



SOUTH AFRICAN CULTURAL OBSERVATORY

Private sector support for the CCI in South Africa

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Private sector support for the CCI in South Africa

Abbreviations

ACT:	Arts and Culture Trust
BASA:	Business and Arts South Africa
CCI:	Cultural and Creative Industry
CSI:	Corporate Social Investment
CSR:	Corporate Social Responsibility
DAC:	Department of Arts and Culture
DSAC:	Department of Sports, Arts and Culture
JSE:	Johannesburg Stock Exchange
KDI:	Key Development Indicator
MGE:	Mzansi Golden Economy
NAC:	National Arts Council
NLC:	National Lotteries Commission
SACO:	South African Cultural Observatory

Summary

A key orientation of the Department of Sports, Arts and Culture's (DSAC) strategy is to unlock the potential of the Cultural and Creative Industry (CCI) to substantially contribute to economic growth and job creation in South Africa, which can be attained if the sector is adequately supported. This paper adopted a desktop study (examining relevant literature, reports and extracting Corporate Social Investment (CSI) information from Top 100 Johannesburg Stock Exchange (JSE)-listed companies' annual Integrated Financial Reports for the 2016-2018 reporting years) to discuss key debates and issues pertaining to private sector funding of the CCI in South Africa. This is undertaken in the context that the continued dominance of public sector funding for the CCI raises sustainability concerns, and that it is imperative that private sector funding is leveraged by the arts and culture sector to reduce dependency on government funding. This will further unlock the potential for the CCI to contribute to economic growth, create jobs and contribute to social cohesion.

The key themes and debates identified in the literature review indicate an economic orientation/ shift in the arts and cultural sector. However, it is noted that the CCI is unlike other economic sectors since the core benefits are normative in nature and, therefore, values and benefits go beyond economic aspects. Furthermore, there is limited literature, if any, that provides actual amounts of private sector funding to the CCI and to specific domains/ genres. Private sector biases, however, are indicated towards events and festivals, the visual and performing arts, shows and exhibitions, film and television, and training and educational programmes. Furthermore, larger and more established organisations and events are supported. This is of concern since in the CCI smaller businesses dominate, many of which are individual-based and operate on a freelance or contract basis. Thus, the CCI encounter challenges to attract private sector funding. Governments advocate for private sector funding to reduce reliance and/ or complement public funding as well as develop the CCI. On the other hand, the key reasons why the private sector supports the CCI is to leverage economic benefits. The main form of private sector funding support is CSI, which is a requirement for large companies in South Africa. However, the main reasons why companies engage in CSI activities are also aligned with economic benefits. A key theme is also related to driving innovation, where it is noted that private sector funding is more effective in this regard. The crowding-out effect of public funding in dissuading private sector investments in the CCI is also highlighted. There is, therefore, the need to reduce government funding to increase private sector funding. A critical issue raised is that private sector support can increase corporate interests/ influence and reinforce inequalities, which can undermine transformational efforts.

Private sector funding is relatively low compared to public sector funding in South Africa. The primary sources of private sector funding for the CCI in South Africa were mainly from direct funding, especially CSI programmes. An assessment of the CSI spend among the Top 100 JSE-listed companies reveal that the amount of funding is declining, both in terms of actual amounts and spend as a percentage of net profits after taxes. Mining, financial services and the retail sectors spent more on CSI than the other sectors. The main areas of CSI spend are in education, health-related activities, infrastructure/ community project development, small business support, environmental programmes, and job creation initiatives. It was noted, however, that these areas have the potential for arts and culture integration. In terms of arts and culture specifically, 34% of the companies in 2016, 32% in 2017 and 33% in 2018 provided

support. An important mechanism of private sector support is also joint ventures and partnerships, specifically with BASA, ACT and NAC. The main sector appears to be the banking sector, with key initiatives being Standard Bank Arts and Culture and Nedbank Arts Affinity programmes. There is some evidence of international private sector funding in South Africa as well. The variations in the amounts of funding corporations provide for CSI are substantial. Concern was noted in terms of more established organisations receiving the bulk of the funding and the same organisations benefitting every year. A preference to support events and festivals was also evident.

The main recommendations emanating from this study are the need to target larger corporations to support the CCI and for training in the arts and culture sector for organisations and individuals to attract public sector sponsorships/ funding. In terms of research, more effort needs to be placed to improve data quality and information to permit calculations of the proportion of the funding that can be attributed to the private versus the public sector, and better understand the motivations and impacts associated with private sector funding. Further research is also required to understand the crowding-out effects in South Africa, since this could be a reason for the private sector preferring to fund other areas compared to CCI, as indicated in relation to the Top 100 JSE-listed companies' CSI spend analysis. The private sector is influenced substantially by economic considerations in relation to funding decisions, therefore, more attention should be paid to making a business case for why investments in the CCI are important, and how these can benefit specific corporations. There is also a need to develop strategies or engage more effectively with the public sector to shift spending from established CCI businesses and organisations to new and emerging ones with a more spatial spread, especially to contribute to achieving broader transformational imperatives. The impacts of the COVID-19 pandemic on private sector funding, especially the massive economic recession that the pandemic has triggered, needs to be monitored and appropriate strategies developed to assist the CCI. This should include identifying companies and corporations that are likely to benefit economically from the pandemic to support the CCI financially. The CCI's role in contributing to dealing with the pandemic should also be highlighted and integrated into initiatives. Organisations and individuals attempting to leverage private sector funding need to be trained on how to access funding and attract sponsorships.

1. Introduction

The Department of Sports, Arts and Culture (DSAC) articulates the South African government's position that the Cultural and Creative Industry (CCI) has a significant potential to contribute to economic growth, create jobs and contribute to social cohesion. With increased support from the private sector, in particular, the CCI can see more growth and impact. The former Department of Arts and Culture (DAC, 2018), now merged to form the DSAC, noted that to unlock the economic potential of the 'new gold' (arts, culture and heritage) sector, a key component of the Mzansi Golden Economy (MGE) programme, is to reduce dependency on government funding and leverage private sector support to ensure the sustainable development of the arts, culture and heritage sector in South Africa.

The CCI currently relies heavily on private and public sector support, which is mainly attributed to cultural and creative activities yet to realise their full economic potential and many parts of

the sector being less commercially viable (Bagwell et al., 2015). The South African Cultural Observatory (SACO, 2019a) report on “How much funding is available for the cultural sector in South Africa?” as well as the SACO (2018) “MGE Monitoring and Evaluation Summative Report” concluded that public sector funding dominates the CCI landscape in the country and that there was a need for additional research to examine private sector support of the CCI. It is important to note that the focus of this paper is the CCI which operates mainly on a for-profit basis compared to the non-profit cultural sector, as indicated by Bakhshi and Cunningham (2016). The private sector also includes private citizens and it is, therefore, essential to examine their appetite to support the CCI or willingness-to-pay as stated by Kruger and Saayman (2016). This paper does not include private citizen support which is important to consider and needs more focused research. Getzner (2017) states that private citizen funding is mainly via donations and increasingly, as noted by Borst et al. (2018), via crowdfunding which entails raising funding (primarily using social media platforms) for specific projects or activities.

The dominance of public sector support is a global trend as noted by Bob et al. (2019), Frey (2019), Getzner (2017), Long and Morpeth (2016) and Mulino (2016). However, as Campa and Zijlmans (2019), Cobb (2002) and Sarra and Berman, (2017) indicate, increased focus on private sector philanthropy and Corporate Social Responsibility (CSR) or Corporate Social Investment (CSI) has resulted in more considerable attention being paid to private sector societal responsiveness. The rest of the paper uses CSI. Colbert (2020) also notes the importance of marketing the arts and the role that the private sector plays in this regard.

The CCI in South Africa attracts both financial and in-kind support from several private sources. However, there is limited information on the sources of private sector funding, what the funding is for, amounts provided (if it can be established) and concerns articulated. Additionally, it is important to establish which sectors/ components of the CCI receive support. There is, therefore, a need to better understand the CCI private sector support environment given that funding in this sector remains uncoordinated and information is fragmented.

In the context of the above, this paper examines:

- Current scholarly literature in relation to private sector support of the CCI.
- Current sources of private sector support for the CCI in South Africa; including, where possible, to establish the amount of private sector funding provided to the CCI and examine allocation models/ approaches in the private sector (including private and public sector joint venture programmes/ initiatives and partnerships).
- Establish why CCI is supported by the private sector (including philanthropy and CSI motivations) and how the private sector perceives the CCI as a sector to invest in.
- Implications and challenges associated with private sector support.
- Recommendations to encourage and increase private sector support for the CCI in South Africa.

In terms of the methodological approach, a desktop study was primarily used. Relevant scholarly publications, private sector reports, policy documents that outline the role of the private sector, CSI investments linked to the CCI, etc. were sourced. Additionally, relevant SACO reports are used. For example, the Monitoring and Evaluation reports of the different categories of DAC MGE funding included information on DAC funding and private sector

support. Additionally, SACO Key Development Indicator (KDI) reports are assessed to examine whether information regarding the source(s) of funding could be used to establish the extent and nature of private sector support. Since the Johannesburg Stock Exchange (JSE) listed companies are encouraged to provide information on CSI, annual Integrated Financial Reports of the Top 100 JSE-listed companies are examined to establish support for the CCI (most refer to support for the arts and culture) as an indication of trends among larger corporations in South Africa. Results were examined in relation to the companies that had data for the financial years ending between 2016 and 2018 (three financial years). Specifically, qualitative narratives in the reports were subjected to a content analyses of the Annual Integrated Reports to mine information on the types of CSI projects that the selected companies invested in to establish whether there is an appetite to support the CCI.

2. Overview of private sector funding for the CCI literature

The shifts in the CCI to embrace business models and have a more economic orientation is evident in the increasing use of the terms cultural economy (specifically the MGE in the South African context) and industry. O'Connor (2015) argues that embracing these concepts denotes a greater focus on the economic aspects as well as how the economy is culturally constructed. However, O'Connor (2016: 8) notes that culture is an industry/ economic sector like no other since:

Those involved in its production seek other values alongside the maximisation of profit or income, just as its users seek other benefits than satisfaction of economic needs. Culture's public benefits certainly include employment and wealth creation and the contribution to city branding or innovation effects and so on. However, the core benefits of culture – those on which its value must be judged – concern individual and collective expression and identity building, celebration, tradition, aesthetic pleasure and entertainment, social cohesion, democratic citizenship, self-development and education in common.

It is interesting to note as indicated later in the discussion, that while economic motivations remain the main reason why the private sector support the CCI, the values and benefits articulated by O'Connor (2016) are also embraced.

There is limited literature in the South African context and globally that identify the main CCI domains/ genres that receive private sector funding. In terms of some of the literature sourced, the main types of CCI domains/ aspects that are supported by the private sector are events and festivals, the visual and performing arts, shows and exhibitions, film and television, and training and educational programmes (Getzner, 2017; Wiśniewska et al., 2018).

Key reasons emanating in the literature for government agencies leveraging private sector funding for the CCI include (Gallagher, 2020; Hagood, 2016):

- Reducing reliance and/ or complementing public funding
- Increasing support so that more individuals and businesses in the CCI can benefit
- Benefits associated with marketing specific destinations and locations
- Encouraging the sustainable development of the arts and culture sector

Hagood (2016) illustrates explicitly that public funding for the arts in Germany, the Netherlands and France are declining, which requires a paradigm change towards private sector funding and philanthropy. Hagood (2016) also noted public sector funding cuts in the United States and Northern Europe.

Concerning who benefits, Dekker and Rodrigues (2019) and Swart et al. (2018) indicate that a major challenge for government is to encourage private sector support for groups and organisations they would target, in the South African context these include historically disadvantaged groups. Government sector funding (either directly to the CCI or leveraging funding for the CCI) is closely linked to normative justifications associated with social/ aesthetic values, including access to experience culture, freedom of cultural experience and efficiency (Getzner, 2017). Efficiency is linked to generating economic opportunities.

The main reasons why the private sector supports the CCI are (Business and Arts South Africa - BASA, 2017; Dekker and Rodrigues, 2019; Getzner, 2017; Wang and Zhou, 2018):

- Marketing and branding opportunities
- CSI (linked to improving reputation as a responsible corporate citizen)
- Tax incentives/ benefits
- Perceived social cohesion benefits/ support of the cultural sector as a public good
- Enterprise development
- Human resources development
- Neighbourhood revitalisation

These factors influence who or which events/ activities the private sector will support, thereby affecting who will benefit. Additionally, the private sectors main reason for supporting the CCI is economic aspects compared to the public sector, which is normative. As O'Connor (2015) and Dovey et al. (2016) assert, financial investments in the CCI is mainly to transform cultural capital into economic capital. This approach is particularly dominant among CCI venture capitalists (SACO, 2019b) who are looking to exploit intellectual property and derive economic benefits. SACO (2019b) also indicates that the key financial instruments used by venture capitalists noted in the literature are loans, guarantee schemes, equity financing/ co-equity schemes, tax reliefs/ breaks/ deductions/ exemptions/ allowances, creative vouchers and nonmonetary/ in-kind support.

CSI is the main form of direct funding for the arts and culture. Bhana (2018) states that CSI is the practice of good corporate citizenship, indicating that in South Africa, during apartheid, companies distanced themselves from taking responsibility for the corporate support for apartheid capitalism, which resulted in the exploitation of black people and the socio-economic conditions prevalent in the country. Bhana (2018) indicates that post-apartheid, the private sector is more inclined to embrace playing a role in socio-economic reconstruction. Hategan et al. (2018), Marco-Fondevila et al. (2018), Miralles-Quirós et al. (2018) and Pattberg and Widerberg (2016) state that companies engage in CSI activities to increase profit margins, minimise risk, marketing, access to better investment projects, increase in employee productivity and operating efficiency, and improve the company's brand reputation and perceived value in the public and government sector. They further assert that companies engage in a range of CSI activities including education and training, job creation, infrastructural development, service delivery efforts such as water and sanitation projects, environmental/ greening programmes, community volunteering and development, local procurement, disaster

relief activities, business support/ development, food supplies and donations, philanthropic support of foundations, health programmes, government programmes, gender and youth empowerment, and initiatives supporting orphans, the disabled and other vulnerable groups. Ackers (2016) asserts that in South Africa CSI is a requirement, and its importance is encapsulated in the King III and King IV Code of Corporate Governance, which mandates that companies report on CSI.

The public sector often supports organisations and activities in the CCI, where they can leverage the above benefits. However, as Woronkowicz and Noonan (2019) state, most firms operating in the CCI are small, work from one project to another, are short-lived, and rely on freelance or contract workers. Additionally, they assert that many businesses or work in the CCI are individual-based. The characteristics of the CCI business environment and workforce, therefore, results in the sector being perceived as high risk in terms of economic returns on investments, thereby encountering challenges to attract private sector funding.

The impact of private sector funding on innovation in the CCI (which has become key in relation to effectively dealing with the COVID-19 pandemic disruptions) is also an aspect that is examined by Camarero et al. (2011) and Zhou et al. (2020). Zhou et al. (2020) indicate that private sector research and development investments in the CCI can enable innovations which can result in private returns from social investments. Camarero et al. (2011) note that while there is a perception that private sector funding encourages innovation because of the business orientation, they also indicate that there is a possibility that public sector funding also drives innovation because of CCI organisations and individuals having to prove their efficiency to secure public funding and because the cushion provided allows businesses to take more risks. The latter may be of concern in the South African context since the process to apply for public funding is not stringent, and research (SACO, 2018; 2019a) has shown that many organisations and individuals receive funding year on year which may lead to complacency.

A vital aspect pertinent to the South African context is the crowding-out effect. Dekker and Rodrigues (2019) state that crowding-out refers to the impact of increased state support on the level of private support. Brooks (2000) and De Wit and Bekkers (2017) argue that public subsidies and charitable giving at high levels (which is the trend in relation to CCI funding in South Africa) disincentivise private support while low levels of government support may stipulate private giving. This is supported by Zhou et al. (2020), who further indicate that government funding can crowd-out investments in innovations in the CCI. They also note that the dominance of public funding can generate increased inefficiencies. As discussed later, government needs to wean support of established sub-sectors/ events/ organisations to crowd-in private sector support for new and emerging CCI individuals and businesses at a much higher rate. This approach supports De Wit and Bekkers' (2017) findings that while crowding-out effects are evident, measures can be put in place in different contexts to minimise or maximise on crowding-in and crowding-out impacts. Gallagher (2020), noting that public arts funding in the United States is under pressure, argues for alternative funding mechanisms.

A key issue raised by Getzer (2017) is whether the private or the public sector is better positioned to fund and manage/ administer funding measures for the CCI. Getzer (2017) notes the importance of delineating responsibilities and activities in respect of conserving and funding cultural organisations and assets, specifically in relation to which aspects can be shifted completely or partially (via partnerships) to the private sector.

Dekker and Rodrigues (2019) caution that increasing private sector support for the CCI can increase private parties' interests who can exercise their power and position for their private advantage. This, they argue, can undo most, if not all, of the redistributive effects of Brazil's policy for supporting the cultural sector. Redistributive and transformation imperatives are also key aspects of South Africa's policies for supporting the CCI (DAC, 2018). Dekker and Rodrigues (2019: 150) warn that the private sector funding can increase the economic and social power of private actors over the cultural sector, which "ends up benefiting the benefactors, rather than the supposed beneficiaries". Furthermore, as Mollick and Robb (2016) state, concerns are raised about discriminatory practices that reinforce gender, racial and locational inequalities which will undermine efforts to transform the CCI in South Africa and empower historically disadvantaged groups.

3. Current sources of private sector support for the CCI in South Africa

The main types of private sector support programmes/ allocation models discernible are direct funding and partnerships and joint ventures and. These are discussed below, together with reasons/ motivations to embrace these approaches.

South African sources of direct private sector funding for the CCI

Private sector funding for the CCI emanates mainly from two sources: CSI programmes or the marketing budgets in the form of sponsorships, mainly for events. In terms of direct support, Bob et al. (2019) and SACO's (2018) assessment of the MGE programme reveals that private companies and other sponsors only provided 17% of the total sponsorships for festivals and events, reinforcing the heavy reliance on public funding. It is also important to note that the results of these evaluations reveal that private sector sponsorships were mainly in-kind for specifically advertising and meals.

Given the lack of information of private sector funding in South Africa, this paper includes an analysis for the CCI as part of CSI projects among the Top 100 JSE-listed companies to assess trends in funding from large corporations. The JSE-listed companies were mainly financial services (23%), real estate investments (17%), mining (15%) and retailers (12%). These sectors made up 67% of all the companies with the rest were from general industrials, food producers, health services, telecommunications and media, beverages, logistics, oil and gas, biotechnology and pharmaceuticals, chemicals, education, engineering, tobacco, and travel and leisure. The majority of the companies (84%) had their headquarters in South Africa which places greater responsibility on them as South African corporate citizens. Trends in terms of CSI spend (which are not disaggregated in the reports by areas of investment and thus actual spend on arts and culture could not be established) in terms of actual spend and CSI spend as a percentage of net profits after taxes were examined. Trends in terms of actual spend from 2016 to 2018 show a decline in the actual amounts invested from an average of R145.1 million in 2016 to an average of R133.4 million in 2018 (the actual average amounts are lower when adjusted for inflation). It is important to note that there were substantial differences in relation to the ranges. For example, in 2018, spend on CSI ranged from R1 million to R1.2 billion. CSI spend as a percentage of net profits after taxes was also in decline, from an average of 3.5% in 2016 to an average of 2.9% in 2018. The trends among the Top

100 JSE-listed companies mirror that of the United States and Europe, as noted by Hagood (2016). The decline is notable since CCI is competing for private sector funding in a context where spend is in decline. Mining, financial services and the retail sectors spent more on CSI than the other sectors.

The results show that while arts and culture received funding from the JSE-listed companies, the main areas of spend are education (82% of the companies in 2016, 81% in 2017 and 80% in 2018), health-related activities (54% of the companies in 2016 and 2017 as well as 56% in 2018), infrastructure/ community project development (51% of the companies in 2016, 52% in 2017 and 49% in 2018), small business support (46% of the companies in 2016 as well as 48% in 2017 and 2018), environmental programmes (42% of the companies in 2016, 45% in 2017 and 43% in 2018) and job creation initiatives (26% of the companies in 2016, 32% in 2017 and 24% in 2018). From a CCI perspective, however, almost all these areas can have links to arts and culture. For example, arts and culture can play a significant role in education, health and environmental programmes, and therefore there is potential for the CCI to become part of these corporate CSI programmes. Additionally, as indicated earlier, most enterprises in the CCI are small businesses and government as well as related agencies (such as BASA and the Arts and Culture Trust - ACT) should play a targeted facilitative role to access some of this funding.

In terms of arts and culture specifically, 34% of the companies in 2016, 32% in 2017 and 33% in 2018 provided support. The rest of the areas noted earlier, had fewer companies supporting these. Some of the main types of arts and culture support were music development, funding for events and festivals (discussed later), education and training for artists and art teachers, and child and youth art programmes. It is important to note that most companies invest in multiple areas.

An important aspect to consider is that among the Top 100 JSE-listed companies, mining, financial services, and the retail sectors tend to spend more on CSI compared to other sectors. While the financial sector, especially the banks, are prominent in supporting the CCI (the examples of Standard Bank and Nedbank will be discussed in greater detail later), there is a large number of companies investing in CSI, including arts and culture programmes, that the CCI needs to tap into. It is also important to note that firms with larger revenues and profits after taxes as well as those with more employees tend to spend more on CSI. These companies need to be targeted to support the CCI.

The banking sector emerges as one of the main types of companies that support the cultural and arts sector in relation to the examination of the Top 100 JSE-listed companies. This was also noted in other reports (SACO, 2018; 2019a; 2019b). Particularly, the Standard Bank Arts and Culture and Nedbank Arts Affinity programmes are two of the main private sector funders. Specifically, Standard Bank (2020) has a 33-year legacy of supporting various arts and culture programmes, being one of the main sponsors of the National Arts Festival (which is the largest annual celebration of the arts on the African continent) and the Jazz Festival in Grahamstown. The Standard Bank Gallery (opened in 1990) has an exhibition programme that reflects the bank's commitment to cultural development.

The Nedbank Arts Affinity programme, since 1994 has allocated more than R16 million (donated by Nedbank Arts Affinity account holders) to support the development of arts and

culture in South Africa (Nedbank, 2020). As indicated earlier, partnerships and venture capital investments are a key model that is adopted to support the CCI. Nedbank also currently supports the ACT professional Development Programme and ACT Performing Arts Scholarships.

Partnerships and joint ventures

Private sector funding is also leveraged via joint venture capital initiatives and partnerships (SACO, 2019a; 2019b). The notable examples of these initiatives are BASA, ACT and the National Arts Council (NAC). BASA, is a strategic initiative of the DSAC, the National Lotteries Commission (NLC) and the private sector. The main projects supported by BASA are advocacy for private sector investment in the arts sector and for the value of the arts and direct support for artists and arts organisations (mainly via training programmes, funding and mentoring). In terms of advocacy for private sector investment, the ways in which this is achieved are the Supporting Grant Programme, membership, awards, media partners, and research, presentations and publications. BASA's main private sector partners are:

- Banks and financial institutions: Standard Bank, RMB, ABSA, Nedbank and Hollard
- Media and entertainment: Business Day TV, Kaya FM and SAFM
- Retail and manufacturing: Nestlé

In addition, outside government and cultural organisational support, most of BASA sponsorships were derived from the financial/ investment and entertainment sectors.

While private grant sponsors have been increasing, BASA remains heavily reliant on government funding. There were also notable differences in relation to the CCI genres/ domains that received funding. For example, festivals, dance, crafts and theatre experienced an increase in sponsorships while the visual arts and literature saw a decline. The province that attracted the most funding was Gauteng followed by Western Cape and KwaZulu-Natal while the Northern Cape and Free State received the least funding. Regional inequalities in funding and support for the cultural sector is also noted by Dekker and Rodrigues (2019) in the Brazilian context. The implications of the spatial inequalities will be discussed later.

Some issues pertinent to this study emanating from the impact study of the DSAC funded BASA Supporting Grant Programme (SACO, 2020) is that beneficiaries and BASA are heavily reliant on public funding, and indicate a desire for even more funding. Additionally, while BASA undertakes several development initiatives, none focus on developing capacity for artists (and CCI businesses more generally) to understand the private sector funding terrain and how to access this type of funding. Thus, although BASA may have some (albeit limited) success in attracting private sponsorships and partners, this skill is not transferred to individuals and organisations in the CCI that continue to depend on government departments and/ or BASA and other agencies for funding.

ACT, initiated in 1994, is another example of a joint venture, sourcing funding mainly from CSI private sector budgets. ACT (2020) is an independent arts and culture funding and development non-profit organisation whose mandate is to create private-public partnerships. ACT (2020) states that they have disbursed R44.8 million, funded 800 projects and provided support to 20 000 beneficiaries from its inception over the last 22 years. This averages to

approximately R1.7 million per year, which is a relatively low figure for a national programme. ACT currently has five programmes. It could not be established from information from the website what proportion of the funding is from private sponsorships. The main private sector sponsors are:

- Banks and financial institutions: Nedbank (donated nearly R15 million to support more than 800 South African arts, culture and heritage development projects since ACT started in 1994 to 2018)
- Hospitality: Sun International Group
- Telecommunications: Vodacom

NAC (2020) is an agency of the DSAC whose mission is “to leverage energy, partnerships and resources to develop, support, promote and advance the arts” to achieve its vision of creating “a vibrant, sustainable arts community through the free and creative expression of South Africa’s cultures/ through strengthening artistic and cultural creation”. While NAC (2019: 14) notes the importance of building partnerships “to increase its funding coffers” and identifies targeting previous beneficiaries to support new beneficiaries, it does not list its current private sector partners on its website nor its Annual Reports which is an issue discussed later.

It needs to be noted that many of the major sponsors (for example, Standard Bank and Nedbank) support the CCI via multiple programmes/ allocation models. Both the banks provide direct CSI support, are involved in partnerships and also have philanthropic initiatives to support the CCI.

There is some evidence of international private sector funding in South Africa as well, although most international funding is from government departments, including embassies and councils. It is also important to note that some of the Top 100 JSE-listed companies are multinational companies whose headquarters are not in South Africa. It is also noteworthy that several philanthropic and non-governmental organisations (such as the Rockefeller Foundation) have private sector donors (including individuals and corporations). Thus, indirectly via these organisations private sector funding is being invested into the CCI.

The MGE monitoring and evaluation study showed that in relation to the sponsorship of cultural events, festivals and activities in South Africa, there was a heavy reliance on public funding (SACO, 2018). Information from 2017 survey responses and surveys revealed that the total income for the five MGE programmes (Flagships, Festivals and Events, Touring Ventures, Public Arts and Miscellaneous) was R249.6 million. Of this R37.4 million (15% of the total), was secured from private funding. However, this study reveals that diverse types of CCI are differentially positioned to leverage private sector funding as noted earlier. Specifically, Flagships had R32.8 million of this private sponsorship (87.7% of the total private sector funding) with Festivals and Events securing R4.2 million, Touring ventures R291 623, Public Arts R60 000 and Miscellaneous none. The main private sector sponsors were similar to that of the joint ventures/ partnerships, with key sponsors being banks, retail establishments, breweries/ alcohol companies, and hotels/ accommodation establishments. Additionally, it is important to note that some of the MGE beneficiaries identified local private sector sponsors, which included restaurants and food establishments, and retailers. Again, most of the private sponsors were in-kind. The MGE monitoring and evaluation study, together with other SACO reports (2019a; 2020), conclude that limited information is available to permit calculations of the proportion of the funding that can be attributed to the private versus the public sector. This

appears to be a challenge globally since it was difficult to source other studies that established the proportion of government versus private sector funding for the CCI or specific CCI categories/ domains. The prevalence of in-kind sponsorships may also result in the lack of reporting since these are not provided in direct monetary values.

The main reasons forwarded for funding the CCI by various companies are:

- Supporting the development of the arts, culture, creative and heritage sector in South Africa.
- The arts reflects the creative talent in a society and its cultural heritage/ values (for example, Standard Bank states that: “The arts in Africa are a powerful expression of our creativity”).
- Supporting social cohesion and positive narratives (stimulation of positive change).
- Nurturing young talent.
- Financial investment – there is increasing recognition that the CCI has substantial existing and potential business enterprises.

The main types of support evident are:

- Funding for government-supported programmes (via organisations such as BASA, ACT and NAC)
- Event sponsorships
- Direct funding to artists, performers, businesses, organisations, etc.
- Educational scholarships
- Professional development grants
- Internship opportunities and mentoring/ coaching

4. Implications and challenges in leveraging private sector support for the CCI

SACO (2019a), in highlighting the dominance of public sector funding for the CCI in South Africa, echoed concerns raised by others (for example, Getzner, 2017; Mulino, 2016) that while there is a general consensus that the government support of the CCI can contribute to job creation and economic development, the unintended consequence is the crowding-out of private sector funding. These researchers also note that the CCI (especially the performing arts and events/ festivals) are associated with increased costs, diminishing paying markets and increased competition in the context of globalisation. In this environment (which is likely to worsen in the era of the COVID-19 pandemic discussed later), subsidies are critical to support the CCI because, for many CCI activities and individuals, independent sustainability is implausible. Furthermore, as highlighted by SACO (2019a), the dominance and extend of reliance on public funding is unsustainable and problematic.

The crowding-out effect is likely to continue unless public funds are reduced to ‘prime the pump’ for public donations (Brooks, 2000: 451). This is particularly relevant in relation to the large, more established events that tend to continue to be heavily funded by public funding by multiple government departments and agencies, despite DAC MGE policy that notes the importance of the sustainability of events/ activities receiving funding to leverage additional sponsorships (SACO, 2018). This ‘double dipping’ needs to cease so that established events/ organisations can be required to source private sector sponsorships more aggressively and

more public funds can be available to support new and emerging entrepreneurs in the CCI. Established organisations, being the main beneficiaries, is also noted by Dekker and Rodrigues (2019) who state that funds end up generally in the coffers of a relatively small number of already profitable organisations, also arguing that these are located in more developed areas of specific cities and countries (which is the trend in South Africa).

In addition to crowding-out effects, in the South African context it is important to consider that most private sector sponsors currently do not see the benefits of or are not orientated towards supporting the CCI (Swart et al., 2018). As discussed later, more effort needs to be placed on developing a business case (from individual entrepreneurs to national government agencies such as BASA, ACT and NAC) for the private sector to support the CCI. Similar sentiments are expressed by Van Graan (2005: 7) who in the context of Western Cape (which applies to South Africa generally) states that the private sector remains an untapped partner to support the CCI “largely because of a lack of education about the creative industries” and the “perceived lack of organisational and professional business standards within the sector”. Future research should also be undertaken to conduct primary research to establish why corporations who support a range of programmes, as indicated in relation to the Top 100 JSElisted companies’ analysis, are less likely to support the CCI. This examination needs to include if current concerns about the mismanagement of funds, lack of accountability and monitoring, unfairness in the awarding of funding and perhaps the effectiveness of agencies mandated to support the CCI, noted in some of the Annual Reports and identified by SACO (2018; 2019a), are influencing perceptions pertaining to investing in the CCI sector.

Another concern in terms of private sector funding is that the few main players (such as Standard Bank and Nedbank) appear to have established relationships in terms of the organisations and events/ activities they support. The bias is towards government initiated organisations and large events/ festivals, which is unsurprising since the private sector is substantially influenced by their assessments of visibility and prominence in terms of their decisions regarding sponsorships, and they tend to bet on the strong. These biases need to be addressed since they reinforce inequalities relating to spatial preferences, funding of established events which leverage a large proportion of both public and private sector funding, and neglect new CCI entrants who struggle to access any funding. In terms of the latter, it is important to note that emerging CCI entrepreneurs and new entrants are also generally from historically disadvantaged groups and therefore private sector support trends may be undermining the transformation agenda in South Africa.

The spatial biases in terms of CCI indicate that more urbanised and economically better off provinces (such as Gauteng, Western Cape and KwaZulu-Natal) receive funding. Corporations (with the exception of mining enterprises) tend to be located in urban areas. Thus, concerted efforts need to be put in place to encourage corporations to support CCI activities in rural and smaller communities to ensure a spatial spread of support.

In the immediate to medium-term, a critical issue that needs to be considered is the impact of the COVID-19 pandemic on private (and public) sector funding for the CCI. The pandemic has led to severe socio-economic disruptions worldwide, which has worsened already fragile economic conditions in South Africa. As Minister Nathi Mthethwa stated: “The JSE, banking, telecommunications, mining, export and other sectors have already lost billions of Rands, and Moody’s has downgraded South Africa’s credit rating to junk status at the worst possible time

for our economy” (Sport and Recreation South Africa, 2020). The Minister indicated that R150 million was being made available as part of a relief fund package to assist artists, athletes, technical personnel and the core ecosystem that supports them to sustain livelihoods. However, the Minister noted the significant financial constraints that the government and the private sector face that constrain who can be assisted, how much assistance can be provided and how long assistance can be provided. No mention was made on the extent and nature of private sector support for this relief programme. Given the reliance of the CCI on public funding and private sector sponsorships and CSI contributions, the profound economic impact has resulted in the shifting and re-prioritisation of resources (including finances) to fight the spread of the virus and address the dire economic impacts.

Many companies (from multi-national corporations to local businesses) are struggling to sustain their enterprises with some closing their businesses and others adopting strategies including downsizing and retrenchments. Under these conditions, a large proportion of funding for the CCI will be at risk and are likely to be deemed as a luxury rather than a priority for corporate funding allocation. Partnerships and joint ventures are probably viable options that the DSAC needs to foster and champion to ensure continued support for the CCI.

The DSAC and agencies such as BASA, ACT and NAC need to also identify corporations that are likely to benefit from the pandemic (such as pharmaceutical and personal protective equipment manufacturing companies), and engage with them to support (or increase their support if already doing so) CCI activities via their CSI and sponsorship programmes. The DSAC, BASA, NAC and other organisations mandated to support the CCI and leverage opportunities should also identify prospects where companies are supporting COVID-19 awareness and educational efforts. Many artists, performers and businesses in the CCI are well placed to contribute to these activities, and they need to access to information pertaining to these potential opportunities. Furthermore, the creative, cultural and arts sector is well positioned to provide entertainment on virtual and television platforms to provide valuable entertainment downtime as well as contribute to social cohesion. As O’Hagan (2016) states, the arts (and the CCI more generally) is and can be used as an important educational vehicle, which encourages social cohesion and inclusion, which is critically important in South Africa. This role can be extended to efforts to deal with the COVID-19 pandemic.

It is also important to unpack how the shift to online/ virtual platforms that have become the ‘new normal’ will affect the CCI and shifts or appetites for private sector support. Online and social media platforms rely heavily on private sponsorships, which the CCI needs to influence. Key criteria that the private sector uses for sponsorship include alignment to brand, number of followers, and quality of the online product/ offering. These aspects need to be adequately considered by the CCI seeking to take advantage of the shift to online platforms. It is also important to note that some domains such as film and video, television and radio, the performing arts, and design and advertising may be better positioned to benefit. Additionally, those organisations and individuals that can afford internet connectivity and be in a position to create online products will benefit. Those who do not have transferable products to online formats and poor internet connectivity are likely to be further disadvantaged. The rapid and widespread increase in communicating and doing business online, catalysed by the COVID19 pandemic, certainly has changed substantially how cultural and creative entrepreneurs produce offerings and products, and how these are consumed and supported (including attracting private sector sponsorships).

5. Recommendations

Various recommendations have already been integrated into the discussion thus far including partnerships and opportunities to deal with the challenges that the COVID-19 pandemic poses for the CCI, and addressing the spatial biases in funding. Additional recommendations are presented in this section.

Government supported organisations (such as BASA, ACT and NAC) whose mandate it is to leverage public and private sponsorships to support CCI in South Africa derive their funding from a range of private, public and non-government sector partners (SACO, 2019a; 2019b). The sustainability of these organisation will depend on their increased ability to attract private sector funding. The above discussion denotes that these organisations are currently focusing on a small sub-sector of the corporate world. As the discussion on the Top 100 JSE-listed companies reveals, several other sectors are supporting the arts (and CCI more generally). There needs to be a more concerted efforts therefore for government supported organisations to develop strategies to broaden their sponsorship base. Targeting other sectors, such as mining where operations tend to be located outside major cities and economic centres, will also permit a more spatial spread of support provided.

A potential partnership is expanding on the Art Bank of South Africa, which currently is focused on curating and displaying art works in public buildings for sale (DSAC, 2020). This initiative can be extended to the offices and venues of corporations. Thus, the private sector gets to support the CCI and artists have additional access to potential markets. The private sector itself is a major consumer of arts and crafts which can be further fostered. BASA's role as the advocacy partner for private sector engagement, as articulated by DSAC (2020), is important in this regard.

A review of some of the websites that rely on joint ventures and whose mandate it is to encourage and secure private-public sector partnerships (such as BASA and ACT) indicates that there is a lack of prominence of private sector sponsors. Some of the websites do not mention private sector sponsors, except in narratives pertaining to specific programmes. One of the main reasons that the private sector supports the CCI (or provides sponsorships generally) is to increase its visibility and marketing position as well as improve brand reputation. Companies often need to see a direct benefit that aligns to their marketing strategy. Thus, organisations such as BASA and ACT need to better profile sponsors on their websites and activities they host. More generally, DSAC needs to develop training programmes to assist CCI entrepreneurs, organisations and event managers to attract and retain private sector sponsors, which in itself is a skill. The importance of training is also noted by Bob et al. (2019) who advocate for the need for cultural festival and event organisers to be trained on how to leverage private sector sponsorships. As indicated earlier, sectors have different reasons for supporting the CCI, which is mainly linked to economic and/ or normative motivations. Thus, organisations and individuals attempting to leverage private sector funding need to understand that the main justification for private sector funding is economic incentives, while public funding is generally associated with normative considerations. Therefore, a business case should be integrated into strategies to leverage private sector support for the CCI.

Future research should also focus on not only how to measure private sector funding for the CCI but what to measure. While the market-based approaches (including economic impact studies and cultural satellite accounts) are widely used, Snowball (2020) cautions that these approaches measure the instrumental value of culture (specifically increase in spend opportunities in specific locations), but ignore important intrinsic values that are unique to culture itself (including cultural participation impacts on quality of life).

It is important to note that while several companies are supporting the CCI in South Africa, it was difficult to establish the amount of funding and there was no evidence of this information being provided on an annual basis. Furthermore, the content analysis of the Top 100 JSE-listed companies' Integrated Financial Reports, where government currently requires all JSE-listed companies to provide reports on their CSI contributions, revealed a range of quality issues. Specifically, the information provided was inconsistent in relation to the amounts provided. Additionally, as indicated earlier, most of the companies did not disaggregate their CSI into different categories. Furthermore, in terms of the narratives these tended to be generic, reading more as marketing materials rather than a report that permits government and other stakeholders to get a more detailed picture of the companies' CSI efforts. Data availability and information generally in terms of monitoring CCI support was also noted in relation to establishing public sector support (SACO, 2019a). The quality of CSI information is also noted by Mmako and van Rensburg (2017).

Triodos Bank (2020) in Brussels is a good example of how companies should maintain a dashboard in relation to the financing and support of the arts and culture sector. Their website provides figures on various aspects including artists and cultural and creative organisations, the number of visitors attending cultural events, and the number of cultural experiences enabled per customer support provided. They refer to maintaining this database as 'managing and reporting impact'. It is imperative for effective monitoring that categories are created so that information can be provided to establish the extent and nature of funding for specific CSI projects and activities. This is not only important for departments such as DSAC to monitor, but will also alert government to investments in the company (such as staff training and development) being reported as CSI.

6. Conclusion

The CCI contributes substantially to economic growth, job creation and social cohesion in South Africa. These contributions can be increased if well supported. Currently, funding for the CCI is largely dependent on the public sector. There is thus a need to better understand private sector funding to develop strategies and initiatives for greater support, to reduce the reliance on public sector funding which is unsustainable. There is an appetite for the private sector to support the CCI in South Africa. However, as this study shows, the current dominance of public sector funding may be crowding-out private sector support. Furthermore, a business case needs to be made for the private sector to fund the CCI and government, together with the main agencies mandated to foster private-public sector partnerships (such as BASA, ACT and NAC), need to play a more proactive role to facilitate and leverage private sector funding. The discussion reveals that there is significant CSR spend, although on a decline, which the CCI needs to tap into. Training programmes need to be developed to capacitate organisations and individuals requiring support to be able to access private sector

funding, which will include writing funding proposals/ applications, presentations to corporations (especially their CSI divisions) and partnering with other businesses and organisations who are able to attract private sector funding. Improving databases is critically important for engaging with the private sector, and monitoring funding trends and impacts.

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