose of this study is not to further develop this transfer of civic responsibilities from government to the civil sector, but rather to evaluate how adequate to community needs for-profit and not-for profit organizations' connections can be. As exemplified by Miller & Yudice's (2003) conclusive sentence and early on by Pankratz's (1999) statement that "[the interdependence of the for-profit and not-for-profit art spheres] serves many public purposes and has significant impact on the world economy" (italics are mine), cross-sector partnerships emerge as a utilitarian sort of interaction, in which civic values are equated with purely profit-seeking interests. Such an approach where business motives permeate with public purposes appear at different places among the American Assembly recommendations, one of them encouraging, as argued by Arthurs (2001), more entrepreneurial methods among non profits given that "the distribution and marketing powers of for-profits would serve not-for-profit products well, and might provide support and sustainment for not-for-profits that are difficult for them to achieve on their own. The marketability of some products that come from not-for-profit sources might surprise the commercial side, and help to identify niche market opportunities, and breadths of consumer interest, that might otherwise be missed" (p.11). American Assembly participants point *out to many examples—the Metropolitan museum of art, PBS— where corporate practices and art go hand in hand in order to advance, or as mentioned in the previous quotation, maximize public purposes. Such apparent compatibility may not be as evident as it may seem; and to go back to the initial question of this study— whether or not cross-sector partnerships can be an adequate tool to achieve public purposes—, one can wonder, following Wyszomirski (1999), if the blurring of distinction between the for-profits and nonprofits will bring greater homogenization or greater diversity to the art sector.*

- *Cross-sector partnerships and the dissemination of culture*

As early as 1990, Roschwald (1990) proposed that corporate involvement with nonprofits had increasingly been conceived by the former organizations as very pragmatic transactions aimed at furthering business interests. "Companies", the author argues, "are turning from direct donations to the arts to cultural event sponsorship, with the result that the source for corporate dollars has moved from the company's giving arm to its marketing department" (p. 73). Corporate philanthropy— whether or not such an association of terms is still appropriate to describe the current changes in corporate giving/marketing practices— as well as its evolutions will be developed later on in this study. But what Roschwald aptly points out, however, is the increased transfer of competencies from philanthropy to marketing and the alignment of two seemingly antagonistic purposes: business investment and the public good. Whether or not such public purposes can flourish within, if resist the test of the market is not explicitly mentioned by the author who nevertheless emphasizes that growing corporate interaction with arts nonprofits may not, unlike government, guarantee diversity. "The federal government", Roschwald argues, "uses money as a way to achieve civil rights or other policy objectives. Private individuals may insist upon restrictive gifts, while the corporation now invests its resources in the arts because it wants marketing benefits" (p.74). In addition to being a strategic investment, corporate-nonprofit involvement partner is usually conceived as a short term relationship whose primarily focus is the tackling of what the author refers to as "safe social problems" (p.76) occurring in specific geographic locations where partnering corporations have special interests (p.77). The subordination of public purposes, which, in the previous examples, can be associated to notions of access, equity and diversity in regards to the programming—in areas less susceptible to attract corporate patronage—to corporate interests can be a serious impairment to the dissemination of cultural products and artistic creativity. In this respect, it seems important to reassert the role of *the state in counterbalancing the overwhelming weight of corporate interests that are likely to interfere with the advancement of civic and public purposes. That cross-sector partnerships present, when carefully developed, a flurry of opportunities is undeniable, as the rest of this study will demonstrate. Yet, a significant involvement of the state seems necessary to insure that economic interests do not diminish, if not implicitly hinder the equal dissemination of art. In that sense Thrusby (2001) stresses that: "[…] the cultural sector can…find policy justification in the sorts of tangible economic benefits it brings, but to leave it at that not only sells culture short, it may tend to promote cultural development in directions contrary to broader societal goals. Thus the assertion has to be explicitly pressed that cultural value has a significance that stands distinct from economic value as a component to be taken into account in policy-making" (p.149). Most of the authors included in this section agree that partnerships between the sectors can expand nonprofits' financial resources and therefore help them better fulfil their mission and serve their communities. As catalysts of public purposes, cross-sector partnerships should be expected to find a well-deserved place in the realm of cultural policy, whose new goal Thrusby (2001) identifies as geared toward "creating partnerships in policy delivery which bring in voluntary and corporate cooperation alongside the public-sector representation, but without losing sight of the state's inalienable responsibility for protecting and enhancing the public interest" (p.150).*

Paradoxically, at a time when government's interference in the cultural sphere is a source of controversies—no mention being made of the massive devolution of powers from the state to the corporate and third sectors—governmental authorities have been very reluctant, to say the least, to address and promote cross-sector partnerships. Such a lack of involvement seems all the more puzzling since intersectoral alliances could fit a rather conservative agenda where the state's prerogatives would be restricted, just as—theoretically—in other economic domains, to the enactment and enforcement of legalistic regulations. This paradox is emphasized by Seaman (2002) who observed that:

> *It is surprising that in a country where "partnerships" are an integral part of the rhetoric of finding uniquely American solutions (as seen in the enthusiasm for "public/private sector joint ventures" as a way to address all sorts of complex problems), the fostering of partnerships within the private sector has not received more attention as a key component of national cultural policy. This is even more puzzling, given the relatively small (although larger than generally believed) role*

> *that has been assigned to the public sector in investing in the arts and humanities, compared to other Western democracies" (p.45).*

Despite an increased interest for cross-sector partnerships, the author goes on, very little encouragement, be it financial or informational has been received from the National Endowment for the Arts. Much could be gained, however, if public authorities were to take proactive initiatives aimed at facilitating collaborative procedures and processes. And as observed by Thrusby (2001):

> *It is possible to imagine…that sovereign governments can play a leading role, protecting and advancing the collective interest, not through assertion of elite or partisan values, but by recognition of the fundamental importance of broadly based notions of culture in society. In this way a genuinely democratic cultural policy might emerge, providing a context where the private sector can be constructively involved without the public interest being subverted and looking to manage processes of cultural change in society rather than trying to direct them (p.148, italics are mine).*

The shift from the state as "provider of" to "manager of processes of cultural changes" is interesting to note here and reflect, along with the decline of government involvement in the art world, the incorporation of corporate values within the government sphere. One major assumption laid out by the authors mentioned in this chapter is indeed that cross-sector partnerships go hand in hand with dramatic changes in government involvement with society. Whether or not such major transformations where responsibilities are increasingly devolved upon the private sector will help foster creativity, diversity and equal access to the arts is difficult to answer partially because, as mentioned earlier, government has been very reluctant to engage a broad and sustained discussion to evaluate such changes. Moreover, as distinctions between economic and civic values have blurred, another problem may reside in the inability of government to effectively counterweigh corporate pressures thus undermining its mission as guarantor of the public good. It may be feared, especially when government itself is asked to opt for business-like methods and is given, particularly in regards to arts and humanities, very little *financial support, that entrepreneurial practices will become commonplace at the expense of public purposes. As stated by Yudice & Miller (2003):*

> *Corporate and foundation philanthropy is no way to democratize the arts, to make expenditure sensitive to the will of the people. But simply, that will is concretely expressed in either purchasing (markets) or political preferences (government subvention))…the largesse of nineteen- and twentieth-century plutocrats may be liberal or conservative but it will never be democratically arrived at or dispersed under existing arrangements. But the notion of transforming the state into a major source of direct cultural funding will not fly in the United States, and is increasingly regarded as outmoded in the rest of the developed world. Neoliberal economic ideology is rolling back the state from participation in everyday other than as a trainer in docility and consumption (p.68).*

In the future, the role of government will be even more necessary in insuring that public purposes are met, especially in areas, such as underserved communities, cutting-edge or radical organizations where corporations have no interest in investing in. But, for now, despite the uncertainties surrounding the development of cross-sector partnerships, such alliances appear for the majority of arts nonprofits as inevitable to secure funding. In this respect, interactions between the third and the corporate sectors can be identified as a 'necessary compromise' that needs to be fully addressed by nonprofit managers. Avoiding managerial threats and potential problems is determinant for nonprofits engaging in a relationship with a corporate partner. Seaman (2002) lists as series of difficulties that may hinder collaborations, especially mentioning that nonprofits should not lose sight of their mission and community needs and develop knowledge of legalistic and contractual agreements. To be successfully implemented, cross-sector partnerships indeed require to be carefully conceptualized and articulated. Such a conceptual framework is provided by Googins &Rochlin (2000), whose main point is that cross-sector partnerships should be based upon a convergence of interest aimed at generating mutual benefits. Without dismissing the complexity of collaborative practices, the authors place the concept of value exchange at the center of cross-sector partnerships and propose a continuum of collaborative processes where such value can be modulated and adjusted in relation to the needs of both partners. The different stages of the partnership continuum were previously described in this study and, as the author *argue, if adequately defined, the kind of partnership both parties have opted for can yield mutual benefits. Googins & Rochlin's holistic collaborative model is undoubtedly useful to better understand the multifaceted nature and potentialities of cross-sector alliances that the authors describe as "essential mechanisms by which corporations and communities can maximize their goals" (p.128). Also arguing "in fact most of the major issues confronting our society, from education or childcare, to the creation of sustainable communities, require strong cross-sector partnerships given the shifting roles and relationships of public and private sectors across the globe" (p.128).*

To conclude this first section, and to go back to this study's initial question, one can wonder if the potential benefits emerging from the development of cross-sector partnerships will be equally distributed and disseminated. Despite their positive aspects exemplified by numerous case studies provided by the authors mentioned in this study, it remains to be seen whether or not cross-sector partnerships can be implemented at the national level, such an effort thus requiring a subsequent governmental involvement to insure the equal distribution of cultural products. One major characteristic of intersectoral alliances is their reliance on very local parameters where the exchange value between the participants can be fulfilled. But what about the communities where such exchange value cannot be developed? And to quote from Googins & Rochlin (2000), "on a larger scale, how do we interpret whether the mechanisms of partnership is indeed effective and appropriate or addresses issues of social welfare and justice?" (p.141). As stated in the 1997 American Assembly, the arts can help foster a sense of the nation's identity, but there is no guarantee that cross-sector partnerships will adequately provide citizens with an equal access to the diversity of such an identity. Rather, it might be feared that access to a wide range of art products will be further limited to existent major cultural centers where opportunities for corporate-non-profit interactions are greater.

The changing faces of corporate philanthropy

- *A growing trend toward corporate philanthropic expertise and professionalism*

Looking back at the surge in corporate philanthropic giving, the emergence of new funding strategies and the intensification of partnerships between the corporate and nonprofit sectors that occurred during the most part of the 1990s and the early years of the twenty first century, one can but agree with Roschwald (1990) whose early analysis of the drastic changes affecting the *relationships between arts organizations and corporations aptly pointed out that: "while the arts continue to represent a good investment for the corporation wishing to position itself in the public consciousness, a marked change in arts support has occurred in recent years. We can expect this pattern to continue into the next decade" (p73). The author adds later on: "the dramatic inroads made by business into the world of art support is a fact of the 1980s. Decreases in government subsidies are compelling the arts world to turn to business, frequently and in an entrepreneurial spirit, at the start of the new decade" (p.74). A decade later, such transformations affecting corporate philanthropy and the nonprofit sector were further explored by Byrne (2002) in a Business Week Online issue, which emphasized that:*

> *[The] new philanthropy displays an impatient disdain for the cautious and unimaginative check writing that dominated charitable giving for decades. So what does it look like?*
>
> *-- It's more ambitious: Today's philanthropists are tackling giant issues, from remaking American education to curing cancer*
>
> *-- It's more strategic: Donors are taking the same systematic approach they used to compete in business, laying out detailed plans that get to the heart of systematic problems, just not symptoms (...)*
>
> *-- It demands results: The new philanthropists attach a lot of strings. Recipients are often required to meet milestone goals, to invite foundation members into their boards, and to produce measurable results—or risk losing their funding (n.p.)*

As stated previously in the first section of this chapter, corporate philanthropic practices have increasingly shifted toward a more strategic approach. Such an evolution has been well documented and is a recurring theme in most of the articles included in this study. A common definition of strategic giving involves a more bottom-line approach to corporate philanthropy with specific emphasis put on how the corporate funds will eventually provide a tangible return. And "one of the most significant changes in corporate philanthropy since 1970", observes Sutton (1997), "has been the shift from reactive to proactive giving, which focuses both on what the company hopes to accomplish with its money and how that money should be distributed in order to meet corporate objectives" (9). As argued in the Business Week (2002) article, for corporations *to take a proactive and systematic role in tackling social issues means to develop professional philanthropic initiatives similar to other business strategies. If the article remains very elusive with regard to self-interest motivations underlying corporate engagement in tacking systematic social issues, it emphasizes however the growing professionalism and expertise with which corporate philanthropic programs are now handled. "Business leaders before the information era", states Smith (1994), "rarely claimed expertise in matters of social problems solving; they were happy to take a backseat to endowed private foundations"(p.107). Drawing upon AT&T recent philanthropic programs, the author later argues that new philanthropic initiatives:*

> *…should help advance business interests through strategic alliances with the marketing, government affairs, research and development, and human resources functions…Those business units should support philanthropic activities with all their resources, from management know-how and technological expertise to employee volunteers, thus producing initiatives that would benefit the community as much as possible (p.108).*

To maximize their philanthropic contributions, corporations have been increasingly relying upon the expertise of other business departments and the transfer of competencies from the corporate to the foundation offices. Such an evolution in corporate giving is based upon what C. Smith (1994) considers to be a "dynamic relationship between philanthropy and business" in which the author argues, "neither got the upper hand" (pp.108-109). In addition to the growing permeability between business and philanthropic practices, another aspect of the new corporate philanthropy has been the development of alliances with the not-for-profit sector. In this respect, Smith observes that intersectoral collaborations "have become the fastest growing piece of marketing budget…sponsors found they could achieve greater results by linking their marketing to social causes that appealed to the target markets coveted by advertisers. Today cause marketing, which includes promotions in which a portion of the purchase is donated to nonprofits, is the fastest growing type of marketing" (p.111). If the dynamics between business and philanthropy has been a very successful tool to advance corporate interest and enhance a company's image in the global market, C. Smith (1994) never the less acknowledges that corporate involvement remains a very unpredictable and volatile kind of investment highly dependent upon the fluctuations of the market. And "while U.S. companies", the author argues, "are poised to use *philanthropy to strategic advantages in remote corners of the world, their ability to do so may be undermined by budget cutting at headquarters…just as U.S. companies have perfected a model for enhancing their competitiveness overseas, they are on the verge of throwing it away"(pp.113-114). For nonprofits engaged in partnerships with corporations, market volatility involves potential risks in terms of securing funding from their corporate partners. In the long run, how indeed can one evaluate the compatibility of public interest goals and private enterprise money raising? (Weisbrod, 1998). Central to many business articles included in this study is that prosperity and business interests are powerful tools to achieve national public purposes and to establish democratic and civic values abroad, especially in countries where such values have been eclipsed by dictatorships or totalitarian regimes.*

However tempting the idea that corporations can potentially become conveyors and agents of democratic values, one can never the less observes, as Smith eventually acknowledges, that corporate socially-responsible programs are quickly cast aside when competition and market pressures become the company's top priorities. Should, in this respect, corporation not interfere with public purposes? Such an idea is expressed by M.F Smith (1994) whose—rather conservative— article proposes that corporations should not overstep their profit-seeking motives to the benefit of their communities. The author notes that by getting involved in societal problems—which Smith describes as the government's responsibility—corporations lose sight of their mission. "Any time", Smith argues, "an organization takes on tasks that are outside the defined realm of responsibility for that entity, they jeopardize the bona fide purpose of the organization…the purposes and the measurements of business performance become increasingly obscured. The efforts and motivations of charitable givers are displaced by the self-serving acts of corporate managers"(p.20). Argument opposed by Mendis (1994) whose response immediately following Smith's article emphasizes the necessity for corporations to engage into partnerships with nonprofit organization in order to insure their own survival and that of the community at large. "Unlike those", the author argues while focusing on corporate Minnesota, "who tend to believe that corporations should not give to charity, Minnesotans would like to think that active civic society is a prerequisite for a healthy democracy in which free enterprise can flourish" (p.21).

- *The new corporate philanthropy and its long term consequences*

Most of the authors included in this study argue that cross-sector partnerships can positively benefit the development of communities. Such alliances, observes Yankey (1996) "[are] a vital element of growth and expansion for both corporate America and the nonprofit sector. The trends clearly indicate the need and opportunity for these partnerships to exist. These new alliances hold the promise for creative solutions to pressing social problems and present new opportunities for win-win outcomes for corporations' shareholders and nonprofits' stakeholders"(p.21). In the same vein, Waddell (2000) explicitly mentions that "within the ad-hoc evolution of corporate citizenship framework, the general trend is toward a "systems" perspective that increasingly emphasizes the interconnections between very different organizations…The evolution of corporate citizenship can be seen as increasing recognition of the need to engage other communities (the responsibility part) to protect and further corporate interests (the rights part)"(p.110). However, as noted by various authors (Googins & Rochlin, 2000; C.Smith, 1994; Waddell, 2000; Weisbrod, 1998), the problem resides not so much in corporations' capacities to contribute to the public good but rather in the sustainability of such socially responsible corporate endeavors. One aspect of cross-sector partnerships is that the combination of each participant's qualities and strengths will eventually counterbalance distinct weaknesses (Waddell, 2000). Partnerships are a subtle balance based upon adequate exchange of knowledge in which, Waddel argues, "the distinct weaknesses, competencies and assets that go with a sector are the basis for the interaction and exchange"(p.118). One potential pitfall may be the imposition by the corporate partner of its knowledge thus thwarting the initial and necessary exchange of information. And as stated by Waddell:

> *Once one sector organization becomes more like the other, the very rationale for them to collaborate disappears—there is nothing to exchange between organizations that are the same. This is a real challenge…where a business imperative is becoming dominant in spite of the formal NGO leadership control. NGO leaders tend to defer to the business leaders on issues of business that they are unfamiliar with, and the business partners' enthusiasm tends to overwhelm the civil society development aspects that are more difficult to integrate into business plans. (p.118)*

Although preliminary and careful negotiations between partners are always emphasized as necessary and efficient safety nets in order to develop successful intersectoral collaboration, authors also argue that circumstantial parameters, be they increased competition, market volatility or, as mentioned above, business imperatives, may dramatically impair the implementation of long-term cross-sector partnerships. Such pitfalls have yet to be clearly evaluated and related business literature provides very little information in that regard. Of major importance for the corporate world is that, over the course of the collaborative process, nonprofit partners should restructure their organizational methods and adopt a more businesslike approach in dealing with societal problems. In that sense Yankey (1996) argues that: "the opportunity to educate the public about the organization's mission is critical to the ability to attract donors to the cause. By taking advantage of a money-making venture, an organization also develops valuable business skills with positive cross-over effects on their problem-solving efforts"(p.12). As mentionned above by Waddell (2000), the problem may be that by developing a more entrepreneurial profile, nonprofit partners may, in the long run—and especially in times of government funding cutbacks—, increasingly favor business imperatives at the expense of their mission and become tempted to provide their communities with more easily marketable products. In the case of the arts, growing reliance on corporate money may be a concern in regards to innovation. If nonprofit organizations are better prepared to address and adequately respond to the needs of a diverse society (Weisbrod, 1998. p.3), it might be feared, on the other hand, that greater corporate intrusion in the nonprofit sector may lead to the opposite direction. And as noted by Lewis (2000), corporate involvement in the cultural sphere can eventually contribute, in the absence of governmental control, to cultural stagnation:

> *The free market is an inherently contradictory notion: the older it gets, the less free it becomes…the history of cultural industries is not so different in many aspects, from the history of any other kind of industry. Left to its own devices, free market capitalism tends to drift inexorably toward monopoly. Large companies may yield high profits but without encouragement to do otherwise, free market-driven companies tend to think only in the short term. Investing in innovation through research and development becomes increasingly uneconomic once stable and reliable markets are established. In the short term, it is cheaper, easier, and less risky to reproduce a successful formula than to invent a new one (p.81).*

As an emerging economic phenomenon, it is now difficult to evaluate whether or not intersectoral collaborations will eventually follow the same pattern as other cultural industries like television or radio, which have witnessed over the last few years the predominance of business imperatives at the expense of public purposes such as diversity and innovation. Some authors included in this study (Googins & Rochlin, 2000; Seaman, 2002;Waddell, 2000) remain tentative regarding the long-term consequences of the new corporate philanthropy as well as the compatibility of public purposes with corporate interests. But despite the uncertainties surrounding the theory and practice of the new corporate philanthropy, it must be noted, however, that following corporate scandals and the recent economic slowdown, more articles have been devoted to reevaluate and deconstruct the mechanisms of the new corporate philanthropy. Among these recent articles, Kressner Cobb (2002) stands out as one of the most specific suggesting that far from being as revolutionary as it was initially expected to be, the concept of venture philanthropy present very little advantages to nonprofit arts organizations. While reviewing corporate foundations' giving program, the author provides compelling evidence that those institutions' main goal is to help nonprofit organizations to strengthen their capacities and attain self-sustainability in order to best create social change (p.131). To expand upon Kressner Cobb's argument, one can argue that this concept of social change so central to venture philanthropy is based on the very functional premise that partnering organizations thus empowered—to quote from Waddell's rhetoric—will eventually provide a tangible return in investment to be measured in terms of the social change generated. Without denying the collaborative efforts deployed to tackle societal problems, the author eventually argues that within this new funding environment, "support for arts and culture is further limited by a general perception that they do not play an important role in social change"(p.130). Indeed, arts organizations present very little interest for corporate foundations because they do not fit into the corporate agenda's priorities. And as Cobb goes on: "much is uncertain about the future of venture philanthropy, but at the moment it is not fertile soil for arts and cultural institutions. The amount of money available through venture philanthropy remains quite small. With a major emphasis on assisting social entrepreneurs' effort to alleviate the sources of poverty, venture philanthropy is not an immediate source of funds for arts and cultural institutions, let alone individual artists" (p.132). What seems clear in Kressner Cobb's article is that corporations and business organizations, by overemphasizing the notion of *social change as a key requirement for the distribution of funding, have generally excluded in the meantime those organizations that do not, or at least, from a corporate perspective, do not seem to align with their social priorities. Kressner Cobb does not expand too much on the utilitarian and self-serving motives that underlie venture philanthropy. That poverty, education and the solving of societal ills attract corporate funding is in itself a very positive phenomenon. But it is also worth keeping in mind that a better educated and safer community may, in the short term, represent for corporations a more profitable investment than the arts and humanities. By indirectly prioritizing, through the selection of grantees and investees, certain public purposes, it might be feared that business corporations will exert what Lewis (2000) coined as a sort of market censorship, in which market and business imperatives become the main parameters to promote and direct the public interest.*

Partnering for the community

- *Corporations as catalysts of social transformation*

Whether or not corporations can bring durable and sustainable change in their communities is, as exemplified by the authors previously cited in this study, an issue central to the debates surrounding the new corporate philanthropy and the practice of cross-sector partnerships. To better understand the repercussions of such business-nonprofits alliances on communities and public purposes, this section will further explore how, in the last decade, corporations have been increasingly positioning themselves as catalysts and guarantors of the public interest. As observed by the vast majority of the authors included in this chapter, such a proactive involvement in community affairs—usually referred to as corporate citizenship or corporate social responsibility (CSR)—can positively contribute to the livability, development or rehabilitation of communities. The concept of cause-related marketing involves a partnership with a non-profit organization and as defined by Somaya (1995) "in such a relationship, the corporation and nonprofit organization "adopt" each other as partners for an extended period of time and engage in specific activities by which the nonprofit organization is given funding, marketing exposure, an enlarged support base, and improved public awareness of its cause (p.36). Cause-related marketing practices have usually been hailed by business managers, as an adequate tool to address community needs. But as stated by Burlingame (1994), further research is still necessary to evaluate the extent of such corporate community involvement. As the author argues: "…the ethical, philosophical, political and other issues that make up the more complex *notions of CSR are still in need of research attention. Issues concerning the social contract between business and society, the effects of the corporation on diverse groups, the corporation as a public or common good, and business ethics are just a few examples of future research topics"(p.478). In that sense, this section will try to assess the new role assigned to and performed by corporations within communities. A first assessment of venture philanthropy and corporate endeavors to promote public purposes was provided by Kressner Cobb (2002) whose recent article emphasized that corporate pursuit of social change was hardly compatible with the values and practices of non-profit arts organizations (p.139). Needless to say that authors from the previous decade, however, displayed a more optimistic view regarding the potentialities of corporate community involvement. One central idea found in the literature is that corporations can—and should—act as role models for their communities and provide guidance with regards to ethical behaviors. In this respect, Carroll (2000) notes "businesses wishing to be regarded as exemplary corporate citizens not only carry their own weight by being economically successful and function in compliance with the law, but they also strive to operate in an ethical fashion"(p.3). By positioning themselves as virtuous, corporations, the author later argues, can expect to advance their business interests and those of their organizations "because they are role models for many subordinates and peers who are constantly watching them for cues as to what is considers acceptable or unacceptable behavior"(4). The central—and highly debatable—assumption underlying Carroll's argument is that business ethical leadership can replace other forms of public and civic discourses within a community. "…A corporate culture of incivility and intolerance", Carroll observes, "thwarts the development of a company's most important asset, its people; businesses should serve as an example of how people are treated; and, because, there has been a decline of the institutions that have bound communities together—the lodge, social hall, and the church—business must fill the void" (pp.5-6). Surprisingly, Carroll does not mention governmental authorities as purveyors and guarantors of the public interest and social bonds. Rather, within the general framework provided by the author, cross-sector partnerships appear as the most efficient way to address societal issues (p.6). As noted by several other scholars, what is expected from corporate community involvement is a deep transformation of society infrastructures where corporations play a leading role in bringing and shaping social change. As observed by Vidaver-Cohen & Altman (2000):*

> *This perspective represents a change from the traditional "economic" ideal of corporate citizenship in which business is expected simply to generate profit, provide employment, follow the law, replenish the public coffers, and do no harm. The new ideal…requires business not only to fulfill these core duties but also to proactively contribute to reinforcing the institutional infrastructures of each community in which it maintains a presence; this involves collaborating with other institutions in finding solutions to community problems, investing corporate resources in improving the community, and being willing to formalize these commitments with new organizational roles and procedures (pp. 147-148)*

If as argued by the authors above, corporate community involvement remains in the nascent and emerging state of a "new ideal", Kanter (1999) lays out the argument that corporations can provide "real change" within their communities. Such a task, the author argues, would rely on corporate expertise and "the unique skills and capabilities of business"(p.125). Kanter suggests that communities represent for businesses an opportunity to articulate and develop new ideas that will not only serve the public interest but also help corporations gain a valuable knowledge aimed at stimulating their business development. "Today's better educated children", the author points out, "are tomorrow's knowledge workers. Lower unemployment in the inner city means higher consumption in the inner city. Indeed a new paradigm for innovation is emerging: a partnership between private enterprise and public interest that produces profitable and sustainable change for both sides"(p.124). Central to the author's argument is that corporations possess unique qualifications to address societal problems by providing guidance to governmental agencies and nonprofit organizations. Traditional forms of corporate philanthropy, Kanter further argues, only scratch the surface of the problems (p.124). Instead, proactive and innovative corporate initiatives bring tangible results and seek "measurable outcomes and demonstrated changes"(p.132). "The community", the author to conclude, "gets new approaches that build capacities and point the way to permanent improvements. The business gets bottom-line benefits: new products, new solutions to critical problems, and new market opportunities. New-paradigm partnerships could reinvent American institutions. They open new possibilities for solving recalcitrant social and educational problems"(p.132).

- *Corporate community involvement and public accountability*

That corporations can rejuvenate, reinforce and sustain the social framework of communities is a view shared by most of the authors included in this chapter. Numerous examples of successful corporate community involvement are indeed plentiful and range from corporate volunteer councils (CVCs) consisting of corporate volunteers sharing time, work and knowledge with community organizations (Davidson, 1994) to corporate support and advancement of minorities in urban areas (Somaya, 1995). As stated earlier, a vast majority of the authors agree that businesses possess sufficient capital and skills to tackle societal issues. In that sense Davidson argues that "urban communities are most in need of capital flow to invigorate their local economies (financial capital), investment in their local infrastructure (physical capital), and jobs and skills training (human capital). The corporate sector is uniquely positioned to help meet the financial, physical, and human capital needs of urban communities through its business strategy"(p.33). Such emphasis put on the unique capacities of corporations to achieve public purposes cannot obliterate the fact, however, that corporations are not publicly accountable entities—CEOs and corporate managers are not elected by the community in which their company is located, and citizens have, in return, very little control over corporations' economic and managerial orientations. Thus left relatively independent from the legal constraints attached to their governmental or non-profit counterparts, corporations are not required to act in accordance with the same moral standards that citizens are entitled to expect vis-a-vis nonprofit organizations and government agencies engaged in similar socially responsible activities. Taking the example of Stride Rite Corporation, a shoe company which chose to establish its facilities and plants in depressed inner cities as a way to procure well-paying jobs for minorities, Korten (2001) stresses that socially-responsible corporate programs are overly dependent upon the fluctuations of the markets and that corporations are therefore unable to act for the best interests of society. In a matter of weeks—and despite the opposition of Stride's CEO to such a change—the company relocated its plants abroad to take advantage of lower labor costs. Moving the production overseas put an end to the company's socially-oriented and community-based activities and present, as the author puts it: "a chilling example of the inexorable workings of a predatory global economy"(p.203). This example demonstrates how, when faced with competition—and despite the benevolence of corporate managers, corporate community involvement remains a very unpredictable way to achieve public purposes. "There are", Korten goes on, "a great many socially responsible and environmentally conscious managers. The problem is that they work *within a predatory system that demands they ask not "What is the right thing to do?" but rather "What is the most immediately profitable thing to do?" This creates a terrible dilemma for managers with a true social vision of the corporation's role in society; they must either compromise their vision or risk being expelled by the system"(p.202)*

A major, although largely ignored by proponents of increased corporate-community interactions, aspect of corporate community involvement resides in the evacuation of the legalistic popular control—be it popular elections or initiatives or tax-deductible donations—that previously directly or indirectly gave citizens a relative control over the organizations advancing public purposes within their own communities. As in the case of Stride Rite, it seems that for communities, corporate increased participation in the public interest represents serious risks that need to be clearly and fully addressed. In this respect Vidaher-Cohen & Altman (2000) observe that:

> *From a moral perspective, it can be argued that…communities assume greater long-term risks from a firm's activities than do other stakeholders, and therefore managers become morally obligated to give the welfare of these communities higher priority when making organizational decisions. For example, if other stakeholders are disappointed with a firm's performance, customers can buy other products, employees can seek other jobs…However…when members of the concrete community disapprove of corporate actions, they cannot force the company to curtail its operations in that location without confronting tremendous legal and political obstacles. And even though activist boycotts and media scrutiny have become commonplace, once a concrete community grants a firm "license to operate" it forfeits, on a practical level, "its right of exit" from the relationship (p.150).*

According to Vidaher-Cohen & Altman (2000), potentially damageable corporate actions can be avoided if corporate managers ensure that their company conforms to strong ethical and moral standards that will not be harmful to their community. However, such self-regulatory sets of ethical rules still exclude public oversight and do not represent sufficient guarantees to foster and sustain the public interest. In fact, authors acknowledge that such factors as globalization make it more difficult for corporate managers to oversee their company's full compliance with ethical *standards. As Vidaher-Cohen & Altman later argue: "Today…with large companies operating around the globe and small firms developing worldwide stakeholder networks, the task of serving the public interest has become increasingly complicated. Business leaders now need to carefully consider which communities they should serve and how to make the most effective use of corporate resources to achieve both strategic and social objectives"(p.152).*

As observed by Waddock & Smith (2000), the best way for corporations to become good global citizens is to engage in a constant dialogue with their stakeholders and to take into account the concerns and needs of these stakeholders prior to making decisions. "Relational corporate citizenship", the authors argue, "fundamentally implies that values other than economic ones really are important for business, values such as mutual respect, human dignity, and ecological sustainability"(p.56). By integrating ethical values in the business process and engaging in a mutual constructive conversation with their stakeholders, the authors expect the company's as well as the community's needs to be met. "Global citizenship activities", the authors conclude, "thus go well beyond what is traditionally considered to be "socially-responsible" behavior, especially when those activities are restricted to philanthropic and voluntary duties that are discretionary. Citizenship involves the day-to-day practices of the firm as they impact (and are impacted) by stakeholders. It is in these operating practices (policies, processes, and procedures) and in the ways that companies approach them that company "social" performance is articulated" (p.59). One could argue that such a holistic approach to corporate responsibility would overcome with great difficulties the torments and pressures of the marketplace. However, one could also imagine a system in which business expertise could be provided to communities and nonprofit organizations outside the corporate realm. If corporate community involvement does not present guarantees for durable and sustainable achievement of the public good, one alternative could be to integrate corporate managers as citizens in community organizations. In this respect, Korten holds the view that "corporate executives who wish to do more toward the creation of a truly, just, sustainable, and compassionate world in their personal capacities as individual citizens are quite another matter. Their experience and expertise make them welcome partners in working with citizen movements working to establish enforceable market rules that serve the interests of all…(p.297). Surprisingly enough, Korten's argument is closely akin to a more conservative view held by Smith (1994) previously cited in this study. For the latter, "corporations cannot possess love or charity or any other attribute of human character. While *these attributes can be reflected in the lives of those who are part of corporations, a corporation itself claims to have any kind of human attribute. Hence, I think there is no such thing as corporate charity"(p.19). It is difficult to imagine that after years of experimentation, venture philanthropy and cross-sector partnerships will become obsolete tools for corporations to participate in community affairs. In this respect, Kressner Cobb (2002) observes that "the boom years that spawned the new philanthropy have come to an end, but the impulse to harness the power of private enterprise for public good that lies at the heart of much of the new philanthropy has not waned. Indeed, it seems likely that efforts of this sort will proliferate"(p.139). If, as Kressner Cobb argues, there is compelling evidence to suggest that corporations will play an increasingly predominant role in directing and funding the public interest, thus contradicting Korten and Smith's argument that corporations have no legitimacy in such matters, it seems critical for nonprofit organizations to learn to interact with their corporate partners in the most efficient way. Following Cobb's argument, it seems that any consideration of cross-sector collaboration begins with a deep reevaluation of nonprofits performance. "Arts and culture", the author points out, "have been virtually excluded from venture philanthropy and have received little support from traditional funders who combine business techniques with their grant making. If the arts community wants to expand support from this new wave of funding, it needs to position itself for a more results-oriented, socially involved philanthropy"(p.139). Much overlap exists between Kressner Cobb's statements and those found in the business literature cited previously. More than one decade after the dramatic, and in the case of the arts, fairly unsuccessful developments of cross-sector partnerships, it seems that the corporate model is still a persistent message that nonprofits should mirror and assimilate in order to survive. Whether or not such dominant, and apparently unquestionable model best fits the interests of the citizens and those of their community is a determinant issue that the rest of this study will discuss.*

Dangerous liaisons

This study has reviewed some of the critical issues surrounding the development of cross-sector partnerships as well as the increased participation of corporations in helping solving societal problems. If, as emphasized in most of the business literature, corporate community involvement presents numerous advantages, especially in terms of raising capital and building organizational capacities, this study also noted that further research is necessary to quantify and evaluate the repercussions of cross-sector collaborations on the public good. Indeed, most of the *authors included in this study provide little evidence regarding the long-term consequences and the sustainability of increased corporate involvement in community development. In that sense, globalization, the instability of the market or pressures from shareholders were usually described as potential threats to the proper implementation and durability of corporation/nonprofits interactions. More recent articles provided a more balanced and less enthusiastic assessment of cross-sector interactions, and as Kressner Cobb (2002) observes, one certainty is that such alliances have generally been ill interpreted and misunderstood. "The buzz surrounding [venture philanthropy]", the author argues, "created confusion as articles, surveys and panelists, in their eagerness to catalogue a dramatic new development, lumped together funders, consulting firms, facilitators, and venture capital firms and described organizations that had not really gotten off the ground. For their part, funders, consultants, and facilitators seemed eager to use the glamour and rhetoric of the venture capital movement. Few commentators noted that the amount of money in these funds was small. None pointed out that most of the donor organizations were not private foundations with endowments, but public charities that were themselves dependent on fundraising to support their philanthropic efforts"(p.129). In this article, Kressner Cobb mainly focuses on the financial and funding pitfalls between corporate and nonprofit partners and advocates a redefinition of their relationships. However, very few elements related to the further consequences of such interactions on the public interest are provided. Drawing in part upon Cobb's conclusions, this study has tried to reframe cross-sectoral partnerships issues into a public policy debate. In that sense, this study delineated various perspectives in which the role of citizens—especially citizens' oversight and control over corporate greater involvement in defining the public good—was eventually reaffirmed as necessary to the well being of communities. Central to this study is the argument that corporate community involvement, especially when developed through cross-sectoral partnerships present very little guarantee as a funding source for nonprofits thus presenting serious risks for those institutions that work for the public interest.*

- *Corporate community involvement and free expression*

After reviewing such public policy issues—civic engagement, social transformation and public accountability among others—that seemed relevant to understand the ramifications of cross-sector partnerships, this study will consider how greater corporate interactions with nonprofits may be a hindrance to the free exchange of ideas and exert a tacit pressure on nonprofit managers. Carey Dempsey (2002) offers an example of such corporate pressures:

> *While communication and collaboration between the non-profit and for-profit sectors have generally been hailed as productive and innovative, there are caveats aplenty…Lawrence Wilker, former president of the Kennedy Center in Washington, cited the conflicting pressures- "whiplash"- non-profits face, even in the face of what appear to be promising opportunities. Among the widely-reported controversies that ensued from such instances, the Smithsonian came under heavy fire for accepting contributions from donors who then sought to dictate the contents of exhibits (as when businesswoman Catherine B. Reynolds called for her multi-million dollar gift to create a hall of achievement to portray the lives of "eminent Americans" among whom she listed Oprah Winfrey and Martha Stewart (n.p.).*

That corporate contributions can potentially interfere with the free exchange and freedom of ideas is an assumption shared by two of the authors included in this section. As in the example cited above, Jacobson (1993) suggests "there is ample evidence that corporate money influences the content of museums' exhibits. A decade ago, a Center for Science in the Public Interest (CSPI) researcher visited a dozen science-technology museums from Boston to Los Angeles. He discovered that not only were many exhibits at major museums sponsored by industries that have a financial interest in the subject of the exhibit, but also that the exhibits were one-sided"(p.25). As seen in the Smithsonian example, it seems that Jacobson's warning that corporate sponsorship may be harmful to a cultural institution artistic integrity holds much truth, especially, and almost ironically, in the case of a national museum heavily reliant upon federal financial subsidies and therefore apparently less prone to be the object of this kind of controversy. The fact that a national public institution as prestigious as the Smithsonian be so vulnerable to corporate influence is highly indicative of the fragility of those cultural institutions, which faced with dwindling public support, increasingly give in to corporate demands that Jacobson describes as "[having] powerful strings attached, although those strings are rarely discussed or made explicit"'(p.25). According to the author, another tacit aspect of corporate interference with arts organizations' artistic independence is that corporations tend to fund very mainstream exhibitions thus implicitly pressuring museums to opt for exhibits more in line with corporate advertising strategies and with the tastes of the public or consumers these companies want to reach. Referring to a European *cultural market increasingly tempted to mimic the highly privatized American system of support, Zolberg (2000) observes in that sense that:*

> *In the face of multinational corporations that control vast domains of both popular and commercial cultural production and dissemination, it will be difficult for nation states to control them. Although the shift away from virtually complete state support has not yet occurred in the countries that are trying to diminish it, the privatization process sets the parameters for changing the form and the substance of the arts and their public…While the consequences of this trend are far from clear…to the extent that public support wanes,…[museums] are obliged to change their character: they organize blockbuster shows, enlarge their gift shops, and emphasize activities for fees that they hope may increase their profit…(p.23).*

If, as observed by Zolberg the shift from state support to privatization and its further repercussions are yet difficult to identify, one can never the less argue that the retreat of governmental support will eventually be damageable to cultural innovation and freedom of expression. In this respect, several scholars have noted that a substantial government role is necessary to investment in innovation. In that sense, Lewis (2000) remarks that:

> *The history of capitalism in the developed world suggests that unless encouraged to do otherwise, industry tends to look to the short rather than the long term. Innovation, if it means changing a system of production that can still eke out a profit, is considered a risky long-term luxury. Even in some capitalist/mixed economies, nation states from Germany to Japan have realized that they must play a role if they are to maintain a dynamic industrial base. The more prescient governments have, in one form or another, subsidized research and development in order to maintain an innovative edge. The cultural industries are no different in this respect. If we are interested in providing artists (of whatever kind) the freedom and resources to innovate, then some form of subsidy is required (p.91).*

If government support enables the cultural sector to keep and maintain an "innovative edge", one can wonder how an increasingly marginalized government support will affect the *future of nonprofits and, to another level, the development of cross-sector partnerships. Drawing upon Lewis's argument, this study argues that government intervention is vital to insure nonprofits' independence and community involvement, and second, that cross-sector partnerships cannot be an alternative to governmental action. Indeed, many scholars have emphasized the need for a strong and proactive state as a key requirement to the achievement of long term public interests that mere cross-sector partnerships could not sustain. In that sense, Mulcahy (2001) observes that within the mixed system of funding—including government, private and corporate giving—that characterizes the American cultural sector, public organizations have the capacity to "support activities that are important aspects of individual self-worth and community definition even if not competitive in the marketplace"(p.18). Central to the author's argument is that public funding and other forms of private and corporate giving can coexist together, each of them enabling arts organizations and artists to achieve different purposes. Of major importance, the author goes on, is to better understand and articulate these various sources of funding in a way that would best serve the public good (p.18). "In conceiving of public policy", Mulcahy thus suggests, "as an opportunity to provide alternatives not readily available in the marketplace, public cultural agencies in the United States would be better positioned to complement the efforts of private institutions rather than duplicate their activities. The real issue is not whether a public cultural agency should exist, but what would be its role in a funding triad comprised of private and corporate philanthropy, earned income and government funding"(p.20). Mulcahy views government and private functions as complementing each other with the former counterbalancing the latter by providing an opportunity for expression to cultural products that would otherwise not survive in the market alone. By emphasizing the respective, and thus apparently separate roles of each funding entity, the author does not advocate partnerships between private and public sectors. Rather, Mulcahy holds the view that a diverse and well-articulated mixed-funding system whose components provide different services and products can generate a wide range of cultural activities for various audiences. The idea of a cultural continuum with very little overlapping between the various sectors included in it may seem like a blatant disapproval of the much-shared assumption that cross-sectoral collaborations represent the most efficient way to revitalize the cultural sector. Indeed, by proposing that by complementing rather than collaborating with each other, each sector will eventually positively contribute to a specific segment of the cultural sphere, Mulcahy eventually points to the state as the unique guarantor of public purposes, and at the* *expense of the corporate sector. Mulcahy's uneasiness with corporations' capacity to address the public interest may seem like a return to a more traditional pre-partnership society model in which public and private sectors worked in relative isolation. Such an assumption may hold some truth but ignores the fact that, following decades of so-called "government failures" presumptions and state action discrediting from free-market proponents, Mulcahy, instead, is calling for a reexamination of the government's unique skills in dealing with the public good. In this sense, Mulcahy's argument is reminiscent of that of Bourdieu (Bourdieu & Haacke,1996), who, although himself very critical of the state's faults and limitations, noted that government is the only entity whose assistance can guarantee free expression:*

> *Research activities, in art as well as science, need the state to exist. To the extent that, grosso modo, the value of works is negatively correlated with the size of their market, cultural businesses can only exist and subsist thanks to public funds. Cultural radio stations or television channels, museums, all the institutions that offer "high culture", as the neocons say, exist only by virtue of public funds—that is, as exceptions to the law of the market made possible by the action of the state, which alone is in the position to assure the existence of a culture without a market…By definition, the state brings a solution that is not logical (there is none), but sociological, to the paradox of the Free Rider, so dear to neoclassical economists. Only the state is in the position to say, with the chance of being heard and obeyed…(pp.69-70).*

Based on the argument that public funding is a critical factor to advance public purposes, this study argues that government agencies should be active participants of cross-sector development and should not be limited, as Mulcahy argues, to the funding and preservation of cultural products that cannot rely upon the sole mechanisms of the market place. In fact, even if cross-sector partnerships have not yet fulfilled the expectations initially placed upon them, interactions between the sectors and venture philanthropy are still considered with great interest within the art sector (Kressner Cobb, 2002), especially at a time when states are dramatically cutting their arts budgets and resources. But any consideration of the development of such cross-sectoral practice should begin with a reevaluation of the function of the state all the more since those alliances are directed toward the achievement of the public good. Central to this study is *that governmental authorities have a major part to play in sustaining the public good by getting closely involved with nonprofits in order to establish, when necessary, successful methods of partnering with the corporate sector. A proactive and sustained collaboration across the sectors in which the state articulates and devolves, without canceling, its responsibilities, could be an appropriate catalyst for the advancement of the public good. In that sense Yudice (1997) observes that: "The emphasis in post-Cold War culture is on the character of the public good, which is no longer to be defined either by the state or civil society. It is now negotiated or partnered in the triangle of government, the corporate sector and civil society. It makes no sense to speak of public and private, for they have been pried open to each other in this triangulation" (n.p.).*

- *Civic and corporate values*

The argument that the state should endeavor to manage cross-sector partnerships and retain, at the same time, its public responsibilities has been mentioned early on in this study and further explored by Thrusby (2001). But, no matter how appealing this model may seem, it appears fragile when confronted to the realities of the global economy and the free-market whose advocates have been discrediting governmental action, its unresponsiveness and bureaucratization over the last decades. In this respect McKaughan (1995) quoted a Citibank spokesperson as saying: "I think we are more interested in results these days because Americans feel overwhelmed by the social problems we deal with everyday. People have lost confidence in the public sector's ability to solve problems, so they are turning away to the private and nonprofit sectors"(cited in Anderson, 1996, p.33). This statement is typical of free-market doctrine that sees in government intervention, especially in the case of education and the arts, a cumbersome entity that could easily be superseded by cross-sector alliances and corporate socially responsible programs. As Korten (2001) puts it, such a compelling message is aimed at relocating society's resources in the hands of corporations:

> *Interwoven into the political discourse about free markets and free trade is a persistent message: the advance of free markets is the advance of democracy. Advocates would have us believe than an unregulated market is the most efficient and responsive mechanism for political expression than the ballot, because business is more efficient and more responsive to people's preferences than are uncaring politicians and inefficient bureaucrats. The logic is simple: In the marketplace, people express their priorities directly and precisely by how they*

> *spend their consumer dollars. A vote for one among the available political candidates is by comparison a blunt instrument for expressing choice. Therefore the market is the most effective and democratic way to define the public interest (p.73).*

As illustrated in the triangular model provided earlier by Yudice, it may be feared that, without the counterbalancing power of the state, corporations will eventually gain increased power in defining the public interest. Indeed, without government guidance and support, what may emerge from cross-sector partnerships is not so much a collaborative form of society in which the public good is carefully negotiated between partnering nonprofit and corporate entities, but rather a weakened nonprofit sector unable to fulfill its mission and giving in to corporate demands. In other words, once a single component comprised in the tripartite collaborative model is weakened, the whole system that structures the public good may collapse with the dramatic effect that one sector may be tempted to impose its values upon the remaining other. Focusing on Mobil Oil sponsorship programs, Page (1995) observes in that sense that, through partnerships with selected nonprofits, the gas company has tried to communicate civic-minded values that actually reflected the capitalist ideology embodied in the giving corporation. "The Mobil advertisements", the author argues, "…promoting local or national organizations presented the image of a caring and socially concerned corporation. However, a look at the selected organizations suggests that they very much reflected traditional corporate values such as self-help, private charity, individualism, and community volunteerism. The groups singled out were safe, mainstream organizations…with two exceptions…government-supported organizations were not mentioned. The support of the "caring" corporation was limited to conservative, noncontroversial groups that mirrored capitalist values"(p.34). As mentioned later in the same article, Mobil Company used its self-assigned socially oriented image to compel customers and politicians to act in accordance with its interests and purposes. "This sense of goodwill", notes Page, "can be used to counter unfavorable media stories or negative events (e.g., oil spills or price increases). The corporate image is carried like a shield in the battle. It is useful to hide behind and often becomes an integral part of corporate efforts to influence political and economic issues"(p.35). A denial of governmental participation in the triangular negotiation of the public good points toward a situation of monopoly in which civic values carried by public and nonprofit *organizations are subordinated to those of corporations. Corporate monopoly has usually been described as an inexorable trend affecting the free market when it is left to its own devices (Lewis, 2000, p.81). What is more, such a monopoly coupled with a substantial retreat of government leaves nonprofits without safety net when the partnering corporation chooses to put an end to the collaboration process. In that sense Bourdieu and Haacke (1996) observe that: "It is difficult to reverse the situation once the state has abdicated and the institutions have become dependent on the sponsors…More and more, they are getting used to limitations on the content of their programming. Management prevails. Nevertheless, the chief of Cartier warned us that the sponsors' enthusiasm is not guaranteed for ever…[and] it would be naive to think that the state will resume its responsibilities for culture when the Cartiers of the world have lost interest"(p.71).*

Unlike proponents of an unregulated free-market, this study has argued that the public good cannot be devolved to a sole private sector encompassing nonprofits and corporations. Rather, a proactive state, whose coercive power can counterbalance corporate pressures, is a key requirement to the successful development of cross-sector alliances. In that sense Salamon (1996) notes that, far from being synonymous with increased centralization and bureaucracy, a greater intervention of the federal government in advancing the public interest has always involved increased collaboration between state authorities and nonprofits as well as private businesses. "When public aid expanded in the 1960s", the author argues, "it often did so in ways that promoted rather than displaced, the nonprofit sector. This was so because of the peculiar way government—particularly the federal government—operates in the United States. Because of ingrained attitudes of hostility to centralized government, it is rare for the federal government to deliver services directly. Rather it tends to operate through other entities—state governments, city governments, banks, other private businesses, and increasingly in the 1960s, private nonprofit organizations…The private nonprofit sector was a major beneficiary of this mode of government operations. Reflecting this, long standing interrelationships between government and nonprofit organizations may stretching back to colonial times"(pp.62-63). At a time when the art sector is suffering from major funding cutbacks, a strong government commitment to revalidate private-public partnerships would be an appropriate strategy. Rather, government authorities have been very reluctant to provide guidance regarding cross-sector partnerships (Seaman, 2002). In fact, it seems that during the 1980s and 1990s, which witnessed a substantial retrenchment of federal action, cross-sector partnerships have been used as a pretext to rid the government sphere from *its public responsibilities, thus putting nonprofits in the difficult position of having to provide collective goods at greater risks and with less governmental supervision. "The weakening of the political left", Brustein (2000) argues in that sense, "and the absence of a genuine political dialectic has led to paralysis in an arena of social action usually serviced by legislation. It is because of this inertia that the nonprofit cultural sector is being pressed into compensatory service, as a way of sustaining hopes disappointed by the political system" (p.219).*

Any debate as to how to better advance public purposes through cross-sector partnerships should undoubtedly involve government, nonprofits and corporations in the same room. How those entities can better complement their efforts and collaborate in order to achieve public purposes would indeed constitute a basis upon which a democratic discussion could emerge. Such a concept will remain a lofty ideal as long as the respective and inalienable functions of each entity vis-a-vis their communities will not be acknowledged. In this respect, this study argues that cross-sector partnerships cannot fully operate without strong governmental support, and that a failure to do so will see increased corporate control over civic values and an erosion of cultural innovation.

Strategic collaborative models

- *Cross-sector partnerships as necessary compromises for nonprofits*

Much of this study has been devoted to articulating the notion of cross-sector partnerships within the broader framework of public policy. In this respect, collaborations between the nonprofit and corporate sectors have been examined in light of such notions as community development and the advancement of public interests. As found in this study, one fundamental prerequisite to the development of cross-sector partnerships is an active participation of governmental authorities in providing guidance and financial support. However necessary, such a state involvement with the private sector in order to achieve public purposes has not yet occurred and this reluctance to engage a dialogue may explain why the undeniable potentialities of cross-sector partnerships have not yet been explored by each sector, especially in the art world. In the last few years, cross-sector partnerships have usually been hailed as possible alternatives to public institutions to address social issues and provide solutions to long-term problems. In the case of the arts, there is compelling evidence to suggest that such an assumption could eventually be very detrimental to both nonprofit arts organizations and the public good. What is more, much work is still to be done in order to bring together non-profit, government and corporate *organizations in a mutual exchange from which society could benefit in the long run. Despite such obstacles, this study recognizes that, as federal and state support for the arts is dramatically dwindling, nonprofits in need of money cannot ignore the benefits to be drawn from cross-sector partnerships and should consider such practices as a necessary compromise in order to reach their goals. In that sense, this chapter includes a selection of collaborative models that were found particularly relevant to the issues that nonprofits inevitably face while engaging into a partnership with a corporation.*

By necessary compromise, this study does not refer to strategies that would be detrimental to nonprofits' mission and commitment to their communities. Rather, the terminology encompasses those strategies by which a nonprofit can develop creative ways to approach, lure in, and partner with a corporation without relinquishing its own identity. As Wise (1995) puts it: "That job has always required skill and ingenuity, but never more so than today, when some businesses bluntly state that their arts sponsorship has little to do with philanthropy and stems more from self-interest"(p.140). A determinant factor that increases the chances of a successful partnership is for the nonprofit partner to identify the kind of collaboration that best fits its activities and purposes. in this respect, Andreasen (1996) emphasizes three types of potential cross-sector alliances: (1)Transaction-based promotions in which the corporate partner provides money or in-kind donations to the non-profit organization, (2) Joint issue promotions refer to those cross-sector alliances aimed at tackling a social problem, and (3)Licensing practices in which nonprofits allow corporations to use their name and logo in return for a fee or percentage of revenues. A rather, although more detailed conceptual framework, is provided by Austin (2000, supplemental). The author first identifies cross-sector collaborations as part of a three-stage continuum in which the relationship between the two partnering entities intensifies and gains in complexity. From peripheral and based on limited reciprocity (philanthropic stage), alliances can evolve to a deeper and mutually beneficial level of collaboration (transactional stage), which sees greater overlapping and compatibility of values between the two organizations. The last stage referred to as integrative consists for the two sides in furthering their interaction to the point of becoming, for a given period of time, a single organizational entity sharing a common mission. "This conceptualization", Austin argues, "allows collaborators to locate their relationship on the continuum as a basis for discussing what type of relationship they have, how it is evolving, and where they want it to go. Progression along the continuum is not automatic, and regression can occur. The continuum is not a normative model; one stage is not better than another. Movement along [the collaborative continuum] is the result of conscious *decisions and explicit actions by the partners"(p.72). In a similar vein, Kanter (1994) observes that cross-sectoral collaborations are multifaceted and include a variety of forms that cannot be solely described as commercial transactions. "In every case", the author argues, "a business relationship is more than just a deal. It is a connection between otherwise independent organizations that can take many forms and contains the potential for additional collaboration. It is a mutual agreement to continue to get together; thus its value includes the potential for a stream of opportunities" (p.98).*

- *A reciprocal dialogue as a key mechanism of cross-sector partnerships*

Central to Kanter's argument is that, similar to relationships between people, partnerships involve an emotional component that needs to be taken into account in order to make the collaborative process work. In this respect, the author emphasizes a series of five stages that can help generate and sustain successful collaborations: (1) Courtship: discovering each other's compatibility, (2) Engagement: setting up plans and closing the deal, (3) Housekeeping: discovering each other's divergences, (4) Maturation: developing mechanisms to bridge differences and implementing rules to coexist, and (5) Harmony: understanding the beneficial changes produced by the collaboration. Focusing on arts organizations, Scheff & Koetler (1996) propose an almost identical series of collaborative models based upon common issues that need to be clearly addressed before engaging into the partnership process: (1) Setting goals. What is expected from the collaborative process? What can each organization bring to the other? (2)Building consensus. How can each organization contribute to the common project in an equal way? (3) Building trust. How can each organization understand the other's specific culture and way of performing business? (4)Communicating. How to insure the adequate exchange of information in order to better face unexpected situations and potential problems? (5)Designing leadership. How to best allocate leadership and responsibilities? (6)Committing adequate resources. How to best manage financial resources?

If Jacobson (1993) deplored that cross-sector partnerships usually involved powerful strings attached "that [were] rarely discussed or made explicit"(p.25), the authors included in this last section take a different stance by proposing that a reciprocal dialogue delineating the different stages of the collaborative process is a fundamental element upon which the success of the collaboration mostly rely. Such a dialogue is based upon a sincere relationship whose affective characteristics are sometimes difficult to evaluate. "Institutional partnerships", observes Austin (2000, supplemental), "are created, nurtured, and extended by people. Social purpose partnerships appear to be motivationally fueled by the emotional connection that individuals make both with the social mission and with their counterparts in the other organization"(p.82). Such emphasis put upon the creation and maintenance of personal relationship *as a key element of success is echoed by Kanter (1994). "Intercompany relationships", the author argues, "are different. They seem to work best when they are more familylike and less rational. Obligations are more diffuse, the scope for collaboration is more open, understanding grows between specific individuals, communication is frequent and intensive, and the interpersonal context is rich. The best intercompany relationships are frequently messy and emotional, involving feelings like chemistry or trust. And they should not be entered into lightly. Only relationships with full commitment on all sides endure long enough to create value for the partner"(p.100). The potentialities of committed bonding should not be underestimated by the partnering entities. Indeed, a recent American Association of Museum Convention presentation[4] emphasized the necessity for nonprofit managers to create and sustain relationship with their corporate counterparts and listed those affective interactions as a top strategy, aptly nicknamed "Logos Matter. Relationship matter more" for the occasion, to build sustainable cross-sector partnerships.*

CHAPTER V
CONCLUSIONS AND IMPLICATIONS

Today it's all about "trust", a property
the private sector is said to possess in
great abundance but that government lacks[5].

The purpose of this research was to review and interpret literature pertaining to the subject of partnerships between the corporate and nonprofit sectors. The scarcity of research on the topic, especially from an arts administration prospective, was taken as an incentive to further explore the complex interactions that increasingly bring together nonprofit organizations, corporations and the communities those entities serve. Moreover, this study's main goal was to rethink the theory and practice of intersectoral collaborations within a cultural policy framework. Indeed, the fact that cross-sector partnerships are increasingly viewed as creative ways to revitalize a nonprofit art sector plagued with government cutbacks as well as powerful instruments to achieve public purposes, shows a deep

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[4] *"The Credibility Factor: Museums & Corporate Support". American Association of Museum "Bridges to the World" 97th Annual Meeting, May 18-22, 2003, Portland, OR.*
[5] *Frank, T. Get rich or get out. Harper's Magazine, 306 (1837), June 2003, p.41.*

reorientation in public policy in which increased responsibilities are transferred from government to the private sector. Whether or not corporate-nonprofits collaborations can adequately handle and sustain such a devolution of powers, especially in terms of community development and civic values fostering, was an issue central to this study. A cultural policy approach to cross-sectoral partnerships was aimed at understanding the impact and further implications of an increasingly privatized art sector for those communities in which public-corporate alliances were implemented. Such a cultural policy approach is based on the premise that cross-sector partnerships encompass a wide range of social, economic, cultural and managerial perspectives and relationships that need to be addressed in order to "construct a rich and meaningful picture of a complex, multifaceted situation" (Leedy, 2001, p.147).

Given both the complexity of cross-sector partnerships and the relative—and paradoxical— lack of research on the topic (Austin, 2000, supplemental), the purpose of this study was to confront texts and publications from different fields and to "summarize", as Cooper (1982) states, "the accumulated state of knowledge concerning the relation(s) of interest and to highlight important issues that research has left unresolved"(p.292). Drawing in part upon Cooper's methodological guidelines, this study did not intend, however, to "resolve", as the author's quantitative procedures suggest, any ethical problems or practical difficulties that cross-sector collaborations inevitably raise. Rather, the aim of this cultural policy-oriented research was to point out to critical issues that could generate discussion and direct future public policy. In that sense, Bradford (2000) observes that "cultural policy is not a set of rules or recommendations per se, but an approach toward complex and mutable relationships, a way to think about issues, a set of tools for a rapidly changing future"(p.12).

One way to approach the notion of cross-sectoral partnerships was to evaluate to what extent such practices, in which corporations play a major role, were compatible with the achievement of public purposes. As stated by Salamon (1999), the advancement of the public interest has historically been reliant upon government authorities, the private sector as well as government-nonprofits collaborations, with a growing participation of the latter entities in the process over the last decades (p.12). As a matter of fact, the achievement of the public interest in the US is funded, and therefore based upon the interplay of various organizational entities, be they private or public, with the government acting as a catalyst and regulator. As noted by the President's Committee on the Arts and Humanities (2000) the American cultural support system is not different from other sectors and "is a complex structure pieced together from many different sources: earned income, contributions from individuals, corporations and foundations; and grants from local, state, and federal governments. The entire system is interdependent, *operating in "synergistic combination", with public and private donors influencing each other and funding different parts within the whole"(p.75). What is more, "held up by [such] a fragile web of many interdependent strands of support, non-profit cultural organizations are as sensitive to these factors as are other non-profit organizations at the heart of America's public life"(p.76). In recent years, the achievement of the public good has undergone massive changes and the private-public combination of organizations that maintained the public interest has shifted toward a more business-like approach characterized by a substantial retreat of government and an emphasis on strategic nonprofit-corporate partnerships. "By the early 90s", observes Rockwell (2002) in a New York Times article, "…the barriers between idealism and commerce had begun to crumble…One [of the reasons] was the decline of public financing, especially federal money from the beleaguered National Endowment for the Arts…That led to an ever-more-pointed search for donors, subscribers and box office appeal" (section 2, p.9).*

Several scholars have noted that increasing reliance upon corporate dollars to support nonprofits' mission could potentially damage the fragile "synergistic combination" that contributed to the vitality of the cultural sector and could therefore be detrimental to the achievement of public purposes. As found in many articles included in this study, cross-sector partnerships are usually seen, not as an extension, but as an alternative to government action, given that corporations, by providing guidance and capital to their nonprofit partners, are seen as more qualified to achieve public purposes. In this respect, Miller & Yudice (2003) observe that:

> *Private-public partnerships, driven by tax exemptions and plutocrats in search of cultural capital, have become internationally revered. This model is proliferating throughout Europe and Latin America, as the neoliberal push for reduced government expenditures merges with a democratizing influence that associates state-driven cultural engineering with command culture. Proponents see the US model as a form of non-market, non-governmental interaction between elites and the social. The United States is increasingly developing and exporting a notion of corporate citizenship—essentially unaccountable, yet supposedly principled. The most powerful export derives from the idea that US private philanthropy and corporate support generate at least as much diversity and quality in the arts as could taxation revenue…(p.68).*

This study suggests that, without a strong participation of the state, whose elected officials guarantee a relative form of public accountability, the concept of cross-sector partnership is inadequate, *if not antagonistic with the pursuit of the public good. As mentioned in chapter IV, corporate community involvement, as opposed to an elected body of representatives, does not represent sufficient guarantees regarding citizens' oversight and control over the corporation's activities. In that sense, Hodgkin (1993) stresses that:*

> *While some commentators argue that corporations should be held accountable to, for example, their employees or communities, a business corporation in America does not have as yet have a general fiduciary duty to any constituency other than its shareholders. The corporation exists to serve them and them alone. And it serves them by making money for them. No business corporation should voluntarily take an action for public policy reasons that it is convinced will be significantly detrimental to its shareholders' financial interest: indeed, making such a decision could expose the board to liability for breach of their fiduciary duty (p.422).*

Without public accountability, the notion of public interest becomes meaningless. Indeed, one can even wonder whether the very notion of public interest is still relevant here if community members have very little control over corporate organizations supposedly working for their own good and the welfare of their communities. Surprisingly, the notion of public accountability is rarely mentionned in most of the articles dealing with cross-sector partnerships and the notion of corporate citizenship. This absence reflects a more general ideology, which sees government as inefficient and thus worthy being superseded by a private sector led by socially responsible corporations. In this regard, Frank (2003) observes in Harper's Magazine that the 2004 federal budget was designed to celebrate corporate achievements and expresses, on the other hand, a deep mistrust of governmental action. "In the early days of his administration", the author observes, "George Bush was hailed as the "CEO president", an M.B.A.-bearing true believer who would put management theory into practice; this was thought to mean that he was a practical man who would make things work smoothly, just like they supposedly do in a corporation. What such interpretations overlooked was that management theory holds government to be a uniquely depraved social actor. M.B.A.- speak is intertwined with contempt for government throughout the 2004 budget…The books tell of gaping loopholes…all of these problems flowing together to give the overall impression that government is simply a gigantic boondoggle"(p.34).

This study offered compelling evidence that any debate related to the theory and practice of cross-sector partnerships should address the notion of public accountability and how it can be preserved within *a nonprofit art sector increasingly subject to both dwindling government participation and growing corporate involvement. Indeed, as this study argued, cross-sector partnerships cannot replace governmental action but should be conceived as a complementary extension of it. In that sense, Bourdieu and Haacke (1995 admirably described the necessary, complex and contradictory nature of the state in providing freedom for artistic expression:*

> *In fact, and it is here that we find the antinomy, there are a certain number of conditions for the existence of a culture with a critical perspective that can only be assured by the state. In short, wee should expect (and even demand) from the state the instruments of freedom from economic and political powers—that is, from the state itself; when the state begins to think in terms of the logic of profitability and return in relation to hospital, schools, radios, televisions, museums, or laboratories, the greatest achievement are threatened: everything that pertains to the order of the universal—that is, to the general interest, of which the state, whether one likes it or not, is the official guarantor.*
>
> *That is why artists, writers, and scholars, who hold in trust some of the most exceptional accomplishments of human history, must learn to use against the state the freedom that the states assures them; they must work simultaneously, without scruples or a guilty conscience, to increase the state's involvement as well as their vigilance in relation to the state's influence (pp.71-72).*

Future studies should explore the roles, responsibilities of each partner—government, nonprofit, corporation—in achieving public purposes through such triangular interactions. Undoubtedly, at a time when government action is said to be unredeemable and corporate culture is inversely, and unquestionably, seen as a possible model for community building, such hopes to conceive a real partnership-society seem even more remote. However, it can be hoped that the freedom that the state guarantees will eventually provide citizens with an opportunity to publicly discuss government's prerogatives and inevitable limitations in fostering and supporting the arts through cross-sector partnerships.

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